

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
F O R M 10 - K

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

For the fiscal year ended December 31, 1999

Commission file number 1-5057

A Delaware Corporation	BOISE CASCADE CORPORATION 1111 West Jefferson Street P.O. Box 50 Boise, Idaho 83728-0001 (208)384-6161	I.R.S. Employer Identification No. 82-0100960
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Securities registered pursuant to Section 12(b) of the Act:

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [X].

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the price at which the stock was sold as of the close of business on January 31, 2000: \$2,024,081,833

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

Class	Shares Outstanding as of January 31, 2000
Common Stock, \$2.50 par value	57,217,861

Documents incorporated by reference

1. The registrant's annual report for the fiscal year ended December 31, 1999, portions of which are incorporated by reference into Parts I, II, and IV of this Form 10-K, and
2. Portions of the registrant's proxy statement relating to its 2000 annual meeting of shareholders to be held on April 20, 2000 ("Boise Cascade's proxy statement"), are incorporated by reference into Part III of this Form 10-K, and
3. The registrant's Income Statement from the fourth quarter fact book for the three months ended December 31, 1999, is incorporated by reference into Parts II and IV of this Form 10-K.

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#### PART I

#### ITEM 1. BUSINESS

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

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

Financial information pertaining to each of our industry segments and to each of our geographic areas for the years 1999, 1998, and 1997 is presented in Note 10, "Segment Information," of the Notes to Financial Statements of our 1999 Annual Report and is incorporated by reference.

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

We have no unusual working capital practices. We believe the management practices followed by Boise Cascade and Boise Cascade Office Products with respect to working capital conform to common business practices in the United States.

We engage in acquisition and divestiture discussions with other companies and make acquisitions and divestitures from time to time. It is our policy to review our operations periodically and to dispose of assets which fail to meet our criteria for return on investment or which cease to warrant retention for other reasons. (See Notes 1, 6, 8, and 9 of the Notes to Financial Statements of our 1999 Annual Report. This information is incorporated by reference.)

#### OFFICE PRODUCTS

In April 1995, our then wholly owned subsidiary, Boise Cascade Office Products Corporation ("BCOP"), completed an initial public offering of 10,637,500 shares of common stock at a price of \$12.50 per share after giving effect to a two-for-one stock split in the form of a dividend in May 1996. After the offering, Boise Cascade owned 82.7% of BCOP's outstanding common stock. At December 31, 1999, we owned 81.1% of BCOP's outstanding common stock. In December 1999, we announced a proposal to acquire the minority public shares of BCOP. We believe the reintegration of BCOP with Boise Cascade would enhance BCOP's operating flexibility and allow management to concentrate fully on its aggressive internal growth initiatives. (See Note 6 of the Notes to Financial Statements of our 1999 Annual Report. This information is incorporated by reference.)

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

Customers with more than one location are sold to under the terms of one contract (national contract). These national contracts provide consistent pricing and product offerings to multiple locations. If the customer desires, we also provide summary billings, usage reporting, and other special services. At January 31, 2000, BCOP operated 64 distribution centers. BCOP also operates four retail office supply stores in Hawaii and approximately 70 retail stores in Canada. During 1999, BCOP completed acquisitions of two businesses.

BCOP sales for 1999, 1998, 1997, 1996, and 1995 were \$3,382 million, \$3,067 million, \$2,597 million, \$1,986 million, and \$1,316 million.

## BUILDING PRODUCTS

Boise Cascade is a major producer of lumber, plywood, and particleboard, together with a variety of specialty wood products. We also manufacture engineered wood products consisting of laminated veneer lumber (LVL), which is a high-strength engineered structural lumber product, and wood I-joists that incorporate the LVL technology. Most of our production is sold to independent wholesalers and dealers and through our own wholesale building materials distribution outlets. Our wood products are used primarily in housing, industrial construction, and a variety of manufactured products. Wood products manufacturing sales for 1999, 1998, 1997, 1996, and 1995 were \$910 million, \$861 million, \$913 million, \$867 million, and \$977 million.

The following table sets forth annual practical capacities of our wood products facilities as of December 31, 1999, and 1999 production:

	Number of Mills	Capacity at December 31, 1999(1)	Production
		(millions)	
Plywood and veneer (sq. ft.) (3/8" basis)	12	1,810	1,544
Lumber (board feet)	8	530	518
Particleboard (sq. ft.) (3/4" basis)	1	200	187
Oriented strand board (sq. ft.)(2)	1	400	371
Laminated veneer lumber (LVL) (cubic feet)(3)	2	18	11.2

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

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

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

Boise Cascade operates 28 wholesale building materials distribution facilities. In January 1999, we started up a facility in Chicago, Illinois. In September 1999, we acquired Furman Lumber, Inc., a U.S. building materials distributor headquartered in Billerica, Massachusetts, with 12 locations in the East, Midwest, and South. These operations market a wide range of building materials, including lumber, plywood, particleboard, engineered wood products, roofing, insulation, doors, builders' hardware, and related products. These products are distributed to retail lumber dealers, home centers specializing in the do-it-yourself market, and industrial customers. A portion (approximately 22% in 1999) of the wood products required by our building materials distribution facilities is provided by our manufacturing facilities, and the balance is purchased from outside sources.

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

	1999	1998	1997	1996	1995
	(millions)				
Plywood (square feet - 3/8" basis)	1,529	1,815	1,836	1,873	1,865
Lumber (board feet)	517	572	657	692	711
Particleboard (square feet - 3/4" basis)	187	190	195	195	196
Oriented strand board (square feet-3/8" basis)(1)	374	347	151	-	-
Laminated veneer lumber (cubic feet)	5.5	3.8	2.7	2.2	1.8
I-joists (eq. lineal feet)	135	106	82	74	61
Building materials distribution (sales dollars)	\$1,273	\$ 861	\$ 732	\$ 690	\$ 598

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

## TIMBER RESOURCES

Boise Cascade owns or controls approximately 2.3 million acres of timberland in the U.S. The amount of timber we harvest each year from our timber resources, compared with the amount we purchase from outside

sources, varies according to the price and supply of timber for sale on the open market and according to what we deem to be in the interest of sound management of our timberlands. During 1999, 50% of our timber needs were received from private sources, 10% were received from governmental sources, and 40% were provided from internal sources. During 1998, these percentages were 50%, 11%, and 39% and in 1997 were 54%, 12%, and 34%. Long-term leases generally provide Boise Cascade with timber harvesting rights and carry with them the responsibility for management of the timberlands. The average remaining life of all leases and contracts is in excess of 40 years. In addition, we have an option to purchase approximately 205,000 acres of timberland under lease and/or contract in the South. We seek to maximize the utilization of our timberlands through efficient management so that the timberlands will provide a continuous supply of wood for future needs. Site preparation, planting, fertilizing, thinning, and logging techniques are being improved through a variety of methods, including genetic research and computerization. During 1999, our mills processed approximately 0.9 billion board feet of sawtimber (timber used to make lumber and veneer) and 1.6 million cords of pulpwood (timber used in paper making); 45% of the sawtimber and 46% of the pulpwood were harvested from our timber resources, and the balance was acquired from various private and government sources. Approximately 62% of the 1.0 million bone-dry units (a bone-dry unit is 2,400 dry pounds) of hardwood and softwood chips consumed by our Northwest pulp and paper mills in 1999 were provided from a whole-log chipping facility, our cottonwood fiber farm, and our Northwest wood products manufacturing facilities as residuals from the processing of solid wood products. Of the 519,000 bone-dry units of residual chips used in the South, 42% were provided by our Southern wood products manufacturing facilities. Our timberlands are managed as part of our building products and paper and paper products segments. The impact of our timberlands on our results of operations is included in these segments.

At December 31, 1999, 1998, and 1997, the acreages of owned or controlled timber resources by geographic area and the approximate percentages of total fiber requirements available from our respective timber resources in these areas and from the residuals from processed purchased logs are shown in the following table:

	Northwest(1)			Midwest(2)			South(3)			Total(4)		
	1999	1998	1997	1999	1998	1997	1999	1998	1997	1999	1998	1997
	(thousands of acres)											
Fee	1,277	1,333	1,331	308	308	308	418	418	418	2,003	2,059	2,057
Leases and contracts	30	44	51	-	-	-	287	285	284	317	329	335
	<u>1,307</u>	<u>1,377</u>	<u>1,382</u>	<u>308</u>	<u>308</u>	<u>308</u>	<u>705</u>	<u>703</u>	<u>702</u>	<u>2,320</u>	<u>2,388</u>	<u>2,392</u>
Approximate % of total fiber requirements available from:(5)												
Owned and controlled timber resources	29%	29%	25%	23%	23%	23%	37%	39%	25%	31%	32%	25%
Residuals from processed purchased logs	11	11	13	-	-	-	4	4	6	8	7	9
Total	<u>40%</u>	<u>40%</u>	<u>38%</u>	<u>23%</u>	<u>23%</u>	<u>23%</u>	<u>41%</u>	<u>43%</u>	<u>31%</u>	<u>39%</u>	<u>39%</u>	<u>34%</u>

(1) Principally sawtimber.

(2) Principally pulpwood.

(3) Sawtimber and pulpwood.

(4) On December 31, 1999, our inventory of merchantable sawtimber was approximately 6.8 billion board feet, and our inventory of pulpwood was approximately 11.1 million cords. At December 31, 1998, these inventories were approximately 7.7 billion board feet and approximately 8.0 million cords, and at December 31, 1997, these inventories were approximately 7.7 billion board feet and approximately 7.8 million cords.

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

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

Additional information pertaining to our timber resources is presented under the caption "Timber Supply and Environmental Issues" of the Financial Review of our 1999 Annual Report. This information is incorporated by reference.

PAPER AND PAPER PRODUCTS

Boise Cascade is a major North American pulp and paper producer with five paper mills. The total annual practical capacity of the mills was approximately 2.9 million tons at December 31, 1999. Our products are sold to distributors and industrial customers primarily by our own sales personnel.

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

Our paper mills are supplied with pulp principally from our own integrated pulp mills. Pulp mills in the Northwest manufacture chemical pulp primarily from wood waste produced as a by-product of wood products manufacturing. Pulp mills in the Midwest and South manufacture chemical, thermomechanical, and groundwood pulp mainly from pulpwood logs and, to some extent, from purchased wood waste and pulp from deinked recycled fiber. Wood waste is provided by our sawmills and plywood mills in the Northwest and, to a lesser extent, in the South, and the remainder is purchased from outside sources. Boise Cascade currently manufactures corrugated containers at seven plants, which have annual practical capacity of approximately 5.0 billion square feet. The containers produced at our plants are used to package fresh fruit and vegetables, processed food, beverages, and many other industrial and consumer products. We sell our corrugated containers primarily through our own sales personnel.

The following table sets forth annual practical capacities of our paper manufacturing locations as of December 31, 1999, and 1999 production:

	Number of Machines	Capacity at December 31, 1999 (1)	Production
		(tons)	
<b>PULP AND PAPER MILLS</b>			
Jackson, Alabama			
Uncoated free sheet	2	505,000	443,131
DeRidder, Louisiana			
Containerboard	1	540,000	539,341
Newsprint	2	435,000	420,102
International Falls, Minnesota			
Uncoated free sheet	4	550,000	518,766
St. Helens, Oregon			
Uncoated free sheet	3	255,000	239,391
Market pulp	-	105,000	80,296
Wallula, Washington			
Uncoated free sheet	1	235,000	225,704
Market pulp	1	135,000	119,771
Containerboard	1	120,000	118,660
<b>Total</b>	<b>15</b>	<b>2,880,000</b>	<b>2,705,162</b>
	=====	=====	=====
<b>ANNUAL CAPACITY BY PRODUCT</b>			
Uncoated free sheet		1,545,000	
Containerboard		660,000	
Newsprint		435,000	
Market pulp		240,000	
<b>Total</b>		<b>2,880,000</b>	
		=====	

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

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

	1999	1998	1997	1996	1995
	(thousands of tons)				
Paper					
Uncoated free sheet	1,426	1,403	1,314	1,167	1,177
Containerboard	655	624	604	563	602
Newsprint	422	431	440	411	416
Market pulp	149	129	161	230	217
Discontinued grades	-	-	-	260	428
<b>Total</b>	<b>2,652</b>	<b>2,587</b>	<b>2,519</b>	<b>2,631</b>	<b>2,840</b>
	(millions of square feet)				

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

We announced in December 1999 that we are reviewing strategic alternatives for our paper mill in DeRidder, Louisiana, and seven corrugated container plants. The alternatives could include the sale of all or part of these assets. If there is a transaction, our intent is to use the capital from these facilities to expand our growing distribution businesses, reduce debt, and/or return cash directly to shareholders. The newsprint and packaging businesses have been an important but increasingly smaller part of our production mix for many years. Over the past five years, we've focused our paper business on uncoated free sheet and value-added papers and the distribution of these grades through BCOP. Reducing or eliminating our newsprint and containerboard production will enable us to move further in this strategic direction.

#### COMPETITION

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

#### ENVIRONMENTAL ISSUES

Our discussion of environmental issues is presented under the caption "Timber Supply and Environmental Issues" of the Financial Review of our 1999 Annual Report. This information is incorporated by reference. In addition, environmental issues are discussed under "Item 3. Legal Proceedings," of this Form 10-K.

#### EMPLOYEES

As of December 31, 1999, we had 23,726 employees, 6,310 of whom were covered under collective bargaining agreements. In 1999, we obtained a labor contract extension effective until 2004 covering our International Falls, Minnesota, pulp and paper mill. We also obtained labor contract extensions at our DeRidder, Louisiana, and Jackson, Alabama, paper locations. These extensions are effective until 2005 and 2006. In June 2000, contracts covering approximately 1,800 workers in our Northwest building products manufacturing facilities are scheduled to expire.

#### IDENTIFICATION OF EXECUTIVE OFFICERS

Information with respect to our executive officers is set forth in "Item 10. Directors and Executive Officers of the Registrant" of this Form 10-K and is incorporated into this Part I by reference.

#### CAPITAL INVESTMENT

Information concerning our capital expenditures is presented under the caption "Investing Activities" and in the table titled "1999 Capital Investment by Business" of the Financial Review section of our 1999 Annual Report. This information is incorporated by reference.

#### ENERGY

The paper and paper products segment is our primary energy user. Self-generated energy sources in this segment, such as wood wastes, pulping liquors, and hydroelectric power, provided 58% of total 1999 energy requirements, compared with 59% in 1998 and 57% in 1997. The energy requirements fulfilled by purchased sources in 1999 were as follows: natural gas, 68%; electricity, 28%; and residual fuel oil, 4%.

#### ITEM 2. PROPERTIES

We own substantially all of our facilities other than those in our office products subsidiary. The majority of the office products facilities are rented under operating leases. Regular maintenance, renewal, and new construction programs have preserved the operating suitability and adequacy of our properties. Our properties are in good operating condition and are suitable and adequate for the operations for which they are used. We own substantially all equipment used in our facilities. Information concerning productive capacity and the utilization of our manufacturing facilities is presented in Item 1 of this Form 10-K.

Following is a list of our facilities by segment as of January 31, 2000. Information concerning timber resources is presented in Item 1 of this Form 10-K.

#### OFFICE PRODUCTS

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

Approximately 74 retail outlets located in Canada and Hawaii.

#### BUILDING PRODUCTS

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

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

1 particleboard plant located in Oregon.

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

1 wood beam plant located in Idaho.

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

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

#### PAPER AND PAPER PRODUCTS

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

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

2 converting facilities located in Oregon and Washington.

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

#### ITEM 3. LEGAL PROCEEDINGS

A number of lawsuits have been filed against the company arising out of its former manufacture and sale of hardboard siding products. These lawsuits allege that siding manufactured by the company was inherently defective when used as exterior cladding for buildings. Five of these lawsuits seek certification as class actions. The litigants in these actions are owners of structures bearing hardboard siding manufactured by the company. Four of these five cases seek certification of statewide classes of plaintiffs (Illinois, Oregon, and Texas), while the fifth case seeks certification of a nationwide class of mobile home owners. To date, no court has granted class certification. The lawsuits seek to declare the company financially responsible for the repair and replacement of the siding, to make restitution to the class members, and to award each class member compensatory and enhanced damages. The company discontinued manufacturing the hardboard siding product that is the subject of these lawsuits in 1984. We believe there are valid factual and legal defenses to these cases and will resist the certification of any class and vigorously defend all claims alleged by the plaintiffs.

We have been notified that we are a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or similar federal and state laws with respect to 34 active sites where hazardous substances or other contaminants are located. We cannot predict with certainty the total response and remedial costs, our share of the total costs, the extent to which contributions will be available from other parties, or the amount of time necessary to complete the cleanups. Based on our investigations, our experience with respect to cleanup of hazardous substances, the fact that expenditures will, in many cases, be incurred over extended periods of time, and the number of solvent potentially responsible parties, we do not presently believe that the known actual and potential response costs will, in the aggregate, materially affect our financial condition or operations.

In December 1998, the Maine Department of Environmental Protection issued Notices of Violation for alleged air and water permit exceedances at the Rumford, Maine, pulp and paper mill for the period 1994 until the mill was sold in 1996. In November 1999, the company entered into an Administrative Consent Agreement with the state of Maine, paying \$115,950 in full settlement of these allegations.

In December 1999, nine lawsuits were filed against the company, Boise Cascade Office Products Corporation, and BCOP's directors arising out of our proposal to acquire BCOP's outstanding minority public shares. All nine cases were filed in New Castle County, Delaware. The lawsuits allege, among other things, that our proposal was wrongful, unfair, and harmful to BCOP public stockholders. On January 19, 2000, the court, upon stipulation of the parties, signed a consolidation order that combined the nine cases into one matter. We believe there are valid factual and legal defenses to these lawsuits and will vigorously defend all claims alleged by the plaintiffs.

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

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

Not applicable.

## PART II

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

Our common stock is listed on the New York and Chicago Stock Exchanges. In January 1999, we voluntarily delisted our common stock and other securities from the Pacific Exchange due to the lack of trading activity. The high and low sales prices for our common stock, as well as the frequency and amount of dividends paid on such stock, is included in Note 12, "Quarterly Results of Operations," of the Notes to Financial Statements in our 1999 Annual Report. Additional information concerning dividends on common stock is presented under the caption "Financing Activities" of the Financial Review section of our 1999 Annual Report, and information concerning restrictions on the payments of dividends is included in Note 4, "Debt," of the Notes to Financial Statements in our 1999 Annual Report. The information under these captions is incorporated by reference. The approximate number of common shareholders, based upon actual record holders at year-end, was 16,991, 17,842, 19,045 at December 31, 1999, 1998, and 1997.

## SHAREHOLDER RIGHTS PLAN

The company has had a shareholder rights plan since January 1986. The current plan took effect in December 1998. At that time, the rights under the previous plan expired and we distributed to our common stockholders one new right for each common share held. The rights become exercisable ten days after a person or group acquires 15% of our outstanding voting securities or ten business days after a person or group commences or announces an intention to commence a tender or exchange offer that could result in the acquisition of 15% of these securities. Each full right, if it becomes exercisable, entitles the holder to purchase one share of common stock at a purchase price of \$175 per share, subject to adjustment. In addition, upon the occurrence of certain events, and upon payment of the then-current purchase price, the rights may "flip in" and entitle holders to buy common stock or "flip over" and entitle holders to buy common stock in an acquiring entity in such amount that the market value is equal to twice the purchase price. The rights are nonvoting and may be redeemed by the company for one cent per right at any time prior to the tenth day after an individual or group acquires 15% of our voting stock, unless extended. The rights expire in 2008. Additional details are set forth in the Renewed Rights Agreement filed with the Securities and Exchange Commission as Exhibit 4.2 in our Form 10-Q dated September 30, 1997.

## ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data for the years indicated and should be read in conjunction with the disclosures in Items 7 and 8 of this Form 10-K:

	1999(1)	1998(2)	1997	1996(3)	1995(4)
	(expressed in millions, except per-common-share amounts)				
<b>Assets</b>					
Current assets	\$1,531	\$1,368	\$1,354	\$1,355	\$1,313
Property and equipment, net	2,557	2,571	2,630	2,554	2,604
Other	1,050	1,032	986	802	739
	<u>\$5,138</u>	<u>\$4,971</u>	<u>\$4,970</u>	<u>\$4,711</u>	<u>\$4,656</u>
<b>Liabilities and Shareholders' Equity</b>					
Current liabilities	\$1,125	\$1,130	\$ 894	\$ 933	\$ 770
Long-term debt, less current portion	1,585	1,578	1,726	1,330	1,365
Guarantee of ESOP debt	133	156	177	196	214
Minority interest	131	117	105	82	68
Other	550	559	455	490	545
Shareholders' equity	1,614	1,431	1,613	1,680	1,694
	<u>\$5,138</u>	<u>\$4,971</u>	<u>\$4,970</u>	<u>\$4,711</u>	<u>\$4,656</u>
Net sales	\$6,953	\$6,162	\$5,494	\$5,108	\$5,074
Net income (loss) before cumulative effect of accounting change	\$ 200	\$ (26)	\$ (30)	\$ 9	\$ 352
Cumulative effect of accounting change, net	-	(8)	-	-	-
Net income (loss)	<u>\$ 200</u>	<u>\$ (34)</u>	<u>\$ (30)</u>	<u>\$ 9</u>	<u>\$ 352</u>
Net income (loss) per common share					
Basic before cumulative effect of accounting change	\$ 3.27	\$ (.81)	\$ (1.19)	\$ (.63)	\$ 6.62
Cumulative effect of accounting change	-	(.15)	-	-	-
Basic (5)	<u>\$ 3.27</u>	<u>\$ (.96)</u>	<u>\$ (1.19)</u>	<u>\$ (.63)</u>	<u>\$ 6.62</u>
Net income (loss) per common share Diluted before cumulative					



effect of accounting change	\$ 3.06	\$ (.81)	\$(1.19)	\$ (.63)	\$ 5.39
Cumulative effect of accounting change	-	(.15)	-	-	-
Diluted(5)	\$ 3.06	\$ (.96)	\$(1.19)	\$ (.63)	\$ 5.39

Cash dividends declared per common share \$ .60 \$ .60 \$ .60 \$ .60 \$ .60

(1) 1999 includes a pretax gain of \$47,000,000 for the sale of 56,000 acres of timberland in central Washington.

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

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

(2) 1998 includes a pretax charge of \$37,982,000 for a company wide cost-reduction initiative and the restructuring of certain operations.

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

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

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

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

(3) 1996 includes a pretax gain of approximately \$40,395,000 as a result of the sale of our coated publication paper business. In addition, approximately \$15,341,000 of pretax expense arising from related tax indemnification requirements was recorded. Assets were reduced by \$632,246,000 as a result of the sale.

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

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

(4) 1995 includes a charge of \$74,900,000 before taxes related primarily to the write-down of paper assets under the provisions of Financial Accounting Standards Board Statement 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

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

1995 includes a gain of \$6,160,000 as a result of shares issued by BCOP to effect various acquisitions. 1995 includes a gain of \$60,000,000 from the BCOP initial public offering.

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

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

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

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

Management's discussion and analysis of financial condition and results of operations are presented under the caption "Financial Review" of our 1999 Annual Report and are incorporated by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning quantitative and qualitative disclosures about market risk is included under the caption, "Disclosures of Certain Financial Market Risks," in the Financial Review section of our 1999 Annual Report and is incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and related notes, together with the report of the independent public accountants, are presented in our 1999 Annual Report and are incorporated by reference.

The consolidated income statement for the three months ended December 31, 1999, is presented in our Fact Book for the fourth quarter of 1999 and is incorporated by reference.

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

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

Executive Officers as of January 31, 2000

Name	Age	Position or Office	Date First Elected as an Officer
George J. Harad(1)	55	Chairman of the Board and Chief Executive Officer	5/11/82
John C. Bender	60	Senior Vice President	2/13/90
Theodore Crumley	54	Senior Vice President and Chief Financial Officer	5/10/90
A. Ben Groce	58	Senior Vice President	2/8/91
John W. Holleran	45	Senior Vice President and General Counsel	7/30/91
Christopher C. Milliken(2)	54	Senior Vice President	2/3/95
N. David Spence	64	Senior Vice President	12/8/87
A. James Balkins III(3)	47	Vice President	9/5/91
Stanley R. Bell	53	Vice President	9/25/90
Charles D. Blencke	56	Vice President	12/11/92
Thomas E. Carlile	48	Vice President and Controller	2/4/94
Graham L. Covington	57	Vice President	9/24/98
Karen E. Gowland	41	Vice President and Corporate Secretary	9/25/97
Vincent T. Hannity	55	Vice President	7/26/96
Guy G. Hurlbutt	57	Vice President	7/31/98
Irving Littman	59	Vice President and Treasurer	11/1/84
Richard W. Merson	57	Vice President	12/12/97
Carol B. Moerdyk(4)	49	Vice President	5/10/90
David A. New	49	Vice President	4/30/97

- (1) Chairman of the Board, Boise Cascade Office Products Corporation
- (2) President and Chief Executive Officer, Boise Cascade Office Products Corporation
- (3) Senior Vice President, Chief Financial Officer, and Treasurer, Boise Cascade Office Products Corporation
- (4) Senior Vice President, North American and Australian Contract Operations, Boise Cascade Office Products Corporation

All of the officers named above except for David A. New, who joined the company in 1997, have been employees of Boise Cascade or one of its subsidiaries for at least five years. From 1995-1997, Mr. New was the Technical Manager of the Forestry, Pulp, and Paper, Southeast Asia Group

for Fletcher Challenge Ltd.

Jeffrey G. Lowe, vice president, retired from his position with Boise Cascade effective January 1, 2000. Richard B. Parrish, senior vice president, retired from his position with Boise Cascade effective August 1, 1999. Terry R. Lock, senior vice president, and J. Michael Gwartney, vice president, retired from their positions with Boise Cascade on March 31, 1999.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning compensation of Boise Cascade's executive officers for the year ended December 31, 1999, is presented under the caption "Compensation Tables" in our proxy statement. This information is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

- (a) Information concerning the security ownership of certain beneficial owners as of December 31, 1999, is set forth under the caption "Ownership of More Than 5% of Boise Cascade Stock" in Boise Cascade's proxy statement and is incorporated by reference.
- (b) Information concerning security ownership of management as of December 31, 1999, is set forth under the caption "Stock Ownership - Directors and Executive Officers" in Boise Cascade's proxy statement and is incorporated by reference.
- (c) Information concerning compliance with Section 16 of the Securities Exchange Act of 1934 is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in Boise Cascade's proxy statement and is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions during 1999 is set forth under the caption "Business Relationships with Directors" in Boise Cascade's proxy statement and is incorporated by reference.

PART IV

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

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

(1) Financial Statements

- (i) The Income Statement for the three months ended December 31, 1999, is incorporated by reference from Boise Cascade's Fact Book for the fourth quarter of 1999.
- (ii) The Financial Statements, the Notes to Financial Statements, and the Report of Independent Public Accountants and the Report of Management are incorporated by reference from Boise Cascade's 1999 Annual Report.
  - Balance Sheets as of December 31, 1999 and 1998.
  - Statements of Income (Loss) for the years ended December 31, 1999, 1998, and 1997.
  - Statements of Cash Flows for the years ended December 31, 1999, 1998, and 1997.
  - Statements of Shareholders' Equity for the years ended December 31, 1999, 1998, and 1997.
  - Notes to Financial Statements.
  - Report of Independent Public Accountants.
  - Report of Management.

(2) Financial Statement Schedules.

None required.

(3) Exhibits.

A list of the exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated by reference.

(b) Reports on Form 8-K.

No Form 8-K's were filed during the fourth quarter of 1999.

(c) Exhibits.

See Index to Exhibits.

SIGNATURES

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

Boise Cascade Corporation

By /s/ George J. Harad

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

Dated: February 29, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 29, 2000.

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

#### CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 28, 2000, incorporated by reference in this Form 10-K for the year ended December 31, 1999, into Boise Cascade Corporation's previously filed post-effective amendment No. 1 to Form S-8 registration statement (File No. 33-28595); post-effective amendment No. 1 to Form S-8 registration statement (File No. 33-21964); the registration statement on Form S-8 (File No. 33-31642); the registration statement on Form S-8 (File No. 33-45675); the registration statement on Form S-8 (File No. 33-62263); the registration statement on Form S-8 (File No. 333-59273); the pre-effective amendment No. 1 to Form S-3 registration statement (File No. 333-41033); the registration statement on Form S-3 (File No. 33-55396); the registration statement on Form S-8 (File No. 333-86425); and the registration statement on Form S-8 (File No. 333-86427).

/s/ ARTHUR ANDERSEN LLP

Boise, Idaho  
February 29, 2000

BOISE CASCADE CORPORATION

INDEX TO EXHIBITS

Filed with the Annual Report  
on Form 10-K for the  
Year Ended December 31, 1999

Number	Description	Page Number
2	(1) Acquisition Agreement Among Boise Cascade Corporation, Oxford Paper Company, Mead Oxford Corporation, and The Mead Corporation, dated September 28, 1996	-
3.1	(2) Restated Certificate of Incorporation, as restated to date	-
3.2	(3) Bylaws, as amended, December 11, 1998	-
4.1	(4) Trust Indenture between Boise Cascade Corporation and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, as amended	-
4.2	(5) 1997 Revolving Loan Agreement -- \$600,000,000, dated as of March 11, 1997, as amended September 25, 1997	-
4.3	(6) Renewed Rights Agreement dated as of September 25, 1997	-
9	Inapplicable	-
10.1	Key Executive Performance Plan for Executive Officers, as amended through July 29, 1999	-
10.2	1986 Executive Officer Deferred Compensation Plan, as amended through July 29, 1999	-
10.3	1983 Board of Directors Deferred Compensation Plan, as amended through July 29, 1999	-
10.4	1982 Executive Officer Deferred Compensation Plan, as amended through July 29, 1999	-
10.5	(7) Executive Officer Severance Pay Policy	-
10.6	Supplemental Early Retirement Plan for Executive Officers, as amended through July 29, 1999	-
10.7	Boise Cascade Corporation Supplemental Pension Plan, as amended through July 29, 1999	-
10.8	1987 Board of Directors Deferred Compensation Plan, as amended through July 29, 1999	-
10.9	1984 Key Executive Stock Option Plan, as amended through February 10, 2000	-
10.10	(7) Executive Officer Group Life Insurance Plan description	-
10.11	1980 Split-Dollar Life Insurance Plan, as amended through July 29, 1999	-
10.12	Form of Agreement with Executive Officers, as amended through July 29, 1999	-
10.13	(8) Supplemental Health Care Plan for Executive Officers, as revised July 31, 1996	-
10.14	(7) Nonbusiness Use of Corporate Aircraft Policy, as amended	-
10.15	(9) Executive Officer Financial Counseling Program description, as amended through July 30, 1998	-
10.16	(7) Family Travel Program description	-
10.17	Form of Directors' Indemnification Agreement, as revised July 29, 1999	-
10.18	(10) Deferred Compensation and Benefits Trust, as amended by the Form of Fourth Amendment dated July 29, 1999	-
10.19	Director Stock Compensation Plan, as amended through July 29, 1999	-
10.20	Director Stock Option Plan, as amended through December 9, 1999	-
10.21	1995 Executive Officer Deferred Compensation Plan, as amended through July 29, 1999	-
10.22	1995 Board of Directors Deferred Compensation Plan, as amended through July 29, 1999	-
10.23	1995 Split-Dollar Life Insurance Plan, as amended through July 29, 1999	-
10.24	1999 and 2000 Performance Criteria for the Key Executive Performance Plan for Executive Officers	-
11	Computation of Per Share Earnings	-
12.1	Ratio of Earnings to Fixed Charges	-
12.2	Ratio of Earnings to Combined Fixed Charges and Preferred Dividend Requirements	-
13.1	Incorporated sections of the Boise Cascade Corporation 1999 Annual Report	-
13.2	Incorporated sections of the Boise Cascade Corporation Fact Book for the fourth quarter of 1999	-
16	Inapplicable	-
18	Inapplicable	-
21	Significant subsidiaries of the registrant	-
22	Inapplicable	-
23	Consent of Arthur Andersen LLP (see page 21)	-
24	Inapplicable	-
27	Financial Data Schedule	-
28	Inapplicable	-
99	Inapplicable	-

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

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

- (3) Exhibit 3.2 was filed under the same exhibit number in Boise Cascade's 1998 Annual Report on Form 10-K and is incorporated by reference.
- (4) The Trust Indenture between Boise Cascade Corporation and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, as amended, was filed as Exhibit 4 in the Registration Statement on Form S-3 No. 33-5673, filed May 13, 1986. The First Supplemental Indenture, dated December 20, 1989, to the Trust Indenture between Boise Cascade Corporation and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, was filed as Exhibit 4.2 in the Pre-Effective Amendment No. 1 to the Registration Statement on Form S-3 No. 33-32584, filed December 20, 1989. The Second Supplemental Indenture, dated August 1, 1990, to the Trust Indenture was filed as Exhibit 4.1 in Boise Cascade's Current Report on Form 8-K filed on August 10, 1990. Each of the documents referenced in this footnote is incorporated by reference.
- (5) Exhibit 4.2 was filed under the same exhibit number in Boise Cascade's 1996 Annual Report on Form 10-K. The Form of First Amendment to 1997 Revolving Credit Agreement dated as of September 25, 1997, was filed as Exhibit 4.1 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997. Each of the documents referenced in this footnote is incorporated by reference.
- (6) The Renewed Rights Agreement dated as of September 25, 1997, was filed as Exhibit 4.2 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, and is incorporated by reference.
- (7) Exhibits 10.5, 10.10, 10.14, and 10.16 were filed under the same exhibit numbers in Boise Cascade's 1993 Annual Report on Form 10-K and are incorporated by reference.
- (8) Exhibit 10.13 was filed under the same exhibit number in Boise Cascade's 1996 Annual Report on Form 10-K and is incorporated by reference.
- (9) The Executive Officer Financial Counseling Program description was filed as Exhibit 10.3 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and is incorporated by reference.
- (10) The Deferred Compensation and Benefits Trust, as amended and restated as of December 13, 1996, was filed under the same exhibit number in Boise Cascade's 1996 Annual Report on Form 10-K and is incorporated by reference.

## BOISE CASCADE CORPORATION

## KEY EXECUTIVE PERFORMANCE PLAN FOR EXECUTIVE OFFICERS

(As Amended Through July 29, 1999)

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

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

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

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

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

operations of the Company, adjusted for LIFO inventory, present value of operating leases, goodwill amortization, major capital projects, and major nonrecurring adjustments.

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

2.6 A "Change in Control of the Company" shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.6(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least

66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.6(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this section and Section 2.18, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

For purposes of this section and Section 2.18, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

2.7 "Committee" means the Executive Compensation Committee of the Company's Board of Directors (the "Board") or any successor to the Committee.

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

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

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

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

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

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

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

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

2.16 "Participant" means a person who is an Executive



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

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

2.18 A "Potential Change in Control of the Company" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

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

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

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

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

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

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

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

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

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

compared to the total number of calendar days in the Award Period.

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

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

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

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

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

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

8.1 Eligible Participants may elect to defer receipt of their Award (if any) for any Award Period, in accordance with and subject to the following:

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

(b) The Participant's Deferred Bonus Account will be credited, in accordance with the Participant's election, with either (A) the amount of the deferral plus nominal interest accruing thereon from the effective date of the deferral at a rate determined annually by the Company (which shall not be less than the prime rate offered by the Bank of America NT & SA each January 1) (an "Interest Account") or (B) Participant Stock Units in the amount of the deferral, plus Company Matching Stock Units and Dividend Equivalent Stock Units as described below (a "Stock Unit Account").

(1) An election to have a Deferred Bonus Account credited with Stock Units must be made by the Participant no later than January 31 of the year in which payment of the Award would be made absent a deferral election. If a Participant timely elects to have his or

her Deferred Bonus Account credited with Stock Units, the Participant's Deferred Bonus Account shall be credited, on the date on which the Award would otherwise have been paid pursuant to the Plan, with the number of Stock Units equal to (A) 100% of the amount of such deferred compensation ("Participant Stock Units") plus (B) 25% of the amount of such deferred compensation ("Company Matching Stock Units"), with each Stock Unit value based on either the closing price of the Company's common stock on the New York Stock Exchange ("NYSE") on that date (or, if the common stock is not traded on the NYSE on such date, on the immediately preceding trading day) or another generally accepted pricing standard chosen by the Company. Each Stock Unit in a Participant's Deferred Bonus Account shall thereafter have a value equal to the market value of one share of the Company's common stock. Except as provided in subparagraphs (4) and (5) hereof, Stock Units must be held for a minimum period of six months from the date on which such Stock Units are first credited to the Participant's account. Stock Units may not be sold, transferred, assigned, alienated, or pledged by any Participant.

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

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

(4) Upon the occurrence of a Potential Change in Control of the Company, shares of Common Stock equal to the number of Stock Units in all Participants' Deferred Bonus Accounts shall be transferred to the Trustee of the Deferred Compensation and Benefits Trust to be held in accordance with the terms of that Trust and this Plan. Upon a Change in Control of the Company, all Stock Units credited to a Participant's Deferred Bonus Account shall be converted to Stock Units of equivalent value payable in the common stock of the successor entity to the Company, as follows: if the Change in Control involves the merger or sale of the entire Company or a tender offer for all the outstanding Common Stock, conversion shall be at the conversion, sale, or exchange price applicable to the Common Stock in connection with such Change in Control. Shares of Common Stock held by the Trustee shall be converted to shares of common stock of the successor entity (if any) at the same conversion value as described in this subsection. Following a Change in Control and after public disclosure of at least 30 days financial results of the consolidated entity, each Participant may elect, at any time or from time to time, to convert all or any portion of his or her Stock Unit Account to a dollar equivalent and have such amount credited to the Interest Account in the Participant's Deferred Bonus Account. If a Participant makes such an election, the Trustee shall sell, into the open market, shares of stock attributable to such Participant's Deferred Bonus Account as previously acquired and held pursuant to this subsection, and shall hold, invest, and reinvest the proceeds of such sale in accordance with the terms of the Deferred Compensation and Benefits Trust. If the Change in Control does not involve the merger or sale of the entire Company or a tender offer for all the outstanding Common Stock, Stock Units shall be converted to a dollar equivalent at the highest trading price of the Company's Common Stock during the 20-day period immediately preceding the date of the Change in Control and credited to the Participants' Interest Account(s).

(5) If the Participant's Deferred Bonus Account is credited with Stock Units, the Participant shall be paid the value of all vested Stock Units in his or her Deferred Bonus Account in accordance with the Participant's election under Section 8.1(a) above and in the form of the Company's Common Stock (or, if applicable, in accordance with Subsection (4) above). Such payment shall be consistent with the payment election made by the Participant pursuant to Section 8.1(a) above. If a Participant's Deferred Bonus Account is credited with Stock Units and the Participant terminates employment and is eligible for a distribution but shares of Common Stock are not then available for distribution, the Company may elect, in its sole discretion, to delay the distribution until such shares become available.

(c) If any payment is made from a Participant's Deferred Bonus Account during a year, interest or Dividend Equivalent Stock Units, as appropriate, will be credited to the account on the portion so paid up to the end of the month preceding the month in which payment occurs.

(d) A Participant's Deferred Bonus Account for a given Plan year will be paid to the Participant in a lump sum on one of the following dates:

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

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

In lieu of lump-sum payment, a Participant may elect to receive payment in consecutive equal annual installments over a period not exceeding 10 years commencing with the date the Participant selects in the applicable Deferral Agreement.

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

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

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

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

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

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

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

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

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

8.6.3 **DISTRIBUTION UPON EXTRAORDINARY EVENTS.** If any Participant who has reached retirement age terminates employment with the Company as a direct result of the sale or divestiture of a facility, operating division, or reduction in force in connection with any reorganization of the Company's operations or staff, such Participant may request distribution of his or her entire Interest Account balance. Upon

receipt of such a request for distribution under this section, the Company may, in its sole discretion, elect whether to approve or deny the request. If the Company approves a request under this section, distribution of the Participant's account shall occur no later than the January 1 of the year following the year during which such termination of employment occurs.

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

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

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

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

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

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

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

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

9. DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations under this Plan (the "Funding Amount"); provided, however, the Company shall transfer shares of its common stock equal in number to the number of Stock Units credited to Participants under Section 8.1 in lieu of transferring cash or other property to satisfy its funding obligations under this Section 9. The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee as may be necessary in order to maintain the Funding Amount with respect to this Plan.

Upon a Change in Control of the Company, the assets of the DCB Trust shall

be used to pay benefits under this Plan, except to the extent the Company pays such benefits. The Company and any successor shall continue to be liable for the ultimate payment of those benefits.

#### 10. MISCELLANEOUS.

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

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

10.3 TAXES. The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld. Participants may, upon written request to the Company, request additional amounts to be withheld from any Award.

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

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

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

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

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

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

## BOISE CASCADE CORPORATION

## 1986 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1999)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 1986 Executive Officer Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing executive officers of the Company the opportunity to defer a portion of their compensation and thereby encourage their productive efforts.

## 2. DEFINITIONS.

2.1 CHANGE IN CONTROL. A Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a change in control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this section and Section 2.14, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

For purposes of this section and Section 2.14, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or

other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

2.3 COMPENSATION. A Participant's salary, commission, bonus and other payments for personal services rendered by a Participant to the Company during a calendar year. Compensation shall not include any amounts paid by the Company to a Participant that are not strictly in consideration for personal services, such as expense reimbursement, cost-of-living allowance, education allowance, premium on excess group life insurance, or any Company contribution to the Pension Plan or the Savings and Supplemental Retirement Plan, and the fact that an amount constitutes taxable income to the Participant shall not be controlling for this purpose. Compensation shall not include any taxable income realized by, or payments made to, an employee as a result of the grant or exercise of an option to acquire stock of the Company or as a result of the disposition of such stock and shall not include compensation resulting from any long-term incentive plan.

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

2.5 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.6 DISABILITY. A condition that totally and continuously prevents the Participant, for at least six consecutive months, from engaging in an "occupation" for remuneration or profit. During the first 24 months of Disability, "occupation" means the Participant's occupation at the time the Disability began. After that period, "occupation" means any occupation for which the Participant is or becomes reasonably fitted by education, training, or experience. Notwithstanding the foregoing, a Disability shall not exist for purposes of this Plan if the Participant fails to qualify for Disability benefits under the Social Security Act, unless the Committee determines, in its sole discretion, that a Disability exists.

2.7 EARLY RETIREMENT DATE. The date of a Participant's Termination of Employment for reasons other than death, total disability (as defined in the Pension Plan), or disciplinary reasons (as that term is used for purposes of the Company's Corporate Policy 10.2, Termination of Employment) before attaining age 65 but after attaining age 55, and after completing 10 years of service (as defined in the Pension Plan). For purposes of this section, a Participant's age and years of service shall be determined by taking into account any imputation of age or service permitted under any special early retirement program offered by the Company and applicable to the Participant.

2.8 EXECUTIVE OFFICER. The Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, the Treasurer, or the Controller of the Company.

2.9 MINIMUM DEATH BENEFIT. The Minimum Death Benefit shall be equal to the sum of the following:

(a) The Minimum Death Benefit to which a Participant is entitled for the deferrals and corresponding Company Contributions made to the Plan for the period January 1, 1987, through December 31, 1990, which shall be an amount equal to three times the Participant's total expected deferrals up to a maximum of \$500,000.

and

(b) The Minimum Death Benefit to which a Participant is entitled for the deferrals and corresponding Company Contributions to the Plan for the period January 1, 1992, through December 31, 1995, which shall be an amount equal to three times the Participant's total expected deferrals up to a maximum of \$500,000.

The amount of the Minimum Death Benefit payable under this Section 2.8 shall be subject to adjustment in the event there is an alteration of the amount to be deferred as provided in Section 4.3.

2.10 MOODY'S TIMES 130%. The Company shall accumulate the Participant's deferred compensation with monthly interest equivalent to an annualized rate of 130% times Moody's Composite Average of Yields on Corporate Bonds for the preceding calendar month as determined from Moody's Bond Record published by Moody's Investor's Service, Inc. (or any successor thereto), or, if such monthly yield is no longer published, a substantially similar average selected by the Committee.

2.11 NORMAL RETIREMENT Date. The first day of the month on or after a Participant's 65th birthday.



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

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

2.14 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control of the Company shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.15 SERVICE. Service as earned and credited under the Pension Plan.

2.16 TERMINATION OF EMPLOYMENT. The Participant's ceasing to be employed by the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death, or disability, provided that transfer from the Company to a subsidiary or parent of the Company shall not be deemed a Termination of Employment for purposes of this Plan.

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

#### 4. PARTICIPANT COMPENSATION DEFERRAL.

4.1 COMPENSATION DEFERRAL. Prior to January 1, 1987, an Executive Officer who wishes to participate in the Plan shall execute a written Deferred Compensation Agreement, in the format provided by the Company, whereby the Executive Officer elects to defer a portion of his or her Compensation otherwise earned and payable on or after January 1, 1987, and through the 4-year period ending December 31, 1990. An Executive Officer who is contributing to the 1982 Executive Officer Deferred Compensation Plan on January 1, 1987, shall elect prior to January 1, 1987, to participate in this Plan for 4 full calendar years beginning January 1 of the calendar year after his or her contributions cease to the 1982 Executive Officer Deferred Compensation Plan. Prior to January 1, 1991, an Executive Officer who wishes to participate in the Plan through the period ending December 31, 1995, shall execute a written Deferred Compensation Agreement covering such period. The amount of annual Compensation to be deferred shall be in whole percentage increments as specified in the applicable Deferred Compensation Agreement. The period during which Compensation is reduced shall be the calendar years specified in the Deferred Compensation Agreement. The amount deferred shall result in corresponding reductions in the Compensation payable to a Participant.

4.2 PARTICIPATION IN THE PLAN. An Executive Officer who first attains such status subsequent to January 1, 1987, and prior to December 31, 1991, and who continues to retain his or her status as an Executive Officer, shall be entitled to participate in the Plan until December 31, 1995, and shall be bound by all the other terms and conditions of the Plan. An Executive Officer who first attains such status subsequent to January 1, 1992, and prior to December 31, 1995, shall be entitled to participate in the Plan until December 31, 1995, and shall be bound by all the other terms and conditions of the Plan. An Executive Officer shall complete a Deferred Compensation Agreement within 30 days of becoming eligible and being notified of the terms and conditions of the Plan. Contributions to the Plan shall commence the first of the month following the completion of the Deferred Compensation Agreement. The Company shall notify a new Participant promptly upon becoming eligible.

4.3 ALTERATION OF COMPENSATION DEFERRAL. The amount of compensation to be deferred, once selected by a Participant, shall be irrevocable except upon written approval by the Committee. A request to alter the amount of compensation deferred must be submitted by a

Participant in writing to the Committee prior to January 1 of the year for which such modification is requested and shall detail the reasons for the modification. If a modification of the deferral amount is granted by the Committee, the modification shall affect only future years of participation; and all benefits under the Plan shall be adjusted to reflect the new deferred amount and also to reflect any costs incurred by the Company to effect the adjusted benefits payable to the Participant.

4.4 COMPANY CONTRIBUTION. The Company shall, at the election of a Participant, contribute an additional amount equal to 4.2% of the Participant's Compensation to the Plan, to be used to provide benefits as specified in the Deferred Compensation Agreement. If a Participant elects to have such amount contributed under the Deferred Compensation Agreement, the Company shall not make any matching contribution for such Participant under the Company Savings and Supplemental Retirement Plan.

4.5 CONTINUATION OF CONTRIBUTION. Should there be a Termination of Employment by a Participant prior to having completed the entire period of participation determined in accordance with Sections 4.1 or 4.2, the Participant may elect, subject to the approval of the Committee, to continue contributing to the Plan at the same rate in effect upon Termination of Employment for such period of time, up to and including the entire period of participation determined in accordance with Sections 4.1 or 4.2, as may be approved by the Committee, in which case, he or she will continue to be a Participant and be bound by all the other terms and conditions of the Plan. In any such case, the Company may continue its contributions or may require the Participant to contribute the amounts formerly contributed by the Company.

#### 5. PAYMENT OF DEFERRED AMOUNTS.

5.1 PARTICIPANT ACCOUNT. The Company shall maintain for each Participant an account by accumulating his or her deferred compensation plus the Company contribution, if any, and each month, the account shall be updated with a monthly rate of interest equal to Moody's Times 130%.

5.2 RETURN OF DEFERRALS. At the time a Participant executes the Deferred Compensation Agreement, he or she may elect to receive a return of his or her deferrals. Each such return of deferral shall be made in a lump sum, 7 years after the end of the calendar year in which the deferral is made. Prior to January 1 of the year preceding the year in which any return of deferral is to be made, the Participant may request to defer a portion or all of the payment of the return of deferral until such time as the account would otherwise be paid. Any such request shall be approved or denied at the sole discretion of the Committee. Any return of deferral paid shall be deemed a distribution, and, accordingly, shall be deducted from the Participant's account and shall reduce the benefits provided under this section by the dollar amount of any such payments.

5.3 PLAN BENEFITS. Upon Termination of Employment for reasons other than disability, a Participant shall be paid his or her account in a lump sum or in equal monthly installments calculated to distribute his or her account plus accrued interest for a period of not more than 15 years. Payments shall commence on the date and shall be made in the manner elected by the Participant in the Deferred Compensation Agreement. Unpaid balances under the installment election continue to earn interest at the rate of Moody's Times 130%. If a Participant does not make an election, his or her account shall be paid out in monthly installments over 15 years beginning January 1 of the year following Termination of Employment. The Participant may request other forms of payout which are subject to approval by the Committee, pursuant to Section 5.4.

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

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

5.5 PAYMENT ON DEATH AFTER BENEFITS COMMENCE. If a Participant dies after his or her benefits have commenced and prior to the distribution of the entire Participant Account, his or her beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement.

5.6 DEATH BENEFIT. If a Participant should die while a Participant in the Plan and prior to the commencement of Plan distributions, the Company shall pay his or her designated beneficiary or beneficiaries the greater of the accumulated account balance or the Minimum Death Benefit. Payments shall be made as specified in the Deferred Compensation Agreement. The Participant Account shall be updated with a monthly rate of interest equal to Moody's Times 130%.

5.7 DISABILITY BENEFIT. For a Participant who made deferrals into the Plan prior to January 1, 1991, and who terminates prior to attaining age 65 due to a Disability, the Company shall pay the Participant in monthly installments commencing on the first day of the seventh consecutive month following the Participant's Disability, the Disability Benefit specified in the Deferred Compensation Agreement until the Participant attains his or her Normal Retirement Date or ceases to be totally and continuously disabled. The maximum Disability Benefit shall be an amount which, when combined with Primary Social Security, company-sponsored group Long-Term Disability, and disability benefits from other deferred compensation plans, is equal to 80% of predisability salary. For the purpose of this maximum, the 80% of predisability salary shall be indexed to the Consumer Price Index. After a Participant who is receiving a Disability Benefit attains his or her Normal Retirement Date, he or she shall be entitled to be paid the account in accordance with the form of payment elected in the Deferred Compensation Agreement. If a Participant dies while receiving a Disability Benefit, the Participant's beneficiary shall receive the Death Benefit pursuant to Section 5.6. If a Participant meets the requirements for a Disability Benefit and the amount of the Disability Benefit on the Deferred Compensation Agreement is \$0, or if there is no Disability Benefit stated on such Participant's Deferred Compensation Agreement, then the Participant's Account shall be paid in monthly installments over a 15-year period beginning the month the Disability Benefit would have been paid and unpaid account balances shall accumulate at Moody's Times 130%.

A Participant who makes deferrals into this Plan subsequent to December 31, 1991, shall be entitled to, in addition to the Disability Benefit described above, a Disability Benefit equal to the remaining balance, if any, of his or her Participant Account. The payment, timing, and amount of the benefit shall be consistent with the previous paragraph pertaining to a Participant's Disability Benefit.

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

## 6. MISCELLANEOUS.

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

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

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

6.4 CONSTRUCTION. The Plan shall be construed according to the laws of the state of Idaho.

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

7. NO REDUCTION IN PENSION BENEFIT. To compensate a Participant for any reduction in pension benefits under the Pension Plan which may result from a Participant's deferring Compensation under this Plan, the Company shall pay to the Participant an amount equal to the reduction in pension benefits in the same manner and at the same time as such benefits would have been paid under the Pension Plan.

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

9. UNSECURED GENERAL CREDITOR. Except as provided in Section 10, Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company to pay money in the future.

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

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

## BOISE CASCADE CORPORATION

## 1983 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1999)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 1983 Board of Directors Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing directors of the Company the opportunity to defer a portion or all of their Compensation and thereby encourage their productive efforts.

## 2. DEFINITIONS.

2.1 CHANGE IN CONTROL. A Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

For purposes of this section and Section 2.12, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of

stock of the Company.

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

2.3 COMPENSATION. A Participant's fees for personal services rendered by a Participant as a director of the Company during a calendar year. Compensation shall not include any amounts paid by the Company to a Participant that are not strictly in consideration for personal services, such as expense reimbursements.

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

2.5 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.6 DIRECTOR. A member of the Board of Directors of Boise Cascade Corporation as elected by the shareholders.

2.7 EARLY BENEFIT COMMENCEMENT DATE. The first day of the month following a Participant's Termination for reasons other than death prior to attainment of age 72 or, after the 4-year deferral, the date selected by a Participant to begin benefit payments. An election to begin benefit payments must be made prior to January 1 of the year in which benefits commence.

2.8 MINIMUM DEATH BENEFIT. The Minimum Death Benefit shall be a multiple of the total amount of Compensation to be deferred over the 4-year period. The multiple shall be determined according to the Participant's age at the beginning of the Plan (January 1, 1984):

Age	Multiple of Deferred Compensation
65 and over	2
60	3
55	4
50	5

The Multiple shall be interpolated to the Participant's age on his or her last birth date on the date the Participant begins deferrals under the Plan. For example, age 54 would have a multiple of 4.2.

2.9 MOODY'S PLUS 4%. The Company shall accumulate the Participant's deferred compensation with monthly interest equivalent to an annualized rate of 4% more than Moody's Composite Average of Yields on Corporate Bonds for the preceding calendar month as determined from Moody's Bond Record published by Moody's Investor's Service, Inc. (or any successor thereto), or, if such monthly yield is no longer published, a substantially similar average selected by the Board.

2.10 NORMAL BENEFIT COMMENCEMENT DATE. The first day of the month on or after a Participant's 72nd birthday.

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

2.12 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control of the Company shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

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

3. ADMINISTRATION AND INTERPRETATION OF THE PLAN. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the

Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Any interpretation by the Committee shall be final and binding on the Participants.

#### 4. PARTICIPANT COMPENSATION DEFERRAL.

4.1 COMPENSATION DEFERRAL. Prior to December 20, 1983, a Director who wishes to participate in the Plan shall execute a written Deferred Compensation Agreement, in the format provided by the Company, whereby the Director elects to defer a portion of his or her Compensation otherwise earned and payable on or after January 1, 1984. The amount of annual Compensation to be deferred shall be a minimum of \$5,000 per year and increments of \$1,000 up to all Compensation. The period during which Compensation is deferred shall be the 4 calendar years immediately following 1983. The amount deferred shall result in corresponding reductions in the Compensation payable to a Participant.

4.2 NEW DIRECTORS. A Director who first attains such status subsequent to January 1, 1984, shall be entitled to participate in the Plan for all full calendar years after being elected a Director and prior to January 1, 1988, and shall be bound by all terms and conditions of the Plan.

4.3 ALTERATION OF COMPENSATION DEFERRAL. The amount of Compensation to be deferred, once selected by a Participant, shall be irrevocable except upon written approval by the Committee. A request to alter the amount of Compensation deferred shall be submitted by a Participant in writing to the Committee prior to January 1 of the year that such modification is requested and shall detail the reasons for the modification. If a modification of the deferral amount is granted by the Committee, the modification shall be effective for all future years of participation, and all benefits under the Plan shall be adjusted to reflect the new deferred amount and also to reflect any costs incurred by the Company to effect the adjusted benefits payable to the Participant.

4.4 PRIOR DEFERRALS. A Participant may transfer to this Plan any account balance that he or she may have as of December 31, 1983, under the Boise Cascade Corporation Directors' Deferred Compensation Policy, adopted December 16, 1971. The election to transfer must be made prior to December 31, 1983.

#### 5. PAYMENT OF DEFERRED AMOUNTS.

5.1 PARTICIPANT ACCOUNT. The Company shall maintain for each Participant an account by accumulating his or her deferred Compensation and, each month, the account shall be updated with a monthly rate of interest equal to Moody's plus 4%.

5.2 PLAN BENEFITS. Upon Early or Normal Benefit Commencement Date, a Participant shall be paid his or her account in a lump sum or in equal quarterly installments calculated to distribute his or her account plus accrued interest for a period of not more than 15 years. Unpaid balances under the installment election continue to earn interest at the rate of Moody's plus 4%. The Participant shall elect the method of payment prior to the calendar year in which the first installment is made.

If a Participant does not make an election, his or her account shall be paid out in quarterly installments over 15 years. A Participant may request a change in the payout election any time prior to January 1 of the year benefits are first scheduled to be paid, provided that the request is received by the Committee at least 30 days prior to the first date benefits are scheduled to be paid. The changed payout election must be one of the payout options in the original deferral agreement. Such request must be in writing and shall be approved or denied at the sole discretion of the Committee. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

5.3 PAYMENT ON DEATH AFTER BENEFITS COMMENCE. If a Participant dies after his or her benefits have commenced and prior to the distribution of his or her entire account, his or her beneficiary shall receive any benefit payments that would have been paid to the Participant. In lieu of the monthly benefit payments, upon the request of the Participant's beneficiary, the Company may, in its sole discretion, make a lump-sum payment to the Participant's beneficiary.

5.4 DEATH BENEFIT. If a Participant should die while a Participant in the Plan and prior to the commencement of Plan distributions, the Company shall pay his or her designated beneficiary or beneficiaries the greater of the accumulated account balance or the Minimum Death Benefit.

Notwithstanding any provision in this Plan to the contrary, a Participant or Beneficiary may at any time request a single lump-sum payment of the amount credited to an account or accounts of the Participant under the Plan. The amount of the payment shall be equal to (i) the Participant's accumulated account balance under the Plan as of the payment date, reduced by (ii) an amount equal to 10% of such accumulated

account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. This request must be made in writing to the Committee. The lump-sum payment shall be made within 30 days of the date on which the Committee received the request for the distribution. If a request is made under this provision, the Participant shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company, including this Plan, for a period of 12 months after such request is made. In addition, in such event any deferred compensation agreement under any nonqualified deferred compensation plan of the Company shall not be effective with respect to Compensation payable to the Participant during this 12-month period.

#### 5.5 RECIPIENTS OF PAYMENTS; DESIGNATION OF BENEFICIARY.

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

#### 6. MISCELLANEOUS.

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

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

6.3 CONSTRUCTION. The Plan shall be construed according to the laws of the state of Idaho.

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

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

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

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

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



## BOISE CASCADE CORPORATION

## 1982 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1999)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 1982 Executive Officer Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing executive officers of the Company the opportunity to defer a portion of their compensation and thereby encourage their productive efforts.

## 2. DEFINITIONS.

2.1 CHANGE IN CONTROL. A Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

For purposes of this section and Section 2.12, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter

temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

2.3 COMPENSATION. A Participant's salary, commission, bonus, and other payments for personal services rendered by a Participant to the Company during a calendar year. Compensation shall not include any amounts paid by the Company to a Participant that are not strictly in consideration for personal services, such as expense reimbursement, cost-of-living allowance, education allowance, premium on excess group life insurance, or any Company contribution to the Pension Plan or the Savings and Supplemental Retirement Plan, and the fact that an amount constitutes taxable income to the Participant shall not be controlling for this purpose. Compensation shall not include any taxable income realized by, or payments made to, an employee as a result of the grant or exercise of an option to acquire stock of the Company or as a result of the disposition of such stock and shall not include compensation resulting from any long-term incentive plans such as the Company's Performance Share Plan.

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

2.5 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.6 DISABILITY. A condition that totally and continuously prevents the Participant, for at least six consecutive months, from engaging in an "occupation" for remuneration or profit. During the first 24 months of Disability, "occupation" means the Participant's occupation at the time the Disability began. After that period, "occupation" means any occupation for which the Participant is or becomes reasonably fitted by education, training, or experience. Notwithstanding the foregoing, a Disability shall not exist for purposes of this Plan if the Participant fails to qualify for Disability benefits under the Social Security Act, unless the Committee determines, in its sole discretion, that a Disability exists.

2.7 EARLY RETIREMENT DATE. The date of a Participant's Termination of Employment for reasons other than death, total disability (as defined in the Pension Plan), or disciplinary reasons (as that term is used for purposes of the Company's Corporate Policy 10.2, Termination of Employment) before attaining age 65 but after attaining age 55, and after completing 10 years of service (as defined in the Pension Plan). For purposes of this section, a Participant's age and years of service shall be determined by taking into account any imputation of age or service permitted under any special early retirement program offered by the Company and applicable to the Participant.

2.8 EXECUTIVE OFFICER. The Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, the Treasurer, or the Controller of the Company.

2.9 NORMAL RETIREMENT DATE. The first day of the month on or after a Participant's 65th birthday.

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

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

2.12 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control of the Company shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.13 SERVICE. Service as earned and credited under the Pension Plan.

2.14 TERMINATION OF EMPLOYMENT. The Participant's ceasing to be employed by the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death or disability, provided that transfer from the Company to a subsidiary or parent of the Company shall not be deemed a Termination of Employment for purposes of this Plan.

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

#### 4. PARTICIPANT COMPENSATION DEFERRAL.

4.1 COMPENSATION REDUCTION. Prior to January 1, 1983, an Executive Officer who wishes to participate in the Plan shall execute a written Deferred Compensation Agreement, in the format provided by the Company, whereby the Executive Officer elects to defer a portion of his or her Compensation otherwise earned and payable on or after January 1, 1983. The amount of annual Compensation to be deferred shall be in whole percentage increments of not less than 6% nor greater than 10% of Compensation. The period during which Compensation is reduced shall be the 4 calendar years immediately following 1982. The amount deferred shall result in corresponding reductions in the Compensation payable to a Participant.

4.2 PARTICIPATION AFTER JANUARY 1, 1983. An Executive Officer who first attains such status subsequent to January 1, 1983, and prior to January 1, 1987, shall be entitled to participate in the Plan for 4 full calendar years after being elected an Executive Officer and shall be bound by all the other terms and conditions of the Plan. An Executive Officer who, although eligible, elects not to participate in the Plan, may subsequently and with the approval of the Company become a Participant before January 1, 1987, for such a period of time, up to and including 4 full calendar years from the commencement of participation, as may be approved by the Company, in which case he or she shall be bound by all the other terms and conditions of the Plan.

4.3 ALTERATION OF COMPENSATION DEFERRAL. The amount of Compensation to be deferred, once selected by a Participant, shall be irrevocable except upon written approval by the Committee. A request to alter the amount of Compensation deferred shall be submitted by a Participant in writing to the Committee prior to January 1 of the year that such modification is requested and shall detail the reasons for the modification. If a modification of the deferral amount is granted by the Committee, the modification shall be effective for all future years of participation; and all benefits under the Plan shall be adjusted to reflect the new deferred amount and also to reflect any costs incurred by the Company to effect the adjusted benefits payable to the Participant.

4.4 COMPANY CONTRIBUTION. The Company shall, at the election of a Participant, contribute an additional amount equal to 3.6% (however, effective July 1, 1989, this amount shall be increased to 4.2%) of the Participant's Compensation to the Plan, to be used to provide benefits as specified in the Deferred Compensation Agreement. If a Participant elects to have such amount contributed under the Deferred Compensation Agreement, the Company shall not make any matching contribution for such Participant under the Company Savings and Supplemental Retirement Plan.

4.5 CONTINUATION OF CONTRIBUTION. Should there be a Termination of Employment by a Participant prior to having completed the entire period of participation determined in accordance with Sections 4.1 or 4.2, the Participant may elect, subject to the approval of the Committee, to continue contributing to the Plan at the same rate in effect upon Termination of Employment for such period of time, up to and including the entire period of participation determined in accordance with Sections 4.1 or 4.2, as may be approved by the Committee, in which case he or she will continue to be a Participant and be bound by all the other terms and conditions of the Plan. In any such case, the Company may continue its contributions or may require the Participant to contribute the amounts formerly contributed by the Company.

#### 5. PAYMENT OF DEFERRED AMOUNTS.

5.1 NORMAL BENEFIT. Unless a Participant is otherwise receiving a benefit under this Plan, and except as provided in this section, the Company shall pay to a Participant in 180 equal monthly installments commencing on the Participant's Normal Retirement Date, as compensation earned for services rendered prior to such date, the Normal Benefit amount specified in the Deferred Compensation Agreement (the "Normal Benefit"). If a Participant is employed by the Company after attaining age 65, payment of the Normal Benefit shall commence on the first day of the month following the Participant's Termination of Employment.

5.2 PAYMENT UPON DEATH AFTER NORMAL RETIREMENT. If a Participant entitled to the Normal Benefit dies after his or her Normal Retirement Date, his or her beneficiary shall receive any Normal Benefit payments that would have been paid to the Participant. In lieu of the monthly Normal Benefit payments, upon the request of the Participant's beneficiary, the Committee may, in its discretion, approve an actuarially determined equivalent lump-sum payment to the Participant's beneficiary.

5.3 EARLY BENEFIT. If a Participant terminates employment on an Early Retirement Date, the Company shall pay to the Participant, in 180 equal monthly installments commencing on the first day of the month coincident with or next following the Early Retirement Date, as compensation earned for services rendered prior to such time, the Early Benefit amount specified in the Deferred Compensation Agreement corresponding to the Participant's age on his or her Early Retirement Date or an amount actuarially determined if a Participant's Early Benefit is not specified for that age (the "Early Benefit"). Subject to approval by the Committee, a Participant may elect to defer commencement of payment of the Early Benefit. This election shall be in writing and submitted to the Committee prior to January 1 of the year of the Participant's Early Retirement Date, and at least 30 days prior to the Participant's Early Retirement Date. If a Participant makes such an election, the Company shall pay the Participant in 180 equal monthly installments the Early Benefit specified in the Deferred Compensation Agreement corresponding to the Participant's age on the date to which the deferral has been made or an amount actuarially determined if a Participant's Early Benefit is not specified for that age -- or if a Participant elects to defer payment of such benefit past the first day of month after attaining age 65, the Normal Benefit. If a Participant dies before receiving 180 monthly Early Benefit payments, his or her beneficiary shall receive any unpaid Early Benefits that would have been paid to the Participant. In lieu of the monthly Early Benefit payments, upon the request of the Participant's beneficiary, the Committee may, in its discretion, approve an actuarially determined equivalent lump-sum payment to the Participant's beneficiary.

A Participant who terminates employment prior to attaining age 55, but who has completed 10 years of service, may elect, subject to approval by the Company, to commence receiving an Early Benefit at any time between ages 55 and 65, in accordance with the provisions of this section. This election shall be in writing and submitted to the Committee prior to the end of the calendar year preceding the year in which the Participant elects to commence receiving the Early Benefit.

The provisions of this Section 5.3 shall apply to a Participant who is continuing to make contributions pursuant to Section 4.5, except that such Participant shall be deemed for this purpose only to have terminated employment upon the expiration of the period of continued participation as determined in accordance with Section 4.5.

Notwithstanding any provision in this Plan to the contrary, an Executive Officer or Beneficiary may request at any time a single lump-sum payment of his or her benefit described under the Plan. This request must be made in writing to the Committee. The lump-sum payment shall be made within 30 days of the date on which the request for distribution is received. The amount of the payment shall be equal to (i) the actuarial equivalent of the benefit described under Sections 5.1, 5.2, or 5.3 as determined by the same actuarial adjustment used under the Pension Plan with respect to the determination of the amount payable as a lump-sum distribution, using the assumptions used for purposes of calculating such present values under the Pension Plan and 120% of the applicable PBGC interest rate (the "Plan Benefit"), and reduced by (ii) an amount equal to 10% of the Plan Benefit. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. If a request is made under this provision, the Participant shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company, including this Plan, for a period of 12 months after such request is made. In addition, in such event any deferred compensation agreement pursuant to any nonqualified deferred compensation plan of the Company shall not be effective with respect to compensation payable to the Participant during this 12-month period.

5.4 DISABILITY BENEFIT. If a Participant terminates employment with the Company prior to attaining age 65 due to a Disability, the Company shall pay the Participant, in monthly installments commencing on the first day of the seventh consecutive month following the Participant's Disability, the Disability Benefit specified in the Deferred Compensation Agreement until the Participant attains his or her Normal Retirement Date or ceases to be totally and continuously disabled (the "Disability Benefit"). After a Participant who is receiving a Disability Benefit attains his or her Normal Retirement Date, he or she shall be entitled to the Normal Benefit. If a Participant dies while receiving a Disability Benefit, the Participant's beneficiary shall receive the Survivor's Benefit pursuant to Section 5.6.

5.5 TERMINATION BENEFIT. Except as provided in Sections 5.3, 5.4, and 5.6, upon a Participant's Termination of Employment prior to completing 1 year of participation in the Plan, the Company shall pay to a Participant, as Compensation earned for services rendered, a lump-sum amount equal to: (i) the amount of Compensation deferred pursuant to the Participant's Deferred Compensation Agreement, plus interest on the amount deferred at the Bank of America prime interest rate as of the first business day of that calendar year, compounded annually from the dates of the deferrals; and (ii) any Company contribution credited on behalf of the Participant if the Participant is fully vested in the Company Savings and Supplemental Retirement Plan, plus interest at the Bank of America prime

interest rate as of the first business day of that calendar year, compounded annually from the dates of contribution. Such payment shall be made within 60 days following Termination of Employment.

If Termination of Employment occurs after 1 year of participation in the Plan, the benefits provided in Sections 5.1, 5.2, 5.3, and 5.7 shall be multiplied by a percentage corresponding to the years of participation in the Plan, based on the following schedule:

Years of Participation	Percentage
1 but less than 2	75
2 but less than 3	85
3 but less than 4	93
4 and Over	100

5.6 SURVIVOR'S BENEFIT. If a Participant dies while employed by the Company, or after Termination of Employment if receiving a Disability Benefit, or if eligible for (but not yet receiving) an Early Benefit or Normal Benefit, the Company shall pay to the Participant's beneficiary, in equal monthly installments commencing on the first day of the month after the Participant's death, the Survivor's Benefit specified in the Deferred Compensation Agreement until the Participant would have attained age 65; however, such payments shall continue in any event for at least 180 months.

5.7 PROPORTIONATE BENEFIT. All benefits payable under this Section 5 shall be proportionately adjusted by a fraction, the numerator of which is the actual dollar amount deferred by a Participant and the denominator of which is the product of the Stated Deferral specified in the Deferred Compensation Agreement multiplied by four. For the purpose of determining the benefit payable under Sections 5.4 or 5.6, in the event of Disability, or death prior to January 1, 1987, the denominator of the above-referenced fraction shall be the product of the Stated Deferral specified in the Deferred Compensation Agreement multiplied by the actual years (and fractions thereof) of deferral.

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

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

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

## 6. MISCELLANEOUS.

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

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

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

6.4 CONSTRUCTION. The Plan shall be construed according to the laws of the state of Idaho.

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

7. NO REDUCTION IN PENSION BENEFIT. To compensate a Participant for any reduction in pension benefits under the Pension Plan which may result from a Participant's deferring Compensation under this Plan, the Company shall pay to the Participant an amount equal to the reduction in pension benefits in the same manner and at the same time as such reduced benefits would have been paid under the Pension Plan.

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

## BOISE CASCADE CORPORATION

## SUPPLEMENTAL EARLY RETIREMENT PLAN FOR EXECUTIVE OFFICERS

(As Amended Through July 29, 1999)

## ARTICLE I -- PURPOSE OF THE PLAN

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

## ARTICLE II -- DEFINITIONS

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

2.2 "CHANGE IN CONTROL." A Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.2(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.2(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this section and Section 2.14, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

For purposes of this section and Section 2.14, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit

plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

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

2.5 "COMPETITOR." Any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Supplemental Plan, in the manufacture, sale, or distribution of products, or in the providing of services, in competition with products manufactured, sold, or distributed, or services provided, by the Company or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his or her sole discretion.

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

2.7 "DEFERRED COMPENSATION AND BENEFITS TRUST." The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

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

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

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

2.11 "EXECUTIVE OFFICER." A person employed by the Company as an executive officer as that term is defined by the Securities and Exchange Commission.

2.12 "INVOLUNTARY RETIREMENT." The termination of employment of an Executive Officer by action of the Company or the Board of Directors prior to an Executive Officer's Normal Retirement Date but after the Executive Officer has completed 10 or more years of service and has reached the age of at least 55 years.

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

2.14 "POTENTIAL CHANGE IN CONTROL." A Potential Change in Control of the Company shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

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

2.16 "SUPPLEMENTAL PLAN." The Boise Cascade Corporation Supplemental Early Retirement Plan for Executive Officers, as amended from time to time.

#### ARTICLE III -- ELIGIBILITY FOR EARLY RETIREMENT BENEFITS

3.1 ELIGIBILITY. An Executive Officer (i) with 10 or more years of service with the Company, as defined in the Salaried Plan; (ii) who has served as an Executive Officer of the Company for at least 5 full years measured from the date of his or her election to such office; and (iii) whose employment with the Company is terminated through Involuntary Retirement, or who elects early retirement on or after his or



her 55th birthday but before his or her Normal Retirement Date, shall receive the Early Retirement Benefits as set forth in Article IV hereof; provided, however, if an Executive Officer's employment is terminated for "disciplinary reasons," as that term is used in the Company's Corporate Policy 10.2, Termination of Employment, such Executive Officer shall not be eligible to receive any benefits under this Supplemental Plan.

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

#### ARTICLE IV -- EARLY RETIREMENT BENEFITS

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

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

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

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

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

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

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

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

4.5 SUPPLEMENTAL SURVIVOR'S RETIREMENT BENEFIT. If an Executive Officer eligible for an Early Retirement supplement under the terms of this Supplemental Plan terminates employment by reason of death, his or her spouse, if any, shall be eligible to receive a supplemental Survivor's Retirement Benefit under this Plan. The amount of the supplemental Survivor's Retirement Benefit shall be equal to the difference between the Survivor's Retirement Benefit payable under the terms of the Salaried Plan and the amount to which the spouse would be entitled under the terms of both this Supplemental Plan and such Salaried Plan if the employee had elected early retirement on the date of his or her death and

had elected to receive benefits in the form of a 50% Joint and Survivor Annuity with the spouse as joint annuitant. A surviving spouse shall not be eligible for a supplemental survivor's benefit under this Plan unless the spouse is eligible for a survivor's benefit under the terms of the Salaried Plan.

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

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

#### ARTICLE V -- DUTIES

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

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

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

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

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

#### ARTICLE VI -- AMENDMENT AND TERMINATION

6.1 AMENDMENT. To provide for contingencies which may require the clarification, modification, or amendment of this Supplemental Plan, the Company reserves the right to amend this Supplemental Plan at any time; provided, however, no amendment shall affect any benefits previously granted hereunder to any Executive Officer who elected or was required, pursuant to this Supplemental Plan, to retire early. Further, prior to any amendment of the Supplemental Plan, the Company shall give at least 90 days' prior written notice to any Executive Officer, who at the time of

the amendment will be eligible to receive Early Retirement Benefits hereunder, of the proposed amendment and his or her eligibility to elect early retirement prior to the effective date of the amendment.

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

#### ARTICLE VII -- MISCELLANEOUS

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

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

## BOISE CASCADE CORPORATION

## SUPPLEMENTAL PENSION PLAN

(As Amended Through July 29, 1999)

## ARTICLE I

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

## ARTICLE II

## 2. DEFINITIONS.

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

2.2 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

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

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

2.5 "Effective Date" means January 1, 1994.

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

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

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

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

2.10 "Plan Administrator" means the individual designated by the Company as the Plan Administrator for purposes of compliance with the requirements of the Act.

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

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

## ARTICLE III

## 3. BENEFITS.

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

3.2 EARLY RETIREMENT BENEFIT. Upon the early retirement of a Participant as provided under the Pension Plan, such Participant shall be

entitled to a monthly benefit under this Plan equal to his or her Unrestricted Benefit minus the Maximum Benefit.

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

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

### 3.5 FORMS OF BENEFIT PAYMENT.

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

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

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

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

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

## ARTICLE IV

### 4. PLAN ADMINISTRATION.

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

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

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

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

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

4.6 EMPLOYMENT NOT GUARANTEED. This Plan is not intended to and does not create a contract of employment in any manner. Employment

with the Company is at will, which means that either the employee or the Company may end the employment relationship at any time and for any reason.

Nothing in this Plan changes or should be construed as changing that at-will relationship.

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

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

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

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

## BOISE CASCADE CORPORATION

## 1987 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1999)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 1987 Board of Directors Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing directors of the Company the opportunity to defer a portion or all of their compensation and thereby encourage their productive efforts.

## 2. DEFINITIONS.

2.1 CHANGE IN CONTROL. A Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

For purposes of this section and Section 2.12, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the

stockholders of the Company insubstantially the same proportions as their ownership of stock of the Company.

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

2.3 COMPENSATION. A Participant's fees for services rendered by a Participant as a Director during a calendar year. Compensation shall not include any amounts paid by the Company to a Participant that are not strictly in consideration for personal services, such as expense reimbursements.

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

2.5 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.6 DIRECTOR. A member of the Board of Directors of Boise Cascade Corporation as elected by the shareholders.

2.7 EARLY BENEFIT COMMENCEMENT DATE. The date of a Participant's Termination as a Director for reasons other than death, prior to attainment of age 72.

2.8 MINIMUM DEATH BENEFIT. The Minimum Death Benefit shall be equal to the sum of the following:

(a) The Minimum Death Benefit to which a Participant is entitled for the deferrals and corresponding Company Contributions made to the Plan for the period January 1, 1988, through December 31, 1991, which shall be an amount equal to 1.5 times the Participant's total expected deferrals, up to a maximum of \$500,000.

AND

(b) The Minimum Death Benefit to which a Participant is entitled for the deferrals and corresponding Company Contributions to the Plan for the period January 1, 1992, through December 31, 1995, which shall be an amount equal to 1.5 times the Participant's total expected deferrals, up to a maximum of \$500,000.

The amount of the Minimum Death Benefit payable under this Section 2.8 shall be subject to adjustment in the event there is an alteration of the amount to be deferred as provided in Section 4.3.

2.9 MOODY'S TIMES 130%. The Company shall accumulate the Participant's deferred compensation with monthly interest equivalent to an annualized rate of 130% times Moody's Composite Average of Yields on Corporate Bonds for the preceding calendar month as determined from Moody's Bond Record published by Moody's Investor's Service, Inc. (or any successor thereto), or, if such monthly yield is no longer published, a substantially similar average selected by the Board.

2.10 NORMAL RETIREMENT DATE. The first day of the month on or after a Participant's 72nd birthday.

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

2.12 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control of the Company shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

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

3. ADMINISTRATION AND INTERPRETATION. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the



Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Any interpretation by the Committee shall be final and binding on the Participants.

#### 4. PARTICIPANT COMPENSATION DEFERRAL.

4.1 COMPENSATION DEFERRAL. Prior to January 1, 1988, a Director who wishes to participate in the Plan shall execute a written Deferred Compensation Agreement, in the format provided by the Company, whereby the Director elects to defer a portion of his or her Compensation otherwise earned and payable on or after January 1, 1988, and through the 4-year period ending December 31, 1991. Prior to January 1, 1992, a Director who wishes to participate in the Plan for the period from January 1, 1992, through December 31, 1995, shall execute a written Deferred Compensation Agreement covering such period. The amount of annual Compensation to be deferred shall be specified in the Deferred Compensation Agreement. The period during which Compensation is deferred shall be the calendar years specified in the Deferred Compensation Agreement immediately following 1987. The amount deferred shall result in corresponding reductions in the Compensation payable to a Participant.

4.2 PARTICIPATION AFTER JANUARY 1, 1988. A Director who first attains such status subsequent to January 1, 1988, and prior to December 31, 1991, shall be entitled to participate in the Plan until December 31, 1991, and shall be bound by all the other terms and conditions of the Plan. A Director who first attains such status subsequent to January 1, 1992, and prior to December 31, 1995, shall be entitled to participate in the Plan until December 31, 1995, and shall be bound by all the other terms and conditions of the Plan. A Director shall complete a Deferred Compensation Agreement within 30 days of becoming eligible and being notified of the terms and conditions of the Plan. Contributions to the Plan shall commence the first of the month following the completion of the Deferred Compensation Agreement. The Company shall notify a new Participant promptly upon becoming eligible.

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

#### 5. PAYMENT OF DEFERRED AMOUNTS.

5.1 PARTICIPANT ACCOUNT. The Company shall maintain for each Participant an account by accumulating his or her deferred Compensation and, each month, the account shall be updated with a monthly rate of interest equal to Moody's Times 130%.

5.2 BENEFITS. Upon Termination for reasons other than disability, after completing 5 Years of Participation, or after attaining age 55 with 10 or more Years of Service, a Participant shall be paid his or her account in a lump sum or in equal quarterly installments calculated to distribute his or her account plus accrued interest for a period of not more than 15 years. Payments shall commence on the date and shall be made in the manner elected by the Participant in the Deferred Compensation Agreement. Unpaid balances under the installment election continue to earn interest at the rate of Moody's Times 130%. If a Participant does not make an election, his or her account shall be paid out in quarterly installments over 15 years beginning January 1 of the year following Termination. The Participant may request other forms of payout which are subject to approval by the Company, pursuant to Section 5.3.

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

Notwithstanding any provision in this Plan to the contrary, a Participant or Beneficiary may at any time request a single lump-sum payment of the amount credited to an account or accounts of the Participant under the Plan. The amount of the payment shall be equal to (i) the Participant's accumulated account balance under the Plan as of the payment date, reduced by (ii) an amount equal to 10% of such accumulated account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. This request must be made in writing to the Committee. The lump-sum payment shall be

made within 30 days of the date on which the Committee received the request for the distribution. If a request is made under this provision, the Participant shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company, including this Plan, for a period of 12 months after such request is made. In addition, in such event any deferred compensation agreement under any nonqualified deferred compensation plan of the Company shall not be effective with respect to Compensation payable to the Participant during this 12-month period.

5.4 PAYMENT ON DEATH AFTER BENEFITS COMMENCE. If a Participant dies after his or her benefits have commenced and prior to the distribution of his or her entire Participant Account, his or her beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement.

5.5 DEATH BENEFIT. If a Participant should die prior to the commencement of Plan distributions, the Company shall pay his or her designated beneficiary or beneficiaries the greater of the accumulated account balance or the Minimum Death Benefit. Payments shall be made as specified in the Deferred Compensation Agreement. The Participant Account shall be updated with a monthly rate of interest of Moody's Times 130%.

5.6 RECIPIENT OF PAYMENTS; DESIGNATION OF BENEFICIARY. All payments to be made by the Company shall be made to the Participant, if living. If a Participant dies before receiving all benefit payments, all subsequent payments under the Plan shall be made to the beneficiary or beneficiaries of the Participant. The Participant shall designate a beneficiary by filing a written notice of such designation with the Company in such form as the Company may prescribe. If no designation shall be in effect at the time when any benefits payable under this Plan shall become due, the beneficiary shall be the spouse of the Participant, or if no spouse is then living, the representatives of the Participant's estate.

5.7 REDUCTION IN BENEFITS. In connection with participation in this Plan, the Company may require the completion of health questionnaires and the taking of physical examinations by Participants. Notwithstanding any other provision of the Plan, in the event of a Participant's death during the first 2 years of his or her participation in the Plan, if his or her death is the result of suicide, or if a Participant made any material misstatement or failed to make a material disclosure of information in connection with his or her application for participation in the Plan, then in lieu of any other benefits payable under the Plan the Company shall distribute to the Participant or his or her designated beneficiary or beneficiaries a lump-sum payment of his or her accumulated account balance and no Minimum Death Benefit shall be payable. The Company, at its sole discretion, may extend to a Participant or his or her beneficiary or beneficiaries other benefits provided under the Plan.

## 6. MISCELLANEOUS.

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

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

6.3 CONSTRUCTION. The Plan shall be construed according to the laws of the state of Idaho.

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

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

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

9. DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the

amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations under this Plan (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee as may be necessary in order to maintain the Funding Amount with respect to this Plan.

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

## BOISE CASCADE CORPORATION

## 1984 KEY EXECUTIVE STOCK OPTION PLAN

(As Amended Through February 10, 2000)

## 1. ESTABLISHMENT AND PURPOSE.

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

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

## 2. DEFINITIONS.

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

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

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

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

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

(e) "Competitor" means any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Plan, in the manufacture, sale, or distribution of products, or in the providing of services, in competition with products manufactured, sold, or distributed, or services provided, by the Company or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his or her sole discretion.

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

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

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

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

(j) "Fair Market Value" means:

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

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

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

(iv) if the Stock is not traded in the over-

the-counter market, such value as the Company in its discretion may determine, but in no event greater than the then fair market value of the Stock for federal income tax purposes.

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

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

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

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

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

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

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

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

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

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

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

#### 4. STOCK SUBJECT TO THE PLAN.

4.1 NUMBER. The total number of shares of Stock as to which Options and Stock Appreciation Rights may be granted under the Plan shall not exceed 11,900,000. These shares may consist, in whole or in part, of authorized but unissued Stock or treasury Stock not reserved for any other purpose.

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

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

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

#### 6. OPTIONS.

6.1 GRANT OF OPTIONS. Subject to the provisions of Subsection 4.1 and Section 5, Options may be granted to Employees at any

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

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

- (i) Grant Price;
- (ii) duration of the Option;
- (iii) number of shares of Stock to which the Option pertains;
- (iv) vesting requirements, if any;
- (v) whether the Option is an Incentive Stock Option or a Nonstatutory Option;
- (vi) amount and time of payment of Tax Offset Bonuses, if any;
- (vii) the amount of Stock Appreciation Rights, if any, and any conditions upon their exercise;
- (viii) duration of the Stock Appreciation Rights, if any;
- (ix) options to which the Stock Appreciation Rights, if any, relate;
- (x) rights of the Optionees upon termination of employment with the Company, provided that the termination rights for Optionees receiving Incentive Stock Options shall conform with Section 422A of the Code;
- (xi) the terms of the loan, if any, that will be made available in connection with the exercise of an Option; and
- (xii) such other information as the Committee deems desirable.

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

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

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

- (i) in cash (including an irrevocable commitment in writing to deliver cash resulting from the sale of Stock subject to an Option);
- (ii) by tendering shares of Stock having a Fair Market Value at the time of exercise equal to the total Grant Price (in the exercise of a Nonstatutory Option, an Optionee may surrender one or more shares of Stock in the exercise of an Option with instructions to resurrender any shares acquired upon exercise in one or more successive, simultaneous exercises until Options covering the number of shares, which he or she specifies, have been exercised);
- (iii) with the proceeds of a loan on such terms and conditions as may be authorized by the Committee (however, the rate of interest on any such loan shall not be less than the applicable federal rate under Section 1274(d) of the Code on the date an Option is exercised, compounded semiannually); or
- (iv) by any combination of (i), (ii) and (iii).

7. STOCK APPRECIATION RIGHTS AND TAX OFFSET BONUSES. The Committee may grant Stock Appreciation Rights and/or grant Options which pay Tax Offset Bonuses on such bases as the Committee shall determine, including but not limited to Stock Appreciation Rights which become exercisable or Tax Offset Bonuses which become payable only upon an Optionee being subject to the restrictions of Section 16 of the Securities Exchange Act of 1934 at the time of exercise. A Stock Appreciation Right or Tax Offset Bonus may be granted only with respect to an Option and may be granted concurrently with or after the grant of the Option. If Options granted on a particular date include Stock Appreciation Rights for only Optionees who are subject to the requirements of Section 16 of the

Securities Exchange Act of 1934, an Optionee receiving an Option on that date and who thereafter becomes subject to those restrictions shall thereupon be deemed to have received Stock Appreciation Rights with respect to any unexercised Options granted on the particular date in the same weighted average proportion as the Stock Appreciation Rights granted on the same grant date to the Optionees who were subject to the requirements of Section 16 of the Securities Exchange Act of 1934; provided, however, if 50% or more of the Board of Directors are employees of the Company and may receive Options under this plan, then the provisions of this sentence will apply only if, in each instance, approved by the Committee. The Committee may cancel or place a limit on the term of, or the amount payable for, any Stock Appreciation Right or Tax Offset Bonus at any time and may disapprove the election by the Optionee to exercise a Stock Appreciation Right rather than the related Option. The Committee shall determine all other terms and provisions of any Stock Appreciation Right or Tax Offset Bonus. Each Stock Appreciation Right or Tax Offset Bonus granted by the Committee shall expire no later than the expiration of the Option to which it relates. In addition, any Stock Appreciation Right granted with respect to an Incentive Stock Option may be exercised only if:

- (i) Such Incentive Stock Option is exercisable; and
- (ii) The Grant Price of the Incentive Stock Option is less than the Fair Market Value of the Stock on the Date of Exercise.

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

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

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

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

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

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

9. RIGHTS OF EMPLOYEES.

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

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

Notwithstanding the foregoing, Options granted to or held by any Executive Officer may be transferred as a gift (but not sold for value) by such Executive Officer to any parent, grandparent, child, or grandchild of such Executive Officer, or to a trust established for the benefit of any such individual(s). Options so transferred shall continue to be subject to all terms and conditions described in the applicable Stock Option agreement, and any such transfer by gift shall be subject to all applicable rules and regulations of the Internal Revenue Service and Securities and Exchange Commission.

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

- (a) A transfer of an Optionee from the Company to a subsidiary or vice versa, or from one subsidiary to another; or
- (b) A leave of absence duly authorized by the Company shall not be deemed a termination of employment. An Optionee, however, may not exercise an Option or any applicable Stock Appreciation Right during any leave of absence, unless authorized by the Committee.

11. ADMINISTRATION.

11.1 ADMINISTRATION. The Committee shall have final

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

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

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

- (a) Increase the total amount of Stock which may be purchased through Options granted under the Plan, except as provided in Subsection 4.3 of the Plan.
- (b) Change the requirements for determining which Employees are eligible to receive Options or Stock Appreciation Rights.
- (c) Change the provisions of the Plan regarding the Grant Price except as permitted by Subsection 4.3.
- (d) Permit any person, while a member of the Committee, to be eligible to receive or hold an Option under the Plan.
- (e) Change the manner of computing the amount to be paid through a Stock Appreciation Right.
- (f) Materially increase the cost of the Plan.
- (g) Extend the period during which Options and Stock Appreciation Rights may be granted.

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

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

- (a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 13(c)(i) shall not be deemed to be a change in control of the Company; or
- (b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or
- (c) The consummation of a merger or consolidation of the



Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 13(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale; then from and after the date on which any such event described in paragraphs (a) through (d) above occurs (which shall constitute a "change in control" of the Company), all Options shall be exercisable in full, whether or not then exercisable under the terms of their grant.

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

For purposes of this section, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

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

16. REQUIREMENTS OF LAW.

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

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

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



Executive officers elected  
prior to 12/1/87

BOISE CASCADE CORPORATION

1980 SPLIT-DOLLAR LIFE INSURANCE PLAN

(As Amended Through July 29, 1999)

BOISE CASCADE CORPORATION  
SPLIT-DOLLAR LIFE INSURANCE PLAN

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation Split-Dollar Life Insurance Plan is to provide those executive officers who participate in the Plan with an insured death benefit during employment and after retirement. Executive officers who become a Participant may purchase an ordinary life insurance policy from a designated insurance carrier. Payment of policy premiums will be shared by Boise Cascade Corporation ("the Company"), as described herein.

Prior to December 1, 1987, the Company designated all executive officers eligible to participate in the Plan. Beginning December 1, 1987, the Company intends to continue the Plan in effect as hereafter restated. Eligibility for participation will not be made available to newly elected executive officers.

2. DEFINITIONS.

2.1 ANNUAL PREMIUM.

(a) The amount of consideration determined by the Insurance Carrier for the cost of coverages provided by the Plan. For Plan purposes, the Annual Premium shall be separated into three components:

(i) The Basic Annual Premium or the Net Annual Premium, as applicable for the relevant year. The Basic Annual Premium shall be the amount of the Annual Premium for life insurance coverage determined by the Insurance Carrier's published rate schedule. The Net Annual Premium shall be the amount of the Basic Annual Premium described above less the then current Insurance Policy year's dividend, if paid in cash or if allocated to reduce the Insurance Policy's Annual Premium. The Basic Annual Premium or the Net Annual Premium, if any, shall be payable as determined in accordance with the Plan and with the Premium Payment Schedule, attached hereto (or the Trustee's Payment Schedule, if applicable); (ii) Waiver of Premium shall be the amount of premium for the waiver of premium on disability benefit, if available, determined in accordance with the Insurance Carrier's published rate schedule; and (iii) any Extra Premium for an insurance risk, as determined by the Insurance Carrier.

(b) To the extent that the then current Insurance Policy year's dividend exceeds the Basic Annual Premium, such amount, if paid in cash in accordance with the Premium Payment Schedule or Trustee's Payment Schedule attached hereto, shall be payable to the Company to be applied in accordance with Subsection 2.4(b).

2.2 ASSIGNMENT. An agreement whereby the Participant, or his or her designee, as owner of the Insurance Policy, sets over certain Insurance Policy rights to the Company as collateral security for the Company's Corporate Capital Interest and pursuant to the Plan.

2.3 BASE SALARY. The annual Base Salary paid by the Company to a Participant for services rendered at the time the Participant is eligible to purchase an Insurance Policy.

2.4 CHANGE IN CONTROL. A Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.3(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with

any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.3(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this section and Section 2.17, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

For purposes of this section and Section 2.17, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

#### 2.6 CORPORATE CAPITAL INTEREST.

(a) During the first 7 policy years of an Insurance Policy, Corporate Capital Interest shall be the Insurance Policy's Basic Annual Premiums less (i) the amount of the value of the economic benefit to the Participant set forth in Subsection 6.1(a) and (ii) policy loan(s) made during the policy year, if any, plus the prior policy year's Corporate Capital Interest, if any.

(b) For the 8th and subsequent policy years, Corporate Capital Interest shall be the Insurance Policy's Basic Annual Premium or its Net Annual Premium, if any, whichever is applicable for the relevant year in accordance with the Premium Payment Schedule or Trustee's Payment Schedule (whichever governs), less (i) the amount of any dividend in excess of the Basic Annual Premium paid in cash to the Company in accordance with the Premium Payment Schedule or Trustee's Payment Schedule (whichever governs) attached hereto, and (ii) policy loans outstanding, if any, plus the sum of (i) the Scheduled Amount for the relevant year, if any, and (ii) the prior year's Corporate Capital Interest, if any.

2.7 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.8 EFFECTIVE DATE. February 26, 1980.

2.9 EMPLOYEE. An individual who receives a Base Salary for personal services rendered to the Company.

2.10 INSURANCE CARRIER. The life insurance companies selected to issue policies under or pursuant to the Plan.

2.11 INSURANCE POLICY. Any individually purchased whole-life insurance policy issued by the Insurance Carrier pursuant to the Plan. Unless required otherwise by the Plan, Insurance Policy terms used herein shall have the same meaning as in the Insurance Policy. In amplification, but not in limitation, of the foregoing, such Insurance Policy terms as policy year, dividend, and policy loan shall have the same meaning as contained in the Insurance Policy.

2.12 IRC. Internal Revenue Code of 1986, as amended.

2.13 PARTICIPANT. An Employee of the Company who is designated eligible to participate in the Plan and who has met all the applicable eligibility requirements under the Plan.

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

2.15 PLAN. This Boise Cascade Corporation Split-Dollar Life Insurance Plan.

2.16 PLAN ADMINISTRATOR. The Company's Salaried and Executive Compensation Manager, P.O. Box 50, Boise, Idaho 83728-0001, unless a different person is subsequently designated as Plan Administrator in a resolution adopted by the Board of Directors of the Company and such person accepts the designation.

2.17 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control of the Company shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Plan has occurred.

2.18 PREMIUM PAYMENT SCHEDULE. The schedule of Insurance Policy premiums payable by the Company, as specified on the form attached hereto.

2.19 RETIREMENT. The termination of employment of a Participant, for reasons other than death or total disability (as defined in the Pension Plan), at any time after the Participant has attained age 55 with 10 or more years of service (as defined in the Pension Plan).

2.20 SCHEDULED AMOUNT. An additional dollar amount recoverable by the Company at the Insurance Policy's paid-up date, added annually over the period to such date, to be added to the Corporate Capital Interest pursuant to Section 2.4.

2.21 TRUSTEE'S PAYMENT SCHEDULE. The schedule of Insurance Policy premiums payable by the Trustee of the Deferred Compensation and Benefits Trust during the period of a Potential Change in Control and after a Change in Control, as specified on the form attached hereto.

### 3. ADMINISTRATION AND INTERPRETATION OF THE PLAN.

3.1 PLAN ADMINISTRATOR. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Section 9. Any interpretation by the Committee shall be final and binding on the Participants.

3.2 INSURANCE CARRIER. The Insurance Carrier shall be responsible for all matters relating to any Insurance Policy. Not in limitation, but in amplification of the foregoing, the Insurance Carrier shall decide whether it will issue an Insurance Policy on the life of a Participant who has otherwise met all of the Plan's eligibility requirements.

4. ELIGIBILITY TO PARTICIPATE. In order to become a Participant in the Plan, an Employee must meet all of the following requirements:

- (a) Be an executive officer prior to December 1, 1987;
- (b) Make application in the manner set by the Plan Administrator;
- (c) Meet the insurability requirements of the Insurance Carrier; and
- (d) Sign all documents, including the Assignment, presented by the Plan Administrator necessary or appropriate to carry out the intent

of the Plan.

5. BENEFITS.

5.1 PURCHASE OF INSURANCE. Each Employee designated eligible to participate in the Plan (or such third party as he or she may designate and who is acceptable to the Company and the Insurance Carrier) may apply for and purchase an Insurance Policy funded in the manner set forth in Section 6. The face amount of the Insurance Policy for each Participant shall be based upon the Participant's Base Salary and chronological age (at the time specified in Section 5.2), in accordance with the following schedule, less \$50,000.

Through Age 45	Six Times Base Salary
Age 46-50	Five Times Base Salary
Age 51-55	Four Times Base Salary
Age 56 to Retirement	Three Times Base Salary

The face amount of the Insurance Policy shall be rounded up to a multiple of \$10,000, where necessary.

5.2 TIMING OF PURCHASE OF INSURANCE. The right of a Participant (or his or her designee) to purchase an Insurance Policy under the Plan is granted only upon the initial adoption of the Plan, initial eligibility of the Participant under the Plan, or when a Participant is moved to a job in a higher salary range which, in applying the schedule set forth in Section 5.1 at the Participant's then current age and Base Salary, would result in a minimum face-amount benefit increase of \$50,000, provided, however, that no Insurance Policy may be purchased on or after December 1, 1987, and provided, further, that no increase shall take place after a Participant reaches age 60. Since participation under the Plan involves the purchase of an Insurance Policy which is subject to the Participant's insurability, the Company does not guarantee that each Participant will be able to acquire an Insurance Policy pursuant to this Plan.

5.3 AMOUNT OF DEATH BENEFIT. The death benefit shall be paid from the Insurance Policy. The amount of the death benefit payable to the Participant's beneficiary shall be subject to the Assignment. In addition, the Participant shall receive a \$50,000 death benefit pursuant to the Boise Cascade Group Life Insurance Plan.

5.4 BENEFICIARY DESIGNATION. The death benefit is payable to the beneficiary or beneficiaries designated by the owner of the Insurance Policy. If no beneficiary is designated, the beneficiary shall be the person or persons entitled to the death benefit under the terms of the Insurance Policy or applicable state law, whichever governs.

5.5 PAYMENT OF DEATH BENEFIT. The death benefits shall be paid upon the submission to the Insurance Carrier of the appropriate proof of death and a claim for benefits.

6. CONTRIBUTIONS AND FUNDING.

6.1 THE FIRST SEVEN POLICY YEARS. During the first 7 policy years, the responsibility for the payment of the premiums shall be allocated as follows:

(a) Responsibility of Participant.

(1) The "value of the economic benefit" to the Participant as determined pursuant to Internal Revenue Service rules in accordance with a table approved by the Internal Revenue Service. During the first 7 policy years, this amount shall be paid by the Company on behalf of the Participant and treated as compensation to the Participant.

(2) Any Extra Premium which is in excess of 40% of the Basic Annual Premium.

(b) Responsibility of Company.

(1) The difference between the Basic Annual Premium and that portion for which the Participant is responsible pursuant to Subsection 6.1(a)(1).

(2) (i) Any Extra Premium in an amount up to 40% of the Basic Annual Premium and (ii) any premium for Waiver of Premium.

The Company shall, at its option, have the authority to borrow against the Insurance Policy up to an amount not to exceed the Corporate Capital Interest. However, the Company shall pay to the Insurance Carrier no fewer than 4 Annual Premiums during the first 7 policy years, and in no event shall it borrow an amount greater than the sum of 3 years' payments described in Subsection 6.1(b)(1). All interest payments as a result of such borrowing shall be the responsibility of the Company.

6.2 SUBSEQUENT POLICY YEARS. The Company, at the beginning of the 8th policy year, shall repay the Insurance Policy loan previously made pursuant to Subsection 6.1(b)(2). The Company shall participate in the funding for the payment of the Annual Premiums on the Insurance Policy until the policy anniversary date on which the Insurance Policy becomes a paid-up contract. During such period, the responsibility for the payment of premiums shall be allocated as follows:

(a) RESPONSIBILITY OF THE PARTICIPANT.

(1) The tax on the "value of the economic benefit" as determined pursuant to Internal Revenue Service rules in a manner approved by the Internal Revenue Service. The dollar amount of the "value of the economic benefit" shall be treated as taxable compensation to the Participant.

(2) Any Extra Premium which is in excess of 40% of the Basic Annual Premium.

(b) RESPONSIBILITY OF THE COMPANY.

(1) (a) The Insurance Policy's Basic Annual Premium, or its Net Annual Premium, if any, as applicable for the relevant year; (b) any Extra Premium in an amount up to 40% of the Basic Annual Premium; and (c) any premium for Waiver of Premium.

(2) Except in the event of a Change in Control, the Company shall, at its option, have the authority to borrow against the Insurance Policy up to an amount not to exceed the Corporate Capital Interest, as provided for in the Assignment. All interest payments as a result of such borrowing shall be the responsibility of the Company.

(3) Immediately upon a Potential Change in Control or upon a Change in Control, the Company shall repay Insurance Policy loans, if any, and shall not make any policy loans, as otherwise provided for in Subsection 6.2(b)(2), within a 1-year period after a Potential Change in Control, or at any time after a Change in Control, except upon the date specified in Section 6.3.

6.3 TERMINATION OF COMPANY FUNDING. Notwithstanding any other provisions in this Plan, and except in the event of or after a Change in Control, the Company shall terminate its participation in the funding of the Insurance Policy on the first of the following events:

(a) The date the Insurance Policy becomes a paid-up contract;

(b) The death of a Participant; or

(c) The termination of employment of a Participant other than by death or retirement; however, at the Company's sole discretion, it may continue its participation in the funding until the date the Insurance Policy becomes a paid-up contract.

In the event of a termination described in (a) above, the Company will recover its Corporate Capital Interest by Insurance Policy loan and release its interest in the Insurance Policy.

In the event of a termination described in (b) above, the Company shall recover its Corporate Capital Interest out of the death benefit of the Insurance Policy. Thereafter, the Participant's beneficiary shall succeed to full control of the balance of the proceeds.

In the event of a termination described in (c) above, the Participant may purchase any portion of the Company's Corporate Capital Interest in the Insurance Policy pursuant to terms as established by the Plan Administrator. Any amount purchased shall result in the Company's recovery of its Corporate Capital Interest equal to the amount purchased. Any portions of the Insurance Policy not purchased by the Participant shall be treated in a manner deemed appropriate by the Plan Administrator. The provisions of Subsection 6.3(c) shall be subject to any applicable severance agreement between the Company and the Participant.

6.4 COMPANY RELEASE AND REASSIGNMENT. Upon any termination of company funding, the Company will release Insurance Policy rights granted to it by the Assignment. Thereafter, the Company shall have no involvement whatsoever, direct or indirect, in the Insurance Policy. From such date, the Participant shall be solely responsible for the payment of any premium and Insurance Policy loan interest due.

7. DISQUALIFICATION AND REDUCTION, LOSS, FORFEITURE, OR DENIAL OF BENEFITS. The benefits to be provided under this Plan will not be available to an Employee upon any of the following events:

(a) Except in the event of a Change in Control, the Company may, at any time, amend or terminate the Plan, provided that the Company may not reduce or modify the level of benefits provided to the Participant prior to the amendment or termination without prior consent of the Participant;

(b) If the Plan is terminated, whether as to all Participants or as to an individual Participant, a Participant shall be able to preserve and continue the Insurance Policy on his or her life by paying the Company its Corporate Capital Interest. Thereafter, the Participant will be responsible for all future premiums and Insurance Policy loan interest due;

(c) After any termination of Company Funding, policy benefits may be reduced or terminated with respect to a Participant if not properly funded by the Participant; or

(d) The amount of a Participant's death benefits may vary each year. Not in limitation, but in amplification of the foregoing, the amount of policy dividends of the Insurance Policies and the amount of the Corporate Capital Interest may vary the death benefits.

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

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

8.1 TRUSTEE'S RIGHTS AND OBLIGATION. In the event of a Change in Control or a Potential Change in Control, the trustee for the DCB Trust shall at all times thereafter be obligated for amounts payable in accordance with the Trustee's Payment Schedule. The Company shall notify the Insurance Carrier of a Change in Control or of a Potential Change in Control.

8.2 PLAN FUNDING. In the event of a Change in Control, the calculation of the Funding Amount shall be made without regard to the provisions of Subsection 6.3(c) and the Company shall be required to participate in the funding of each Insurance Policy until the date the Insurance Policy becomes a paid-up contract.

8.3 TERMINATION OF FUNDING. In the event of and after a Change in Control, the Trustee shall be required to continue the funding of the Insurance Policy until the later of (a) the applicable date specified in Subsections 6.3(a) or 6.3(b), whichever is earlier, or (b) the date specified in any severance agreement between the Company and the Participant.

8.4 AMENDMENT AND TERMINATION. In the event of and after a Change in Control, the Plan may not be amended or terminated and a Participant shall have the right to rely on the continuation of the Funding of an Insurance Policy as provided in Section 8.

9. CLAIM PROCEDURE. All death benefits provided under the Plan are to be paid from the Insurance Policies. The Company has adopted the claim procedure established by the Insurance Carrier as a claim procedure for the Plan. The beneficiary of the policy proceeds must file a claim for benefits with the Insurance Carrier in whatever form the Insurance Carrier may reasonably require. If the Insurance Carrier denies the claim, the beneficiary who wants to have that denial reviewed will have to follow the Insurance Carrier's claims review procedure. The Company shall have no liability in the event an Insurance Carrier denies a beneficiary's claim for benefits.

#### 10. MISCELLANEOUS.

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

10.2 TAXES. The Company shall deduct from each Participant's compensation all applicable federal or state taxes that may be required by law to be withheld resulting from the Company's funding of the Insurance Policy under the Plan.

10.3 GOVERNING LAW. The Plan shall be construed according to the laws of the state of Idaho.

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

10.5 AMENDMENT AND TERMINATION. Except after a Change in Control, the Board of Directors may, at any time, amend or terminate the Plan. At any date of termination not preceded by a Change in Control, a Participant shall be entitled to preserve and continue the Insurance Policy in accordance with Subsection 6.3(c).

10.6 AGENT FOR SERVICE OF PROCESS. The Plan Administrator is designated as the agent to receive service of legal process on behalf of the Plan.

10.7 CONSTRUCTIONAL RULES. When appropriate, the singular as used in this Plan shall include the plural, and vice versa.

11. Statement of ERISA Rights. Each Participant in the Plan is entitled to certain rights and protections under the Employee Retirement



Income Security Act of 1974 (ERISA). ERISA provides that all Participants shall be entitled to:

- (a) Examine, without charge, at the Plan Administrator's office all Plan documents.
- (b) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.
- (c) File suit in a federal court if any materials requested are not received within 30 days of the Participant's request, unless the materials were not sent because of matters beyond the control of the Plan Administrator. The court may require the Plan Administrator to pay up to \$100 for each day's delay until the materials are received.

In addition to creating rights for Participants, ERISA imposes obligations upon the persons who are responsible for the operation of the Plan. As "fiduciaries," these persons must act solely in the interest of the Participants and they must exercise prudence in the performance of their Plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the Plan. The Company may not fire, discriminate against, or prevent a Participant from obtaining a welfare benefit or exercising his or her rights under ERISA. If a Participant is improperly denied a welfare benefit in full or in part, he or she has a right to file suit in a federal or state court. If Plan fiduciaries are misusing the Plan's money, a Participant has a right to file suit in a federal court or request assistance from the U.S. Department of Labor. If a Participant is successful in the lawsuit, the court may, if it so decides, require the other party to pay his or her legal costs, including attorneys' fees.

If a Participant has any questions about the foregoing or his or her rights under ERISA, the Participant should contact the Plan Administrator or the nearest area office of the U.S. Labor-Management Service Administration, Department of Labor.

[As amended through July 29, 1999]

CONFIDENTIAL

(Date)

[ ]

Dear [ ]:

Boise Cascade Corporation (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel in the event there is, or is threatened, a change in control of the Company. In this connection, the Board of Directors of the Company (the "Board") recognizes that the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the management, including yourself, to their assigned duties without distraction Company's in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce you to remain in the employ of the Company in the face of a change in control of the Company and in consideration of your agreement set forth in Section 2.B hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement in the event your employment with the Company is terminated prior or subsequent to a "change in control of the Company" (as defined in Section 2 hereof) under the circumstances described below.

1. TERM OF AGREEMENT. This Agreement amends, supersedes, and restates in its entirety the Agreement between you and the Company dated \_\_\_\_\_. This amendment shall be effective on the date hereof and shall continue in effect through [ ]; provided, however, that commencing on [ ], and each January 1 thereafter, the term of this Agreement shall automatically be extended so as to terminate on the third anniversary of such date, unless, not later than September 30 of the preceding year, the Company shall have given notice not to extend this Agreement; provided, however, if a change in control of the Company (as defined in Section 2 hereof) shall have occurred during the term of this Agreement, this Agreement shall continue in effect for a period of not less than twenty-four months beyond the month in which such change in control of the Company occurred.

## 2. CHANGE IN CONTROL.

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

(1) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2A(3)(i) of this Agreement shall not be deemed to be a change in control of the Company; or

(2) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved (the "Continuing Directors"); or

(3) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or

by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2A(3)(i) of this Agreement shall not be deemed to be a change in control of the Company; or

(4) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, any event or transaction which would otherwise constitute a change in control of the Company (a "Transaction") shall not constitute a change in control of the Company for purposes of your benefits under this Agreement if, in connection with the Transaction, you participate as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, you shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (a) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to you of an incentive compensation award under one or more incentive plans of the Acquiror (including but not limited to the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other executives of the Company immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title, and the like; (b) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other stockholders of the Company; or (c) having obtained an incidental equity ownership in the Acquiror prior to and not in anticipation of the Transaction.

B. For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if (1) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company, (2) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a change in control of the Company; (3) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; or (4) the Board adopts a resolution to the effect that a potential change in control of the Company for purposes of this Agreement has occurred. You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will at the option of the Company remain in the employ of the Company until the earlier of (a) the date which is six months from the occurrence of the first such potential change in control of the Company, or (b) the date of a change in control of the Company.

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

D. For purposes of this Agreement, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (1) the Company or any of its subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, or (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

3. TERMINATION AND CHANGE IN CONTROL. If (1) any of the events described in Section 2 hereof constituting a change in control of the Company shall have occurred and your employment subsequently terminates during the term of this Agreement or (2) there has occurred a potential change in control, your employment subsequently terminates during the term of this Agreement in contemplation of a change in control, and subsequently an actual change in control of the Company pursuant to Section 2 occurs, you shall be entitled to the benefits provided in Sections 4 and 5 hereof unless in either case such termination is because of your death, by the Company for Cause or Disability, or by you other than for Good Reason.

A. DISABILITY. If, as a result of your incapacity due to physical

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

B. CAUSE. Termination by the Company of your employment for "Cause" shall mean termination upon (1) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure resulting from your termination for Good Reason), after a demand for substantial performance is delivered to you by the Board which specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (2) the willful engaging by you in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Subsection, no act, or failure to act, on your part shall be considered "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in clauses (1) or (2) of the first sentence of this Subsection and specifying the particulars thereof in detail. All decisions by the Company regarding termination for Cause must be supported by clear and convincing evidence.

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

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

(2) The disposition by the Company of the business of the Company for which your services are principally provided pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary) of the Company, or otherwise;

(3) A reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time, except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company;

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

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

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

(7) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 7 hereof; or

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

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

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

E. DATE OF TERMINATION, ETC. "Date of Termination" shall mean (1) if your employment is terminated for Disability, thirty days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty-day period), and (2) if your employment is terminated pursuant to Subsection B or C above or for any other reason, the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection B above shall not be less than thirty days, and in the case of a termination pursuant to Subsection C above shall not be more than sixty days, respectively, from the date such Notice of Termination is given); provided that if within thirty days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal therefrom having expired and no appeal having been perfected); and provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

#### 4. COMPENSATION UPON TERMINATION OR DURING DISABILITY.

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

B. If your employment shall be terminated for Cause or by you other than for Good Reason, the Company shall pay you only your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

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

(1) The Company shall pay you, not later than the fifth day following the Date of Termination, your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given without regard to any reduction in base salary that would constitute Good Reason, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due;

(2) The Company shall pay to you, not later than the fifth day following the Date of Termination, a lump sum severance payment equal to (a) three times the sum of (i) your annual base salary at the rate in effect at the time Notice of Termination is given without regard to any reduction in base salary that would constitute Good Reason, plus (ii) your target bonus payout under the Company's Key Executive Performance Plan for Executive Officers (the "KEPP") (or any substitute plan) for the year in

which occurs the Date of Termination or change in control of the Company, whichever is greater, less (b) the dollar amount, if any, which you are paid upon termination of employment, without regard to the provisions of this Agreement, under the Company's Severance Pay Policy for Executive Officers as in effect immediately prior to the Date of Termination;

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

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

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

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

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

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

(b) If you have satisfied the age, but not the service, requirement of the Early Retirement Plan, as in effect immediately prior to the change in control of the Company, you shall receive a monthly benefit, commencing as of the Date of Termination equal to the benefit to which you would have been entitled under the Early Retirement Plan, as in effect immediately prior to the change in control of the Company, had you satisfied the age and service requirements as of the Date of Termination; or

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

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

which you are entitled under the Early Retirement Plan.

The benefits under this paragraph E shall be paid in the same manner as, and shall otherwise possess the same rights and privileges as were available with respect to, benefits under the terms of the Early Retirement Plan as in effect immediately prior to the change in control of the Company.

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

#### 5. PROTECTIVE LIMITATION.

A. Notwithstanding any provision hereof to the contrary, in the event you (1) would receive payments under this Agreement or under any other plan, program, or policy sponsored by the Company (the "Total Payments"); and (2) which Total Payments relate to a change in control of the Company and which are determined by the Company to be subject to excise tax under Section 4999 of the Code (the "Excise Tax"); then (3) the Company shall pay to you an additional amount (the "Gross-up Payment") such that the net amount retained by you, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes, and Excise Tax upon the Gross-up Payment, shall be equal to the Total Payments.

B. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (1) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the Company's opinion, such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, and (2) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the Company's opinion, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the base amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax. For purposes of determining the amount of the Gross-up Payment, you will be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

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

D. In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-up Payment, you shall repay to the Company, within five (5) business days following the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-up Payment attributable to such reduction (plus that portion of the Gross-up Payment attributable to the Excise Tax and federal, state, and local income and employment taxes imposed on the Gross-up Payment being repaid by you, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in your taxable income and wages for purposes of federal, state, and local income and employment taxes) plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined, for any reason, to exceed the amount taken into account hereunder in calculating the Gross-up Payment, the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest, penalties, or additions payable

by you with respect to such excess and such portion) within five (5) business days following the time that the amount of such excess is finally determined. You and the Company shall reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

6. DEFERRED COMPENSATION AND BENEFITS TRUST. The Company has established a Deferred Compensation and Benefits Trust, and shall comply with the terms of that Trust. Upon the occurrence of any potential change in control of the Company, the Company shall transfer to the Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the Trust, to pay the Company's obligations under this Agreement (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Agreement. The determination of the amount required to be transferred by the Company to the Trust shall include any amounts that could in any circumstances be payable in the future under Sections 4 and 5 hereof, calculated in accordance with the following rules: (A) Upon a potential change in control of the Company, the Company will calculate the amount required to be transferred to the Trust based on the assumption that your employment, if not previously terminated, will be terminated by the Company other than for Cause or Disability on the second anniversary of the potential change in control of the Company; and (B) Upon any subsequent recalculation, your employment will be deemed to have been terminated by the Company other than for Cause or Disability on the later of the date of actual termination or the date of such recalculation.

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

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

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

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

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

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

#### 7. SUCCESSORS; BINDING AGREEMENT.

A. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if you terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

B. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or if there is no such designee, to



your estate.

C. Any dispute between you and the Company regarding this Agreement may be resolved either by binding arbitration or by judicial proceedings at your sole election, and the Company agrees to be bound by your election in that regard.

8. NOTICE. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

9. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. If the obligations of the Company under Sections 4 and 5 arise prior to the expiration of the term of this Agreement, such obligations shall survive the expiration of the term.

10. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

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

13. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with Delaware law.

14. OTHER BENEFITS. Any payments due to you as provided herein are in addition to, and not in lieu of, any amounts to which you may be entitled under any other employee benefit plan, program or policy of the Company.

If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

BOISE CASCADE CORPORATION

By \_\_\_\_\_  
J. W. Holleran  
Senior Vice President and General Counsel

Agreed to this [ ] day of [ ],

\_\_\_\_\_  
[Name of Officer]

Enclosure

Contains 1999/2000 revisions to change-in-control language.

DIRECTORS INDEMNIFICATION AGREEMENT

AGREEMENT, effective as of \_\_\_\_\_, 200\_\_\_\_, between BOISE CASCADE CORPORATION, a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Indemnitee").

WHEREAS, it is essential to the Company to retain and attract as directors the most capable persons available;

WHEREAS, Indemnitee is a director of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors of public companies in today's environment;

WHEREAS, basic protection against undue risk of personal liability of directors previously has been provided through insurance coverage providing reasonable protection at reasonable cost, and Indemnitee has relied on the availability of such coverage; but as a result of substantial changes in the marketplace for such insurance, it has become increasingly more difficult to obtain such insurance on terms providing reasonable protection at reasonable cost;

WHEREAS, the Bylaws of the Company require the Company to indemnify and advance expenses to its directors to the full extent permitted by law, and the Indemnitee has been serving and continues to serve as a director of the Company in part in reliance on such Bylaws;

WHEREAS, in recognition of Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued service to the Company in an effective manner, any inadequacy of the Company's director liability insurance coverage, and Indemnitee's reliance on the aforesaid Bylaws and in part to provide Indemnitee with specific contractual assurance that the protection promised by such Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Bylaws or any change in the composition of the Company's board of directors or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the full extent permitted by law and as set forth in this Agreement and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the Company's directors' liability insurance policies;

NOW, THEREFORE, in consideration of the premises and of Indemnitee's continuing to serve the Company directly, or at its request with another enterprise, and intending to be legally bound hereby, the parties agree as follows:

1. CERTAIN DEFINITIONS:

(a) A CHANGE IN CONTROL: shall be deemed to have occurred if:

(i) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 1(a)(iii)(a) shall not be deemed to be a Change in Control of the Company; or

(ii) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(iii) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (a) a merger or consolidation which would result in both (i) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation, and (ii) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger

or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 1(a)(iii)(a) shall not be deemed to be a Change in Control of the Company; or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, any event or transaction which would otherwise constitute a Change in Control of the Company (a "Transaction") shall not constitute a Change in Control of the Company if, in connection with the Transaction, the Indemnitee participates as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, the Indemnitee shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to the Indemnitee of an incentive compensation award under one or more incentive plans of the Acquiror (including but not limited to the conversion in connection with the Transaction of incentive compensation awards of the Company, if any, into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other directors of the Company immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title, and the like; (ii) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other stockholders of the Company; or (iii) having obtained an incidental equity ownership in the Acquiror prior to and not in anticipation of the Transaction.

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

For purposes of this section, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(b) CLAIM: any threatened, pending, or completed action, suit, or proceeding or any inquiry or investigation, whether conducted by the Company or any other party, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other.

(c) EXPENSES: include attorneys' fees and all other costs, expenses, and obligations paid or incurred in connection with investigating, defending, being a witness in, or participating in (including on appeal) or preparing to defend, be a witness in, or participate in any Claim relating to any Indemnifiable Event.

(d) INDEMNIFIABLE EVENT: any event or occurrence related to the fact that Indemnitee is or was a director, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, trustee, agent, or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust, or other enterprise or by reason of anything done or not done by Indemnitee in any such capacity.

(e) A POTENTIAL CHANGE IN CONTROL: shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or

(b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

(f) REVIEWING PARTY: any appropriate person or body consisting of a member or members of the Company's board of directors or any other person or body appointed by the board (including the special, independent counsel referred to in Section 3) who is not a party to the particular Claim for which Indemnitee is seeking indemnification.

(g) VOTING SECURITIES: any securities of the Company which vote generally in the election of directors.

## 2. BASIC INDEMNIFICATION ARRANGEMENT.

(a) In the event Indemnitee was, is, or becomes a party to or witness or other participant in or is threatened to be made a party to or witness or other participant in a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee to the fullest extent permitted by law as soon as practicable, but in any event no later than 30 days after written demand is presented to the Company, against any and all Expenses, judgments, fines, penalties, and amounts paid in settlement (including all interest, assessments, and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties, or amounts paid in settlement) of such Claim. Notwithstanding anything in this Agreement to the contrary, prior to a Change in Control, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim. If so requested by Indemnitee, the Company shall advance (within 2 business days of such request) any and all Expenses to Indemnitee (an "Expense Advance").

(b) Notwithstanding the foregoing, (i) the obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written opinion, in any case in which the special, independent counsel referred to in Section 3 hereof is involved) that Indemnitee would not be permitted to be indemnified under applicable law; and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(a) shall be subject to the condition that, if, when, and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts previously paid; provided, however, if Indemnitee has commenced legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has not been a Change in Control, the Reviewing Party shall be selected by the board of directors, and if there has been a Change in Control, the Reviewing Party shall be the special, independent counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the states of \_\_\_\_\_ or Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. CHANGE IN CONTROL. The Company agrees that if there is a Change in Control of the Company (other than a Change in Control which has been approved by a majority of the Company's board of directors who were directors immediately prior to such Change in Control), then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement or Company Bylaw now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from special, independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld) ("Approved Counsel"). The Approved Counsel shall (i) be located in New York City; (ii) consist of 100 or more attorneys; (iii) be rated "a v" by Martindale-Hubbell Law Directory; and (iv) not otherwise have performed services for the Company within the last 10 years (other than in connection with such matters) or for the Indemnitee. The Approved Counsel may consult with counsel admitted to the bar in the state of Delaware in connection with all matters arising hereunder. The Approved Counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent the Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Approved Counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities, and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. ESTABLISHMENT OF TRUST. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnitee, create a

trust for the benefit of the Indemnitee and from time to time upon written request of Indemnitee shall fund such trust to the extent permitted by law in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, and defending any Claim relating to an Indemnifiable Event, and any and all judgments, fines, penalties, and settlement amounts of any and all Claims relating to an Indemnifiable Event from time to time actually paid or claimed, reasonably anticipated, or proposed to be paid. The amount or amounts to be deposited in the trust pursuant to the foregoing funding obligation shall be determined by the Reviewing Party in any case in which the special, independent counsel referred to above is involved. The terms of such trust shall provide that upon a Change in Control (i) the trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee; (ii) the trustee shall advance, within 2 business days of a request by the Indemnitee, any and all Expenses to the Indemnitee (and the Indemnitee hereby agrees to reimburse the trust under the circumstances under which the Indemnitee would be required to reimburse the Company under Section 2(b) of this Agreement); (iii) the trust shall continue to be funded by the Company in accordance with the funding obligation set forth above; (iv) the trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise; and (v) all unexpended funds in such trust shall revert to the Company upon a final determination by the Reviewing Party or a court of competent jurisdiction, as the case may be, that the Indemnitee has been fully indemnified under the terms of this Agreement. The trustee shall be chosen by the Indemnitee. Nothing in this Section 4 shall relieve the Company of any of its obligations under this Agreement.

5. **INDEMNIFICATION FOR ADDITIONAL EXPENSES.** The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee, shall (within 2 business days of such request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any claim asserted against or action brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement or Company Bylaw now or hereafter in effect relating to Claims for Indemnifiable Events and/or (ii) recovery under any directors' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment, or insurance recovery, as the case may be.

6. **PARTIAL INDEMNITY, ETC.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties, and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Claim relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

7. **NO PRESUMPTION.** For purposes of this Agreement, the termination of any claim, action, suit, or proceeding, by judgment, order, settlement (whether with or without court approval), or conviction, or upon a plea of nolo contendere or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

8. **NONEXCLUSIVITY, ETC.** The rights of the Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Company's Bylaws or the Delaware General Corporation Law or otherwise. To the extent that a change in the Delaware General Corporation Law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded currently under the Company's Bylaws and this Agreement, it is the intent of the parties that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

9. **LIABILITY INSURANCE.** To the extent the Company maintains an insurance policy or policies providing directors' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director.

10. **PERIOD OF LIMITATIONS.** No legal action shall be brought, and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of 2 years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such 2-year period; provided, however, if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

11. **AMENDMENTS, ETC.** No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof

(whether or not similar), nor shall such waiver constitute a continuing waiver.

12. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. NO DUPLICATION OF PAYMENTS. The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, Bylaw, or otherwise) of the amounts otherwise indemnifiable hereunder.

14. BINDING EFFECT, ETC. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer or director of the Company or of any other enterprise at the Company's request.

15. SEVERABILITY. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph, or sentence) are held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

16. GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

17. PRIOR AGREEMENTS. This Agreement shall supersede any and all prior agreements executed by the Company and Indemnitee relating to the subject matter hereof, and any and all such prior agreements shall be null and void as of the effective date of this Agreement.

Executed as of the date first written above.

BOISE CASCADE CORPORATION

By \_\_\_\_\_  
Name: George J. Harad  
Title: Chairman of the Board &  
Chief Executive Officer

INDEMNITEE

\_\_\_\_\_  
[Name]

## AMENDMENT NO. 4

This Amendment No. 4 to the Trust Agreement between Boise Cascade Corporation and American National Bank and Trust Company of Chicago dated November 2, 1987, as amended and restated as of December 13, 1996, is effective July 29, 1999, and amends the Trust Agreement as follows: Sections 3.01 and 3.02 of Article III, CHANGE IN CONTROL, are revised to read:

SECTION 3.01 DEFINITION OF POTENTIAL CHANGE IN CONTROL. For purposes of this Trust, a "Potential Change in Control" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

SECTION 3.02 DEFINITION OF CHANGE IN CONTROL. For purposes of this Trust, a "Change in Control" shall mean a Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.02(c)(i) shall not be deemed to be a change in control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.02(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of

an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

In witness whereof, the parties have executed this Amendment No. 4 as of the date first written above.

BOISE CASCADE CORPORATION

By \_\_\_\_\_  
J. W. Holleran  
Senior Vice President and  
General Counsel

AMERICAN NATIONAL BANK AND  
TRUST COMPANY OF CHICAGO

By \_\_\_\_\_  
Title \_\_\_\_\_



## BOISE CASCADE CORPORATION

## DIRECTOR STOCK COMPENSATION PLAN

(As Amended Through July 29, 1999)

## 1. PLAN ADMINISTRATION AND ELIGIBILITY.

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

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

1.3 PARTICIPATION IN THE PLAN. Directors of the Company who are not employees of the Company or any of its subsidiaries are eligible to participate in this Plan.

## 2. STOCK SUBJECT TO THE PLAN.

2.1 NUMBER OF SHARES. The maximum number of shares of the Company's \$2.50 par value Common Stock ("Common Stock" or "Shares") which may be issued pursuant to options granted under this Plan shall be 100,000 Shares, subject to adjustment as provided in Section 4.4.

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

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

## 3. OPTIONS.

3.1 OPTION GRANT DATES. Options shall be granted automatically to each participating director on December 31 of each year (or, if December 31 is not a business day, on the immediately preceding business day) (the "Grant Date").

3.2 OPTION PRICE. The purchase price per share for the Shares covered by each option shall be \$2.50 (the "Option Price").

3.3 NUMBER OF OPTION SHARES. The number of Shares subject to options granted to each participating director on each Grant Date will be the aggregate number of Shares determined by the following formulas:

3.3.1 ELECTED PORTION OF ANNUAL RETAINER AND MEETING FEE SHARES. The number of option Shares equal to the nearest whole number determined by the following formula:

$$\frac{\text{Elected Portion of Annual Retainer and Meeting Fees}}{\text{(Fair Market Value - \$2.50)}} = \text{Number of Option Shares}$$

3.3.2 DIVIDEND EQUIVALENT SHARES. The number of option Shares equal to the nearest whole number determined by the following formula:

$$\frac{\text{Dividend Equivalent}}{\text{(Fair Market Value - \$2.50)}} = \text{Number of Option Shares}$$

3.3.3 DEFINITIONS. For purposes of determining the number of Shares granted under this Section 3.3, the following definitions will apply:

3.3.3.1 "ANNUAL RETAINER." The dollar amount of compensation paid to eligible directors each year which is identified by the Company as an annual retainer.

3.3.3.2 "MEETING FEES." The amount of compensation, in excess of the Annual Retainer, paid to eligible directors for their services as directors of the Company, including but not limited to fees earned for service as committee chairpersons and for meeting participation, but excluding amounts paid as reimbursement for actual

expenses.

3.3.3.3 "DIVIDEND EQUIVALENT." The aggregate dollar value, determined each year, equal to the product of (i) the number of Shares subject to options held by a director pursuant to this Plan on each respective Record Date during the year plus 1/2 the number of Shares to be granted under Sections 3.3.1 and 3.3.2 for the year in which this calculation is being made, multiplied by (ii) the value of the dividend per Share paid by the Company for each respective Record Date.

3.3.3.4 "ELECTED PORTION OF ANNUAL RETAINER AND MEETING FEES." A dollar amount determined each year for each director equal to the dollar amount of both the percentage of the Annual Retainer, if any, and the percentage of Meeting Fees, if any, which the director has irrevocably elected, in writing, to have paid in the form of options granted under this Plan. This written election must be received by the secretary of the Company on or before December 31 of each year and shall specify a percentage, up to 100%, of the director's Annual Retainer and a percentage, up to 100%, of the director's Meeting Fees for the following year to be paid in the form of options under this Plan; provided, however, in the initial year of the Plan's operation, a director's written election must be received by the secretary of the Company on or before February 28, 1992, and shall be effective only for Annual Retainer and Meeting Fee amounts earned during the period April 1, 1992, through December 31, 1992. Eligible directors initially elected or appointed to office as directors of the Company after adoption of this plan may make a written election under this paragraph within 30 days following their initial election or appointment to office, which election shall be effective for Annual Retainer and Meeting Fee amounts earned during the calendar year of their initial election or appointment to office.

3.3.3.5 "FAIR MARKET VALUE." The closing price for Shares as reported by the New York Stock Exchange or another generally accepted pricing standard chosen by the Company, in each case on the Valuation Date.

3.3.3.6 "RECORD DATE." Each date declared as a record date by the Board of Directors for the purpose of determining shareholders eligible to receive a dividend to be paid on Shares.

3.3.3.7 "VALUATION DATE." July 31, or if Fair Market Value is not available on July 31, the immediately preceding business day for which Fair Market Value is available.

3.4 DIRECTOR TERMINATIONS. If a director participating in this Plan retires, resigns, dies, or otherwise terminates his or her position on the Company's Board of Directors, on December 31 of the year in which the termination occurs the director shall be granted an option for Shares under this Plan equal in value to (i) the Elected Portion of Annual Retainer and Meeting Fees and (ii) the Dividend Equivalent. For purposes of this Section 3.4, the amount of the Annual Retainer shall be prorated through the date of termination.

3.5 WRITTEN AGREEMENTS. Each grant of an option under this Plan shall be evidenced by a written agreement, which shall comply with and be subject to the terms and conditions contained in this Plan.

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

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

3.8 EXERCISE OF OPTIONS. Options may be exercised only by written notice to the secretary of the Company and payment of the exercise price in (i) cash, (ii) Shares (a director may surrender one or more Shares in the exercise of an Option with instructions to resurrender any Shares acquired upon exercise in one or more successive, simultaneous exercises until Options covering the number of specified Shares have been exercised), (iii) a loan from the Company, or (iv) delivery of an irrevocable written notice instructing the Company to deliver the Shares being purchased to a broker, subject to the broker's written guarantee to deliver cash to the Company, in each case equal to the full consideration of the Option Price for the Shares which are being exercised. Options may be exercised in whole or in part.

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

process.

### 3.10 EXERCISE BY REPRESENTATIVE FOLLOWING DEATH OF DIRECTOR.

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

### 3.11 ACCELERATION OF STOCK OPTIONS. Notwithstanding

Section 3.7, if, while unexercised options remain outstanding hereunder:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.11(c)(i) shall not be deemed to be a change in control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.11(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale; then from and after the date on which any such event described in paragraphs (a) through (d) above occurs (which shall constitute a "change in control" of the Company), all options previously granted under this Plan shall be immediately exercisable in full.

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

For purposes of this section, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

## 4. GENERAL PROVISIONS.

### 4.1 EFFECTIVE DATE OF THIS PLAN. This Plan shall be

effective January 1, 1992, subject to approval by the shareholders of the Company. Options may be granted under this Plan only after shareholder approval of this Plan. Directors may give written notice pursuant to Subsection 3.3.4.4 any time after December 1, 1991.

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

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

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

#### 4.5 LIMITATION OF RIGHTS.

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

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

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

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

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

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

BOISE CASCADE CORPORATION  
DIRECTOR STOCK OPTION PLAN

(As Amended Through December 9, 1999)

1. PLAN ADMINISTRATION AND ELIGIBILITY.

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

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

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

2. STOCK SUBJECT TO THE PLAN.

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

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

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

3. OPTIONS.

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

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

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

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

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

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

3.7 PERIOD OF OPTION. Options may be exercised 12 months

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

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

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

Notwithstanding the foregoing, Options granted to or held by any director may be transferred as a gift (but not sold for value) by such director to any parent, grandparent, child, or grandchild of such director, or to a trust established for the benefit of any such individual(s). Options so transferred shall continue to be subject to all terms and conditions described in the applicable Stock Option agreement, and any such transfer by gift shall be subject to all applicable rules and regulations of the Internal Revenue Service and Securities and Exchange Commission.

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

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

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.11(c)(i) shall not be deemed to be a change in control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included

unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.11(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale; then from and after the date on which any such event described in paragraphs (a) through (d) above occurs (which shall constitute a "change in control" of the Company), all options previously granted under this Plan shall be immediately exercisable in full.

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

For purposes of this section, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

#### 4. GENERAL PROVISIONS.

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

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

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

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

#### 4.5 LIMITATION OF RIGHTS.

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

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

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

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

4.8 SHAREHOLDER APPROVAL AND REGISTRATION STATEMENT. This Plan shall be approved by the Board of Directors and submitted to the Company's shareholders for approval. Any options granted under this Plan

prior to effectiveness of a registration statement filed with the Securities and Exchange Commission covering the Shares to be issued hereunder shall not be exercisable until, and are expressly conditional upon, the effectiveness of a registration statement covering the Shares.

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



## BOISE CASCADE CORPORATION

## 1995 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1999)

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

2. **DEFINITIONS.**

2.1 **ACCOUNT ACCUMULATION RATE.** The rate of imputed interest which shall be applied to Participants' Deferred Accounts. This rate shall be equal to Moody's Times 130% during (i) the period of time the Participant is employed by the Company or any of its subsidiaries, and (ii) the period following the Participant's Termination of Employment, provided that at the time of such Termination of Employment the Participant (i) satisfies the Rule of 70 or (ii) has attained age 55 and has 10 or more Years of Service. With respect to any time period not included in the foregoing, the Account Accumulation Rate applicable to a Participant's Deferred Account shall be equal to Moody's.

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

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

2.4 **COMPETITOR.** Any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Plan, in the manufacture, sale, or distribution of products, or in the providing of services, in competition with products manufactured, sold, or distributed, or services provided, by the Company or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his or her sole discretion.

2.5 **DEFERRED ACCOUNT.** The record on the Company's books of the cumulative amount of a Participant's compensation deferred pursuant to this Plan, including amounts credited to the Participant's account pursuant to Section 4.3, plus either imputed interest on such deferred amounts accrued as provided in Section 4.4, or the value of Stock Units credited to the Participant's account as provided in Section 4.4.

2.6 **DEFERRED COMPENSATION AGREEMENT.** A written agreement between a Participant and the Company, whereby a Participant agrees to defer a portion of his or her Compensation pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

2.7 **DEFERRED COMPENSATION AND BENEFITS TRUST.** The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

a. A "Potential Change in Control of the Company" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to

control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

b. A "Change in Control" shall be deemed to have occurred if:

(i) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.7(b)(iii)(a) shall not be deemed to be a Change in Control of the Company; or

(ii) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(iii) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (a) a merger or consolidation which would result in both (i) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation, and (ii) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.7(b)(iii)(a) shall not be deemed to be a Change in Control of the Company; or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

For purposes of this section, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

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

for purposes of this Plan shall be based, for any given month, on the published rate for the immediately preceding calendar month.

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

2.11 NORMAL RETIREMENT DATE. The first day of the month on or after a Participant's 65th birthday.

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

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

2.14 RETIREMENT. The termination of employment of a Participant for reasons other than death, total disability (as defined in the Pension Plan), or disciplinary reasons (as that term is used for purposes of Corporate Policy 10.2, Termination of Employment), at any time after the Participant has attained age 55 with 10 or more Years of Service.

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

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

2.17 TERMINATION OF EMPLOYMENT. The Participant's ceasing to be employed by the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death or disability, provided that transfer from the Company to a subsidiary or parent of the Company shall not be deemed a Termination of Employment for purposes of this Plan.

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

3. ADMINISTRATION AND INTERPRETATION OF THE PLAN. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Sections 11 and 12. Any interpretation by the Committee shall be final and binding on the Participants.

#### 4. PARTICIPANT COMPENSATION DEFERRAL.

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

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

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

#### 4.4 ACCOUNT ELECTIONS.

(a) Each Participant may elect at any time, and from time to time, to have his or her Deferred Account credited with either the applicable Account Accumulation Rate or allocated Stock Units, with such elections effective for deferrals of Compensation earned beginning with the first pay period immediately following the Committee's receipt of the Participant's valid written election. However, under no circumstances may such elections be made more frequently than once in any 4-month period.

If a Participant timely elects to have his or her Deferred Account credited with Stock Units, then the Participant's Deferred Account shall be credited with the number of Stock Units (on the date on which the Compensation would otherwise have been paid to the Participant), equal to (i) 100% of the amount of such deferred Compensation ("Participant Stock Units"), plus (ii) 25% of the amount of such deferred Compensation ("Company Matching Stock Units"), with each Stock Unit value based on the closing price of the Company's common stock on the New York Stock Exchange ("NYSE") on that date (or, if the common stock is not traded on the NYSE on such date, on the immediately preceding trading day) or another generally accepted pricing standard chosen by the Company. Each Stock Unit in a Participant's Deferred Account shall thereafter have a value equal to the market value of one share of the Company's common stock. Except as provided in subparagraph (d) and Subsection 5.1(b) hereof, Stock Units must be held for a minimum of 6 months from the date on which such Stock Units are first credited to the Participant's account. Stock Units may not be sold, transferred, assigned, alienated, or pledged by any Participant.

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

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

(d) Upon the occurrence of a Potential Change in Control, shares of Common Stock equal to the number of Stock Units in all Participants' Deferred Accounts shall be transferred to the Trustee of the DCB Trust to be held in accordance with the terms of the DCB Trust and this Plan. Upon a Change in Control, all Stock Units credited to a Participant's Deferred Account shall be converted to Stock Units of equivalent value payable in the common stock of the successor entity to the Company, as follows: if the Change in Control involves the merger or sale of the entire Company or a tender offer for all the outstanding Common Stock, conversion shall be at the conversion, sale, or exchange price applicable to the Common Stock in connection with such Change in Control. Shares of Common Stock held by the Trustee shall be converted to shares of common stock of the successor entity (if any) at the same conversion value as described in this subsection. Following a Change in Control and after public disclosure of at least 30 days financial results of the consolidated entity, each Participant may elect, at any time or from time to time, to convert all or any portion of his or her Stock Unit Account to a dollar equivalent and have such amount credited thereafter with the applicable Account Accumulation Rate. If a Participant makes such an election, the Trustee shall sell, into the open market, shares of stock attributable to Stock Units in such Participant's Deferred Account as previously acquired and held pursuant to this subsection, and shall hold, invest, and reinvest the proceeds of such sale in accordance with the terms of the Deferred Compensation and Benefits Trust. If the Change in Control does not involve the merger or sale of the entire Company or a tender offer for all the outstanding Common Stock, Stock Units shall be converted to a dollar equivalent at the highest trading price of the Company's Common Stock during the 20-day period immediately preceding the date of the Change in Control and credited to the Participants' Interest Account(s).

#### 5. PAYMENT OF DEFERRED AMOUNTS.

##### 5.1 PARTICIPANT ACCOUNT.

(a) The Company shall maintain, for each Participant, a record of the Participant's deferrals in accordance with elections made by the Participant as described in Section 4.4. Each Participant's Deferred Account will be credited with the amount of the Participant's deferred Compensation, plus the amount of the Company contribution pursuant to Section 4.3, if any. Each Deferred Account shall reflect, in accordance with the Participant's election(s), either the dollar amount of the Participant's deferred Compensation plus the applicable Account Accumulation Rate ("Interest Account"), or an allocation

of Participant Stock Units equal in value to the deferred Compensation plus Company Matching Stock Units and Dividend Equivalent Stock Units in accordance with Section 4.4 ("Stock Unit Account").

(b) If the Participant's Deferred Account is credited with Stock Units, the Participant shall be paid the value of all vested Stock Units in his or her Deferred Account in accordance with the Participant's election under his or her Deferred Compensation Agreement and in the form of the Company's Common Stock (or, if applicable, in accordance with Subsection 4.4(d)). Such payment shall be made in accordance with the Participant's Deferred Compensation Agreement. If a Participant's Deferred Account is credited with Stock Units and the Participant terminates employment and is eligible for a distribution but shares of Common Stock are not then available for distribution, the Company may elect, in its sole discretion, to delay the distribution until such shares become available.

**5.2 PLAN BENEFITS UPON TERMINATION OF EMPLOYMENT (NONRETIREMENT).** Upon Termination of Employment for reasons other than death or disability prior to satisfying the Rule of 70 or attaining age 55 with 10 or more Years of Service, the Account Accumulation Rate on such Participant's Deferred Account shall be adjusted, effective as of the Date of Termination of Employment, to a rate equal to Moody's. Such rate shall apply prospectively from the Date of Termination to all undistributed amounts of the Participant's Deferred Account.

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

**5.3 PLAN BENEFITS UPON RETIREMENT.** Upon Termination of Employment, for reasons other than disability, after satisfying the Rule of 70, or attaining age 55 with 10 or more Years of Service, a Participant shall be paid his or her Deferred Account in a lump sum or in equal monthly installments calculated to distribute his or her Deferred Account over a period of not more than 15 years. Payments shall commence on the date and shall be made in the manner elected by the Participant in the Deferred Compensation Agreement. Unpaid balances under the installment election continue to be credited with imputed interest at the applicable Account Accumulation Rate. If a Participant does not make an election, his or her account shall be paid out in monthly installments over 15 years beginning January 1 of the year following Termination of Employment.

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

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

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

Termination of Employment occurs.

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

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

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

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

5.11 RECIPIENTS OF PAYMENTS; DESIGNATION OF BENEFICIARY. All payments to be made by the Company shall be made to the Participant, if living. If a Participant dies before receiving all benefit payments, all subsequent payments under the Plan shall be made to the beneficiary or beneficiaries of the Participant. The Participant shall designate a beneficiary by filing a written notice of such designation with the Company in such form as the Company may prescribe. If no designation is in effect when any benefits payable under this Plan become due, the beneficiary shall be the spouse of the Participant, or if no spouse is then living, the representatives of the Participant's estate.

## 6. MISCELLANEOUS.

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

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

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

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

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

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

8. AMENDMENT AND TERMINATION. The Company, acting through its Board of Directors or any committee of the Board, may, at its sole

discretion, amend or terminate the Plan at any time, provided that the amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant's prior consent.

9. UNSECURED GENERAL CREDITOR. Except as provided in Section 10, Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company to pay money in the future.

10. DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations with respect to Deferred Accounts under this Plan (the "Funding Amount"), except as otherwise provided with respect to Stock Units in Subsection 4.4(d). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee as may be necessary in order to maintain the Funding Amount with respect to this Plan.

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

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

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

## BOISE CASCADE CORPORATION

## 1995 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1999)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 1995 Board of Directors Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing nonemployee directors of the Company the opportunity to defer receipt of all or a portion of their cash compensation and thereby reward and encourage their productive efforts on the Company's behalf.

## 2. DEFINITIONS.

2.1 ACCOUNT ACCUMULATION RATE. The rate of imputed interest which shall be applied to Participants' Deferred Accounts. This rate shall be equal to Moody's Times 130%.

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

2.3 COMPENSATION. A Participant's fees, payable in cash, for services rendered by a Participant as a Director of the Company during a calendar year. Compensation shall not include any amounts paid by the Company to a Participant that are not strictly in consideration for personal services, such as expense reimbursements.

2.4 DEFERRED ACCOUNT. The record on the Company's books of the cumulative amount of (i) a Participant's compensation deferred pursuant to this Plan, plus (ii) imputed interest on such deferred amounts accrued as provided in Section 5.1.

2.5 DEFERRED COMPENSATION AGREEMENT. A written agreement between a Participant and the Company, whereby a Participant agrees to defer a portion of his or her Compensation pursuant to the provisions of the Plan, from a minimum of \$5,000/year to a maximum of 100% of his or her Compensation, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

2.6 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

a. A "Potential Change in Control of the Company" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

b. A "Change in Control" shall be deemed to have occurred if:

(i) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.6(b)(iii)(a) shall not be deemed to be a Change in Control of the Company; or

(ii) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing



Directors"); or

(iii) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (a) a merger or consolidation which would result in both (i) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (ii) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.6(b)(iii)(a) shall not be deemed to be a Change in Control of the Company; or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

For purposes of this section, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

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

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

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

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

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

4. PARTICIPANT COMPENSATION DEFERRAL.

4.1 COMPENSATION DEFERRAL. A Director who wishes to participate in the Plan shall execute a written Deferred Compensation Agreement, in the format provided by the Company, whereby the Director elects to defer a portion of his or her Compensation otherwise earned and payable for the period from January 1, 1996, through December 31, 2000. The amount deferred shall result in corresponding reductions in the Compensation payable to a Participant.

4.2 PARTICIPATION. A person who is a Director or becomes a Director on or subsequent to January 1, 1996, and prior to December 31, 2000, shall be entitled to participate in the Plan until December 31, 2000, and shall be bound by all the other terms and conditions of the Plan. A Director shall complete a Deferred Compensation Agreement within 30 days of becoming eligible and being notified of the terms and conditions of the Plan. Reduction of compensation pursuant to the Deferred Compensation Agreement shall commence as of the date of such director's election to the Board of Directors.

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

## 5. PAYMENT OF DEFERRED AMOUNTS.

5.1 PARTICIPANT ACCOUNT. The Company shall maintain, for each Participant, a record of the Participant's deferrals by accumulating the amount of his or her deferred compensation, and each month the account shall be updated with a monthly rate of interest equal to the applicable Account Accumulation Rate.

5.2 BENEFITS. Upon Termination, a Participant shall be paid his or her account in a lump sum or in equal quarterly installments calculated to distribute his or her account plus accrued interest for a period of not more than 15 years. Payments shall commence on the date and shall be made in the manner elected by the Participant in the Deferred Compensation Agreement. Unpaid balances under the installment election continue to earn interest at the applicable Account Accumulation Rate. If a Participant does not make an election, his or her account shall be paid out in quarterly installments over 15 years beginning January 1 of the year following Termination. The Participant may request other forms of payout which are subject to approval by the Committee, pursuant to Section 5.3.

5.3 CHANGE OF ELECTION. A Participant may request a change in the payout election any time prior to January 1 of the year benefits are scheduled to be paid. The changed payout election must be one of the payout options in the original Deferred Compensation Agreement. Such request must be in writing and shall be approved or denied at the sole discretion of the Committee. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

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

5.4 PAYMENT ON DEATH AFTER BENEFITS COMMENCE. If a Participant dies after his or her benefits have commenced and prior to the distribution of his or her entire Deferred Account, his or her beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement.

5.5 DEATH BENEFIT. If a Participant should die prior to the commencement of Plan distributions, the Company shall pay his or her designated beneficiary or beneficiaries the Participant's Deferred Account balance. Payments shall be made as specified in the Deferred Compensation Agreement. The undistributed portion of Participant's account shall be updated with a monthly rate of interest equal to the applicable Account Accumulation Rate.

5.6 RECIPIENT OF PAYMENTS; DESIGNATION OF BENEFICIARY. All payments to be made by the Company shall be made to the Participant, if living. If a Participant dies before receiving all benefit payments, all subsequent payments under the Plan shall be made to the beneficiary or

beneficiaries of the Participant. The Participant shall designate a beneficiary by filing a written notice of such designation with the Company in such form as the Company may prescribe. If no designation is in effect when any benefits payable under this Plan become due, the beneficiary shall be the spouse of the Participant, or if no spouse is then living, the Participant's estate.

## 6. MISCELLANEOUS.

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

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

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

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

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

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

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

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

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

11. CLAIMS REVIEW PROCEDURE. Any Participant, former Participant, or Beneficiary of either, who has been denied a benefit claim shall be entitled, upon written request, to a review of his or her denied claim. Such request, together with a written statement of the claimant's position, shall be filed no later than 60 days after receipt of the written notification provided for in the above paragraph, and shall be filed with the Company's Salaried and Executive Compensation Manager, who shall promptly inform the Committee. The Committee shall make its decision, in writing, within 60 days after receipt of the claimant's request for review.

The Committee's written decision shall state the facts and plan provisions upon which its decision is based. The Committee's decision shall be final and binding on all parties. This 60-day period may be extended an additional 60 days by the Committee, in its discretion, by providing written notice of such extension to the claimant prior to the expiration of the original 60-day period.

## BOISE CASCADE CORPORATION

## 1995 SPLIT-DOLLAR LIFE INSURANCE PLAN

(As Amended Through July 29, 1999)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation Split-Dollar Life Insurance Plan (the "Plan") is to provide executive officers who participate in the Plan with an insured death benefit during employment and after retirement. Executive officers who become Participants may purchase a life insurance policy from a designated insurance carrier. Payment of policy premiums will be shared by Boise Cascade Corporation ("the Company"), as described herein. Executives who participate in the Plan shall execute a Split-Dollar Agreement, substantially in the form attached hereto as Exhibit A, prior to becoming eligible for any benefits under this Plan.

The Committee shall designate executive officers eligible to participate in the Plan.

## 2. DEFINITIONS.

2.1 "ANNUAL PREMIUM" means the amount of consideration determined by the Insurance Carrier for the cost of coverage provided by the Plan. The Annual Premium shall have the following two components: (a) The basic Annual Premium shall be the amount of the Annual Premium for standard risk life insurance coverage determined by the Insurance Carrier's published rate schedule; and (b) the extra premium shall be the amount of the Annual Premium, if any, required for a life insurance risk determined by the Insurance Carrier to be substandard.

2.2 "ASSIGNMENT OR COLLATERAL ASSIGNMENT" means an agreement to be signed by each Participant, substantially in the form attached hereto as Exhibit B, whereby the Participant, as owner of the Insurance Policy, agrees to set over certain Insurance Policy rights to the Company as collateral security for the Company's Corporate Capital Interest under the Plan.

2.3 "BASE SALARY" means the annual Base Salary in effect on the policy anniversary date preceding the Participant's death if the Participant dies while an active Employee of the Company.

2.4 A "CHANGE IN CONTROL" shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.3(c)(i) shall not be deemed to be a Change in Control of the Company; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 66 2/3% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction

described in Subsection 2.3(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66 2/3% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

For purposes of this section and Section 2.17, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

For purposes of this section and Section 2.17, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

2.5 "CODE" means the Internal Revenue Code of 1986, as amended.

2.6 "COMMITTEE" means the Executive Compensation Committee of the Company's Board of Directors or any successor to the Committee.

2.7 "CORPORATE CAPITAL INTEREST" means accumulative amounts paid by the Company for an Insurance Policy Annual Premium as set forth in Section 6.1. The Corporate Capital Interest shall be reduced by policy loans, if any (including interest thereon), made by the Company.

2.8 "DEFERRED COMPENSATION AND BENEFITS TRUST" means the irrevocable trust (the "DCB Trust") established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.9 "EFFECTIVE DATE" means April 1, 1995.

2.10 "EMPLOYEE" means an individual who receives a Base Salary for personal services rendered to the Company.

2.11 "FINAL SALARY" means the Participant's annual Base Salary on his or her Retirement date.

2.12 "INSURANCE CARRIER" means the life insurance company or companies selected to issue policies under or pursuant to the Plan.

2.13 "INSURANCE POLICY" means any individually purchased Insurance Policy, together with additional policy benefits and riders, if any, issued by the Insurance Carrier pursuant to the Plan. Unless required otherwise by the Plan, Insurance Policy terms used herein shall have the same meaning as in the Insurance Policy. In amplification but not in limitation of the foregoing, such Insurance Policy terms as "policy year," "dividend," and "policy loan" shall have the same meaning for purposes of this Plan as for purposes of the Insurance Policy.

2.14 "PARTICIPANT" means an executive officer of the Company who is designated by the Committee as eligible to participate in the Plan and who has met all the applicable eligibility requirements under the Plan.

2.15 "PENSION PLAN" means the Boise Cascade Corporation Pension Plan for Salaried Employees, as amended from time to time.

2.16 "PLAN ADMINISTRATOR" means the Committee. The Committee may delegate day-to-day administrative functions to the Company's management.

2.17 A "POTENTIAL CHANGE IN CONTROL" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.18 "RETIREMENT" means the termination of employment of a Participant, for reasons other than death or total disability (as defined

in the Pension Plan), at any time after the Participant has attained age 55 with 10 or more years of service (as defined in the Pension Plan), and 5 years of service as an executive officer of the Company.

2.19 "TRUSTEE'S PAYMENT SCHEDULE" means the schedule of Insurance Policy premiums payable by the trustee of the Deferred Compensation and Benefits Trust during the period of a Potential Change in Control and after a Change in Control as specified on the form attached hereto.

### 3. ADMINISTRATION AND INTERPRETATION OF THE PLAN.

3.1 PLAN ADMINISTRATOR. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Section 9. Any interpretation by the Committee shall be final and binding on the Participants.

3.2 INSURANCE CARRIER. The Insurance Carrier shall be responsible for all matters relating to any Insurance Policy. Not in limitation, but in amplification of the foregoing, the Insurance Carrier shall decide whether it will issue an Insurance Policy on the life of a Participant who has otherwise met all of the Plan's eligibility requirements.

### 4. ELIGIBILITY.

4.1 ELIGIBILITY TO PARTICIPATE. In order to become a Participant in the Plan, an individual must meet all of the following requirements:

- (a) Be an executive officer of the Company, identified by the Committee as eligible to participate in the Plan;
- (b) Complete an application for insurance in the manner set by the Insurance Carrier;
- (c) Meet the insurability requirements of the Insurance Carrier; and
- (d) Sign all documents, including the Split-Dollar Agreement and Assignment, necessary or appropriate in the judgment of the Committee or Insurance Carrier, to carry out the intent of the Plan.

4.2 ALTERNATE OWNERS. The Plan permits an alternate person or entity to be the owner of the Insurance Policy. The alternate owner must sign all documents, including the Split-Dollar Agreement and the Assignment, necessary or appropriate in the judgment of the Committee or Insurance Carrier, to carry out the intent of the Plan. The Participant shall still be the Insured and all the provisions of the Plan shall continue as if the Participant were the owner of the Insurance Policy.

### 5. BENEFITS.

5.1 DEATH DURING EMPLOYMENT. If a Participant's death occurs while employed by the Company, the Participant's beneficiary shall receive a death benefit equal to 2 times Base Salary.

5.2 POST-RETIREMENT DEATH BENEFIT. A death benefit equal to 1 times Final Salary shall be payable on behalf of a Participant whose death occurs subsequent to Participant's Retirement.

5.3 TIMING OF PURCHASE OF INSURANCE. The right of a Participant to purchase an Insurance Policy under the Plan is granted only upon the initial adoption of the Plan or, for an Employee who meets the eligibility requirements under the Plan after adoption of the Plan, the date of initial eligibility of the Employee under the Plan. The face amount of the Insurance Policy shall be rounded up to the nearest multiple of \$1,000, where necessary. Since participation under the Plan involves the purchase of an Insurance Policy which is subject to the Employee's insurability, the Company does not guarantee that each otherwise eligible Employee will be able to acquire an Insurance Policy pursuant to this Plan.

5.4 AMOUNT OF DEATH BENEFIT. The death benefit shall be paid from the Insurance Policy. The amount of the death benefit payable to the Participant's beneficiary shall be subject to the Assignment. In the event that the death benefit from the Insurance Policy exceeds the sum of the Company's Corporate Capital Interest and the Participant's death benefit under Sections 5.1 or 5.2, the excess death proceeds shall be paid to the Participant's beneficiary. Participants shall not be eligible for any death benefit under the Boise Cascade Group Life Insurance Plan.

5.5 BENEFICIARY DESIGNATION. The death benefit is payable

to the beneficiary or beneficiaries designated by the owner of the Insurance Policy. If no such beneficiary is designated, the beneficiary shall be the person or persons entitled to the death benefit under the terms of the Insurance Policy or applicable state law, whichever governs.

5.6 PAYMENT OF DEATH BENEFIT. The death benefits shall be paid upon the submission to the Insurance Carrier of the appropriate proof of death and a claim for benefits.

6. CONTRIBUTIONS AND FUNDING.

6.1 The responsibility for the payment of the premiums shall be allocated as follows:

(a) Responsibility of Participant.

(1) The "value of the economic benefit" to the Participant as determined by multiplying the amount of life insurance protection to which the Participant is entitled by the lower of the government's 1-year term ("PS-58") rates or the Insurance Carrier's currently published term rates. This amount shall be paid by the Company on behalf of the Participant and treated as taxable compensation to the Participant.

(2) Any extra premium which is in excess of 40% of the Basic Annual Premium.

(b) Responsibility of Company.

(1) The difference between the basic Annual Premium and that portion for which the Participant is responsible pursuant to Subsection 6.1(a)(1).

(2) Any extra premium in an amount up to 40% of the basic Annual Premium.

The Company shall, at its option, have the authority to borrow against the Insurance Policy up to an amount not to exceed the Corporate Capital Interest. All interest payments as a result of such borrowing shall be the responsibility of the Company.

6.2 Immediately upon a Potential Change in Control or upon a Change in Control, the Company shall repay Insurance Policy loans, if any, and shall not make any policy loans, as otherwise provided for in Subsection 6.1(b)(2), within a 1-year period after a Potential Change in Control, or at any time after a Change in Control, except upon the date specified in Section 6.3.

6.3 TERMINATION OF COMPANY FUNDING. Notwithstanding any other provisions in this Plan, and except in the event of or after a Change in Control, the Company shall terminate its participation in the funding of the Insurance Policy on the first of the following events:

(a) The later of (i) the date of the Participant's Retirement or (ii) the date 15 Annual Premiums have been paid by the Company;

(b) The death of a Participant; or

(c) The termination of employment of a Participant other than by death or Retirement.

In the event of a termination described in (a) above, the Company will recover its Corporate Capital Interest by Insurance Policy withdrawal and release its interest in the Insurance Policy. Any such policy loan shall become the sole obligation of the Participant as owner of the Policy. The actual death benefit provided by the Insurance Policy may be greater than or less than the death benefit, described in Section 5, based on the investment performance of the Insurance Policy. In the event the Insurance Policy does not ultimately provide the prescribed death benefit, it is not the intention of the Company to make up any death benefit shortfall.

In the event of a termination described in (b), the Company shall recover its Corporate Capital Interest out of the death proceeds of the Insurance Policy, and the Participant's beneficiary will receive the balance of the death proceeds. In the event that the Insurance Policy does not provide the prescribed death benefit, it is not the intention of the Company to make up any death benefit shortfall.

In the event of a termination described in (c) above, the Participant may recover or purchase all or any portion of the Company's Corporate Capital Interest in the Insurance Policy pursuant to terms established by the Plan Administrator. Any amount purchased shall result in the Company's recovery of its Corporate Capital Interest equal to the amount purchased. Any portions of the Insurance Policy not purchased by the Participant shall be treated in a manner deemed appropriate by the Plan Administrator, solely in the Plan Administrator's discretion. The provisions of Subsection 6.3(c) shall be subject to any applicable severance agreement between the Company and the Participant.

6.4 COMPANY RELEASE AND REASSIGNMENT. Upon any termination of Company funding, the Company will release Insurance Policy rights granted to it by the Assignment. Thereafter, the Company shall have no involvement whatsoever, directly or indirectly, in the Insurance Policy. From such date, the Participant shall be solely responsible for the payment



of any future premiums.

7. DISQUALIFICATION AND REDUCTION, LOSS, FORFEITURE, OR DENIAL OF BENEFITS. The benefits to be provided under this Plan will not be available to an Employee upon any of the following events:

(a) Except in the event of a Change in Control, the Company may, at any time, amend or terminate the Plan, provided that the Company may not reduce or modify the level of benefits provided to the Participant prior to the amendment or termination without prior consent of the Participant;

(b) In the event the Plan is terminated, whether as to all Participants or as to an individual Participant, a Participant shall be able to preserve and continue the Insurance Policy on his or her life by paying the Company its Corporate Capital Interest. Thereafter, the Participant will be responsible for all future premiums, and the Company shall have no involvement whatsoever, directly or indirectly, in the Insurance Policy;

(c) After any termination of Company funding, policy benefits may be reduced or terminated with respect to a Participant if not properly funded by the Participant; or

(d) The amount of a Participant's death benefits may vary each year. Not in limitation, but in amplification of the foregoing, the Insurance Carrier's policy interest crediting rate and the amount of the Corporate Capital Interest may vary the death benefits.

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

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

8.1 TRUSTEE'S RIGHTS AND OBLIGATION. In the event of a Change in Control or a Potential Change in Control, the trustee for the DCB Trust shall at all times thereafter be obligated for amounts payable in accordance with the trustee's Payment Schedule. The Company shall notify the Insurance Carrier of a Change in Control or of a Potential Change in Control.

8.2 PLAN FUNDING. In the event of a Change in Control, the calculation of the Funding Amount shall be made without regard to the provisions of Subsection 6.3(c), and the Company shall be required to participate in the funding of each Insurance Policy until the first of the events described in Subsections 6.3(a) or 6.3(b) occurs.

8.3 TERMINATION OF FUNDING. In the event of and after a Change in Control, the trustee shall be required to continue the funding of the Insurance Policy until the later of (a) the applicable date specified in Subsections 6.3(a) or 6.3(b), whichever is earlier, or (b) the date specified in any severance agreement between the Company and the Participant.

8.4 AMENDMENT AND TERMINATION. In the event of and after a Change in Control, the Plan may not be amended or terminated and a Participant shall have the right to rely on the continuation of the Funding of an Insurance Policy as provided in Section 8.

9. CLAIM PROCEDURE. All death benefits provided under the Plan are to be paid from the Insurance Policies. The Company has adopted the claim procedure established by the Insurance Carrier as a claim procedure for the Plan. The beneficiary of the policy proceeds must file a claim for benefits with the Insurance Carrier in whatever form the Insurance Carrier may reasonably require. If the Insurance Carrier denies the claim, the beneficiary who wants to have that denial reviewed will have to follow the Insurance Carrier's claims-review procedure. The Company shall have no liability in the event an Insurance Carrier denies a beneficiary's claim for benefits.

10. MISCELLANEOUS.

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

10.2 TAXES. The Company shall deduct from each Participant's compensation all applicable federal or state taxes that may be required by law to be withheld resulting from the Company's funding of the Insurance Policy under the Plan.

10.3 GOVERNING LAW, JURISDICTION, AND VENUE. The Plan shall be construed according to the laws of the state of Idaho to the extent not preempted by federal law. In the event legal action is brought to enforce or interpret the Plan, such legal action may be brought only in federal district court for the District of Idaho in Ada County, Idaho.

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

10.5 AMENDMENT AND TERMINATION. Except after a Change in Control, the Committee may, at any time, amend or terminate the Plan. At any date of termination of the Plan not preceded by a Change in Control, a Participant shall be entitled to preserve and continue the Insurance Policy in accordance with Subsection 6.3(c).

10.6 AGENT FOR SERVICE OF PROCESS. The Company's General Counsel is designated as the agent to receive service of legal process on behalf of the Plan.

11. STATEMENT OF ERISA RIGHTS. Each Participant in the Plan is entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Participants shall be entitled to:

(a) Examine, without charge, all Plan documents at the Company's headquarters in Boise, Idaho.

(b) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

(c) File suit in a federal court if any materials requested are not received within 30 days of the Participant's request unless the materials were not sent because of matters beyond the control of the Plan Administrator. The court may require the Plan Administrator to pay up to \$100 for each day's delay until the materials are received.

In addition to creating rights for Participants, ERISA imposes obligations upon the persons who are responsible for the operation of the Plan. As "fiduciaries," these persons must act solely in the interest of the Participants, and they must exercise prudence in the performance of their Plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the Plan. The Company may not fire, discriminate against, or prevent a Participant from obtaining a welfare benefit or exercising his or her rights under ERISA. If a Participant is improperly denied a welfare benefit in full or in part, he or she has a right to file suit in a federal or state court. If Plan fiduciaries are misusing the Plan's money, a Participant has a right to file suit in a federal court or request assistance from the U.S. Department of Labor. If a Participant is successful in the lawsuit, the court may, if it so decides, require the other party to pay his or her legal costs, including attorneys' fees.

If a Participant has any questions about the foregoing, or his or her rights under ERISA, the Participant should contact the Plan Administrator or the nearest area office of the U.S. Labor-Management Service Administration, Department of Labor.

BOISE CASCADE CORPORATION  
KEY EXECUTIVE PERFORMANCE PLAN

## I. 1999 PAYOUT CRITERIA

## PAYOUT AS A PERCENT OF SALARY

FINANCIAL IMPROVEMENT	CEO	SVP	VP
(\$163,208,889)	0.0%	0.0%	0.0%
(\$150,000,000)	1.5%	1.2%	0.9%
\$150,000,000	106.5%	83.7%	60.9%
\$324,054,000	126.8%	99.7%	72.5%
\$324,054,001	138.5%	108.8%	79.2%
\$424,054,000	150.2%	118.0%	85.8%

- o For Financial Improvement in excess of \$424.1 million, the payout increases proportionally to the increase from \$324.1 million to \$424.1 million.
- o The payout is interpolated on a straight line for Financial Improvement not shown in the table.
- o Financial Improvement is measured by calculating the company's economic value added.

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

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

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

Capital Charge = Capital x 16%

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

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

## II. ALTERNATIVE PAYOUT

An Alternative Payout shall be calculated as follows: the actual percentage payouts earned for the 1999 plan year under the company's Paper Division Incentive Plan, Packaging Division Incentive Plan, Timber and Wood Products Division Incentive Plan, BMDD Incentive Plan, BCOP Incentive Plan, and Trucking Division Incentive Plan shall be averaged (weighted according to the total capital of each respective division). This average payout shall then be multiplied by the ratio each officer's target payout bears to the target payout of key executives in such plans (e.g., VP ratio = 40/24; SVP ratio = 55/24; CEO ratio = 70/24) to arrive at the Alternative Payout percentage. The Alternative Payout may be reduced by the Executive Compensation Committee, in its sole discretion, to any percentage amount (including zero).

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

BOISE CASCADE CORPORATION  
KEY EXECUTIVE PERFORMANCE PLAN

## I. 2000 PAYOUT CRITERIA

## PAYOUT AS A PERCENT OF SALARY

FINANCIAL IMPROVEMENT	CEO	SVP	VP
(\$158,806,000)	0.0%	0.0%	0.0%
(\$150,000,000)	1.0%	0.8%	0.6%
\$150,000,000	106.0%	83.3%	60.6%
\$216,839,000	113.8%	89.4%	65.0%
\$216,839,001	125.5%	98.6%	71.7%
\$316,839,000	137.2%	107.8%	78.4%

- o For Financial Improvement in excess of \$316.8 million, the payout increases proportionally to the increase from \$216.8 million to \$316.8 million.
- o The payout is interpolated on a straight line for Financial Improvement

not shown in the table.

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

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

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

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

Capital Charge = Capital x 16%

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

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

## II. ALTERNATIVE PAYOUT

An Alternative Payout shall be calculated as follows: the actual percentage payouts earned for the 1999 plan year under the company's Paper Division Incentive Plan, Packaging Division Incentive Plan, Timber and Wood Products Division Incentive Plan, BMDD Incentive Plan, BCOP Incentive Plan, and Trucking Division Incentive Plan shall be averaged (weighted according to the total capital of each respective division). This average payout shall then be multiplied by the ratio each officer's target payout bears to the target payout of key executives in such plans (e.g., VP ratio = 40/24; SVP ratio = 55/24; CEO ratio = 70/24) to arrive at the Alternative Payout percentage. The Alternative Payout may be reduced by the Executive Compensation Committee, in its sole discretion, to any percentage amount (including zero).

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

Boise Cascade Corporation  
Computation of Per Share Earnings

	1999	1998	1997
	(expressed in thousands, except per share amounts)		
Net income (loss) as reported, before cumulative effect of accounting change	\$ 199,753	\$ (25,692)	\$ (30,410)
Preferred dividends	(13,559)	(15,578)	(31,775)
Excess of Series F Preferred Stock redemption price over carrying value	-	(3,958)	-
Basic income (loss) before cumulative effect of accounting change	<u>186,194</u>	<u>(45,228)</u>	<u>(62,185)</u>
Cumulative effect of accounting change	-	(8,590)	-
Basic income (loss)	<u>\$ 186,194</u>	<u>\$ (53,818)</u>	<u>\$ (62,185)</u>
Average shares outstanding used to determine basic income (loss) per common share	<u>56,861</u>	<u>56,307</u>	<u>52,049</u>
Net income (loss) per common share			
Basic income (loss) before cumulative affect of accounting change	\$ 3.27	\$ (.81)	\$ (1.19)
Cumulative affect of accounting change	-	(.15)	-
Basic income (loss) per common share (1)	<u>\$ 3.27</u>	<u>\$ (.96)</u>	<u>\$ (1.19)</u>
Basic income (loss) before cumulative effect of accounting change	\$ 186,194	\$ (45,228)	\$ (62,185)
Preferred dividends eliminated	13,559	14,133	20,965
Supplemental ESOP contribution	(11,588)	(12,079)	(12,114)
Diluted income (loss) before cumulative effect of accounting change	<u>188,165</u>	<u>(43,174)</u>	<u>(53,334)</u>
Cumulative effect of accounting change	-	(8,590)	-
Diluted income (loss)	<u>\$ 188,165</u>	<u>\$ (51,764)</u>	<u>\$ (53,334)</u>
Average shares outstanding used to determine basic income (loss) per common share	56,861	56,307	52,049
Stock options and other	419	204	615
Series G Conversion Preferred Stock	-	-	3,647
Series D Convertible Preferred Stock	4,139	4,396	4,310
Average shares used to determine diluted income (loss) per common share	<u>61,419</u>	<u>60,907</u>	<u>60,621</u>
Diluted income (loss) before cumulative effect of accounting change	\$ 3.06	\$ (.71)	\$ (.88)
Cumulative affect of accounting change	-	(.14)	-
Diluted income (loss) per common share(1)	<u>\$ 3.06</u>	<u>\$ (.85)</u>	<u>\$ (.88)</u>

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

EXHIBIT 12.1  
BOISE CASCADE CORPORATION AND SUBSIDIARIES  
Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	1999	1998	1997	1996	1995
	(dollar amounts expressed in thousands)				
Interest costs	\$ 158,980	\$ 174,541	\$ 153,691	\$ 146,234	\$ 154,469
Interest capitalized during the period	238	1,341	10,575	17,778	3,549
Interest factor related to noncapitalized leases(1)	13,065	11,308	11,931	12,982	8,600
<b>Total fixed charges</b>	<b>\$ 172,283</b>	<b>\$ 187,190</b>	<b>\$ 176,197</b>	<b>\$ 176,994</b>	<b>\$ 166,618</b>
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	\$ 355,940	\$ (16,878)	\$ (28,930)	\$ 31,340	\$ 589,410
Undistributed (earnings) losses of less than 50% owned persons, net of distributions received	(6,115)	3,791	5,180	(1,290)	(36,861)
<b>Total fixed charges</b>	<b>172,283</b>	<b>187,190</b>	<b>176,197</b>	<b>176,994</b>	<b>166,618</b>
Less: Interest capitalized	(238)	(1,341)	(10,575)	(17,778)	(3,549)
Guarantee of interest on ESOP debt	(12,856)	(14,671)	(16,341)	(17,874)	(19,339)
<b>Total earnings before fixed charges</b>	<b>\$ 509,014</b>	<b>\$ 158,091</b>	<b>\$ 125,531</b>	<b>\$ 171,392</b>	<b>\$ 696,279</b>
<b>Ratio of earnings to fixed charges</b>	<b>2.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.18</b>
<b>Excess of fixed charges over earnings before fixed charges</b>	<b>\$ -</b>	<b>\$ 29,099</b>	<b>\$ 50,666</b>	<b>\$ 5,602</b>	<b>\$ -</b>

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

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

	Year Ended December 31				
	1999	1998	1997	1996	1995
	(dollar amounts expressed in thousands)				
Interest costs	\$ 158,980	\$ 174,541	\$ 153,691	\$ 146,234	\$154,469
Interest capitalized during the period	238	1,341	10,575	17,778	3,549
Interest factor related to noncapitalized leases(a)	13,065	11,308	11,931	12,982	8,600
Preferred stock dividend requirements - pretax	17,129	19,940	44,686	65,207	59,850
Combined fixed charges and preferred dividend requirements	\$ 189,412	\$ 207,130	\$ 220,883	\$ 242,201	\$226,468
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	\$ 355,940	\$ (16,878)	\$ (28,930)	\$ 31,340	\$589,410
Undistributed (earnings) losses of less than 50% owned persons, net of distributions received	(6,115)	3,791	5,180	(1,290)	(36,861)
Combined fixed charges and preferred dividend requirements	189,412	207,130	220,883	242,201	\$ 226,468
Less: Interest capitalized	(238)	(1,341)	(10,575)	(17,778)	(3,549)
Guarantee of interest on ESOP debt	(12,856)	(14,671)	(16,341)	(17,874)	(19,339)
Total earnings before combined fixed charges and preferred dividend requirements	\$ 526,143	\$ 178,031	\$ 170,217	\$ 236,599	\$ 756,129
Ratio of earnings to combined fixed charges and preferred dividend requirements	2.78	-	-	-	3.34
Excess of combined fixed charges and preferred dividend requirements over earnings before combined fixed charges and preferred dividend requirements	\$ -	\$ 29,099	\$ 50,666	\$ 5,602	\$ -

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

## FINANCIAL REVIEW

## RESULTS OF OPERATIONS

	1999	1998	1997
Sales	\$ 7.0 billion	\$ 6.2 billion	\$ 5.5 billion
Net income (loss)	\$199.8 million	\$ (34.3) million	\$ (30.4) million
Net income (loss) per diluted share	\$3.06	\$(.96)	\$(1.19)
Net income (loss) before nonroutine items	\$148.2 million	\$ 20.7 million	\$ (30.4) million
Net income (loss) per diluted share before nonroutine items	\$2.22	\$.09	\$(1.19)
	(percentage of sales)		
Materials, labor, and other operating expenses	77.4%	78.7%	80.8%
Selling and distribution expenses	10.7%	10.8%	10.1%
General and administrative expenses	1.8%	2.4%	2.5%

The 1998 net loss includes a second-quarter pretax charge of \$80.9 million for the closure of four wood products manufacturing facilities and the revaluation of paper-related assets. It also includes a fourth-quarter pretax charge of \$38.0 million for the elimination of jobs through early retirements and layoffs in our paper and building products manufacturing businesses and at our Boise, Idaho, headquarters; the closure of our paper research and development facility in Portland, Oregon; restructuring of Boise Cascade Office Products (BCOP) operations in the United Kingdom; and dissolution of an unprofitable BCOP joint venture in Germany.

In second quarter 1999, we reversed \$39.5 million of these 1998 restructuring charges when we decided to continue operations at two of the four wood products manufacturing facilities and when BCOP's restructuring in the United Kingdom proved to be less costly than originally anticipated. In 1999, we reversed \$2.7 million of 1998 restructuring charges, primarily in our paper and paper products segment, to reflect actual experience.

In October 1999, we filed an amended 1998 Form 10-K and amended first and second quarter 1999 Form 10-Qs following discussions with the Securities and Exchange Commission (SEC) concerning the timing of charges related to the early retirement program announced in fourth quarter 1998. These amendments decreased both the previously reported operating loss in fourth quarter 1998 and the reported operating income in first quarter 1999 by \$4.4 million pretax.

Additional information on 1999 and 1998 restructuring activities is in the discussion by segment and the "Financial Condition and Liquidity" sections of this Financial Review and in Note 8 accompanying the financial statements.

Net income in 1999 includes a fourth-quarter pretax gain of \$47.0 million from the sale of 56,000 acres of central Washington timberland. Results in 1998 included a \$45.0 million pretax gain related to an insurance settlement for our plywood plant in Medford, Oregon, which was severely damaged by fire in September 1998.

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

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

	Year Ended December 31					
	1999		1998		1997	
	As Reported	Before Non- routine Items	As Reported	Before Non- routine Items	As Reported	Before Non- routine Items
	(in millions)					
Office products	\$154.6	\$150.6	\$121.5	\$132.6	\$ 119.8	\$119.8
Building products	273.8	191.3	57.7	75.9	45.0	45.0
Paper and paper products	117.7	115.4	10.0	47.5	(11.6)	(11.6)
Corporate and other	(45.4)	(41.4)	(46.2)	(39.1)	(44.8)	(44.8)



Total	500.7	415.9	143.0	216.9	108.4	108.4
Interest expense	(144.7)	(144.7)	(159.9)	(159.9)	(137.3)	(137.3)
Consolidated totals	<u>\$356.0</u>	<u>\$271.2</u>	<u>\$(16.9)</u>	<u>\$ 57.0</u>	<u>\$ (28.9)</u>	<u>\$(28.9)</u>

As of January 1, 1998, we adopted the provisions of a new accounting standard, American Institute of Certified Public Accountants (AICPA) Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This statement required the write-off of previously capitalized preoperating costs, which resulted in an after-tax charge of \$8.6 million, or 15 cents per diluted share. Earnings per share in 1998 also included a negative 7 cents per diluted share related to the redemption of our Series F preferred stock.

All of the nonroutine items positively affected 1999 results by \$51.6 million, or 84 cents per diluted share, and negatively affected 1998 results by \$55.0 million, or \$1.05 per diluted share.

Sales have increased over the last three years, primarily as a result of growth in our office products and building materials distribution businesses, which was accomplished principally by increasing sales in existing operations and completing acquisitions. Additionally, wood products prices were strong in 1999.

Materials, labor, and other operating expenses as a percent of sales improved in 1999, primarily because of increased building products sales prices and reduced wood, fiber, and conversion costs in both our building products and paper and paper products segments. The improvement in 1998 was primarily due to increased sales prices in our paper and paper products segment without a corresponding increase in costs and to lower wood costs in our building products segment. Selling and distribution expense as a percent of sales was higher in 1999 and 1998 than 1997 because of the growth in office products and building materials distribution sales, which have higher associated selling and distribution costs than our manufacturing businesses. General and administrative expenses decreased as a percent of sales in 1999 due to our cost-reduction efforts and to leveraging fixed costs over higher sales.

The following table shows the estimated increase in operating income from 1998 to 1999 as a result of our restructuring activities and other cost-saving initiatives.

	Cash	Noncash
	(in millions)	
Office products		
Improved operating results over 1998		
for restructured European locations	\$ -	\$ 4.2
Building products		
1998 operating losses for closed locations	6.0	1.0
Cost savings	10.4	-
Paper and paper products		
Cost savings	48.5	1.2
Corporate and other		
Cost savings	8.9	-
Total	<u>\$73.8</u>	<u>\$ 6.4</u>

Interest expense was \$144.7 million in 1999, \$159.9 million in 1998, and \$137.3 million in 1997. The decrease from 1998 to 1999 was due primarily to lower debt levels. The increase from 1997 to 1998 was due primarily to higher debt levels and lower capitalized interest in conjunction with significant capital additions. Capitalized interest was \$0.2 million in 1999, \$1.3 million in 1998, and \$10.6 million in 1997. The amount of interest capitalized has decreased significantly since the completion of the expansion of our pulp and paper mill in Jackson, Alabama, in April 1997.

Our 1999 tax provision rate was 40%. Our 1998 tax benefit rate was 5.7%. Excluding the nonroutine items described above, the tax provision rate would have been approximately 46% in 1998. We had a tax benefit rate of 32% in 1997. The changes in our tax rates were due primarily to the sensitivity of the rate to changing income levels and the mix of income sources.

#### OFFICE PRODUCTS DISTRIBUTION

	1999	1998	1997
Sales	\$ 3.4 billion	\$ 3.1 billion	\$ 2.6 billion
Segment income	\$154.6 million	\$121.5 million	\$119.8 million
Segment income before nonroutine items	\$150.6 million	\$132.6 million	\$119.8 million

(percentage of sales)

Gross profit	25.7%	25.7%	25.2%
Operating expenses	21.2%	21.7%	20.6%
Operating expenses			

before nonroutine items	21.3%	21.4%	20.6%
Operating profit	4.6%	4.0%	4.6%
Operating profit before nonroutine items	4.5%	4.3%	4.6%

BCOP's business strategy includes aggressive sales growth, which has been accomplished over the last three years by increasing sales in existing operations and completing acquisitions. Same-location sales grew 8% from 1998 to 1999 and 11% from 1997 to 1998.

BCOP completed two acquisitions in 1999 with annualized sales of approximately \$50 million at the time of announcement, six acquisitions in 1998 with annualized sales of approximately \$62 million at the time of announcement, and eight acquisitions in 1997 with annualized sales of approximately \$340 million at the time of announcement. In 1999, sales of the businesses acquired during 1998 grew approximately \$30 million. In 1998, sales of the businesses acquired during 1997 increased approximately \$189 million. Additional information about BCOP acquisitions is in Note 6 accompanying the financial statements.

In fourth quarter 1998, BCOP began implementing a plan to restructure operations in the United Kingdom, which involved closing seven small contract stationer facilities and an administrative office and integrating selected functions of their U.K. operations. These closures were completed during the first half of 1999. In December 1998, BCOP also terminated a joint venture with Otto Versand (Otto) at a cost of about \$4.0 million. As a result of the dissolution of the joint venture, Otto acquired BCOP's 50% interest in the joint venture, and BCOP purchased Otto's 10% ownership interest in its French direct-marketing subsidiary, Jean Paul Guisset S.A. (JPG). BCOP now owns 100% of JPG. As a result of the restructuring and joint-venture dissolution, BCOP recorded charges of \$11.1 million in fourth quarter 1998.

During second quarter 1999, BCOP revised the amount of the restructuring reserve for its U.K. operations. The U.K. restructuring program was less costly than originally anticipated due to lower professional and legal fees, the sublease of one of the facilities, the decision to retain a small printing business, and fewer employee terminations. The resulting increase to operating income of approximately \$4.0 million included \$0.5 million for reduced employee-related costs and \$3.5 million for other exit costs, including lower lease costs and lower-than-expected inventory write-downs of \$0.8 million.

In 1999, gross profit as a percent of net sales was flat with that of 1998. Margins improved for many nonpaper products, primarily as a result of lower procurement costs, but were negatively affected by lower margins for the sale of paper. The increase in gross profit as a percent of net sales from 1997 to 1998 was due in part to having a full calendar year of results for JPG, which has higher gross margins and higher operating expenses than BCOP's other operations. The 1998 increase was also due to lower procurement costs and to leveraging fixed occupancy costs over higher sales volume.

The decrease from 1998 to 1999 in operating expenses, before nonroutine items, as a percent of sales was due in part to lower operating costs in Canada as BCOP resolved warehouse integration issues in a new distribution center, offset in part by increased investment in growth initiatives. The improvement in results from BCOP's restructuring activity was primarily due to the elimination of losses from the German joint venture that BCOP dissolved. The table above shows the estimated increase in 1999 operating income as a result of our restructuring activities and cost-saving initiatives.

The increase from 1997 to 1998 in operating expenses, before nonroutine items, as a percent of sales was due to having a full year of operating expenses for JPG, higher operating cost structures relative to revenues for several other European operations, additional costs associated with the move into a new Toronto warehouse, and costs for customer prospecting as part of BCOP's entry into Belgium.

Boise Cascade holds 81.1% of BCOP's approximately 65.8 million outstanding shares of common stock. In December 1999, we announced a proposal to acquire the minority public shares of BCOP. We believe the reintegration of BCOP with Boise Cascade would enhance BCOP's operating flexibility and allow management to concentrate fully on its aggressive internal growth initiatives.

#### BUILDING PRODUCTS

	1999	1998	1997
Sales	\$ 2.2 billion	\$ 1.7 billion	\$ 1.6 billion
Segment income	\$ 273.8 million	\$ 57.7 million	\$ 45.0 million
Segment income before nonroutine items	\$ 191.3 million	\$ 75.9 million	\$ 45.0 million

#### Sales Volumes

Plywood (1,000 sq. ft. 3/8" basis)	1,529,482	1,815,101	1,836,309
OSB (1,000 sq. ft. 3/8" basis)(1)	373,632	346,803	150,798
Lumber (1,000 board ft.)	517,457	571,731	656,630
LVL (100 cubic ft.)	55,141	38,377	26,814

I-joists (1,000 equivalent lineal ft.)	135,051	106,445	81,758
Particleboard (1,000 sq. ft. 3/4" basis)	186,860	190,313	195,334
Building materials distribution (millions of sales dollars)	\$1,273	\$ 861	\$ 732
Average Net Selling Prices			
Plywood (1,000 sq. ft. 3/8" basis)	\$ 275	\$ 239	\$ 243
OSB (1,000 sq. ft. 3/8" basis)	197	157	117
Lumber (1,000 board ft.)	522	474	517
LVL (100 cubic ft.)	1,589	1,596	1,595
I-joists (1,000 equivalent lineal ft.)	1,004	996	1,028
Particleboard (1,000 sq. ft. 3/4" basis)	293	277	283

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

Sales increased from 1998 to 1999, primarily because of growth in building materials distribution and higher average wood products prices. The increase in sales in building materials distribution resulted from the acquisition of Furman Lumber, Inc., a privately held building materials distributor headquartered in Billerica, Massachusetts; the addition of another facility in 1999; and increasing sales at existing locations. Unit sales growth in engineered wood products, partially offset by sales volume declines in lumber and plywood, also contributed to the increase.

Sales increased from 1997 to 1998, primarily because of growth in building materials distribution. One facility was added in each year, and sales at existing locations increased. Sales growth in engineered wood products also contributed to the increase, partially offset by price declines in lumber and plywood and a decline in lumber sales volume.

Excluding nonroutine items, improved results from 1998 to 1999 were due to strong wood products markets. Average plywood and lumber prices were 15% and 10% higher than in 1998. Significant sales growth in building materials distribution, an improved product mix, lower wood and conversion costs, and our restructuring activities all contributed to the improved results. The table above shows the estimated increase in 1999 operating income as a result of our restructuring activities and cost-saving initiatives.

In fourth quarter 1999, we completed the sale of 56,000 acres of central Washington timberland, resulting in a pretax gain of \$47.0 million.

On September 16, 1999, we completed the acquisition of Furman Lumber, Inc., for approximately \$92.7 million, including cash payments of \$90.2 million and the assumption of \$2.5 million of debt. The acquisition of Furman's 12 facilities, which are located in the East, Midwest, and South, has brought us closer to our goal of achieving national coverage in the building materials distribution business. Furman had 1999 sales of about \$700 million. Sales of \$195.2 million subsequent to our acquisition are included in our 1999 results of operations. See Note 9 accompanying the financial statements for additional information about this acquisition.

In May 1999, our plywood plant in Elgin, Oregon, was damaged by fire. The plant was repaired and began operating at the end of 1999. The loss was substantially insured, including coverage for business interruption losses. This fire caused a decrease in plywood sales volume.

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

In September 1998, our plywood plant in Medford, Oregon, was severely damaged by fire, temporarily reducing our plywood capacity by 20%. The building products segment realized a \$46.5 million pretax gain as the result of an insurance settlement for the loss. We were also insured for business interruption losses. We rebuilt a portion of the plant and began production in September 1999.

Late in second quarter 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing sawmills in Elgin, Oregon; Horseshoe Bend, Idaho; and Fisher, Louisiana; and a plywood plant in Yakima, Washington. Operating results in 1998 were negatively impacted by a \$61.9 million charge for this restructuring. We closed the sawmills in Horseshoe Bend and Fisher in 1998. In May 1999, we decided to continue operations at the Elgin sawmill and Yakima plywood plant because of changes in wood supply and costs, product prices, improved plant operations, and the impact of the fire at our Elgin plywood plant. As a result of this decision, in second quarter 1999, our building products segment reversed \$35.5 million in previously recorded restructuring charges.

The Horseshoe Bend and Fisher facilities had sales of \$30,595,000 and \$52,293,000 for the years ended December 31, 1998 and 1997, and operating losses of \$7,015,000 and \$698,000 for those years.

Excluding nonroutine items, operating income increased from 1997 to 1998 because of lower wood costs, positive LIFO reserve adjustments arising primarily from lower log inventory levels, and increased contributions from our growing engineered wood products and building materials distribution

businesses and our oriented strand board (OSB) joint venture. Decreasing product prices in 1998 partially offset these favorable variances.

In May 1997, our Voyageur Panel joint venture started up an OSB plant in Barwick, Ontario, Canada. The plant has the capacity to produce 400 million square feet of OSB panels annually. Boise Cascade holds 47% of the equity, operates the plant, and markets the product. We account for the joint venture on the equity method. Accordingly, segment results do not include the joint venture's sales but do include \$6.5 million and \$1.9 million of equity in earnings in 1999 and 1998 and \$2.7 million of equity in losses in 1997 from this joint venture.

#### PAPER AND PAPER PRODUCTS

	1999	1998	1997
Sales	\$ 1.7 billion	\$ 1.8 billion	\$ 1.6 billion
Segment income (loss)	\$117.7 million	\$10.0 million	\$ (11.6) million
Segment income (loss) before nonroutine items	\$115.4 million	\$47.5 million	\$ (11.6) million
Sales Volumes (thousands of short tons)			
Uncoated free sheet	1,426	1,403	1,314
Containerboard	655	624	604
Newsprint	422	431	440
Other	149	129	161
Total	<u>2,652</u> =====	<u>2,587</u> =====	<u>2,519</u> =====
Average Net Selling Prices (per short ton)			
Uncoated free sheet	\$699	\$706	\$710
Containerboard	335	320	274
Newsprint	414	485	456

Segment sales were down slightly from 1998 to 1999. Unit sales volume increased 3%, despite approximately 105,000 tons of market-related production curtailment. Weighted average prices declined 2%. In 1999, value-added grades produced on our smaller paper machines accounted for 22%, or 311,000 tons, of our uncoated free sheet sales volume. Value-added grades generally have higher unit costs than commodities but also higher net sales prices and profit margins. Overall, the net selling price of the value-added grades we sold in 1999 was \$249 per ton higher than the net selling price of our commodity grades. Paper segment costs per ton in 1999 were 6% lower than in 1998, due primarily to lower fiber costs and cost-reduction efforts. Excluding nonroutine items, operating income increased in 1999 because of a modest increase in unit sales volume and a significant reduction in costs, offset by slightly lower prices. The table above shows the estimated increase in 1999 operating income as a result of our restructuring activities and cost-saving initiatives.

Segment sales increased 9% from 1997 to 1998. Increases in weighted average product prices and sales volumes contributed to this sales growth. The sales volume increase in 1998 was due primarily to operating our new paper machine in Jackson at close to full capacity, offset in part by taking 84,000 tons of market- and weather-related production curtailments. In 1998, value-added grades produced on our smaller paper machines accounted for 21%, or 298,000 tons, of our uncoated free sheet sales volume. Overall, the net selling price of the 302,000 tons of value-added grades we sold in 1998 was \$257 per ton higher than the net selling price of our commodity grades. Excluding nonroutine items, operating income increased in 1998 because of higher average paper prices and a modest increase in unit sales volume.

In fourth quarter 1998, we recorded a pretax charge of \$18.5 million for restructuring the paper manufacturing business, primarily by eliminating positions through early retirements and layoffs and the closure of our paper research and development facility in Portland, Oregon. In 1999, the segment adjusted these charges to reflect actual experience, which increased income by \$2.3 million.

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

BCOP is the single largest customer of Boise Cascade's paper business. BCOP purchased 408,000 tons of cut-size office papers produced by Boise Cascade in 1999, 361,000 tons in 1998, and 319,000 tons in 1997.

We announced in December 1999 that we are reviewing strategic alternatives for our paper mill in DeRidder, Louisiana, and seven corrugated container plants. The alternatives could include the sale of all or part of these assets. If there is a transaction, our intent is to use the capital from these facilities to expand our growing distribution businesses, reduce

debt, and/or return cash directly to shareholders. The newsprint and packaging businesses have been an important but increasingly smaller part of our product mix for many years. Over the past five years, we've focused our paper business on uncoated free sheet and value-added papers and the distribution of these grades through BCOP. Reducing or eliminating our newsprint and containerboard production will enable us to move further in this strategic direction.

#### FINANCIAL CONDITION AND LIQUIDITY

**Operating Activities.** Operations provided \$454.6 million in cash in 1999, \$468.7 million in 1998, and \$129.0 million in 1997. Improved operating results provided \$523.2 million of cash from net income items in 1999, offset by \$68.6 million of unfavorable changes in working capital items, primarily receivables. In 1998, net income items provided \$379.5 million, and favorable working capital items added \$89.2 million. In 1997, net income items added \$224.7 million, offset by \$95.7 million of unfavorable working capital items, primarily inventories. In September 1998, we sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 1999, \$100,000,000 of the sold accounts receivable were excluded from receivables on the balance sheet, compared with the December 31, 1998, balance of \$79,000,000. This increase of \$21,000,000 represents cash provided by operations in 1999, compared with the \$79,000,000 of cash provided in 1998. Our working capital ratio was 1.36:1 in 1999, compared with 1.21:1 in 1998.

**Investment Activities.** Cash used for investment was \$327.4 million in 1999, \$298.1 million in 1998, and \$580.6 million in 1997. Cash expenditures for property and equipment, timber and timberlands, and investments in equity affiliates totaled \$227.6 million in 1999, \$237.2 million in 1998, and \$306.1 million in 1997. The decreasing amounts are primarily due to reducing our overall level of nonacquisition capital spending and the completion of the expansion of our Jackson pulp and paper mill in 1997.

Cash purchases of assets totaled \$99.6 million in 1999, \$27.3 million in 1998, and \$246.9 million in 1997, primarily due to BCOP's expansion program and the 1999 purchase of Furman Lumber, Inc. Noncash purchases included acquisition consideration made through the issuance of BCOP common stock, assumption of debt, and recording of liabilities totaling \$9.7 million in 1999, \$49.2 million in 1998, and \$25.6 million in 1997. Total capital investment in 1999 was \$336.8 million, compared with \$313.7 million in 1998 and \$578.6 million in 1997. Details of 1999 capital investment by business are included in the table below.

#### 1999 Capital Investment by Business

	Expansion	Quality/ Efficiency(1)	Timber and Timberlands	Replacement, Environment and Other	Total
	(in millions)				
Office products(2)	\$ 37	\$14	\$-	\$ 13	\$ 64
Building products (2)	99	28	3	21	151
Paper and paper products	5	24	3	84	116
Corporate and other	1	2	-	3	6
Total	<u>\$142</u>	<u>\$68</u>	<u>\$6</u>	<u>\$121</u>	<u>\$337</u>
	====	====	====	====	====

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

(2) Capital expenditures include the assumption of debt and recording of liabilities associated with acquisitions.

Capital investment in 2000 is expected to be \$350 million to \$375 million, excluding acquisitions, and will be allocated to cost-saving, modernization, expansion, replacement, maintenance, and environmental and safety projects. Most of the increase over 1999 is related to environmental spending that is required to comply with federal government cluster rules. Excluding those one-time projects, spending in all three businesses should approximate depreciation in 2000.

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

**Financing Activities.** Cash used for financing was \$134.6 million in 1999 and \$159.9 million in 1998. Cash provided by financing was \$254.3 million in 1997. Dividend payments totaled \$51.1 million in 1999, \$55.6 million in 1998, and \$70.0 million in 1997. The decrease is due to the redemption of our Series F preferred stock for \$115 million in cash in early 1998 and the conversion of our Series G preferred stock into 6.9 million shares of common stock in 1997. In all three years, our quarterly cash dividend was 15 cents per common share. The payment of dividends is dependent on the existence and amount of net worth in excess of the defined minimum under our revolving credit agreement.

In 1999, short-term borrowings, primarily notes payable, decreased \$57.7 million, compared with increases of \$34.7 million in 1998 and \$58.1 million in 1997. Long-term debt decreased \$38.3 million in 1999 and \$17.7 million in 1998 and increased \$258.8 million in 1997. The increase in 1997 was due primarily to our expansion at the Jackson pulp and paper mill and BCOP's acquisition program.

At December 31, 1999, we had \$1.9 billion of debt outstanding, compared with \$2.0 billion at December 31, 1998. Our debt-to-equity ratio was 1.18:1 and 1.41:1 at December 31, 1999 and 1998.

Our debt and debt-to-equity ratio include the guarantee by the company of the remaining \$132.8 million of debt incurred by the trustee of our leveraged Employee Stock Ownership Plan. While that guarantee has a negative impact on our debt-to-equity ratio, it has virtually no effect on our cash coverage ratios or on other measures of our financial strength.

We have a revolving credit agreement with a group of banks that permits us to borrow as much as \$600 million based on customary indices. As of December 31, 1999, borrowings under the agreement totaled \$185 million. When the agreement expires in June 2002, any amount outstanding will be due and payable. In October 1998, we entered into an interest rate swap that expires in October 2000 and results in an effective fixed interest rate with respect to \$75 million of our revolving credit agreement borrowings. As of December 31, 1999, we were in compliance with our debt covenants, and our net worth exceeded the defined minimum by \$218.1 million.

At December 31, 1999, we had \$430 million of borrowing capacity for additional debt securities registered with the SEC.

In March 1999, we filed a registration statement covering \$300 million in universal shelf capacity with the SEC. Once this registration statement is refiled and approved, it will allow us to issue debt and/or equity securities in one or more offerings.

BCOP has a \$450 million revolving credit agreement with a group of banks that expires in June 2001 and provides funds at variable interest rates based on customary indices. In October 1998, BCOP entered into an interest rate swap that expires in October 2000 and results in an effective fixed interest rate with respect to \$25 million of BCOP's revolving credit agreement borrowings. As of December 31, 1999, BCOP had outstanding borrowings of \$190 million under this agreement and was in compliance with its debt covenants.

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

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

In March 2000, we will retire our \$100 million 9.9% notes. In February 1999, we redeemed our \$100 million 9.875% notes that were due in 2001. In February 1998, we redeemed 115,000 shares of Series F preferred stock at a price of \$1,000 per preferred share (\$25 per depository share) plus accrued but unpaid dividends. By July 15, 1997, we had converted or redeemed 8.625 million depository shares of Series G conversion preferred stock for 6.907 million shares of common stock.

Cash expenditures for the restructuring programs announced in 1998 totaled approximately \$8.8 million in 1998, including \$4.2 million for employee-related costs and \$4.6 million for other exit costs, primarily the payment to dissolve BCOP's German joint venture. The programs required cash outlays of approximately \$11.3 million in 1999 before savings, including \$10.0 million for employee-related costs. These restructuring programs were cash flow-positive in 1999. Cash requirements related to our restructuring in 2000 and beyond are not expected to be significant. The table above shows our cash and noncash savings as a result of our restructuring activities and cost-saving initiatives.

Our cash requirements going forward, including any potential acquisition of the approximately 12.4 million BCOP minority shares, will be funded through a combination of cash flows from operations, borrowings under our existing credit facilities, issuance of new debt or equity securities, and asset sales.

We believe inflation has not had a material effect on our financial condition or results of operations; however, there can be no assurance that we will not be affected by inflation in the future. Our overall sales are not subject to significant seasonal variations.

#### DISCLOSURES OF CERTAIN FINANCIAL MARKET RISKS

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

forward exchange contracts. We had no material exposure to losses from derivative financial instruments held at December 31, 1999. We do not use derivative financial instruments for trading purposes.

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

#### Derivative Financial Instruments

							December 31			
							1999		1998	
	2000	2001	2002	2003	2004	There- after	Total	Fair Value	Total	Fair Value
	(in millions)									
<b>Debt</b>										
Short-term borrowings	\$ 71.8	-	-	-	-	-	\$ 71.8	\$ 71.8	\$ 129.5	\$ 129.5
Average interest rates	6.3%	-	-	-	-	-	6.3%	-	6.1%	-
<b>Long-term debt</b>										
Fixed-rate debt	\$142.7	\$ 93.7	\$230.6	\$158.1	\$74.4	\$860.7	\$1,560.2	\$1,520.7	\$1,676.8	\$1,701.8
Average interest rates	9.5%	8.0%	8.1%	8.9%	7.6%	7.4%	7.9%	-	8.0%	-
Variable-rate debt	\$ .7	\$165.6	\$110.7	\$ .3	-	-	\$ 277.3	\$ 277.3	\$ 218.6	\$ 218.6
Average interest rates	3.7%	6.9%	6.7%	3.7%	-	-	6.8%	-	5.8%	-
<b>Interest rate swaps</b>										
Notional principle amount of interest rate exchange agreements (variable to fixed)	\$100.0	-	-	-	-	-	\$ 100.0	\$ 1.6	\$ 100.0	\$ .8
Average pay rate	4.7%	-	-	-	-	-	4.7%	-	4.7%	-
Average receive rate	5.4%	-	-	-	-	-	5.4%	-	5.1%	-

#### TIMBER SUPPLY AND ENVIRONMENTAL ISSUES

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

With less government-owned timber available than in years past, we meet an important share of our raw material needs with the 2.3 million acres of timberland we own or control. During 1999, 50% of our timber needs were met by private sources, 10% by governmental sources, and 40% by internal sources. During 1998, these percentages were 50%, 11%, and 39%, and during 1997, they were 54%, 12%, and 34%. Long-term leases generally provide Boise Cascade with timber harvesting rights and carry with them responsibility for management of the timberlands. The average remaining life of all leases and contracts is in excess of 40 years. In addition, we have an option to purchase approximately 205,000 acres of timberland under lease and/or contract in the South. We manage our timberlands efficiently so that they will provide a continuous supply of wood for future needs.

Our Northwest pulp and paper mills receive approximately 62% of their wood chips from internal sources, including our wood products and whole-log chipping operations and our cottonwood fiber farm. In 1997, we began harvesting fast-growing hybrid cottonwood trees at our fiber farm near Wallula, Washington. Roughly 23% of the pulp used by our Wallula white paper machine during 1999 was made from this cottonwood fiber.

Boise Cascade's forest management practices embrace the American Forest & Paper Association's Sustainable Forestry Initiative, a comprehensive system of principles, objectives, and performance measures that integrate the sustainable growing and harvesting of trees with protection of wildlife, plants, soil, and water quality. In late 1999, we introduced a Forest Stewardship Program that will include third-party audits of our forest management practices on the 2.3 million acres of timberland we own or control in the United States. Other features of this program include establishment of a Forest Stewardship Advisory Council made up of nationally known conservation experts who will participate with Boise Cascade forest managers in reviewing audit results and recommending any changes. Boise Cascade customers will also be invited to accompany audit

teams into the forests to observe their work.

We invest substantial capital to comply with federal, state, and local environmental laws and regulations. During 1999, expenditures for our environmental compliance program amounted to \$23 million. We expect to spend approximately \$83 million in 2000 for this purpose. Failure to comply with pollution control standards could result in interruption or suspension of our operations at affected facilities or could require additional expenditures. We expect that our operating procedures and expenditures for ongoing pollution prevention will allow us to continue to meet applicable environmental standards.

The Environmental Protection Agency (EPA) published rules in 1998 that further regulate air and water emissions from pulp and paper mills. Our capital investment to date to comply with these rules has been approximately \$40 million. We estimate that we will spend approximately \$85 million over the next two years to meet the first phase of compliance. We anticipate that some additional spending will be required beyond 2001 to comply with rules that must be met by 2006.

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

As of December 31, 1999, we had open issues with respect to 34 sites where we have been notified that we are a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or similar federal and state laws or where we have received a demand or claim by a private party regarding hazardous substances or other contaminants. In most cases, Boise Cascade is one of many potentially responsible parties, and our alleged contribution to these sites is relatively minor. For sites where a range of potential liability can be determined, we have established appropriate reserves. We believe we have minimal or no responsibility with regard to several other sites. We cannot predict with certainty the total response and remedial costs, our share of the total costs, the extent to which contributions will be available from other parties, or the amount of time necessary to complete the cleanups. However, based on our investigations, our experience with respect to cleanup of hazardous substances, the fact that expenditures will in many cases be incurred over extended periods of time, and the number of solvent potentially responsible parties, we do not believe that the known actual and potential response costs will, in the aggregate, have a material adverse effect on our financial condition or results of operations.

#### YEAR 2000 COMPUTER ISSUE

From 1996 to 1999, we replaced many of our business computer systems to realize cost savings and process improvements. These replacement systems were year 2000-compliant. Many of the associated costs were deferred and amortized over the expected life of the software. (See Note 1 in the Notes to Financial Statements.) Many of our existing systems were already year 2000-compliant, and we modified noncompliant systems before year-end 1999. Costs to modify noncompliant systems totaled approximately \$10 million and were expensed as they were incurred. Our critical business and manufacturing systems operated smoothly through the transition from 1999 to the year 2000, and service to our customers was not interrupted.

#### NEW ACCOUNTING STANDARDS

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

#### OUTLOOK

We expect our office products distribution business to continue its pattern of growing sales and income in 2000. Internal growth will come from accelerating the initiatives we began in 1999 and earlier to broaden our product offerings to customers and to address new market segments. We will continue to evaluate acquisitions that fit our strategic and financial criteria.

The building products segment should also continue to perform well. Our engineered wood products business should continue to grow at a healthy rate and make steadily greater contributions to the segment. Our building materials distribution business will likewise continue to grow, as we fully absorb and gain the benefits of our acquisition of Furman Lumber, Inc. However, we don't expect product prices to be as robust in 2000 as they were in 1999. Although demand should remain relatively strong and operating rates high, overall performance of the building products segment may be somewhat lower in 2000 than it was in 1999.

We expect our paper business to post another year of significant improvement in 2000. Given the competitive cost position our paper business now enjoys and the progress we have made in pursuing our business strategies, we believe we are well positioned to capitalize on an improving business environment for this business. We expect to see a further tightening of supply and demand, particularly for the grades important to Boise Cascade. The major economies in Southeast Asia have stabilized, and conditions are improving. Net imports of uncoated free sheet paper should flatten during 2000 and then begin to decline over the next few years. Little new capacity in uncoated free sheet paper is scheduled throughout



the world in 2000 and 2001.

FORWARD-LOOKING STATEMENTS

Our Annual Report to Shareholders, including the preceding outlook, may contain forward-looking statements as defined by the federal securities laws. Actual results may differ materially from those expressed in or implied by the statements. Factors that could cause actual results to differ include, among other things, our continued ability to execute our business strategies and achieve cost structure improvements; fluctuations in production capacity and demand across pulp, paper, and wood products markets; changes in economic growth in the United States and abroad, particularly in Asia, and the effect of those changes on imports and exports of paper and wood products; changes in interest rates, which may affect the number of housing starts; the pace and success of acquisitions in our distribution businesses; and other factors included in our filings with the SEC.

STATEMENTS OF INCOME (LOSS)

Boise Cascade Corporation and Subsidiaries

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Revenues			
Sales	\$6,952,662	\$6,162,123	\$5,493,820
Costs and expenses			
Materials, labor, and other operating expenses	5,377,932	4,849,678	4,436,650
Depreciation, amortization, and cost of company timber harvested	288,994	282,737	256,570
Selling and distribution expenses	745,927	666,759	553,240
General and administrative expenses	125,273	150,455	139,060
Other (income) expense, net	(77,707)	67,443	710
	6,460,419	6,017,072	5,386,230
Equity in net income (loss) of affiliates	6,115	(3,791)	(5,180)
Income from operations	498,358	141,260	102,410
Interest expense	(144,740)	(159,870)	(137,350)
Interest income	2,323	2,274	6,000
Foreign exchange gain (loss)	(1)	(542)	10
	(142,418)	(158,138)	(131,340)
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	355,940	(16,878)	(28,930)
Income tax (provision) benefit	(142,376)	959	9,260
Income (loss) before minority interest and cumulative effect of accounting change	213,564	(15,919)	(19,670)
Minority interest, net of income tax	(13,811)	(9,773)	(10,740)
Income (loss) before cumulative effect of accounting change	199,753	(25,692)	(30,410)
Cumulative effect of accounting change, net of income tax	-	(8,590)	-
Net income (loss)	\$ 199,753	\$ (34,282)	\$ (30,410)
Net income (loss) per common share			
Basic before cumulative effect of accounting change	\$ 3.27	\$ (.81)	\$ (1.19)
Cumulative effect of accounting change	-	(.15)	-
Basic	\$ 3.27	\$ (.96)	\$ (1.19)
Diluted before cumulative effect of accounting change	\$ 3.06	\$ (.81)	\$ (1.19)
Cumulative effect of accounting change	-	(.15)	-
Diluted	\$ 3.06	\$ (.96)	\$ (1.19)

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

BALANCE SHEETS

Boise Cascade Corporation and Subsidiaries

	December 31	
	1999	1998
Assets		
	(expressed in thousands)	

Current		
Cash	\$ 57,720	\$ 66,469
Cash equivalents	9,215	7,899
	<u>66,935</u>	<u>74,368</u>
Receivables, less allowances of \$11,289,000 and \$10,933,000	663,609	526,359
Inventories	703,984	625,218
Deferred income tax benefits	53,148	92,426
Other	43,432	50,035
	<u>1,531,108</u>	<u>1,368,406</u>
Property		
Property and equipment		
Land and land improvements	70,441	63,307
Buildings and improvements	613,729	575,509
Machinery and equipment	4,300,250	4,082,724
	<u>4,984,420</u>	<u>4,721,540</u>
Accumulated depreciation	(2,427,415)	(2,150,385)
	<u>2,557,005</u>	<u>2,571,155</u>
Timber, timberlands, and timber deposits	294,663	270,570
	<u>2,851,668</u>	<u>2,841,725</u>
Goodwill, net of amortization of \$52,506,000 and \$37,327,000	488,339	501,691
Investments in equity affiliates	37,418	27,162
Other assets	229,881	232,115
	<u>\$5,138,414</u>	<u>\$4,971,099</u>
	=====	=====
Liabilities and Shareholders' Equity		
Current		
Short-term borrowings	\$ 71,800	\$ 129,512
Current portion of long-term debt	118,168	161,473
Income taxes payable	19,998	-
Accounts payable	589,278	499,489
Accrued liabilities		
Compensation and benefits	148,035	130,480
Interest payable	29,606	36,166
Other	147,794	172,980
	<u>1,124,679</u>	<u>1,130,100</u>
Debt		
Long-term debt, less current portion	1,584,528	1,578,136
Guarantee of ESOP debt	132,809	155,731
	<u>1,717,337</u>	<u>1,733,867</u>
Other		
Deferred income taxes	311,346	257,360
Other long-term liabilities	239,940	301,920
	<u>551,286</u>	<u>559,280</u>
Minority interest	<u>130,999</u>	<u>116,753</u>
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock - no par value; 10,000,000 shares authorized; Series D ESOP: \$.01 stated value; 4,982,209 and 5,356,648 shares outstanding	224,199	241,049
Deferred ESOP benefit	(132,809)	(155,731)
Common stock - \$2.50 par value; 200,000,000 shares authorized; 57,157,558 and 56,338,426 shares outstanding	142,894	140,846
Additional paid-in capital	449,040	420,890
Retained earnings	942,702	791,618
Accumulated other comprehensive income (loss)	(11,913)	(7,573)
	<u>1,614,113</u>	<u>1,431,099</u>
Total liabilities and shareholders' equity	<u>\$5,138,414</u>	<u>\$4,971,099</u>
	=====	=====
Shareholders' equity per common share	<u>\$26.64</u>	<u>\$23.89</u>
	=====	=====

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

## Year Ended December 31

	1999	1998	1997
	(expressed in thousands)		
Cash provided by (used for) operations			
Net income (loss)	\$ 199,753	\$(34,282)	\$(30,410)
Cumulative effect of accounting change, net of income tax	-	8,590	-
Items in income (loss) not using (providing) cash			
Equity in net (income) loss of affiliates	(6,115)	3,791	5,180
Depreciation, amortization, and cost of company timber harvested	288,994	282,737	256,570
Deferred income tax provision (benefit)	111,577	(9,330)	(18,593)
Minority interest, net of income tax	13,811	9,773	10,740
Restructuring activity	(37,815)	118,882	-
Other	1	(654)	1,265
Gain on sale of assets	(46,981)	-	-
Receivables	(93,493)	44,331	(12,291)
Inventories	(26,772)	11,030	(66,060)
Accounts payable and accrued liabilities	30,107	48,029	(10,523)
Current and deferred income taxes	13,300	(5,480)	2,735
Other	8,232	(8,676)	(9,577)
Cash provided by operations	454,599	468,741	129,036
Cash provided by (used for) investment			
Expenditures for property and equipment	(221,206)	(229,305)	(279,557)
Expenditures for timber and timberlands	(6,300)	(7,420)	(6,232)
Investments in equity affiliates, net	(80)	(429)	(20,276)
Purchases of assets	(99,591)	(27,282)	(246,861)
Sale of assets	50,212	-	-
Other	(50,426)	(33,672)	(27,687)
Cash used for investment	(327,391)	(298,108)	(580,613)
Cash provided by (used for) financing			
Cash dividends paid			
Common stock	(34,008)	(33,775)	(30,176)
Preferred stock	(17,129)	(21,866)	(39,808)
	(51,137)	(55,641)	(69,984)
Short-term borrowings	(57,712)	34,712	58,100
Additions to long-term debt	134,426	170,122	417,989
Payments of long-term debt	(172,730)	(187,823)	(159,201)
Series F Preferred Stock redemption	-	(115,001)	-
Other	12,512	(6,220)	7,408
Cash provided by (used for) financing	(134,641)	(159,851)	254,312
Increase (decrease) in cash and cash equivalents	(7,433)	10,782	(197,265)
Balance at beginning of the year	74,368	63,586	260,851
Balance at end of the year	\$ 66,935	\$ 74,368	\$ 63,586

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

STATEMENTS OF SHAREHOLDERS' EQUITY  
Boise Cascade Corporation and Subsidiaries

For the Years Ended December 31, 1997, 1998, and 1999

Common Shares Outstanding	Total Share- holders' Equity	Preferred Stock	Deferred ESOP Benefit	Common Stock	Addi- tional Paid-In Capital	Retained Earnings	Accumu- lated Other Compre- Income (Loss)
(expressed in thousands)							
48,476,366	Balance at December 31, 1996	\$1,680,491	\$ 553,162	\$(196,116)	\$121,191	\$230,728	\$ 972,872 (1,346)
	Comprehensive income (loss)						

	Net loss	(30,410)	-	-	-	-	(30,410)	-
	Other comprehensive income (loss), net of tax							
	Cumulative foreign currency translation adjustment	(8,135)	-	-	-	-	-	(8,135)
	Minimum pension liability adjustment	871	-	-	-	-	-	871
	Other comprehensive loss	(7,264)	-	-	-	-	-	(7,264)
	Comprehensive loss	\$ (37,674)						
	===== Cash dividends declared							
	Common stock	(31,415)	-	-	-	-	(31,415)	-
	Preferred stock	(36,402)	-	-	-	-	(36,402)	-
	Conversion of Series G Preferred Stock	-	(176,404)	-	17,269	159,135	-	-
6,907,440	Stock options exercised	28,092	-	-	2,105	25,987	-	-
842,153	Treasury stock cancellations	(15,193)	(15,079)	-	(8)	(18)	(88)	-
(3,092)	Other	24,641	-	19,293	3	859	4,486	-
1,056								
56,223,923	Balance at December 31, 1997	1,612,540	361,679	(176,823)	140,560	416,691	879,043	(8,610)
	Comprehensive income (loss)							
	Net loss	(34,282)	-	-	-	-	(34,282)	-
	Other comprehensive income (loss), net of tax							
	Cumulative foreign currency translation adjustment	2,181	-	-	-	-	-	2,181
	Minimum pension liability adjustment	(1,144)	-	-	-	-	-	(1,144)
	Other comprehensive income	1,037	-	-	-	-	-	1,037
	Comprehensive loss	\$ (33,245)						
	===== Cash dividends declared							
	Common stock	(33,792)	-	-	-	-	(33,792)	-
	Preferred stock	(19,161)	-	-	-	-	(19,161)	-
	Redemption of Series F Preferred Stock	(115,001)	(111,043)	-	-	-	(3,958)	-
110,839	Stock options exercised	3,489	-	-	277	3,212	-	-
(1,433)	Treasury stock cancellations	(9,637)	(9,587)	-	(4)	(11)	(35)	-
5,097	Other	25,906	-	21,092	13	998	3,803	-
56,338,426	Balance at December 31, 1998	1,431,099	241,049	(155,731)	140,846	420,890	791,618	(7,573)
	Comprehensive income (loss)							
	Net income	199,753	-	-	-	-	199,753	-
	Other comprehensive income (loss), net of tax							
	Cumulative foreign currency translation adjustment	(5,632)	-	-	-	-	-	(5,632)
	Minimum pension liability adjustment	1,292	-	-	-	-	-	1,292
	Other comprehensive loss	(4,340)	-	-	-	-	-	(4,340)
	Comprehensive income	\$ 195,413						
	===== Cash dividends declared							
	Common stock	(34,129)	-	-	-	-	(34,129)	-
	Preferred stock	(17,127)	-	-	-	-	(17,127)	-
846,872	Stock options exercised	29,189	-	-	2,117	27,072	-	-
(28,731)	Treasury stock cancellations	(18,175)	(16,850)	-	(72)	(225)	(1,028)	-
991	Other	27,843	-	22,922	3	1,303	3,615	-
57,157,558	Balance at December 31, 1999	\$1,614,113	\$ 224,199	\$(132,809)	\$142,894	\$449,040	\$ 942,702	\$(11,913)

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

#### NOTES TO FINANCIAL STATEMENTS

##### Boise Cascade Corporation and Subsidiaries

#### 1. Summary of Significant Accounting Policies

**Consolidation and Use of Estimates.** The financial statements include the accounts of the company and all subsidiaries after elimination of intercompany balances and transactions. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from those estimates.

**Other (Income) Expense, Net.** "Other (income) expense, net" includes gains and losses on the sale and disposition of property and other miscellaneous income and expense items. In early October 1999, we completed the sale of

56,000 acres of timberland in central Washington. On September 6, 1998, our Medford, Oregon, plywood plant was severely damaged by fire. We recorded a net gain related to an insurance settlement for this fire. For a discussion of our restructuring activity, see Note 8.

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

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Restructuring activity	\$(37,022)	\$117,922	\$ -
Medford fire gain	-	(45,000)	-
Sale of timberlands	(46,981)	-	-
Other, net	6,296	(5,479)	710
	<u>\$(77,707)</u>	<u>\$ 67,443</u>	<u>\$ 710</u>
	=====	=====	=====

Net Income (Loss) Per Common Share. Net income (loss) per common share was determined by dividing net income (loss), as adjusted, by applicable shares outstanding. For 1998 and 1997, the computation of diluted net loss per share was antidilutive; therefore, the amounts reported for basic and diluted loss were the same.

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Basic			
Net income (loss) as reported before cumulative effect of accounting change	\$199,753	\$(25,692)	\$(30,410)
Preferred dividends (1)	(13,559)	(15,578)	(31,775)
Excess of Series F Preferred Stock redemption price over carrying value	-	(3,958)	-
	<u>186,194</u>	<u>(45,228)</u>	<u>(62,185)</u>
Basic income (loss) before cumulative effect of accounting change	186,194	(45,228)	(62,185)
Cumulative effect of accounting change, net of income tax	-	(8,590)	-
	<u>186,194</u>	<u>\$(53,818)</u>	<u>\$(62,185)</u>
	=====	=====	=====
Average shares used to determine basic income (loss) per common share	56,861	56,307	52,049
	=====	=====	=====
Diluted			
Basic income (loss) before cumulative effect of accounting change	\$186,194	\$(45,228)	\$(62,185)
Preferred dividends eliminated	13,559	-	-
Supplemental ESOP contribution	(11,588)	-	-
	<u>188,165</u>	<u>(45,228)</u>	<u>(62,185)</u>
Diluted income (loss) before cumulative effect of accounting change	188,165	(45,228)	(62,185)
Cumulative effect of accounting change, net of income tax	-	(8,590)	-
	<u>188,165</u>	<u>\$(53,818)</u>	<u>\$(62,185)</u>
	=====	=====	=====
Average shares used to determine basic income (loss) per common share	56,861	56,307	52,049
Stock options and other	419	-	-
Series D Convertible Preferred Stock	4,139	-	-
	<u>61,419</u>	<u>56,307</u>	<u>52,049</u>
	=====	=====	=====

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

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

By July 15, 1997, 8,625,000 depositary shares of our Series G Preferred

Stock were converted or redeemed for 6,907,440 shares of common stock (see Note 7). Had the conversion occurred on January 1, 1997, the reported basic and diluted net loss per common share for the year ended December 31, 1997, would have decreased 20 cents to 99 cents.

**Foreign Currency Translation.** Local currencies are considered the functional currencies for most of the company's operations outside the United States. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at average monthly exchange rates prevailing during the year. Resulting translation adjustments are included in "Accumulated other comprehensive income (loss)." The 1999, 1998, and 1997 foreign exchange gain and losses reported in the Statements of Income (Loss) arose primarily from translation adjustments where the U.S. dollar is the functional currency.

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

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

**Receivables.** In September 1998, we sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 1999, \$100,000,000 of sold accounts receivable were excluded from receivables in the accompanying Balance Sheet, compared with the December 31, 1998, balance of \$79,000,000. This increase of \$21,000,000 represents cash provided by operations in 1999, compared with the \$79,000,000 of cash provided in 1998. The portion of fractional ownership interest retained by us is included in accounts receivable in the Balance Sheets. This program represents a revolving sale of receivables committed to by the purchasers for 364 days and is subject to renewal. Costs related to the program are included in "Other (income) expense, net" in the Statements of Income (Loss). Under the accounts receivable sale agreement, the maximum amount available from time to time is subject to change based on the level of eligible receivables, restrictions on concentrations of receivables, and the historical performance of the receivables we sell.

**Inventory Valuation.** We use the last-in, first-out (LIFO) method of inventory valuation for raw materials and finished goods inventories at substantially all of our domestic wood products and paper manufacturing facilities. All other inventories are valued at the lower of cost or market, with cost based on the average or first-in, first-out (FIFO) valuation method. Manufactured inventories include costs for materials, labor, and factory overhead.

Inventories include the following:

	December 31	
	1999	1998
	(expressed in thousands)	
Finished goods and work in process	\$538,712	\$456,577
Logs	89,764	87,688
Other raw materials and supplies	136,555	145,319
LIFO reserve	(61,047)	(64,366)
	<u>\$703,984</u>	<u>\$625,218</u>
	=====	=====

**Property.** Property and equipment are recorded at cost. Cost includes expenditures for major improvements and replacements and the net amount of interest cost associated with significant capital additions. Capitalized interest was \$238,000 in 1999, \$1,341,000 in 1998, and \$10,575,000 in 1997. Substantially all of our paper and wood products manufacturing facilities determine depreciation by the units-of-production method, and other operations use the straight-line method. Gains and losses from sales and retirements are included in income as they occur.

Depreciation is computed over the following estimated useful lives:

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

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

A portion of our wood requirements are acquired from public and private sources. Except for deposits required pursuant to wood supply contracts, no amounts are recorded until such time as we become liable to purchase the timber. At December 31, 1999, based on average prices at the time, the unrecorded amount of those contracts was estimated to be approximately \$89,000,000.

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

Goodwill. Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible assets of businesses acquired. Goodwill is amortized on a straight-line basis over its expected useful life, not to exceed 40 years. Periodically, the company reviews the recoverability of goodwill. The measurement of possible impairment is based primarily on the ability to recover the balance of the goodwill from expected future operating cash flows on an undiscounted basis. In management's opinion, no material impairment existed at December 31, 1999. Amortization expense was \$15,075,000 in 1999, \$12,893,000 in 1998, and \$11,037,000 in 1997.

Investments in Equity Affiliates. As of December 31, 1999, our principal investment in affiliates accounted for using the equity method was a 47% interest in Voyageur Panel, which owns an oriented strand board plant in Barwick, Ontario, Canada. During 1999, Voyageur Panel had sales to us of \$34,304,000, compared with \$25,171,000 in 1998 and \$4,400,000 in 1997. We have an agreement with Voyageur Panel under which we operate the plant and market its product. During 1999, Voyageur Panel paid us sales commissions of \$3,028,000, compared with \$2,181,000 in 1998 and \$714,000 in 1997. Management fees paid to us by Voyageur Panel were \$1,017,000 in 1999 and \$836,000 in 1998. There were no management fee payments in 1997. The debt of this affiliate has been issued without recourse to the company.

Deferred Software Costs. We defer certain software costs that benefit future years. These costs are amortized on the straight-line method over the expected life of the software. "Other assets" in the Balance Sheets includes deferred software costs of \$53,106,000 and \$47,128,000 at December 31, 1999 and 1998. Amortization of deferred software costs totaled \$12,597,000, \$9,624,000, and \$4,499,000 in 1999, 1998, and 1997. American Institute of Certified Public Accountants (AICPA) Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," was adopted beginning in 1999. Adoption of this statement had no financial impact on us.

Environmental Remediation and Compliance. Environmental expenditures resulting in additions to property and equipment that increase useful lives are capitalized, while other environmental expenditures are charged to expense. Liabilities are recorded when assessments and/or remedial efforts are probable and the cost can be reasonably estimated. For further information, see "Timber Supply and Environmental Issues" on page 21 in the Financial Review.

Research and Development Costs. Research and development costs are expensed as incurred. During 1999, research and development expenses were \$3,623,000, compared with \$11,769,000 in 1998 and \$10,482,000 in 1997.

Advertising and Catalog Costs. We expense the cost of advertising the first time the advertising takes place, except for catalog costs. The costs of producing and distributing sales catalogs are capitalized and charged to expense in the periods in which the related sales occur. Advertising expense was \$83,680,000 in 1999, \$76,580,000 in 1998, and \$60,556,000 in 1997 and is recorded primarily in "Selling and distribution expenses." Capitalized catalog costs, which are included in "Other current assets," totaled \$16,121,000 at December 31, 1999, and \$14,636,000 at December 31, 1998.

Subsidiary's Issuance of Stock. Changes in the company's proportionate interest in its subsidiaries from the subsidiaries' issuance of stock to third parties are recorded in income at the time the stock is issued by the subsidiaries unless limited by stock repurchases. Because we purchased shares of a subsidiary's stock in 1997, the change in our proportionate interest was included in "Additional paid-in capital" in 1999, 1998, and 1997 rather than income.

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

Financial Instruments. At December 31, 1999, the estimated current market value of the company's debt, based on then-current interest rates for similar obligations with like maturities, was approximately \$40,000,000 less than the amount of debt reported in the Balance Sheet. At December 31, 1999, we had two interest rate swaps. If liquidated at December 31, 1999, the value of the swaps, based on interest rates available for instruments with similar characteristics, would have resulted in a payment to us of approximately \$1,592,000. The estimated fair values of our other financial instruments, cash and cash equivalents, and short-term borrowings are the same as their carrying values. In the opinion of management, we do not have any significant concentration of credit risks. Concentration of credit risks with respect to trade receivables is limited due to the wide variety of customers and channels to and through which our products are sold, as well as their dispersion across many geographic areas. We have only limited involvement with derivative financial instruments and do not use them for trading purposes. Financial instruments such as interest rate swaps, rate hedge agreements, and forward exchange contracts are used periodically to manage well-defined risks. Interest rate swaps and rate hedge agreements are used to hedge underlying debt obligations or anticipated transactions. For qualifying hedges, the interest rate differential is reflected as an adjustment to interest expense over the life of the swap or underlying debt. Gains and losses related to qualifying hedges of foreign currency firm commitments and

anticipated transactions are deferred and recognized in income or as adjustments of carrying amounts when the hedged transaction occurs. All other forward exchange contracts are marked to market, and unrealized gains and losses are included in current-period net income. At December 31, 1999, we had no material exposure to losses from derivative financial instruments (see Note 4).

**New Accounting Standards.** In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." We plan to adopt this statement in the first quarter of 2001. Adoption of this statement is not expected to have a significant impact on our results of operations or financial position.

## 2. Income Taxes

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

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Current income tax (provision) benefit			
Federal	\$ (15,245)	\$ -	\$ -
State	(2,077)	-	-
Foreign	(13,477)	(8,371)	(9,333)
	<u>(30,799)</u>	<u>(8,371)</u>	<u>(9,333)</u>
Deferred income tax (provision) benefit			
Federal	(96,716)	410	12,597
State	(18,035)	1,630	2,292
Foreign	3,174	7,290	3,704
	<u>(111,577)</u>	<u>9,330</u>	<u>18,593</u>
Total income tax (provision) benefit	<u>\$ (142,376)</u>	<u>\$ 959</u>	<u>\$ 9,260</u>
	=====	=====	=====

During 1999 and 1998, we made cash payments, net of refunds received, of \$14,851,000 and \$13,033,000. In 1997, we received income tax refunds, net of cash payments, of \$1,332,000.

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

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Statutory tax (provision) benefit	\$(124,579)	\$ 5,907	\$ 10,128
Changes resulting from:			
State taxes	(13,073)	512	1,490
Foreign tax provision different from theoretical rate	(4,407)	(3,166)	(4,599)
Other, net	(317)	(2,294)	2,241
Reported tax (provision) benefit	<u>\$(142,376)</u>	<u>\$ 959</u>	<u>\$ 9,260</u>
	=====	=====	=====

At December 31, 1999, we had \$142,162,000 of alternative minimum tax credits, which may be carried forward indefinitely.

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

	December 31			
	1999		1998	
	(expressed in thousands)			
	Assets	Liabilities	Assets	Liabilities
Employee benefits	\$ 95,058	\$ 16,507	\$ 89,131	\$ 22,974
Property and equipment and timber and timberlands	42,660	546,275	33,299	511,528
Net operating losses	-	-	63,268	-
Alternative minimum tax Reserves	142,162	-	138,649	-
Inventories	37,012	21,938	60,704	8,288
State income taxes	11,176	331	13,555	-
Deferred charges	17,758	44,028	23,490	37,043
Differences in bases of investments	3,307	2,680	6,584	6,174
Other	4,568	9,123	3,365	959
	<u>50,409</u>	<u>21,426</u>	<u>17,500</u>	<u>27,513</u>



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

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Domestic	\$336,886	\$ 2,348	\$(26,189)
Foreign	19,054	(19,226)	(2,741)
Pretax income (loss)	<u>\$355,940</u>	<u>\$(16,878)</u>	<u>\$(28,930)</u>
	=====	=====	=====

At December 31, 1999, our foreign subsidiaries had \$9,297,000 of undistributed earnings which have been indefinitely reinvested. It is not practical to make a determination of the additional U.S. income taxes, if any, that would be due upon remittance of these earnings until the remittance occurs.

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

### 3. Leases

Lease obligations for which we assume substantially all property rights and risks of ownership are capitalized. All other leases are treated as operating leases. The company did not have any material capital leases during any of the periods presented. Rental expenses for operating leases, net of sublease rentals, were \$61,207,000 in 1999, \$61,709,000 in 1998, and \$61,422,000 in 1997. For operating leases with remaining terms of more than one year, the minimum lease payment requirements, net of sublease rentals, are \$45,449,000 for 2000, \$34,273,000 for 2001, \$24,226,000 for 2002, \$19,704,000 for 2003, and \$12,864,000 for 2004, with total payments thereafter of \$170,281,000.

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

### 4. Debt

At December 31, 1999, we had a revolving credit agreement with a group of banks. The agreement allows us to borrow as much as \$600,000,000 at variable interest rates based on customary indices and expires in June 2002. The revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratio, and ceiling ratio of debt to capitalization. Under this agreement, the payment of dividends by the company is dependent upon the amount of net worth in excess of the defined minimum. Our net worth at December 31, 1999, exceeded the defined minimum by \$218,095,000. Borrowings under this agreement were \$185,000,000 at December 31, 1999.

BCOP has a revolving credit agreement with a group of banks that allows them to borrow as much as \$450,000,000 at variable interest rates based on customary indices and expires in June 2001. The BCOP revolving credit facility contains financial covenants including a negative pledge and covenants specifying a minimum fixed charge coverage ratio and a maximum leverage ratio. Borrowings under BCOP's agreement were \$190,000,000 at December 31, 1999.

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

At December 31, 1999 and 1998, we had \$52,500,000 and \$57,412,000 of short-term borrowings outstanding, and BCOP had \$19,300,000 and \$72,100,000 of short-term borrowings outstanding. The maximum amounts of combined short-term borrowings outstanding during the years ended December 31, 1999 and 1998, were \$293,300,000 and \$279,900,000. The average amounts of combined short-term borrowings outstanding during the years ended December 31, 1999 and 1998, were \$146,174,000 and \$190,715,000. For 1999 and 1998, the average interest rates for these borrowings were 5.5% and 5.8%.

In May 1998, BCOP issued \$150,000,000 of 7.05% notes due in May 2005. In February 1999, we redeemed our \$100,000,000 9.875% notes that were due in 2001.

In March 2000, we will retire our \$100,000,000 9.9% notes.

At December 31, 1999, we had \$430,000,000 and BCOP had \$150,000,000 registered with the Securities and Exchange Commission (SEC) for additional debt securities.

In March 1999, we filed a registration statement covering \$300,000,000 in universal shelf capacity with the SEC. Once this registration statement is refiled and approved, it will allow us to issue debt and/or equity securities in one or more offerings.

The scheduled payments of long-term debt are \$118,168,000 in 2000, \$232,081,000 in 2001, \$311,649,000 in 2002, \$125,949,000 in 2003, and \$55,152,000 in 2004. Of the total amount in 2001, \$190,000,000 represents the amount outstanding under BCOP's revolving credit agreement. Of the total amount in 2002, \$185,000,000 represents the amount outstanding under our revolving credit agreement.

Cash payments for interest, net of interest capitalized, were \$151,300,000 in 1999, \$162,844,000 in 1998, and \$129,794,000 in 1997.

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

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

	December 31	
	1999(1)	1998
	(expressed in thousands)	
9.9% notes, due in 2000, net of unamortized discount of \$11,000	\$ 99,989	\$ 99,934
9.85% notes, due in 2002	125,000	125,000
7.05% notes, due in 2005, net of unamortized discount of \$252,000	149,748	149,701
9.45% debentures, due in 2009, net of unamortized discount of \$221,000	149,779	149,756
7.35% debentures, due in 2016, net of unamortized discount of \$86,000	124,914	124,909
Medium-term notes, Series A, with interest rates averaging 8.2% and 8.1%, due in varying amounts through 2019	383,005	383,100
Revenue bonds and other indebtedness, with interest rates averaging 6.6% and 6.7%, due in varying amounts annually through 2029, net of unamortized discount of \$468,000	274,472	271,357
American & Foreign Power Company Inc. 5% debentures, due in 2030, net of unamortized discount of \$983,000	20,789	20,852
Revolving credit borrowings, with interest rates averaging 6.4% and 5.6%	375,000	315,000
Debt redeemed (2)	-	100,000
	<u>1,702,696</u>	<u>1,739,609</u>
Less current portion	118,168	161,473
	<u>1,584,528</u>	<u>1,578,136</u>
Guarantee of ESOP debt, due in installments through 2004	132,809	155,731
	<u>\$1,717,337</u>	<u>\$1,733,867</u>
	=====	=====

(1) The amount of net unamortized discount disclosed applies to long-term debt outstanding at December 31, 1999.

(2) In February 1999, we redeemed our 9.875% notes.

#### 5. Retirement and Benefit Plans

Substantially all of our employees are covered by noncontributory defined benefit pension plans. The pension benefit for salaried employees is based primarily on the employees' years of service and highest five-year average compensation. The benefit for hourly employees is generally based on a fixed amount per year of service. Our contributions to our pension plans vary from year to year, but we have made at least the minimum contribution required by law in each year. The assets of the pension plans are invested primarily in common stocks, fixed-income securities, and cash and cash equivalents.

We also sponsor contributory savings and supplemental retirement plans for most of our salaried and hourly employees. The program for salaried employees includes an employee stock ownership plan. Under that plan, our Series D ESOP convertible preferred stock (see Note 7) is being allocated to eligible participants through 2004, as principal and interest payments are made on the ESOP debt guaranteed by the company. Total expense for these plans was \$24,200,000 in 1999, compared with \$22,197,000 in 1998 and

\$20,910,000 in 1997.

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

For measurement purposes, a 6.75% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1999. The initial 1992 trend rate for medical care costs was 8.5%, which was assumed to decrease ratably over the subsequent ten years to 6%. A 1% increase in the trend rate for medical care costs would have increased the December 31, 1999, benefit obligation by \$1,629,000 and postretirement health care expense for the year ended December 31, 1999, by \$140,000. A 1% decrease in the trend rate for medical care costs would have decreased the December 31, 1999, benefit obligation by \$1,592,000 and postretirement health care expense for the year ended December 31, 1999, by \$138,000.

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

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
	(expressed in millions)			
Change in benefit obligation				
Benefit obligation at beginning of year	\$1,277	\$1,179	\$ 78	\$ 83
Service cost	32	29	1	1
Interest cost	87	83	5	5
Amendments	7	10	-	-
Actuarial (gain) loss	(15)	32	-	(1)
Closures and curtailments(1)	1	12	-	-
Benefits paid	(88)	(68)	(10)	(10)
Benefit obligation at end of year	\$1,301	\$1,277	\$ 74	\$ 78

(1) See Note 8.

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

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
	(expressed in millions)			
Change in plan assets				
Fair value of plan assets at beginning of year	\$1,293	\$1,227	\$ -	\$ -
Actual return on plan assets	126	128	-	-
Employer contribution	1	3	-	-
Benefits paid	(86)	(65)	-	-
Fair value of plan assets at end of year	\$1,334	\$1,293	\$ -	\$ -

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

	Pension Benefits	
	1999	1998
	(expressed in millions)	
Funded status	\$ 33	\$ 16
Unrecognized actuarial gain	(40)	(16)
Unrecognized prior service cost	29	27
Net amount recognized	\$ 22	\$ 27

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

	Pension Benefits	Other Benefits
--	------------------	----------------

	1999	1998	1999	1998
	(expressed in millions)			
Prepaid (accrued) benefit cost	\$ 50	\$ 58	\$(86)	\$(92)
Accrued benefit liability	(41)	(48)	-	-
Intangible asset	9	11	-	-
Accumulated other comprehensive income	4	6	-	-
Net amount recognized	<u>\$ 22</u>	<u>\$ 27</u>	<u>\$(86)</u>	<u>\$(92)</u>
	=====	=====	=====	=====

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

The following table presents the assumptions used:

	Pension Benefits			Other Benefits		
	1999	1998	1997	1999	1998	1997
Weighted average assumptions as of December 31						
Discount rate	7.25%	7.00%	7.25%	7.25%	7.00%	7.25%
Expected return on plan assets	9.75%	9.75%	9.75%	-	-	-
Rate of compensation increase	4.75%	4.50%	5.00%	-	-	-

The components of net periodic benefit cost are as follows:

	Pension Benefits			Other Benefits		
	Year Ended December 31			Year Ended December 31		
	1999	1998	1997	1999	1998	1997
	(expressed in thousands)			(expressed in thousands)		
Service cost	\$ 32,167	\$28,876	\$25,845	\$ 830	\$ 790	\$ 730
Interest cost	87,580	82,972	79,279	5,170	5,380	5,930
Expected return on plan assets	(119,046)	(110,587)	(98,739)	-	-	-
Recognized net initial asset	-	(611)	(2,571)	-	-	-
Recognized actuarial (gain) loss	816	531	179	(260)	(310)	(310)
Amortization of prior service costs	4,327	3,607	3,726	(2,320)	(2,320)	(2,320)
Company-sponsored plans	5,844	4,788	7,719	3,420	3,540	4,030
Multiemployer pension plans	549	544	592	-	-	-
Net periodic benefit cost	<u>\$ 6,393</u>	<u>\$ 5,332</u>	<u>\$ 8,311</u>	<u>\$3,420</u>	<u>\$3,540</u>	<u>\$4,030</u>
	=====	=====	=====	=====	=====	=====

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were \$344,000,000, \$332,000,000, and \$292,000,000 as of December 31, 1999, and \$354,000,000, \$338,000,000, and \$290,000,000 as of December 31, 1998.

#### 6. Boise Cascade Office Products Corporation

On September 25, 1997, BCOP issued 2,250,000 shares of unregistered common stock, all of which was purchased by Boise Cascade. The transaction was completed at a price of \$21.5495 per share, for a total of \$48,486,375. At December 31, 1999, we owned 53,398,724 shares, or 81.1%, of BCOP's outstanding common stock.

In December 1999, we announced a proposal to acquire the minority public shares of BCOP. We believe the reintegration of BCOP with Boise Cascade would enhance BCOP's operating flexibility and allow management to concentrate fully on its aggressive internal growth initiatives.

In 1999, 1998, and 1997, BCOP made various acquisitions, all of which were accounted for under the purchase method of accounting. Accordingly, the purchase prices were allocated to the assets acquired and liabilities assumed based on their estimated fair values. The initial purchase price allocations may be adjusted within one year of the date of purchase for changes in estimates of the fair value of assets and liabilities. Such adjustments are not expected to be significant to our results of operations or financial position. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill and is being amortized over 40 years. The results of operations of the acquired businesses are included in our operations subsequent to the dates of acquisitions.

BCOP acquired two businesses during 1999, six businesses during 1998, and eight businesses and entered into a joint venture during 1997. Amounts paid, acquisition liabilities recorded, debt assumed, and stock issued for

these acquisitions were as follows:

	1999	1998	1997
	(expressed in thousands, except share amounts)		
Cash paid	\$9,369	\$27,282	\$254,025
Acquisition liabilities recorded	\$7,237	\$49,062	\$ 12,674
Debt assumed	\$ -	\$ 162	\$ 10,137
Stock issued			
Shares	-	-	135,842
Value	\$ -	\$ -	\$ 2,882

In January 1999, BCOP acquired the office supply business of Wallace Computer Services, based in Lisle, Illinois. In September 1999, BCOP acquired Supply West, based in Perth, Western Australia. The transactions were completed for cash of \$9,369,000 and the recording of \$361,000 of acquisition liabilities.

The 1998 amounts include the acquisition of three contract stationer businesses, two direct-marketing businesses, and one computer consumables business. These transactions were completed for cash of \$19,897,000, debt assumed of \$162,000, and the recording of \$8,062,000 of acquisition liabilities.

The 1997 amounts include the acquisition of 100% of the shares of Jean-Paul Guisset S.A. (JPG). JPG is a direct marketer of office products in France. The negotiated purchase price was approximately FF850,000,000, which translated to about US\$144,000,000 at the time of purchase, plus a price supplement payable in the year 2000 if certain earnings and sales growth targets are reached. The maximum amount of the price supplement is FF300,000,000, which translated to approximately US\$46,000,000 at December 31, 1999. In 1998, we made a partial payment of the price supplement of FF27,000,000, which translated to approximately US\$4,430,000 at the time of payment. In 1998, we also recorded a liability for the estimated remaining amount of the price supplement of FF229,000,000, which translated to about US\$41,000,000 at December 31, 1998. The liability was based on the results of 1998 and 1997 and was included in "Other long-term liabilities." During 1999, we increased the liability for the price supplement by an additional FF44,000,000, which translated to about US\$6,876,000. At December 31, 1999, we had a liability for the maximum remaining amount of the price supplement, FF273,000,000, which translated to approximately US\$42,000,000. This amount is included in "Other accrued liabilities." Approximately FF128,500,000 (US\$20,500,000) was repatriated to us from JPG during the third quarter of 1997. In 1997, in addition to the cash paid, we recorded approximately US\$5,800,000 of acquisition liabilities and assumed US\$10,137,000 of long-term debt.

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

In January 1997, BCOP formed a joint venture with Otto Versand (Otto), of which BCOP owned 50%, to direct market office products in Europe, initially in Germany. In December 1997, Otto purchased a 10% interest in JPG for approximately FF72,200,000 (US\$13,000,000). The sale of BCOP's interest to Otto was at book value. In December 1998, BCOP and Otto dissolved the joint venture. Otto acquired BCOP's 50% interest in the joint venture. In addition, BCOP repurchased Otto's 10% interest in JPG for \$2,955,000 and repaid a loan and accrued interest to Otto of approximately \$13,700,000. BCOP now owns 100% of JPG.

Unaudited pro forma results of operations reflecting the acquisitions, net of the impact of minority interest, would have been as follows. If the 1999 acquisitions had occurred on January 1, 1999, our operating results for 1999 would have been essentially unchanged. If the 1999 and 1998 acquisitions had occurred on January 1, 1998, sales for 1998 would have increased approximately \$94,000,000, while net loss and loss per share would have been essentially unchanged. If the 1998 and 1997 acquisitions had occurred on January 1, 1997, sales for 1997 would have increased approximately \$217,000,000 while net loss and loss per share would again have been essentially unchanged. 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.

As a result of BCOP's acquisitions, short-term acquisition liabilities of \$48,310,000 at December 31, 1999, primarily for the JPG price supplement, and \$5,710,000 at December 31, 1998, were included in "Other accrued liabilities." BCOP had no long-term acquisition liabilities at December 31, 1999. BCOP had long-term acquisition liabilities of \$51,621,000, primarily for the JPG price supplement, at December 31, 1998, which were included in "Other long-term liabilities."

## 7. Shareholders' Equity

Preferred Stock. At December 31, 1999, 4,982,209 shares of 7.375% Series D ESOP convertible preferred stock were outstanding. The stock is shown in the Balance Sheets at its liquidation preference of \$45 per share. The stock was sold in 1989 to the trustee of our Savings and Supplemental Retirement Plan for salaried employees (see Note 5). Each ESOP preferred share is entitled to one vote, bears an annual cumulative dividend of

\$3.31875, and is convertible at any time by the trustee to 0.80357 share of common stock. The ESOP preferred shares may not be redeemed for less than the liquidation preference.

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

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

Common Stock. We are authorized to issue 200,000,000 shares of common stock, of which 57,157,558 shares were issued and outstanding at December 31, 1999. Of the unissued shares, a total of 8,874,845 shares were reserved for the following:

Conversion of Series D ESOP preferred stock	4,003,554
Issuance under Key Executive Stock Option Plan	4,692,673
Issuance under Director Stock Compensation Plan	84,118
Issuance under Director Stock Option Plan	94,500

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

Accumulated Other Comprehensive Income (Loss). At December 31, 1999, the balance in the Statements of Shareholders' Equity for "Accumulated other comprehensive income (loss)" consisted of a minimum pension liability adjustment of \$1,846,000 and a cumulative foreign currency translation adjustment of \$10,067,000. These amounts are net of income taxes calculated at a rate of approximately 39%.

Stock Units. We have a deferred compensation program for our executive officers that allows them to defer a portion of their cash compensation. Beginning in 1999, they may purchase stock units with some or all of the compensation they defer. Each stock unit is equal in value to one share of our common stock. We match any deferrals used to purchase stock units with a 25% company contribution of stock units. Deferred stock units accumulate imputed dividends equal to dividends on common stock, which are assumed to purchase more stock units for the executives' accounts and are charged to compensation expense. We will pay out the deferred stock units in shares of our common stock when an officer retires or terminates employment. At December 31, 1999, there were 28,299 stock units held for the accounts of these executive officers.

Stock Options. We have three stock option plans: the BCC Key Executive Stock Option Plan (KESOP), the BCC Director Stock Compensation Plan (DSCP), and the BCC Director Stock Option Plan (DSOP). In addition, BCOP has two stock option plans: the BCOP Key Executive Stock Option Plan (KESOP) and the BCOP Director Stock Option Plan (DSOP). Both the company and BCOP account for these plans under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." Under this opinion, compensation cost recognized is for grants under the BCC DSCP and for grants under the terms of which the number of options exercisable is based on future performance. Compensation costs recognized in 1999, 1998, and 1997 were \$298,000, \$244,000, and \$227,000.

Had compensation costs for these five plans been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," our pro forma 1999 net income would have decreased by \$6,785,000, and pro forma basic and diluted income per share would have decreased by 12 cents and 11 cents. The pro forma increase to net loss in 1998 would have been \$7,661,000, and basic and diluted loss per share would have increased 14 cents. The pro forma increase to net loss in 1997 would have been \$7,222,000, and basic and diluted loss per share would have increased 14 cents. The pro forma compensation cost may not be representative of that to be expected in future years.

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

The 4,354,943 options outstanding at December 31, 1999, have exercise prices between \$18.125 and \$43.875 and a weighted average remaining contractual life of 6.9 years.

A summary of the status of the BCC KESOP at December 31, 1999, 1998, and 1997, and the changes during the years then ended is presented in the table below:

	1999		1998		1997	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of year	4,321,756	\$32.47	3,649,966	\$33.19	4,228,736	\$32.55
Options						

granted	1,016,200	37.37	841,890	28.88	751,100	36.88
Options exercised	(836,605)	31.46	(109,000)	25.30	(839,333)	28.25
Options expired	(146,408)	39.69	(61,100)	39.14	(490,537)	41.80
	<u>          </u>		<u>          </u>		<u>          </u>	
Balance at end of year	4,354,943	33.56	4,321,756	32.47	3,649,966	33.19
	=====		=====		=====	
Exercisable at end of year	3,338,743	32.40	3,479,866	33.33	2,898,866	32.24
Weighted average fair value of options granted (Black-Scholes)	\$10.95		\$7.89		\$10.88	

The fair value of each BCC option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1999, 1998, and 1997: risk-free interest rates of 5.8%, 5.4%, and 6.0%; expected dividends of 60 cents for each year; expected lives of 4.2 years for each year; and expected stock price volatility of 30% for each year.

The BCC DSOP, available only to nonemployee directors, provides for annual grants of options. The exercise price of these options is equal to the fair market value of our common stock on the date the options are granted. The options expire the earlier of three years after the director ceases to be a director or ten years after the grant date. Total shares subject to options at December 31, 1999, 1998, and 1997, were 84,000, 70,500, and 49,500, with weighted average exercise prices of \$34.97, \$34.07, and \$36.57.

The BCC DSCP permits nonemployee directors to elect to receive grants of options to purchase shares of our common stock in lieu of cash compensation. The difference between the \$2.50-per-share exercise price of DSCP options and the market value of the common stock subject to the options is intended to offset the cash compensation that participating directors have elected not to receive. Options expire three years after the holder ceases to be a director. Total shares subject to options at December 31, 1999, 1998, and 1997, were 45,091, 43,172, and 34,542.

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

The options outstanding at December 31, 1999, have exercise prices between \$12.50 and \$26.625 and a weighted average remaining contractual life of 7.7 years.

A summary of the status of the BCOP KESOP at December 31, 1999, 1998, and 1997, and the changes during the years then ended is presented in the table below:

	1999		1998		1997	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of year	2,021,105	\$19.86	1,490,139	\$20.10	1,059,442	\$18.66
Options granted	1,031,300	12.81	782,200	18.22	495,700	23.08
Options exercised	(6,400)	12.50	(152,334)	12.50	(24,468)	12.50
Options expired	(95,540)	17.78	(98,900)	21.92	(40,535)	22.38
	<u>          </u>		<u>          </u>		<u>          </u>	
Balance at end of year	2,950,465	17.48	2,021,105	19.86	1,490,139	20.10
	=====		=====		=====	
Exercisable at end of year	1,330,965	20.11	826,305	19.13	483,039	16.72
Weighted average fair value of options granted (Black-Scholes)	\$4.58		\$6.78		\$8.61	

The fair value of each BCOP option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1999, 1998, and 1997: risk-free

interest rates of 5.1%, 5.5%, and 6.1%; no expected dividends; expected lives of 4.2 years for each year; and expected stock price volatility of 35% for each year.

The BCOP DSOP, available only to nonemployee directors, provides for annual grants of options. The exercise price of options under this plan is equal to the fair market value of BCOP's common stock on the date the options are granted. Options expire the earlier of three years after the director ceases to be a director or ten years after the grant date. Total shares outstanding at December 31, 1999, 1998, and 1997, were 89,000, 64,000, and 39,000, with weighted average exercise prices of \$15.31, \$16.99, and \$18.58.

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

#### 8. Restructuring Activities

With the exception of a few small inventory-related items, the operating income impact of restructuring activities is recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss) (see Note 1).

Late in the second quarter of 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing four facilities, including sawmills in Elgin, Oregon; Horseshoe Bend, Idaho; and Fisher, Louisiana; and a plywood plant in Yakima, Washington. We closed the sawmills in Horseshoe Bend and Fisher in 1998. Restructuring charges in 1998 related to these closures totaled \$61,900,000. The Horseshoe Bend and Fisher facilities had sales of \$30,595,000 and \$52,293,000 for the years ended December 31, 1998 and 1997, and operating losses of \$7,015,000 and \$698,000 for the same years.

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

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

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

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

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

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

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



net realizable value, and the cost to dissolve the BCOP joint venture.

Restructuring reserve liabilities are included in "Accrued liabilities, other" in the accompanying Balance Sheets. Restructuring reserve liability account activity related to these 1998 charges through December 31, 1999, was as follows:

	Asset Write- Downs	Employee- Related Costs	Other Exit Costs	Total
(expressed in thousands)				
<b>Second Quarter 1998</b>				
Building products				
1998 expense recorded	\$ 27,200	\$ 14,000	\$ 20,700	\$ 61,900
Assets written down	(27,200)	-	-	(27,200)
Pension liability				
recorded	-	(1,300)	-	(1,300)
Charges against reserve	-	(3,200)	(1,300)	(4,500)
<hr/>				
Restructuring reserve at December 31, 1998	-	9,500	19,400	28,900
Reserves credited to income	-	(7,300)	(16,200)	(23,500)
Proceeds from sales of assets	-	-	1,700	1,700
Charges against reserve	-	(1,700)	(1,500)	(3,200)
<hr/>				
Restructuring reserve at December 31, 1999	\$ -	\$ 500	\$ 3,400	\$ 3,900
<hr/>				
Paper and paper products				
1998 expense recorded	\$ 18,800	\$ 200	\$ -	\$ 19,000
Assets written down	(18,800)	-	-	(18,800)
<hr/>				
Restructuring reserve at December 31, 1998	-	200	-	200
Charges against reserve	-	(200)	-	(200)
<hr/>				
Restructuring reserve at December 31, 1999	\$ -	\$ -	\$ -	\$ -
<hr/>				
<b>Fourth Quarter 1998</b>				
Office products				
1998 expense recorded	\$ 300	\$ 1,400	\$ 9,400	\$ 11,100
Assets written down	(300)	-	-	(300)
Charges against reserve	-	(200)	(3,300)	(3,500)
<hr/>				
Restructuring reserve at December 31, 1998	-	1,200	6,100	7,300
Reserves credited to income	-	(500)	(3,500)	(4,000)
Charges against reserve	-	(700)	(1,100)	(1,800)
<hr/>				
Restructuring reserve at December 31, 1999	\$ -	\$ -	\$ 1,500	\$ 1,500
<hr/>				
Building products				
1998 expense recorded	\$ -	\$ 2,800	\$ -	\$ 2,800
Pension liability recorded	-	(2,200)	-	(2,200)
<hr/>				
Restructuring reserve at December 31, 1998	-	600	-	600
Reclass from pension liability	-	1,000	-	1,000
Charges against reserve	-	(500)	-	(500)
<hr/>				
Restructuring reserve at December 31, 1999	\$ -	\$ 1,100	\$ -	\$ 1,100
<hr/>				
Paper and paper products				
1998 expense recorded	\$ 7,200	\$11,300	\$ -	\$ 18,500
Assets written down	(7,200)	-	-	(7,200)
Pension liability recorded	-	(4,500)	-	(4,500)
Charges against reserve	-	(800)	-	(800)
<hr/>				
Restructuring reserve at December 31, 1998	-	6,000	-	6,000
Reserves credited to income	-	(100)	-	(100)
Reclass from pension liability	-	200	-	200
Charges against reserve	-	(4,900)	-	(4,900)
<hr/>				
Restructuring reserve at December 31, 1999	\$ -	\$ 1,200	\$ -	\$ 1,200
<hr/>				

Corporate and other 1998 expense recorded	\$ -	\$ 5,200	\$ 400	\$ 5,600
Pension liability recorded	-	(3,200)	-	(3,200)
Restructuring reserve at December 31, 1998	-	2,000	400	2,400
Expense recorded	-	4,400	-	4,400
Pension liability recorded	-	(4,400)	-	(4,400)
Reclass from other accounts	-	500	-	500
Reclass from pension liability	-	1,000	-	1,000
Charges against reserve	-	(2,400)	(100)	(2,500)
Restructuring reserve at December 31, 1999	\$ -	\$ 1,100	\$ 300	\$ 1,400
	=====	=====	=====	=====

Total Second and Fourth Quarter 1998

1998 expense recorded	\$ 53,500	\$ 34,900	\$30,500	\$118,900
Assets written down	(53,500)	-	-	(53,500)
Pension liability recorded	-	(11,200)	-	(11,200)
Charges against reserve	-	(4,200)	(4,600)	(8,800)
Restructuring reserve at December 31, 1998	-	19,500	25,900	45,400
Expense recorded	-	4,400	-	4,400
Pension liability recorded	-	(4,400)	-	(4,400)
Reclass from other accounts	-	500	-	500
Reclass from pension liability	-	2,200	-	2,200
Reserves credited to income	-	(7,900)	(19,700)	(27,600)
Proceeds from sale of assets	-	-	1,700	1,700
Charges against reserve	-	(10,400)	(2,700)	(13,100)
Restructuring reserve at December 31, 1999	\$ -	\$ 3,900	\$ 5,200	\$ 9,100
	=====	=====	=====	=====

In addition to the 1998 and 1999 restructuring activities, we had other small reserve balances from prior years. These balances primarily related to the reconfiguration of our Vancouver, Washington, mill which began in 1995. An analysis of total restructuring reserve liability account activity is as follows:

	Year Ended December 31		
	1999	1998	1997
	(expressed in thousands)		
Balance at beginning of year	\$ 46,200	\$ 1,400	\$ 2,300
Current-year reserves			
Charged to income	-	55,500	1,000
Reclassified from other accounts	2,700	-	-
Proceeds from sale of assets	1,700	-	-
Charges against reserves	(13,700)	(10,700)	(1,700)
Reserves credited to income	(27,600)	-	(200)
Balance at end of year	\$ 9,300	\$ 46,200	\$ 1,400
	=====	=====	=====

The estimated number of employees affected by the 1998 restructuring activities described above and the number who had left the company as of December 31, 1999, are as follows:

	Employees To Be Terminated		Employees Terminated Through December 31, 1999
	Original Estimate	Revised Estimate	
Second Quarter 1998			
Building products	494	182	182
Fourth Quarter 1998			
Office products	140	90	90
Building products	40	40	25
Paper and paper products	212	212	172
Corporate and other	92	92	58
	978	616	527
	=====	=====	=====

9. Acquisition

On September 16, 1999, we completed the acquisition of Furman Lumber, Inc.,

a U.S. building materials distributor headquartered in Billerica, Massachusetts, with 12 locations in the East, Midwest, and South. The purchase price was approximately \$92,652,000, including assumption of debt. Cash payments totaled \$90,222,000.

This acquisition was accounted for under the purchase method of accounting. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based upon their estimated fair values.

The initial purchase price allocations may be adjusted within one year of the date of purchase for changes in estimates of the fair value of assets and liabilities. Such adjustments are not expected to be significant to our results of operations or our financial position. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill and is being amortized over 40 years. The results of operations of the acquired business are included in our operations subsequent to the date of acquisition.

If this acquisition had occurred on January 1, 1999, pro forma sales for the year ended December 31, 1999, would have increased \$505,000,000, pro forma net income would have increased \$1,800,000, and pro forma basic and diluted earnings per share would have increased 3 cents. If this acquisition had occurred January 1, 1998, pro forma sales for the year ended December 31, 1998, would have increased \$570,000,000, pro forma net loss would have decreased \$1,340,000, and pro forma basic and diluted loss per share would have decreased 2 cents. This unaudited pro forma financial information does not necessarily represent the actual results of operations that would have resulted if the acquisition had occurred on the dates assumed.

#### 10. Segment Information

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

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

The office products segment markets and sells office and computer supplies, paper, office furniture, and promotional products. All of the products sold by this segment are purchased from manufacturers or from industry wholesalers, except office papers, which are sourced primarily from our paper operations. This segment has operations in Australia, Belgium, Canada, France, Spain, the United Kingdom, and the United States.

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

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

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

The segments are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items, and cumulative effect of accounting changes. Specified expenses are allocated to the operating segments. For some of these allocated expenses, the related assets and liabilities remain in the corporate and other segment.

The segments follow the accounting principles described in the Summary of Significant Accounting Policies (see Note 1). Sales between the segments are recorded primarily at market prices.

No single customer accounts for 10% or more of consolidated trade sales. Boise Cascade's export sales to foreign unaffiliated customers were \$145,113,000 in 1999, \$163,005,000 in 1998, and \$177,071,000 in 1997.

During 1999, BCOP had foreign operations in Australia, Belgium, Canada, France, Spain, and the United Kingdom. During 1998, BCOP had foreign operations in Australia, Belgium, Canada, France, Germany, Spain, and the United Kingdom. During 1997, BCOP had foreign operations in Australia, Canada, France, Germany, and the United Kingdom. For the years ended December 31, 1999, 1998, and 1997, BCOP's foreign operations had sales of \$797,757,000, \$695,688,000, and \$517,202,000. Revenues are attributed to geographic regions based on the location of the business. At December 31, 1999, 1998, and 1997, long-lived assets of BCOP's foreign operations were \$322,195,000, \$344,099,000, and \$290,966,000.

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

Year Ended December 31

	1999	1998	1997
--	------	------	------

	(expressed in millions)		
Office products			
Office supplies and paper	\$2,325.9	\$2,269.0	\$2,055.9
Computer supplies	554.8	313.5	180.9
Office furniture	401.1	378.3	284.2
Promotional products	97.9	105.4	74.1
	<u>3,379.7</u>	<u>3,066.2</u>	<u>2,595.1</u>
Building products			
Structural panels	745.1	620.3	539.6
Lumber	707.0	513.5	608.8
Engineered wood products	281.2	210.1	161.6
Particleboard	63.6	58.6	61.1
Building supplies and other	352.2	280.0	232.5
	<u>2,149.1</u>	<u>1,682.5</u>	<u>1,603.6</u>
Paper and paper products			
Uncoated free sheet	710.6	764.0	708.4
Containerboard and corrugated containers	376.5	338.8	284.7
Newsprint	169.7	201.8	193.3
Market pulp and other	134.0	84.7	88.8
	<u>1,390.8</u>	<u>1,389.3</u>	<u>1,275.2</u>
Corporate and other	33.1	24.1	19.9
Total	<u>\$6,952.7</u>	<u>\$6,162.1</u>	<u>\$5,493.8</u>

An analysis of our operations by segment is as follows:

	Selected Components of Income (Loss)								
	Sales			Income (Loss) Before Taxes and Minority Interest(1)(2)	Equity in Net Income (Loss) of Affiliates	Depreciation, Amortization, and Cost of Company Timber Harvested	Capital Expenditures(3)	Assets	Investment in Equity Affiliates
	Trade	Inter-segment	Total						
	(expressed in millions)								
Year Ended December 31, 1999									
Office products	\$3,379.7	\$ 2.0	\$3,381.7	\$154.6	\$ -	\$ 60.7	\$ 64.3	\$1,536.3	\$ .1
Building products	2,149.1	33.5	2,182.6	273.8	6.1	46.1	150.1	874.1	37.3
Paper and paper products	1,390.8	358.8	1,749.6	117.7	-	174.8	116.2	2,590.5	-
Corporate and other	33.1	51.5	84.6	(45.4)	-	7.4	6.2	215.6	-
Total	<u>6,952.7</u>	<u>445.8</u>	<u>7,398.5</u>	<u>500.7</u>	<u>6.1</u>	<u>289.0</u>	<u>336.8</u>	<u>5,216.5</u>	<u>37.4</u>
Intersegment eliminations	-	(445.8)	(445.8)	-	-	-	-	(78.1)	-
Interest expense	-	-	-	(144.7)	-	-	-	-	-
Consolidated totals	<u>\$6,952.7</u>	<u>\$ -</u>	<u>\$6,952.7</u>	<u>\$356.0</u>	<u>\$ 6.1</u>	<u>\$289.0</u>	<u>\$336.8</u>	<u>\$5,138.4</u>	<u>\$ 37.4</u>
Year Ended December 31, 1998									
Office products	\$3,066.2	\$ 1.1	\$3,067.3	\$121.5	\$(4.2)	\$ 51.2	\$142.5	\$1,461.3	\$ -
Building products	1,682.5	40.0	1,722.5	57.7	1.9	41.3	45.7	611.6	27.2
Paper and paper products	1,389.3	362.3	1,751.6	10.0	(1.5)	181.1	119.7	2,646.7	-
Corporate and other	24.1	55.7	79.8	(46.2)	-	9.1	5.8	401.4	-
Total	<u>6,162.1</u>	<u>459.1</u>	<u>6,621.2</u>	<u>143.0</u>	<u>(3.8)</u>	<u>282.7</u>	<u>313.7</u>	<u>5,121.0</u>	<u>27.2</u>
Intersegment eliminations	-	(459.1)	(459.1)	-	-	-	-	(154.3)	-
Interest expense	-	-	-	(159.9)	-	-	-	-	-
Consolidated totals	<u>\$6,162.1</u>	<u>\$ -</u>	<u>\$6,162.1</u>	<u>\$(16.9)</u>	<u>\$(3.8)</u>	<u>\$282.7</u>	<u>\$313.7</u>	<u>\$4,966.7</u>	<u>\$ 27.2</u>
Year Ended December 31, 1997									
Office products	\$2,595.1	\$ 1.6	\$2,596.7	\$119.8	\$(2.5)	\$ 41.1	\$346.6	\$1,291.5	\$ 4.3
Building Products	1,603.6	41.6	1,645.2	45.0	(2.7)	42.0	53.2	653.7	23.6
Paper and paper products	1,275.2	329.4	1,604.6	(11.6)	-	166.2	173.0	2,760.0	4.9
Corporate and other	19.9	56.4	76.3	(44.8)	-	7.3	5.8	330.0	-
Total	<u>5,493.8</u>	<u>429.0</u>	<u>5,922.8</u>	<u>108.4</u>	<u>(5.2)</u>	<u>256.6</u>	<u>578.6</u>	<u>5,035.2</u>	<u>32.8</u>

Intersegment eliminations	-	(429.0)	(429.0)	-	-	-	-	(65.3)	-
Interest expense	-	-	-	(137.3)	-	-	-	-	-
Consolidated totals	\$5,493.8	\$ -	\$5,493.8	\$(28.9)	\$(5.2)	\$256.6	\$578.6	\$4,969.9	\$32.8

(1) Interest income has been allocated to our segments in the amounts of \$2,323,000 for 1999, \$2,274,000 for 1998, and \$6,000,000 for 1997.

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

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

#### 11. Litigation and Legal Matters

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

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

	1999				1998			
	Fourth(1)	Third	Second(2)	First(3)	Fourth(4)	Third(5)	Second(6)	First(7)
	(expressed in millions, except per-share and stock price information)							
Net sales	\$1,874	\$1,789	\$1,678	\$1,611	\$1,536	\$1,598	\$1,538	\$1,490
Income (loss) from operations	168	120	141	70	19	111	(33)	44
Net income (loss) before cumulative effect of accounting change	76	49	59	16	(8)	47	(64)	(1)
Cumulative effect of accounting change, net of tax	-	-	-	-	-	-	-	(8)
Net income (loss)	76	49	59	16	(8)	47	(64)	(9)
Net income (loss) per share before cumulative effect of accounting change								
Basic	1.26	.80	.98	.23	(.21)	.77	(1.20)	(.17)(9)
Diluted (8)	1.18	.74	.92	.22	(.21)	.72	(1.20)	(.17)(9)
Cumulative effect of accounting change, net of tax	-	-	-	-	-	-	-	(.15)
Net income (loss) per share								
Basic	1.26	.80	.98	.23	(.21)	.77	(1.20)	(.32)(9)
Diluted	1.18	.74	.92	.22	(.21)	.72	(1.20)	(.32)(9)
Common stock dividends paid per share	.15	.15	.15	.15	.15	.15	.15	.15
Common stock prices (10)								
High	41-1/8	47-3/16	45-1/2	35-1/2	32-3/4	33-5/8	40-3/8	37-1/8
Low	30-1/4	33	32-1/16	28-3/4	22-1/4	23-1/8	30-7/8	27-13/16

(1) Includes a pretax gain of \$47.0 million for the sale of 56,000 acres of timberland in central Washington (see Note 1). Also includes a pretax gain of \$1.5 million for the reversal of previously recorded restructuring charges in our paper and paper products and corporate and other segments (see Note 8).

(2) Includes pretax gains of \$35.5 million, \$4.0 million, and \$1.2 million for the reversal of previously recorded restructuring charges in our building products, office products, and paper and paper products segments (see Note 8).

(3) Includes a pretax charge of \$4.4 million related to early retirements in our corporate and other segment (see Note 8).

(4) Includes a pretax charge of \$38.0 million for a companywide cost-reduction initiative and the restructuring of several operations (see Note 8).

(5) Includes a pretax gain of \$45.0 million related to an insurance settlement for our Medford, Oregon, plywood plant, which was severely damaged by fire (see Note 1).

(6) Includes a pretax charge of \$61.9 million for the restructuring of our wood products manufacturing business and a pretax charge of \$19.0 million for the revaluation of paper-related assets (see Note 8).

(7) Includes a charge of \$8.6 million, net of tax, for the adoption of AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" (see Note 1).

(8) Net income (loss) per share is calculated independently for each quarter and year. The 1998 diluted quarters added together do not equal the year.

(9) Includes a negative 7 cents related to the redemption of the Series F Preferred Stock.

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

#### REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Boise Cascade Corporation:

We have audited the accompanying balance sheets of Boise Cascade Corporation (a Delaware corporation) and subsidiaries as of December 31, 1999 and 1998, and the related statements of income (loss), cash flows, and shareholders' equity for the years ended December 31, 1999, 1998, and 1997. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boise Cascade Corporation and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Boise, Idaho  
January 28, 2000

#### REPORT OF MANAGEMENT

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

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

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

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

## EXHIBIT 13.2

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

	Three Months Ended December 31		Year Ended December 31	
	1999	1998	1999	1998
	(expressed in thousands)			
Revenues				
Sales	\$1,874,264	\$1,536,183	\$6,952,662	\$6,162,123
Costs and expenses				
Materials, labor, and other operating expenses	1,448,314	1,188,609	5,377,932	4,849,678
Depreciation, amortization, and cost of company timber harvested	75,259	71,417	288,994	282,737
Selling and distribution expenses	198,974	179,969	745,927	666,759
General and administrative expenses	30,963	38,934	125,273	150,455
Other (income) expense, net	(46,803)	37,793	(77,707)	67,443
	<u>1,706,707</u>	<u>1,516,722</u>	<u>6,460,419</u>	<u>6,017,072</u>
Equity in net income (loss) of affiliates	91	(71)	6,115	(3,791)
Income from operations	<u>167,648</u>	<u>19,390</u>	<u>498,358</u>	<u>141,260</u>
Interest expense	(37,142)	(37,940)	(144,740)	(159,870)
Interest income	445	484	2,323	2,274
Foreign exchange gain (loss)	(134)	(242)	(1)	(542)
	<u>(36,831)</u>	<u>(37,698)</u>	<u>(142,418)</u>	<u>(158,138)</u>
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	<u>130,817</u>	<u>(18,308)</u>	<u>355,940</u>	<u>(16,878)</u>
Income tax (provision) benefit	(51,201)	12,009	(142,376)	959
Income (loss) before minority interest and cumulative effect of accounting change	<u>79,616</u>	<u>(6,299)</u>	<u>213,564</u>	<u>(15,919)</u>
Minority interest, net of income tax	(4,116)	(2,043)	(13,811)	(9,773)
Income (loss) before cumulative effect of accounting change	<u>75,500</u>	<u>(8,342)</u>	<u>199,753</u>	<u>(25,692)</u>
Cumulative effect of accounting change, net of income tax	-	-	-	(8,590)
Net income (loss)	<u>\$ 75,500</u>	<u>\$ (8,342)</u>	<u>\$ 199,753</u>	<u>\$ (34,282)</u>
Net income (loss) per common share				
Basic before cumulative effect of accounting change	\$ 1.26	\$ (.21)	\$ 3.27	\$ (.81)
Cumulative effect of accounting change	-	-	-	(.15)
Basic	<u>\$ 1.26</u>	<u>\$ (.21)</u>	<u>\$ 3.27</u>	<u>\$ (.96)</u>
Diluted before cumulative effect of accounting change	\$ 1.18	\$ (.21)	\$ 3.06	\$ (.81)
Cumulative effect of accounting change	-	-	-	(.15)
Diluted	<u>\$ 1.18</u>	<u>\$ (.21)</u>	<u>\$ 3.06</u>	<u>\$ (.96)</u>
Segment Information				
Segment sales				
Office products	\$ 893,256	\$ 814,218	\$3,381,724	\$3,067,326
Building products	602,307	410,215	2,182,571	1,722,496
Paper and paper products	479,851	402,255	1,749,558	1,751,574
Intersegment eliminations and other	(101,150)	(90,505)	(361,191)	(379,273)
	<u>\$1,874,264</u>	<u>\$1,536,183</u>	<u>\$6,952,662</u>	<u>\$6,162,123</u>
Segment income (loss)				
Office products	\$ 44,160	\$ 26,626	\$ 154,590	\$ 121,459
Building products	75,073	27,197	273,815	57,720
Paper and paper products	59,924	(17,193)	117,687	10,005
Corporate and other	(11,198)	(16,998)	(45,412)	(46,192)
Total	<u>167,959</u>	<u>19,632</u>	<u>500,680</u>	<u>142,992</u>
Interest expense	(37,142)	(37,940)	(144,740)	(159,870)

Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	\$ 130,817	\$ (18,308)	\$ 355,940	\$ (16,878)
	=====	=====	=====	=====

Notes to Quarterly Financial Statements  
Boise Cascade Corporation and Subsidiaries

FINANCIAL INFORMATION. The Statements of Income (Loss) and Segment Information are unaudited statements which do not include all Notes to Financial Statements and should be read in conjunction with the 1999 Annual Report of the company. The 1999 Annual Report will be available in March 2000. Net income (loss) for the three months and years ended December 31, 1999 and 1998, involved estimates and accruals.

FOURTH QUARTER 1999 NONROUTINE ITEMS. In October 1999, our building products segment completed the sale of 56,000 acres of central Washington timberland, resulting in a pretax gain of \$47.0 million. The gain is recorded in "Other (income) expense, net" in the three months and year ended December 31, 1999, Statements of Income.

In December 1999, we adjusted restructuring charges recorded in 1998 to reflect our actual retirement and severance experience. These adjustments resulted in an increase in pretax income of \$1.5 million, which is recorded in "Other (income) expense, net" in the three months and year ended December 31, 1999, Statements of Income. Approximately \$1.1 million of this adjustment was recorded in our paper and paper products segment and \$0.4 million was recorded in the corporate and other segment.

The impact of the above items increased net income \$29.6 million and basic and diluted income per share \$0.51 and \$0.48 for the three months ended December 31, 1999.

FOURTH QUARTER 1998 NONROUTINE ITEMS. In December 1998, we announced a companywide cost-reduction initiative and the restructuring of certain operations as a result of the ongoing global financial crisis and the weak business environment. These initiatives included restructuring work, streamlining processes, and consolidating functions. Staff reductions occurred through early retirements, layoffs, and attrition. Our paper research and development facility in Portland, Oregon, was closed by midyear 1999. Boise Cascade Office Products (BCOP), of which we own 81%, announced that they would restructure certain of their European operations. Related to these initiatives, we recorded a pretax loss in the fourth quarter of 1998 of approximately \$38.0 million. Of this charge, all but \$1.0 million for inventory write-offs was recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss).

The impact of the above items and related tax effects increased net loss \$15.9 million, or \$0.29 per basic and diluted share, for the three months ended December 31, 1998. Segment results decreased as follows: office products, \$11.1 million; building products, \$2.8 million; paper and paper products, \$18.5 million; and corporate and other, \$5.6 million.

The 1998 amounts shown above have been restated from those originally presented in our fourth quarter 1998 earnings release. The company filed an amended 1998 Form 10-K and amended first and second quarter 1999 Form 10-Qs in October 1999. The amendments (pretax \$4.4 million) decreased the previously reported net loss in the fourth quarter of 1998 by \$2.7 million, or \$0.04 per diluted share, and decreased reported net income and diluted income per share in the first quarter of 1999 and year ended 1999 by the same amounts. The company amended its filings following discussions with the Securities and Exchange Commission concerning the timing of charges related to the early retirement program announced in the fourth quarter of 1998.

YEAR ENDED DECEMBER 31, 1999, NONROUTINE ITEMS. In addition to the fourth quarter 1999 items previously discussed, the following nonroutine items occurred in 1999.

Late in the second quarter of 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing four facilities, including sawmills in Elgin, Oregon; Horseshoe Bend, Idaho; and Fisher, Louisiana; and a plywood plant in Yakima, Washington. We closed the sawmills in Horseshoe Bend and Fisher in 1998 and planned to close the other facilities in 1999. In late May 1999, we decided to postpone the closures of Elgin and Yakima. This decision was based on the impact of a fire at our Elgin plywood plant in May 1999 and recent changes in wood supply and costs, product prices, and improved plant operations. As a result of this decision, in second quarter 1999, our building products segment reversed previously recorded restructuring charges totaling \$35.5 million. This adjustment is recorded in "Other (income) expense, net" in the year ended December 31, 1999, Statement of Income.

Also in the second quarter of 1999, our office products segment adjusted the restructuring charges established in fourth quarter 1998 for the closing of facilities in their European operations. This restructuring program was \$4.0 million less costly than originally anticipated. Our paper and paper products segment also adjusted charges recorded in fourth quarter 1998 for the elimination of jobs and the closure of our research and development facility in Portland, Oregon, to reflect our actual experience. This adjustment increased the paper and paper products segment's year-to-date income by \$1.2 million. These adjustments are



reflected in "Other (income) expense, net" in the year ended December 31, 1999, Statement of Income except for approximately \$0.8 million included in "Materials, labor, and other operating expenses" related to inventory items.

Pretax income in first quarter 1999 was reduced by \$4.4 million as a result of the previously discussed change in the timing of recording early retirement expense.

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

YEAR ENDED DECEMBER 31, 1998, NONROUTINE ITEMS. In addition to the fourth quarter 1998 items previously discussed, the following nonroutine items occurred in 1998.

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

Results for the second quarter 1998 were negatively impacted by the \$61.9 million restructuring charge in the building products segment described above and a \$19.0 million charge in the paper and paper products segment for the revaluation of paper-related assets.

As of January 1, 1998, we adopted the provisions of a new accounting standard, AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities," which required the write-off of previously capitalized preoperating costs. Adoption of this statement resulted in a charge for the cumulative effect of accounting change, net of tax, of \$8.6 million, or \$0.15 per basic and diluted share, for the year ended December 31, 1998. Also in the first quarter of 1998, we redeemed our Series F Preferred Stock. While this redemption had no impact on net loss, it increased net loss per basic and diluted share \$0.07 for the year ended December 31, 1998.

The impact on the year ended December 31, 1998, of all the 1998 nonroutine items described above reduced net income \$55.0 million and basic and diluted income per share \$1.05.

OTHER. At December 31, 1998, we adopted Financial Accounting Standards Board SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." Previously reported 1998 segment information has been restated to conform to the new standard.

Our 1999 tax provision rate was 40.0%. Our actual 1998 benefit rate was 5.7%. Excluding nonroutine items in 1998, the annual tax provision rate would have been approximately 46%. The changes in our tax rates were due primarily to the sensitivity of the rate to changing income levels and the mix of income sources.

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

	Three Months Ended December 31		Year Ended December 31	
	1999	1998	1999	1998
	(expressed in thousands)			
Basic				
Net income (loss) as reported,				
before cumulative effect of				
accounting change	\$75,500	\$ (8,342)	\$199,753	\$(25,692)
Preferred dividends(1)	(3,275)	(3,484)	(13,559)	(15,578)
Excess of Series F Preferred Stock				
redemption price over carrying value(2)	-	-	-	(3,958)
Basic income (loss) before cumulative				
effect of accounting change	72,225	(11,826)	186,194	(45,228)
Cumulative effect of accounting change,				
net of income tax	-	-	-	(8,590)
Basic income (loss)	\$72,225	\$(11,826)	\$186,194	\$(53,818)
Average shares outstanding used to				
determine basic income (loss) per				
common share	57,141	56,335	56,861	56,307
Diluted				
Basic income (loss) before cumulative				
effect of accounting change	\$72,225	\$(11,826)	\$186,194	\$(45,228)

Preferred dividends eliminated	3,275	-	13,559	-
Supplemental ESOP contribution	(2,798)	-	(11,588)	-
Diluted income (loss) before cumulative effect of accounting change	72,702	(11,826)	188,165	(45,228)
Cumulative effect of accounting change, net of income tax	-	-	-	(8,590)
Diluted income (loss)	<u>72,702</u>	<u>\$(11,826)</u>	<u>\$188,165</u>	<u>\$(53,818)</u>
Average shares outstanding used to determine basic income (loss) per common share	57,141	56,335	56,861	56,307
Stock options and other	387	-	419	-
Series D Convertible Preferred Stock	4,022	-	4,139	-
Average shares used to determine diluted income (loss) per common share	<u>61,550</u>	<u>56,335</u>	<u>61,419</u>	<u>56,307</u>

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

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

The significant subsidiaries of the Company are as follows:

	State or Other Jurisdiction of Incorporation or Organization
Boise Cascade Office Products Corporation	Delaware

## EXHIBIT 27

The data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at December 31, 1999, and from its Statement of Income for the year ended December 31, 1999. The information presented is qualified in its entirety by reference to such financial statements.

12-MOS	
	DEC-31-1999
	DEC-31-1999
	57,720
	9,215
	663,609
	11,289
	703,984
	1,531,108
	5,279,083
	2,427,415
	5,138,414
1,124,679	
	1,717,337
0	
	224,199
	142,894
5,138,414	1,247,020
	6,952,662
6,952,662	
	5,666,926
	6,460,419
	0
	0
144,740	
	355,940
	142,376
213,564	
	0
	0
	0
	199,753
	3.27
	3.06