SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report: February 23, 1998
Date of Earliest Event Reported: December 31, 1997

Boise Cascade Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware	1-5057	82-0100960
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

1111 W. Jefferson St., Boise, Idaho	83728
(Address of Principal Executive Offices)	(ZIP Code)

Registrant's Telephone Number, Including Area Code: 208/384-6161

Item 5. Other Events.

Boise Cascade Corporation and subsidiaries financial information as of December 31, 1997 (including the Ratio of Earnings to Fixed Charges for the years ended 1993 through 1997; Balance Sheets as of December 31, 1997 and 1996; Statements of Income (Loss) for the years ended December 31, 1997, 1996, and 1995; Statements of Cash Flows for the years ended December 31, 1997, 1996, and 1995; Statements of Shareholders' Equity for the years ended December 31, 1997, 1996, and 1995; Notes to Financial Statements; Report of Independent Public Accountants; and Report of Management), is set forth in Exhibit 20 attached hereto and filed herewith.

SIGNATURE

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

BOISE CASCADE CORPORATION

/s/ Irving Littman

Irving Littman
Vice President and Treasurer

Date: February 23, 1998

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we consent to the incorporation of our report dated January 29, 1998, included in this Form 8-K, 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-3 (File No. 33-54533); the registration statement on Form S-3 (File No. 33-55396); the registration statement on Form S-8 (File No. 33-62263); the registration statement on Form S-8 (File No. 333-22707); and the registration statement on Form S-3 (File No. 333-41033).

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Boise, Idaho
February 23, 1998

Exhibit Index

Exhibit No.	Description	Page
20	Boise Cascade Corporation and subsidiaries financial information as of December 31, 1997, including: Ratio of Earnings to Fixed Charges for the years ended 1993 through 1997; Balance Sheets as of December 31, 1997 and 1996; Statements of Income (Loss) for the years ended December 31, 1997, 1996, and 1995; Statements of Cash Flows for the years ended December 31, 1997, 1996, and 1995; Statements of Shareholders' Equity for the years ended December 31, 1997, 1996, and 1995; Notes to Financial Statements; Report of Independent Public Accountants; and Report of Management	
23	Consent of Arthur Andersen LLP (see page 3)	
27	Financial Data Schedule	

STATEMENTS OF INCOME (LOSS) EXHIBIT 20

Boise Cascade Corporation and Subsidiaries

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Revenues			
Sales	$5,493,820	$5,108,220	$5,074,230
Other income (expense), net	(710)	14,520	(16,560)
	5,493,110	5,122,740	5,057,670
Costs and expenses			
Materials, labor, and other operating expenses	4,436,650	4,152,150	3,752,650
Depreciation, amortization, and cost of company timber harvested	256,570	255,000	260,760
Selling and distribution expenses	553,240	446,530	305,590
General and administrative expenses	139,060	119,860	123,140
	5,385,520	4,973,540	4,442,140
Equity in net income (loss) of affiliates	(5,180)	2,940	40,070
Income from operations	102,410	152,140	655,600
Interest expense	(137,350)	(128,360)	(135,130)
Interest income	6,000	3,430	2,970
Foreign exchange gain (loss)	10	(1,200)	(300)
Gain on subsidiary's issuance of stock	-	5,330	66,270
	(131,340)	(120,800)	(66,190)
Income (loss) before income taxes and minority interest	(28,930)	31,340	589,410
Income tax (provision) benefit	9,260	(11,960)	(231,290)
Income (loss) before minority interest	(19,670)	19,380	358,120
Minority interest, net of income tax	(10,740)	(10,330)	(6,260)
Net income (loss)	$ (30,410)	$ 9,050	$ 351,860
Net income (loss) per common share			
Basic	$(1.19)	$(.63)	$6.62
Diluted	$(1.19)	$(.63)	$5.39

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

BALANCE SHEETS

Boise Cascade Corporation and Subsidiaries

	December 31	
Assets	1997	1996
	(expressed in thousands)	
Current		
Cash	$ 56,429	$ 40,066
Cash equivalents	7,157	220,785
	63,586	260,851
Receivables, less allowances of $9,689,000 and $4,911,000	570,424	476,339
Inventories	633,290	540,433
Deferred income tax benefits	54,312	53,728
Other	32,061	24,053
	1,353,673	1,355,404
Property		
Property and equipment		
Land and land improvements	57,260	40,393
Buildings and improvements	554,712	452,578
Machinery and equipment	4,055,065	3,859,124
	4,667,037	4,352,095
Accumulated depreciation	(2,037,352)	(1,798,349)
	2,629,685	2,553,746
Timber, timberlands, and timber deposits	273,001	293,028
	2,902,686	2,846,774
Goodwill, net of amortization of		

$24,020,000 and $13,139,000	445,722	262,533
Investments in equity affiliates	32,848	19,430
Other assets	234,995	226,568
Total assets	$4,969,924	$4,710,709

Liabilities and Shareholders' Equity

	December 31	
	1997	1996
	(expressed in thousands)	
Current		
Notes payable	$ 94,800	$ 36,700
Current portion of long-term debt	30,176	157,304
Income taxes payable	3,692	3,307
Accounts payable	470,445	427,224
Accrued liabilities		
Compensation and benefits	126,780	119,282
Interest payable	39,141	31,585
Other	128,714	157,156
	893,748	932,558
Debt		
Long-term debt, less current portion	1,725,865	1,330,011
Guarantee of ESOP debt	176,823	196,116
	1,902,688	1,526,127
Other		
Deferred income taxes	230,840	249,676
Other long-term liabilities	224,663	240,323
	455,503	489,999
Minority interest	105,445	81,534
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock - no par value; 10,000,000 shares authorized; Series D ESOP: $.01 stated value; 5,569,684 and 5,904,788 shares outstanding	250,636	265,715
Deferred ESOP benefit	(176,823)	(196,116)
Series F: $.01 stated value; 115,000 shares outstanding in each period	111,043	111,043
Series G: $.01 stated value; 862,500 shares outstanding in 1996	-	176,404
Common stock - $2.50 par value; 200,000,000 shares authorized; 56,223,923 and 48,476,366 shares outstanding	140,560	121,191
Additional paid-in capital	416,691	230,728
Retained earnings	870,433	971,526
Total shareholders' equity	1,612,540	1,680,491
Total liabilities and shareholders' equity	$4,969,924	$4,710,709
Shareholders' equity per common share	$25.39	$27.30

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

STATEMENTS OF CASH FLOWS
Boise Cascade Corporation and Subsidiaries

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Cash provided by (used for) operations			
Net income (loss)	$ (30,410)	$ 9,050	$ 351,860
Items in income (loss) not using (providing) cash			
Equity in net (income) loss of affiliates	5,180	(2,940)	(40,070)
Depreciation, amortization, and cost of company timber harvested	256,570	255,000	260,760
Deferred income tax provision (benefit)	(18,593)	(13,498)	126,096
Minority interest, net of income tax	10,740	10,330	6,260
Write-down of assets	-	9,955	78,491
Other	1,265	3,322	12,157
Gain on sales of assets	-	(25,054)	(68,900)
Gain on subsidiary's issuance of stock	-	(5,330)	(66,270)
Receivables	(12,291)	(3,298)	(13,813)
Inventories	(66,060)	(15,914)	(135,334)
Accounts payable and accrued liabilities	(10,523)	6,045	60,286
Current and deferred income taxes	2,735	(37,394)	25,239
Other	(9,577)	3,229	(4,440)
Cash provided by operations	129,036	193,503	592,322
Cash provided by (used for) investment			
Expenditures for property and equipment	(279,557)	(595,253)	(341,486)
Expenditures for timber and timberlands	(6,232)	(5,510)	(5,688)
Investments in equity affiliates, net	(20,276)	(9,736)	(3,894)
Purchases of assets	(246,861)	(188,463)	(61,638)
Sales of assets	-	781,401	183,482
Other	(27,687)	(26,271)	11,312
Cash used for investment	(580,613)	(43,832)	(217,912)
Cash provided by (used for) financing			
Cash dividends paid			
Common stock	(30,176)	(28,909)	(27,125)
Preferred stock	(39,808)	(44,389)	(48,731)
	(69,984)	(73,298)	(75,856)
Notes payable	58,100	19,700	(39,000)
Additions to long-term debt	417,989	611,158	10,140
Payments of long-term debt	(159,201)	(509,456)	(381,797)
Subsidiary's issuance of stock	-	-	123,076
Other	7,408	11,607	11,042
Cash provided by (used for) financing	254,312	59,711	(352,395)
Increase (decrease) in cash and cash equivalents	(197,265)	209,382	22,015
Balance at beginning of the year	260,851	51,469	29,454
Balance at end of the year	$ 63,586	$ 260,851	$ 51,469

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, 1995, 1996, and 1997

(expressed in thousands)

Common Shares Outstanding		Total Share-holders' Equity	Preferred Stock	Deferred ESOP Benefit	Common Stock	Additional Paid-In Capital	Retained Earnings
38,284,186	Balance at December 31, 1994	$1,364,858	$ 762,183	$ (230,956)	$ 95,710	$ -	$ 737,921
	Net Income	351,860	-	-	-	-	351,860
	Cash dividends declared						
	Common stock	(28,549)	-	-	-	-	(28,549)
	Preferred stock	(44,872)	-	-	-	-	(44,872)
	Conversion of Series E						
8,625,000	Preferred Stock	-	(191,466)	-	21,563	169,903	-
1,264,503	Stock options exercised	38,018	-	-	3,161	34,857	-
(448,396)	Treasury stock cancellations	(23,972)	(7,970)	-	(1,121)	(2,036)	(12,845)
34,653	Other	37,095	-	17,022	87	2,383	17,603
47,759,946	Balance at December 31, 1995	1,694,438	562,747	(213,934)	119,400	205,107	1,021,118
	Net income	9,050	-	-	-	-	9,050
	Cash dividends declared						
	Common stock	(29,050)	-	-	-	-	(29,050)
	Preferred stock	(44,389)	-	-	-	-	(44,389)
894,981	Stock options exercised	28,531	-	-	2,237	26,294	-
(178,561)	Treasury stock cancellations	(16,339)	(9,585)	-	(446)	(805)	(5,503)
	Other	38,250	-	17,818	-	132	20,300
48,476,366	Balance at December 31, 1996	1,680,491	553,162	(196,116)	121,191	230,728	971,526
	Net loss	(30,410)	-	-	-	-	(30,410)
	Cash dividends declared						
	Common stock	(31,415)	-	-	-	-	(31,415)
	Preferred stock	(36,402)	-	-	-	-	(36,402)
	Conversion of Series G						
6,907,440	Preferred Stock	-	(176,404)	-	17,269	159,135	-
842,153	Stock options exercised	28,092	-	-	2,105	25,987	-
(3,092)	Treasury stock cancellations	(15,193)	(15,079)	-	(8)	(18)	(88)
1,056	Other	17,377	-	19,293	3	859	(2,778)
56,223,923	Balance at December 31, 1997	$1,612,540	$ 361,679	$ (176,823)	$ 140,560	$ 416,691	$ 870,433

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.

OTHER INCOME. "Other income (expense), net" includes gains and losses on the sale and disposition of property and other miscellaneous income and expense items. In the fourth quarter of 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 timberland, to The Mead Corporation for approximately $639,000,000 in cash. After payment of certain related tax indemnification requirements, net cash proceeds from the sale were used to reduce debt and to improve the competitive position of our remaining paper business. The transaction resulted in a pretax gain of approximately $40,395,000. In addition, approximately $15,341,000 of pretax expense arising from the related tax indemnification was recorded. The net gain per diluted share was 32 cents. Sales and operating income for the sold operations were $308,844,000 and $21,073,000 in 1996 and $525,941,000 and $136,612,000 in 1995.

In 1995, we recorded a pretax gain of $68,900,000, or 70 cents per diluted common share, for the sale of our remaining interest in an equity affiliate, Rainy River Forest Products Inc. (Rainy River) (see Note 8). Also in 1995, we recorded a pretax charge of $19,000,000, or 19 cents per diluted common share, for the establishment of reserves for the write-down of certain assets in our paper and paper products segment to their net realizable value. In 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." We adopted the statement in the fourth quarter of 1995. Following a review of the strategy for our paper business, a decision was made to reconfigure the Vancouver, Washington, pulp and paper mill and reduce, over time, its production. In the fourth quarter of 1995, our paper and paper products segment recorded a pretax charge of $74,900,000, or 76 cents per diluted share. Most of this charge was related to the write-down of certain of the mill's assets under the provisions of the new accounting standard. In April 1996, we completed the reconfiguration of the mill by permanently shutting down the mill's three paper machines and its recycled wastepaper operations. The mill operates as a paper converting facility, converting papers made elsewhere by the company primarily into security papers.

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 1997 and 1996, 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		
	1997	1996	1995
	(expressed in thousands)		
Net income (loss) as reported	$ (30,410)	$ 9,050	$ 351,860
Preferred dividends(1)	(31,775)	(39,248)	(39,778)
Basic income (loss)	(62,185)	(30,198)	312,082
Preferred dividends eliminated	-	-	28,968
Interest on 7% debentures eliminated	-	-	2,501
Supplemental ESOP contribution(2)	-	-	(12,599)
Diluted income (loss)(3)	$(62,185)	$ (30,198)	$ 330,952
Average shares outstanding used to determine basic income (loss) per common share	52,049	48,277	47,166
Stock options, net	-	-	703
Series E conversion preferred stock	-	-	331
Series G conversion preferred stock	-	-	6,909
7% debentures	-	-	1,277
Series D convertible preferred stock	-	-	4,965
Average shares used to determine diluted earnings (loss) per common share(3)	$ 52,049	$ 48,277	$ 61,351

(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) Additional contributions we would be required to make to our ESOP if the Series D ESOP preferred shares were converted to common stock.
(3) Adjustments reducing the net loss to arrive at diluted loss totaling $8,851,000 and $15,779,000 in 1997 and 1996 were excluded because the calculation of diluted loss per share was antidilutive. Also in 1997 and 1996, common shares of 8,572,000 and 12,234,000 were excluded from average shares because they were antidilutive.

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 other previously reported 1995 or 1996 earnings (loss)-per-share amounts.

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.

On September 27, 1995, we redeemed our 7% convertible subordinated debentures for cash and by issuing shares of common stock. The redemption resulted in the reduction of approximately 1,698,000 diluted shares. Had the conversion occurred on January 1, 1995, the reported diluted net income per share would have increased 8 cents to $5.47 for the year ended December 31, 1995.

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 reflected in "Retained earnings." At December 31, 1997, "Retained earnings" was decreased by $8,135,000 and at December 31, 1996, was increased by $1,520,000 as a result of these translation adjustments. The 1997, 1996, and 1995 foreign exchange gain and losses reported on 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, which is generally at the time of shipment.

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. At December 31, 1997, $9,676,000 of cash, cash equivalents, and certain receivables of a wholly owned insurance subsidiary were committed for use in maintaining statutory liquidity requirements of that subsidiary.

INVENTORY VALUATION. The company uses the last-in, first-out (LIFO) method of inventory valuation for raw materials and finished goods inventories at substantially all of its 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	
	1997	1996
	(expressed in thousands)	
Finished goods and work in process	$453,268	$390,694
Logs	107,625	98,883
Other raw materials and supplies	149,870	131,631
LIFO reserve	(77,473)	(80,775)
	$633,290	$540,433

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 $10,575,000 in 1997, $17,778,000 in 1996, and $1,884,000 in 1995. 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 except at certain pulp and paper mills that use composite depreciation methods. At those facilities, gains and losses are included in accumulated depreciation. Estimated service lives of principal items of property and equipment range from three to 40 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 total 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 for the timber. At December 31, 1997, based on average prices at the time, the unrecorded amount of those contracts was estimated to be approximately $113,000,000.

In recent years, the amount of government timber available for commercial harvest in the Northwest has declined because of environmental litigation, changes in government policy, and other factors. More constraints on available timber supply may be imposed. As a result, the company cannot accurately predict future log supply. Curtailments or closures of certain wood products manufacturing facilities are possible.

PREOPERATING COSTS. Certain preoperating costs incurred during the construction of major expansions or new manufacturing facilities are capitalized. The remaining unamortized balance is being amortized over its expected useful life, not to exceed three years. The unamortized balance of these costs, included in "Other assets" on the Balance Sheets, was $14,065,000 at December 31, 1997, and $8,776,000 at December 31, 1996.

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 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 exists at December 31, 1997. Amortization expense was $11,037,000 in 1997, $6,830,000 in 1996, and $2,299,000 in 1995.

DEFERRED SOFTWARE COSTS. We defer certain software costs that benefit future years. These costs are amortized on the straight-line method over a maximum of five years or the expected life of the product, whichever is less. "Other assets" in the Balance Sheets includes deferred software costs of $31,137,000 and $16,760,000 at December 31, 1997 and 1996. Amortization of deferred software costs totaled $4,499,000,$3,693,000, and $4,350,000 in 1997, 1996, and 1995.

ENVIRONMENTAL REMEDIATION AND COMPLIANCE. Generally, environmental expenditures resulting in additions to property, plant, 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 "Financial Review - - Environmental Issues."

RESEARCH AND DEVELOPMENT COSTS. Research and development costs are expensed as incurred. During 1997, research and development expenses were $10,482,000, compared with $11,403,000 in 1996 and $10,756,000 in 1995.

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. Because we anticipated purchasing shares of a subsidiary's stock in 1997, the change in our proportionate interest was included in "Additional paid-in capital" in 1997.

FINANCIAL INSTRUMENTS. At December 31, 1997, the estimated current market value of the company's debt, based on then current interest rates for similar obligations with like maturities, was approximately $128,000,000 greater than the amount of debt reported on the Balance Sheet. The estimated fair values of our other financial instruments, cash and cash equivalents, and notes payable 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, 1997, we had no material exposure to losses from derivative financial instruments (see Note 4).

NEW ACCOUNTING STANDARDS. In 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components in a full set of financial statements. We will adopt this statement in the first quarter of 1998. Also issued was SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." This statement establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. We will adopt this statement at year-end 1998. We are still evaluating what impact this statement will have on our reportable segments. Adoption of these statements will have no impact on net income.

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

2. INCOME TAXES

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

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Current income tax (provision) benefit			
Federal	$ -	$ (10,807)	$ (98,195)
State	-	(11,510)	(7,012)
Foreign	(9,333)	(3,141)	13
	(9,333)	(25,458)	(105,194)
Deferred income tax (provision) benefit			
Federal	12,597	4,189	(102,931)
State	2,292	10,430	(23,165)
Foreign	3,704	(1,121)	-
	18,593	13,498	(126,096)
Total income tax (provision) benefit	$ 9,260	$(11,960)	$(231,290)

During 1997, we received income tax refunds net of cash payments of $1,332,000, compared with cash payments net of refunds received of $55,368,000 in 1996 and $73,609,000 in 1995.

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

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Statutory tax (provision) benefit	$ 10,128	$(10,969)	$(206,293)
Changes resulting from:			
State taxes	1,490	(702)	(19,615)
Foreign tax provision different than theoretical rate	(4,599)	(2,364)	(588)
Provision for difference in book and tax bases of Rainy River stock	-	-	(32,500)
Effect of nontaxable gain on BCOP's issuance of stock	-	1,866	27,279
Other, net	2,241	209	427
Reported tax (provision) benefit	$ 9,260	$(11,960)	$(231,290)

At December 31, 1997, we had U.S. federal loss carryforwards of $139,224,000 expiring in 2012. We believe that the loss carryforwards will be fully realized based on future reversals of existing temporary differences in taxable income. We also had $144,687,000 of alternative minimum tax credits, which may be carried forward indefinitely.

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

	December 31			
	1997		1996	
	(expressed in thousands)			
	Assets	Liabilities	Assets	Liabilities
Employee benefits	$ 92,139	$ 25,250	$ 89,616	$ 24,545
Property and equipment and timber and timberlands	63,875	459,982	33,907	454,444
Net operating losses	50,419	-	-	-
Alternative minimum tax	144,687	-	146,361	-
Reserves	21,421	909	27,620	6,295
Inventories	12,266	274	12,859	363
State income taxes	26,596	38,677	22,961	33,341
Deferred charges	404	2,776	891	1,103
Differences in bases of nonconsolidated entities	8,382	55,574	3,634	1,893
Other	9,561	22,836	10,045	21,858
	$429,750	$606,278	$347,894	$543,842

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

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Domestic	$(26,189)	$ 32,452	$ 554,325
Foreign	(2,741)	(1,112)	35,085
Pretax income (loss)	$(28,930)	$ 31,340	$ 589,410

At December 31, 1997, our foreign subsidiaries had $24,839,000 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. Certain deficiencies have been proposed, but the amount of the deficiencies, if any, that may result upon settlement of these years cannot be determined at this time. 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. Rental expenses for operating leases, net of sublease rentals, were $61,422,000 in 1997, $52,090,000 in 1996, and $36,354,000 in 1995. For operating leases with remaining terms of more than one year, the minimum lease payment requirements, net of sublease rentals, are $37,250,000 for 1998, $27,433,000 for 1999, $22,948,000 for 2000, $17,609,000 for 2001, and $11,976,000 for 2002, with total payments thereafter of $155,450,000.

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 seven years, with fixed payment terms similar to those in the original lease agreements.

4. DEBT

On March 11, 1997, we signed a new revolving credit agreement with a group of banks. The new 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 existence of and the amount of net worth in excess of the defined minimum. Our net worth at December 31, 1997, exceeded the defined minimum by $314,370,000. The new agreement replaces our previous $600,000,000 revolving credit agreement that would have expired in June 2000. At December 31, 1997, there was $95,000,000 outstanding under this agreement. Also at December 31, 1997, we had $71,500,000 of short-term borrowings outstanding.

Our majority-owned subsidiary, Boise Cascade Office Products Corporation (BCOP), signed a new revolving credit agreement with a group of banks on June 26, 1997. The new agreement allows BCOP to borrow as much as $450,000,000 at variable interest rates based on customary indices and expires in June 2001. The BCOP revolving credit facility contains customary restrictive financial and other covenants, including a negative pledge and covenants specifying a minimum fixed charge coverage ratio and a maximum leverage ratio. BCOP may, subject to the covenants contained in the credit agreement and to market conditions, raise additional funds through the agreement and through other external debt or equity financings in the future. The new agreement replaces BCOP's previous $350,000,000 revolving credit agreement. Borrowings under BCOP's agreement were $340,000,000 at December 31, 1997. Also at December 31, 1997, BCOP had $23,300,000 of short-term borrowings outstanding.

The maximum amount of short-term borrowings outstanding during the year ended December 31, 1997, was $164,400,000. The average amount of short-term borrowings outstanding during the year ended December 31, 1997, was $52,554,000. The average interest rate for these borrowings was 5.9%.

In December 1997, BCOP entered into agreements to hedge against a rise in Treasury rates. The transactions were entered into in anticipation of the issuance of debt securities by BCOP in the first half of 1998. The hedge agreements have a notional amount of $70,000,000 and will be settled in late March 1998. If the settlement rate, based on the yield on ten-year U.S. Treasury bonds, is greater than the agreed-upon initial rate, BCOP will receive a cash payment. If the difference is less, BCOP will make a cash payment. The amount paid or received will be recognized as an adjustment to interest expense over the life of the to-be-issued debt securities. The settlement amount of $259,000 as of December 31, 1997, was recorded as a deferred loss.

At December 31, 1997, we had $89,400,000 of unused shelf capacity registered with the Securities and Exchange Commission for additional debt securities. We recently filed a registration statement with the Securities and Exchange Commission for an additional $400,000,000 of shelf capacity.

The scheduled payments of long-term debt are $30,176,000 in 1998, $44,814,000 in 1999, $116,804,000 in 2000, $480,506,000 in 2001, and $232,568,000 in 2002. Of the total amount shown in 2001, $340,000,000 represents the amount outstanding under BCOP's revolving credit agreement. Of the total amount shown in 2002, $95,000,000 represents the amount outstanding under our revolving credit agreement.

Cash payments for interest, net of interest capitalized, were $129,794,000 in 1997, $124,317,000 in 1996, and $143,631,000 in 1995.

We have guaranteed the debt used to fund an employee stock ownership plan 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 on 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.

During 1997 and 1996, we made open-market purchases of approximately $481,000 and $30,800,000 principal amount of our public debt securities.

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

	December 31	
	1997(1)	1996
	(expressed in thousands)	
9.9% notes, due in 2000, net of unamortized discount of $121,000	$ 99,879	$ 99,824
9.875% notes, due in 2001, callable in 1999	100,000	100,000
9.85% notes, due in 2002	125,000	125,000
9.45% debentures, due in 2009, net of unamortized discount of $266,000	149,734	149,711
7.35% debentures, due in 2016, net of unamortized discount of $97,000	124,903	124,898
Medium-term notes, Series A, with interest rates averaging 8.2% and 8.4%, due in varying amounts through 2013	415,405	317,905
Revenue bonds and other indebtedness, with interest rates averaging 6.9% and 6.3%, due in varying amounts annually through 2027, net of unamortized discount of $824,000	285,301	265,649
American & Foreign Power Company Inc. 5% debentures, due in 2030, net of unamortized discount of $1,053,000	20,819	21,244
Revolving credit borrowings, with interest rates averaging 6.3% and 5.8%	435,000	140,000
Debt paid at maturity(2)	-	143,084
	1,756,041	1,487,315
Less current portion	30,176	157,304
	1,725,865	1,330,011
Guarantee of ESOP debt, due in installments through 2004	176,823	196,116
	$1,902,688	$1,526,127

(1) The amount of net unamortized discount disclosed applies to long-term debt outstanding at December 31, 1997.
(2) In August 1997 and December 1997, our 7.375% notes and 10.125% notes were redeemed.

5. RETIREMENT AND BENEFIT PLANS

Substantially all of our employees are covered by pension plans. The plans are primarily noncontributory defined benefit plans. The pension benefit for salaried employees is based primarily on years of service and the highest five-year average compensation, and 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.

The assumptions used by our actuaries in the calculations of pension expense and plan obligations for the plans are estimates of factors that will determine, among other things, the amount and timing of future benefit payments. The asset return assumption was 9.75% in 1997, 1996, and 1995. The discount rate assumption was 7.25% at December 31, 1997, and 7.5% at December 31, 1996 and 1995. The salary escalation assumption used at December 31, 1997, 1996, and 1995 was 5%.

The following table, which includes only company-sponsored plans, compares the pension obligation with assets available to meet that obligation:

	Plans With Assets in Excess of the Accumulated Benefit Obligation December 31		Plans With an Accumulated Benefit Obligation in Excess of Assets December 31	
	1997	1996	1997	1996
	(expressed in millions)		(expressed in millions)	
Accumulated benefit obligation				
Vested	$(750.1)	$(765.4)	$(302.7)	$(217.1)
Nonvested	(29.9)	(26.6)	(12.8)	(6.1)
Provision for salary escalation	(73.8)	(65.8)	(9.3)	(8.2)
Projected benefit obligation	(853.8)	(857.8)	(324.8)	(231.4)
Plan assets at fair market value	948.7	931.1	278.6	172.2
Net plan assets (obligation)	$ 94.9	$ 73.3	$ (46.2)	$ (59.2)

The following table reconciles the net plan assets (obligation) to the prepayment (obligation) recorded on the company's Balance Sheets:

	Plans With Assets in Excess of the Accumulated Benefit Obligation December 31		Plans With an Accumulated Benefit Obligation in Excess of Assets December 31	
	1997	1996	1997	1996
	(expressed in millions)		(expressed in millions)	
Net plan assets (obligation)	$ 94.9	$ 73.3	$ (46.2)	$ (59.2)
Remainder of unrecognized initial asset(1)	-	(3.0)	(.6)	(.2)
Other unrecognized items(2)	(25.9)	5.2	16.4	18.0
Adjustment to record minimum liability	-	-	(10.2)	(11.4)
Net recorded prepayment (obligation)	$ 69.0	$ 75.5	$ (40.6)	$ (52.8)

(1) The unrecognized initial asset calculated at January 1, 1986, is being amortized over a weighted average of 11 years.
(2) "Other unrecognized items" reflects changes in actuarial assumptions, net changes in prior service costs, and net experience gains and losses since January 1, 1986.

The components of pension expense are as follows:

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Benefits earned by employees	$ 25,845	$ 25,843	$ 20,003
Interest cost on projected benefit obligation	79,279	76,168	72,606
Earnings from plan assets	(173,624)	(119,977)	(217,429)
Assumed earnings from plan assets less than actual earnings	74,885	28,265	131,883
Amortization of unrecognized net initial asset	(2,571)	(2,119)	(9,898)
Amortization of net experience gains and losses from prior periods	179	568	(6)
Amortization of unrecognized prior service costs	3,726	4,085	3,873
Company-sponsored plans	7,719	12,833	1,032
Multiemployer pension plans	592	593	587
Total pension expense	$ 8,311	$ 13,426	$ 1,619

We sponsor savings and supplemental retirement programs for our salaried and some 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 $20,910,000 in 1997, compared with

$20,128,000 in 1996 and $20,236,000 in 1995.

The company and our retired employees currently share in the cost of retiree health care costs. The type of benefit provided 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, and we will eventually cease to share in the cost of health care benefits for retired salaried employees. 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.

We accrue postretirement benefit costs, including retiree health care costs. A discount rate of 7.25% was adopted effective as of December 31, 1997. A discount rate of 7.5% was adopted effective as of December 31, 1996 and 1995. 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, 1997, benefit obligation by $2,899,000 and postretirement health care expense for the year ended December 31, 1997, by $220,000.

The components of postretirement health care expense are as follows:

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Benefits earned by employees	$ 730	$ 920	$ 1,180
Interest cost on accumulated postretirement health care benefit obligation	5,930	6,350	8,140
Amortization of unrecognized actuarial (gain) loss	(310)	(280)	120
Amortization of unrecognized items	(2,320)	(2,820)	(3,720)
Total postretirement health care expense	$ 4,030	$ 4,170	$ 5,720

The accrued postretirement health care benefit obligation is included in "Other long-term liabilities" on the Balance Sheets. The components of the obligation are as follows:

	December 31	
	1997	1996
	(expressed in thousands)	
Retirees	$ 63,770	$ 64,670
Fully eligible active employees	8,280	8,400
Other active employees	10,770	10,920
Accumulated postretirement health care benefit obligation	82,820	83,990
Unrecognized items	15,230	17,550
Unrecognized actuarial gain	500	2,580
Accrued postretirement health care benefit obligation	$ 98,550	$ 104,120

6. BOISE CASCADE OFFICE PRODUCTS CORPORATION

In April 1995, our wholly owned subsidiary, BCOP, completed the initial public offering of 10,637,500 shares of common stock at a price of $12.50 per share. After the offering, we owned 82.7% of the outstanding BCOP common stock. The net proceeds of the offering to BCOP were approximately $123,076,000, of which approximately $101,859,000 was indirectly (through retention of accounts receivable and a small dividend payment) available to us for general corporate purposes. The remainder of the proceeds were retained by BCOP for its general corporate purposes.

From the BCOP offering, we recorded a gain of approximately $60,000,000, or 98 cents per diluted share. In 1995, BCOP also issued 905,276 shares of its stock to effect various acquisitions. As a result of these share issuances, we recorded a gain of $6,270,000, or 10 cents per diluted share. In 1996, BCOP issued 457,542 shares of its stock to effect various acquisitions and for stock options exercised. As a result of these share issuances, we recorded a gain of $5,330,000, or 11 cents per diluted share. In accordance with FASB Statement 109, "Accounting for Income Taxes," income taxes were not provided on the gains. In 1997, BCOP issued 587,940 shares of its stock to effect various acquisitions and for stock options exercised. No gains were recorded (see Note 1, Subsidiary's Issuance of Stock).

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, 1997, we owned 53,398,724 shares, or 81.4% of BCOP's outstanding common stock.

In April 1996, BCOP's board of directors authorized a two-for-one split of BCOP common stock in the form of a 100% stock dividend. Each BCOP shareholder of record at the close of business on May 6, 1996, received one additional share for each share held on that date. The new shares were distributed on May 20, 1996. All references to numbers of shares of common stock of BCOP and common stock prices have been adjusted to reflect the stock split.

In 1997, 1996, and 1995, 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 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 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 eight businesses during 1997, 19 businesses during 1996, and ten businesses during 1995. Amounts paid, acquisition liabilities recorded, debt assumed, and stock issued for these acquisitions were as follows:

	1997	1996	1995
	(expressed in thousands, except share amounts)		
Cash paid	$ 246,861	$ 180,139	$ 62,138
Acquisition liabilities recorded	$ 12,674	$ 35,346	$ 8,571
Debt assumed	$ 10,137	$ -	$ -
Stock issued			
Shares	135,842	321,652	1,339,666
Value	$ 2,882	$ 6,886	$ 18,185

The 1997 amounts include the acquisition of 100% of the shares of Jean-Paul Guisset S.A. (JPG) for approximately FF850,000,000 (US$144,000,000) plus a price supplement payable in the year 2000 if certain earnings and sales growth targets are reached. If 1997 results are duplicated in 1998 and 1999, the price supplement to be paid would be approximately US$16,000,000. No liability has been recorded for the price supplement, as the amount of payment, if any, is not assured beyond a reasonable doubt. Approximately FF128,500,000

(US$20,500,000) was repatriated to BCOP from JPG during the third quarter of 1997. In addition to the cash paid, BCOP recorded approximately US$5,800,000 of acquisition liabilities and assumed US$10,100,000 of long-term debt. JPG is a direct marketer of office products in France.

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.

The 1996 amounts include the acquisition of 100% of the shares of Grand & Toy Limited (Grand & Toy) from Cara Operations Limited (Toronto) for approximately C$140,000,000 (US$102,084,000). In addition, BCOP recorded acquisition liabilities of approximately US$9,907,000. Grand & Toy owns and operates office products distribution centers and approximately 70 retail stores across Canada.

The 1995 amounts include $21,747,000 of cash paid; the issuance of 431,352 shares of common stock and the equivalent of 434,390 shares of common stock in a stock note, payable by issuing the shares at the end of two years; and the recording of $2,999,000 of acquisition liabilities. These were part of the purchase of the net assets of office supply and computer distribution businesses in New York and Missouri.

Unaudited pro forma results of operations reflecting the acquisitions, net of the impact of the minority interest, are as follows. If the 1997 acquisitions had occurred January 1, 1997, sales for the year ended December 31, 1997, would have increased $152,000,000, net loss would have increased $406,000, and basic and diluted loss per share would have increased 1 cent. If the 1997 and 1996 acquisitions had occurred January 1, 1996, sales for the year ended December 31, 1996, would have increased $417,000,000, net income would have increased $1,158,000, and basic and diluted loss per share would have decreased 2 cents. If the 1996 and 1995 acquisitions had occurred January 1, 1995, sales for the year ended December 31, 1995, would have increased $580,000,000, net income would have been essentially the same as the historical amount reported, and basic and diluted earnings per share would have been unchanged. This unaudited pro forma financial information does not necessarily represent the actual results of operations that would have resulted if the acquisitions had occurred on the dates assumed.

In January 1997, BCOP formed a joint venture with Otto Versand (Otto) to begin direct marketing office products in Europe, initially in Germany. BCOP and Otto each have a 50% equity interest in the new company. In December 1997, Otto purchased a 10% interest in JPG for approximately FF72,200,000 (US$13,000,000). Otto has an option to purchase an additional 40% interest in JPG. The option may be exercised at any time between December 15, 1998, and January 15, 1999. If Otto elects not to exercise the option, BCOP will reacquire the 10% interest from Otto.

As a result of BCOP's acquisition activity, short-term acquisition liabilities of $14,642,000 and $21,538,000 at December 31, 1997 and 1996, were included in "Other current liabilities." Additionally, long-term acquisition liabilities of $15,869,000 and $15,192,000 at December 31, 1997 and 1996, were included in "Other long-term liabilities."

7. SHAREHOLDERS' EQUITY

PREFERRED STOCK. At December 31, 1997, 5,569,684 shares of 7.375%

Series D ESOP convertible preferred stock were outstanding. The stock is shown on 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 January 1993, we sold 115,000 shares of 9.4% Series F cumulative preferred stock represented by 4,600,000 depositary shares. The stock is shown on the Balance Sheets at its liquidation preference of $1,000 per preferred share ($25 per depositary share), net of the costs of issuance. Each Series F share has limited voting rights and bears a cumulative dividend at an annual rate of $94.00 ($2.35 per depositary share).

The Series F preferred stock and related depositary shares may be redeemed on or after February 15, 1998, at a price of $1,000 per preferred share ($25 per depositary share) plus accrued but unpaid dividends. In January 1998, we announced that we would redeem the Series F preferred stock on February 17, 1998.

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.

On January 15, 1995, our depositary shares of Series E preferred stock converted to 8,625,000 shares of our common stock.

COMMON STOCK. We are authorized to issue 200,000,000 shares of common stock, of which 56,223,923 shares were issued and outstanding at December 31, 1997. Of the unissued shares, a total of 8,804,633 shares were reserved for the following:

Conversion of Series D ESOP preferred stock	4,475,631
Issuance under Key Executive Stock Option Plan	4,138,278
Issuance under Director Stock Compensation Plan	90,724
Issuance under Director Stock Option Plan	100,000

We have a shareholder rights plan which was adopted in December 1988, amended in September 1990, and renewed in September 1997. Details are set forth in the Renewed Rights Agreement filed with the Securities and Exchange Commission on November 12, 1997.

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 APB Opinion No. 25, "Accounting for Stock Issued to Employees." Under this opinion, the only compensation cost recognized is for grants under the BCC DSCP and for grants under terms of which the number of options exercisable is based on future performance. Compensation costs recognized in 1997, 1996, and 1995 were $227,000, $810,000, and $1,759,000.

Had compensation costs for these five plans been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," our 1997 net income would have been reduced pro forma by $7,222,000 and basic and diluted loss per share would have increased pro forma by 14 cents. The pro forma reduction to net income in 1996 would have been $7,574,000, and basic and diluted loss per share would have increased 16 cents. The pro forma reductions in 1995 would have been net income, $3,458,000, and basic and diluted earnings per share, 6 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 3,649,966 options outstanding at December 31, 1997, have exercise prices between $18.125 and $46.65 and a weighted average remaining contractual life of 6.6 years.

Beginning in 1995, 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 1997, 1996, and 1995: risk-free interest rates of 6.0%, 6.6%, and 6.2%; 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.

A summary of the status of the BCC KESOP at December 31, 1997, 1996, and 1995, and the changes during the years then ended is presented in the table below:

	1997		1996		1995	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of the year	4,228,736	$ 32.55	4,340,033	$ 31.28	4,995,052	$ 27.72
Options granted	751,100	36.88	804,900	31.38	748,800	43.82
Options exercised	(839,333)	28.25	(894,981)	25.02	(1,262,328)	24.20
Options expired	(490,537)	41.80	(21,216)	44.11	(141,491)	37.88
Balance at end of the year	3,649,966	33.19	4,228,736	32.55	4,340,033	31.28
Exercisable at end of the year	2,898,866	32.24	3,423,836	32.83	3,595,433	28.68
Weighted average fair value of options granted (Black-Scholes)	$ 10.88		$ 9.30		$ 13.36	

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, 1997, 1996, and 1995, were 49,500, 30,000, and 12,000, with weighted average exercise prices of $36.57, $36.25, and $41.88.

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, 1997, 1996, and 1995, were 34,542, 30,245, and 22,893, with weighted average exercise prices of $27.39, $27.59, and $26.01.

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 were granted. One-third of the options become exercisable in each of the three years following the grant date and expire, at the latest, ten years following the grant date.

The 1,490,139 options outstanding at December 31, 1997, have exercise prices between $12.50 and $26.625 and a weighted average remaining contractual life of nine years.

Beginning in 1995, 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 1997, 1996, and 1995: risk-free interest rates of 6.1%, 5.2%, and 7.3%; no expected dividends; expected lives of 4.2 years for each year; and expected stock price volatility of 35% for each year.

A summary of the status of the BCOP KESOP at December 31, 1997, 1996, and 1995, and the changes during the years then ended is presented in the table below:

	1997		1996		1995	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of the year	1,059,442	$ 18.66	647,400	$ 12.57	-	$ -
Options granted	495,700	23.08	501,200	25.54	647,400	12.57
Options exercised	(24,468)	12.50	(75,225)	12.50	-	-
Options expired	(40,535)	22.38	(13,933)	19.78	-	-
Balance at end of the year	1,490,139	20.10	1,059,442	18.66	647,400	12.57
Exercisable at end of the year	483,039	16.72	140,569	12.60	-	-
Weighted average fair value of options granted (Black-Scholes)	$ 8.61		$ 9.14		$ 4.87	

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, 1997, 1996, and 1995, were 39,000, 24,000, and 12,000, with weighted average exercise prices of $18.58, $17.50, and $12.50.

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

OTHER. In October 1995, we announced our intention to purchase up to 4,300,000 shares of our common stock, subject to market price, cash flow, and other considerations. Since that announcement, we have purchased 626,204 shares of common stock under this authorization. Because of weaker operating conditions in our paper and wood products businesses, we have temporarily suspended our common stock purchases.

8. INVESTMENTS IN EQUITY AFFILIATES

As of December 31, 1997, our principal investments in affiliates accounted for using the equity method included a 47% interest in Voyageur Panel, which built an oriented strand board plant in Barwick, Ontario, Canada, and a 25% interest in Ponderosa Fibres of Washington, which built a recycled pulp production facility adjacent to our Wallula, Washington, pulp and paper mill. We have an agreement with Voyageur Panel under which we operate and market the product. The debt of each affiliate has been issued without recourse to the company. Additionally, BCOP has a 50% interest in Otto Versand, which direct markets office products in Europe.

Prior to November 1, 1996, we had a 30% interest in Rumford Cogeneration Limited Partnership, which operates a cogeneration facility. This interest was sold along with the sale of our coated publication paper business.

We had a 50% interest in the general partnership of Pine City Fiber Company, a wastepaper recycling plant located adjacent to our Jackson, Alabama, pulp and paper mill. In December 1995, we entered into an agreement to purchase the other 50% interest. This transaction closed shortly after year-end 1995. Accordingly, as of December 31, 1995, this entity was consolidated with our Financial Statements, resulting in additions of $78,290,000 of assets, primarily property and equipment, and $77,090,000 of liabilities, primarily long-term debt. These noncash additions were not reflected in the company's 1995 Statement of Cash Flows.

In November 1995, we divested our remaining interest in our equity affiliate, Rainy River, through Rainy River's merger with Stone-Consolidated Corporation and received cash of approximately $183,482,000 and Stone-Consolidated stock. We used the proceeds from this transaction to reduce debt. In 1996, we sold the Stone-Consolidated stock for $133,628,000. After consideration of a previously recorded bulk-sale reserve, the transaction was at approximately book value.

For 1997 and 1996, financial information related to our equity affiliates is not required.

A summary of transactions between us and our equity affiliates for the year ended December 31, 1995, is as follows:

Fees charged by and expenses reimbursable to the company	$ 23,420
Purchases from equity affiliates	111,590

Sales to equity affiliates	198,030
Amounts payable to equity affiliates	3,437
Amounts receivable from equity affiliates	6,333

Summarized financial information of the equity affiliates for the year ended December 31, 1995, is as follows:

Condensed income statement information:

Sales	$770,240
Gross profit	154,380
Net income	73,200

9. 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.

10. SEGMENT INFORMATION

We are an integrated paper and forest products company headquartered in Boise, Idaho, with domestic and international operations. We manufacture and distribute paper and wood products, distribute office products and building materials, and own and manage more than 2 million acres of timberland in the U.S.

No single customer accounts for 10% or more of consolidated trade sales.

SUMMARY OF SIGNIFICANT SEGMENT ACCOUNTING POLICIES. Intersegment sales are recorded primarily at market prices. Corporate assets are primarily cash and cash equivalents, deferred income tax benefits, prepaid expenses, certain receivables, and property and equipment.

Our segments exclude timber-related assets and capital expenditures, because any allocation of these assets would be arbitrary. Our timber harvested is included in segment results at cost.

Boise Cascade's export sales to foreign unaffiliated customers were $177,071,000 in 1997, $182,889,000 in 1996, and $231,209,000 in 1995.

During 1997, BCOP had operations in Australia, Canada, France, Germany, and the United Kingdom. During 1996, BCOP had operations in Australia, Canada, and the United Kingdom. For the years ended December 31, 1997 and 1996, BCOP's foreign operations had sales of $518,126,000 and $296,396,000 and operating income of $21,610,000 and $12,510,000. At December 31, 1997 and 1996, identifiable assets of BCOP's foreign operations were $467,968,000 and $221,743,000. BCOP did not have any significant foreign operations prior to 1996.

An analysis of our operations by segment is as follows:

	Sales: Trade	Sales: segment	Sales: Total	Operating Income (Loss)(1)	Depreciation, Amortization, and Cost of Company Timber Harvested	Capital Expendi-tures	Assets
YEAR ENDED DECEMBER 31, 1997			(expressed in thousands)				
Paper and paper products	$1,275,151	$ 329,449	$1,604,600	$(11,551)	$166,199	$169,948	$2,602,383
Office products	2,595,144	1,588	2,596,732	122,249	41,088	346,592(4)	1,287,196
Building products	1,603,641	41,595	1,645,236	47,742	41,948	50,031	509,756
Other operations	19,884	56,427	76,311	(2,285)	4,188	4,150	50,411
Total	5,493,820	429,059	5,922,879	156,155	253,423	570,721	4,449,746
Intersegment eliminations	-	(429,059)	(429,059)	(4)	-	-	(65,281)
Timber, timberlands, and timber deposits	-	-	-	-	-	6,232	273,001
Equity affiliates	-	-	-	(5,180)	-	-	32,848
Corporate and other	-	-	-	(46,872)	3,147	1,666	279,610
Consolidated totals	$5,493,820	$ -	$5,493,820	$104,099	$256,570	$578,619	$4,969,924
YEAR ENDED DECEMBER 31, 1996							
Paper and paper products	$1,601,638	$ 271,609	$1,873,247	$ 74,894(2)(3)	$179,632	$470,059	$2,497,908
Office products	1,983,518	2,046	1,985,564	101,533	27,198	265,081(4)	905,361
Building products	1,505,538	51,589	1,557,127	36,074	40,357	85,565	500,456
Other operations	17,526	57,070	74,596	(2,609)	4,472	4,246	54,850
Total	5,108,220	382,314	5,490,534	209,892	251,659	824,951	3,958,575
Intersegment eliminations	-	(382,314)	(382,314)	1,018	-	-	(45,546)
Timber, timberlands, and timber deposits	-	-	-	-	-	5,510	293,028
Equity affiliates	-	-	-	2,940	-	-	19,430
Corporate and other	-	-	-	(60,269)(2)	3,341	1,706	485,222
Consolidated totals	$5,108,220	$ -	$5,108,220	$153,581	$255,000	$832,167	$4,710,709
YEAR ENDED DECEMBER 31, 1995							
Paper and paper products	$2,255,643	$ 262,530	$2,518,173	$435,988(5)(7)	$197,456	$242,518	$2,793,621
Office products	1,313,908	2,045	1,315,953	72,055	15,355	102,569(4)	544,124
Building products	1,482,340	93,080	1,575,420	89,178	39,332	68,756	468,786
Other operations	22,339	54,301	76,640	299	4,801	6,035	61,263
Total	5,074,230	411,956	5,486,186	597,520	256,944	419,878	3,867,794
Intersegment eliminations	-	(411,956)	(411,956)	(1,209)	-	-	(50,084)
Timber, timberlands, and timber deposits	-	-	-	-	-	5,688	383,394
Equity affiliates	-	-	-	40,070	-	-	25,803
Corporate and other	-	-	-	22,048(6)(7)	3,816	1,931	429,279
Consolidated totals	$5,074,230	$ -	$5,074,230	$658,429	$260,760	$427,497	$4,656,186

(1) Operating income (loss) includes gains from sales and dispositions (see Note 1). In addition, interest income has been allocated to our segments in the amounts of $1,689,000 for 1997, $1,441,000 for 1996, and $2,829,000 for 1995.
(2) As a result of the sale of our coated publication paper business in 1996, paper and paper products includes a pretax gain of approximately $40,395,000. In addition approximately $15,341,000 of pretax expense arising from related tax indemnification requirements is included in "Corporate and other." Assets were reduced by $632,246,000 as a result of the sale.
(3) 1996 includes $9,955,000 before taxes for the write-down of certain paper assets (see Note 1).
(4) Capital expenditures include acquisitions made by BCOP through the issuance of common stock, assumption of debt, and recording of liabilities.
(5) 1995 includes a charge of $74,900,000 before taxes related primarily to the write-down of certain paper assets under the provisions of SFAS No. 121 (see Note 1).
(6) In 1995 Corporate and other operating income includes a gain of $68,900,000 for the sale of our remaining interest in Rainy River (see Note 1).
(7) 1995 includes a pretax charge of $19,000,000 for the establishment of reserves for the write-down of certain paper assets (see Note 1). Also included is our addition to existing reserves of $5,000,000 before taxes for environmental and other contingencies.

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, 1997 and 1996, and the related statements of income (loss), cash flows, and shareholders' equity for the years ended December 31, 1997, 1996, and 1995. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Boise, Idaho
January 29, 1998

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 Arthur Andersen LLP representatives 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, recommendations concerning the system of internal accounting controls, and the quality of financial reporting.

BOISE CASCADE CORPORATION AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	1993	1994	1995	1996	1997
	(dollar amounts expressed in thousands)				
Interest costs	$ 172,170	$ 169,170	$ 154,469	$ 146,234	$ 153,691
Interest capitalized during the period	2,036	1,630	3,549	17,778	10,575
Interest factor related to noncapitalized leases(1)	7,485	9,161	8,600	12,982	11,931
Total fixed charges	$ 181,691	$ 179,961	$ 166,618	$ 176,994	$ 176,197
Income (loss) before income taxes and minority interest	$(125,590)	$ (64,750)	$ 589,410	$ 31,340	$(28,930)
Undistributed (earnings) losses of less than 50% owned persons, net of distributions received	(922)	(1,110)	(36,861)	(1,290)	5,180
Total fixed charges	181,691	179,961	166,618	176,994	176,197
Less: Interest capitalized	(2,036)	(1,630)	(3,549)	(17,778)	(10,575)
Guarantee of interest on ESOP debt	(22,208)	(20,717)	(19,339)	(17,874)	(16,341)
Total earnings (losses) before fixed charges	$ 30,935	$ 91,754	$ 696,279	$ 171,392	$ 125,531
Ratio of earnings to fixed charges(2)	-	-	4.18	-	-

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

(2) Earnings before fixed charges were inadequate to cover total fixed charges by $150,756,000, $88,207,000, $5,602,000, and $50,666,000 for the years ended December 31, 1993, 1994, 1996, and 1997.

EXHIBIT 27
The data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at December 31, 1997, and from its Statement of Loss for the year ended December 31, 1997. The information presented is qualified in its entirety by reference to such financial statements.

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DEC-31-1997
DEC-31-1997
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140,560
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4,969,924
5,493,820
5,493,110
4,693,220
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(28,930)
9,260
(30,410)
0
0
0
(30,410)
(1.19)
(1.19)