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, 1997

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

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, Chicago, and Pacific Stock Exchanges
American & Foreign Power Company Inc. Debentures, 5% Series due 2030	New York Stock Exchange
Common Stock Purchase Rights	New York, Chicago, and Pacific Stock Exchanges
$2.35 Depositary Shares, evidenced by Depositary Receipts for Series F, Cumulative Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Cumulative Preferred Stock, Series F

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 [ ].

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 February 28, 1998: $1,862,758,869

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 February 28, 1998
Common Stock, $2.50 par value	56,234,230

Documents incorporated by reference

1. The registrant's annual report for the fiscal year ended December 31, 1997, 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 1998 annual meeting of shareholders to be held on April 17, 1998 ("Boise Cascade's proxy statement"), are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

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

Boise Cascade Corporation is 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. 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.

We are a participant with equity affiliates in connection with certain of our businesses. Our principal investments in affiliates include a 47% interest in Voyageur Panel and a 25% interest in Ponderosa Fibres of Washington. Additionally, our majority-owned subsidiary, Boise Cascade Office Products Corporation ("BCOP"), has a 50% interest with Otto Versand in a joint venture that direct markets office products in Europe. (See Note 8 of the Notes to Financial Statements of our 1997 Annual Report. This information is incorporated by reference.)

Financial information pertaining to each of our industry segments and to each of our geographic areas for the years 1997, 1996, and 1995 is presented in Note 10, "Segment Information," of the Notes to Financial Statements of our 1997 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 it serves. 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.

The management practices followed by Boise Cascade with respect to working capital conform to those of the paper and forest products industry and common business practice in the United States.

We engage in acquisition discussions with other companies and make acquisitions 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, and 8 of the Notes to Financial Statements of our 1997 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 2.8 million tons at December 31, 1997. 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 certain 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 byproduct 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 five 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.

We also have a wave flute facility which became operational in 1996. Wave flute is a substitute for many packaging and display products.

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

	1997	1996	1995	1994	1993
			(thousands of short tons)		
Paper					
Uncoated free sheet	1,314	1,167	1,177	1,271	1,215
Containerboard	604	563	602	595	559
Newsprint(1)	440	411	416	415	860
Market pulp	161	230	217	212	205
Discontinued grades(1)	-	260	428	447	717
	2,519	2,631	2,840	2,940	3,556
			(millions of square feet)		
Corrugated Containers	3,568	3,201	3,114	3,237	2,961

(1) Newsprint for 1995 and 1994 excludes production from Rainy River, which was reported on the equity method from January 1, 1994, through November 1, 1995. On November 1, 1995, Rainy River merged with Stone-Consolidated Corporation (now Abitibi-Consolidated).

In November 1996, we completed the sale of our coated publication paper business to The Mead Corporation. (See Note 1 of the Notes to Financial Statements of our 1997 Annual Report. This information is incorporated by reference.)

In October 1994, Rainy River Forest Products ("Rainy River"), our former Canadian subsidiary, completed an initial offering of units of its equity and debt securities. As a result of the offering, we owned 49% of the outstanding voting common shares and 60% of the total equity of Rainy River.

In November 1995, we divested our remaining interest in Rainy River through Rainy River's merger with Stone-Consolidated Corporation and we 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.

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, 1997, we owned 81.4% of BCOP's outstanding common stock. (See Note 6 of the Notes to Financial Statements of our 1997 Annual Report. This information is incorporated by reference.)

BCOP distributes a broad line of items for the office, including office and computer supplies, furniture, paper products, 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 Boise Cascade's paper operations. BCOP sells these office products directly to corporate, government, and other offices in the United States, Australia, Canada, France, and the United Kingdom, as well as to individuals, home offices, and small- and medium-sized offices in the United States, Canada, France, Germany, Spain, and the United Kingdom.

Customers with multisite locations across the country are often serviced via national contracts that provide consistent pricing and product offerings and, if desired, summary billings, usage reporting, and other special services. At February 28, 1998, BCOP operated 72 distribution centers. During 1997, BCOP completed acquisitions of eight businesses. BCOP also operates four retail office supply stores in Hawaii and approximately 70 retail stores in Canada.

The following table sets forth sales dollars for BCOP for the years indicated:

	1997	1996	1995	1994	1993
Sales (millions)	$2,597	$1,986	$1,316	$ 909	$ 683

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 1997, 1996, and 1995 were $913 million, $867 million, and $977 million.

The following table sets forth annual practical capacities of our wood products facilities as of December 31, 1997:

	Number of Mills	Practical Capacity
		(millions)
Plywood and veneer	12	1,935 square feet (3/8" basis)
Lumber	11	635 board feet
Particleboard	1	200 square feet (3/4" basis)
Oriented strand board(1)	1	400 square feet
Laminated veneer lumber(2)	2	10.4 cubic feet

(1) 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. The 400 million square feet of annual capacity represents 100% of the production volume. The plant began production in 1997.
(2) A portion of LVL production is used in the manufacture of I-joists.

Boise Cascade operates 15 wholesale building materials distribution facilities. In 1997, we started up a facility in Minnesota. 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 32% in 1997) of the wood products required by our Building Materials Distribution Division is provided by our manufacturing facilities, and the balance is purchased from outside sources.

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

	1997	1996	1995	1994	1993
			(millions)		
Plywood (square feet - 3/8" basis)	1,836	1,873	1,865	1,894	1,760
Lumber (board feet)	657	692	711	754	760
Particleboard (square feet - 3/4" basis)	195	195	196	194	182
Oriented strand board (square feet 3/8" basis)(1)	151	-	-	-	-
Laminated veneer lumber (cubic feet)	2.7	2.2	1.8	1.4	1.1
I-joists (eq. lineal feet)	82	74	61	55	49
Building materials distribution (sales dollars)	$ 732	$ 690	$ 598	$ 657	$ 590

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

TIMBER RESOURCES

Boise Cascade owns or controls approximately 2.4 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 1997, our mills processed approximately 1.1 billion board feet of sawtimber and 1.5 million cords of pulpwood; 33% of the sawtimber and 44% of the pulpwood were harvested from our timber resources, and the balance was acquired from various private and government sources. Approximately 68% of the 1,037,000 bone-dry units of hardwood and softwood chips consumed by our Northwest pulp and paper mills in 1997 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 636,000 bone-dry units of residual chips used in the South, 40% were provided by our Southern wood products manufacturing facilities.

At December 31, 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)			New England(4)			Total(5)		
	1997	1996	1995	1997	1996	1995	1997	1996	1995	1997	1996	1995	1997	1996	1995
											(thousands of acres)				
Fee	1,331	1,328	1,329	308	308	308	418	419	419	-	-	667	2,057	2,055	2,723
Leases and contracts	51	51	49	-	-	-	284	290	290	-	-	-	335	341	339

	1,382	1,379	1,378	308	308	308	702	709	709	-	-	667	2,392	2,396	3,062
Approximate % of total fiber requirements available from:(6)															
Owned and controlled timber resources	25%	21%	22%	23%	23%	22%	25%	25%	26%	-	-	57%	25%	23%	27%
Residuals from processed purchased logs	13	14	17	-	-	-	6	6	7	-	-	-	9	9	10
Total	38%	35%	39%	23%	23%	22%	31%	31%	33%	-	-	57%	34%	32%	37%

(1) Principally sawtimber.
(2) Principally pulpwood.
(3) Sawtimber and pulpwood.
(4) In 1996, we sold 667,000 acres of timberland to The Mead Corporation in connection with the sale of our coated publication paper business in Rumford, Maine.
(5) On December 31, 1997, our inventory of merchantable sawtimber was approximately 7.7 billion board feet, and our inventory of pulpwood was approximately 7.8 million cords. At December 31, 1996, these inventories were approximately 7.6 billion board feet and approximately 7.6 million cords, and at December 31, 1995, these inventories were approximately 9.0 billion board feet and approximately 15.9 million cords.
(6) 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.

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 203,000 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.

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" of the Financial Review of our 1997 Annual Report. This information is incorporated by reference.

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 "Environmental Issues" of the Financial Review of our 1997 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, 1997, we had 22,514 employees, 6,176 of whom were covered under collective bargaining agreements. In 1997, we obtained a labor contract extension effective until 2000 for our west coast timber employees.

No major negotiations are scheduled for 1998.

IDENTIFICATION OF EXECUTIVE OFFICERS

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

CAPITAL INVESTMENT

Boise Cascade's capital expenditures in 1997 were $579 million, compared with $832 million in 1996 and $428 million in 1995. Details of 1997 spending by segment and by type are as follows:

	Expansion	Quality/ Efficiency(1)	Timber and Timberlands	Replacement, Environmental, and Other	Total
			(expressed in millions)		
Paper and paper products	$ 66	$ 22	$ -	$ 82	$ 170
Office products(2)	296	26	-	25	347
Building products	23	9	-	18	50
Timber and timberlands	-	-	6	-	6
Other	1	-	-	5	6
Total	$ 386	$ 57	$ 6	$ 130	$ 579

(1) Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects.
(2) Capital expenditures include acquisitions made by BCOP through the issuance of common stock, assumption of debt, and the recording of liabilities.

The level of capital investment in 1998 is expected to be about $400 million, excluding acquisitions, and will be allocated to cost-saving, modernization, expansion, replacement, maintenance, environmental, and safety projects.

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 57% of total 1997 energy requirements, compared with 53% in 1996 and 52% in 1995. The energy requirements fulfilled by purchased sources in 1997 were as follows: natural gas, 29%; electricity, 13%; and residual fuel oil, 1%.

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 those properties. We own substantially all equipment used in our facilities.

Following is a list of our facilities by segment as of February 28, 1998. Information concerning timber resources is presented in Item 1 of this Form 10-K.

PAPER AND PAPER PRODUCTS

5 pulp and paper mills located in Alabama, Louisiana, Minnesota, Oregon, and Washington. In 1996, we sold our mill in Rumford, Maine.

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

2 converting facilities located in Oregon and Washington. In 1996, we completed the reconfiguration of our Vancouver, Washington, mill by shutting down its paper making abilities and operating it only as a paper converting facility.

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

1 wave flute facility located in California.

OFFICE PRODUCTS

72 distribution centers located in Arizona, California (2), Colorado, Connecticut, Delaware, Florida (3), Georgia, Hawaii, Idaho, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan (3), Minnesota (2), Missouri (2), Montana, Nevada (2), New Mexico, New York (2), North Carolina (2), Ohio (3), Oklahoma, Oregon (2), Pennsylvania (2), Tennessee, Texas (2), Utah, Vermont, Virginia, Washington (2), Wisconsin, Australia (8), Canada (9), France (2), Germany, and Spain, and United Kingdom (2).

Approximately 74 retail outlets located in Hawaii and Canada.

BUILDING PRODUCTS

11 sawmills located in Alabama, Idaho (2), Louisiana, Oregon (4), 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.

15 wholesale building materials units located in Arizona, Colorado (2), Idaho (2), Minnesota, Montana, New Mexico, Oklahoma, Texas, Utah, and Washington (4).

ITEM 3. LEGAL PROCEEDINGS

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 33 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. 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 presently believe that the known actual and potential response costs will, in the aggregate, have a material adverse effect on our financial condition or the results of operations.

We are involved in various 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 any pending litigation or administrative proceeding, including those described in the preceding paragraph, 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, the Chicago, and the Pacific Stock Exchanges. 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 "Quarterly Results of Operations," in our 1997 Annual Report. Additional information concerning dividends on common stock is presented under the caption "Dividends" of the Financial Review section of our 1997 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 1997 Annual Report. The approximate number of common shareholders, based upon actual record holders at year-end, is presented under the caption "Financial Highlights" of our 1997 Annual Report. The information under these captions is incorporated by reference.

SHAREHOLDER RIGHTS PLAN

Pursuant to the shareholder rights plan adopted in December 1988 and amended in September 1990, holders of common stock received a distribution of one 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, and expire in 1998. In September 1997, the company renewed its shareholder rights plan by entering into a Renewed Rights Agreement. The Renewed Rights Agreement will take effect and the company will distribute new rights upon the expiration of the existing rights plan. 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 Item 7 and Item 8 of this Form 10-K:

	1997	1996 (1)(2)(3)	1995 (4)(5)(6)(7)(8)(9)	1994 (10)	1993 (11)(12)(13)
	(expressed in millions, except per-common-share amounts)				
Assets					
Current assets	$1,354	$1,355	$1,313	$ 918	$ 887
Property and equipment, net	2,630	2,554	2,604	2,494	3,010
Other	986	802	739	882	616
	$4,970	$4,711	$4,656	$4,294	$4,513
Liabilities and Shareholders' Equity					
Current liabilities	$ 894	$ 933	$ 770	$ 658	$ 688
Long-term debt, less current portion	1,726	1,330	1,365	1,625	1,593
Guarantee of ESOP debt	177	196	214	231	247
Minority interest	105	82	68	-	-
Other	455	490	545	415	480
Shareholders' equity	1,613	1,680	1,694	1,365	1,505
	$4,970	$4,711	$4,656	$4,294	$4,513
Net sales	$5,494	$5,108	$5,074	$4,140	$3,958
Net income (loss)	$ (30)	$ 9	$ 352	$ (63)	$ (77)
Net income (loss) per common share					
Basic	$(1.19)	$ (.63)	$ 6.62	$(3.08)	$(3.17)
Diluted (14)	$(1.19)	$ (.63)	$ 5.39	$(3.08)	$(3.17)
Cash dividends declared per common share	$ .60	$ .60	$ .60	$ .60	$ .60

(1) 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.

(2) Includes $9,955,000 before taxes for the write-down of certain paper assets.

(3) Includes a gain of $2,880,000 as a result of shares issued by BCOP for stock options and to effect various acquisitions.

(4) Includes a charge of $74,900,000 before taxes related primarily to the write-down of certain 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."

(5) Includes a pretax gain of $68,900,000 as a result of the sale of our remaining interest in Rainy River.

(6) Includes a gain of $6,160,000 as a result of shares issued by BCOP to effect various acquisitions.

(7) Includes a gain of $60,000,000 from the BCOP initial public offering.

(8) 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.

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

(10) Includes a charge of $10,200,000 before taxes as a result of the sale of securities by Rainy River. Also includes the recognition of a noncash charge of $20,200,000 for U.S. taxes on previously undistributed Canadian earnings.

(11) In the third quarter of 1993, the U.S. federal government increased the statutory tax rate from 34% to 35%, effective as of the beginning of 1993. Income tax benefits reported have been decreased by $7,120,000 as a result of adjusting net deferred tax liabilities for the change in rates. Also included in 1993 was a net pretax gain of $5,300,000 which was primarily attributable to an asset sale.

(12) In the second quarter of 1993, the Canadian federal government reduced the statutory tax rate applicable to Boise Cascade. Effective as of the beginning of 1993, the rate decreased from 23.8% to 22.8%, and a further

reduction to 21.8% was effective at the beginning of 1994. Income tax benefits reported have been increased by $5,020,000, as a result of adjusting net Canadian deferred tax liabilities for the changes in rates.

(13) In 1993, we sold our interest in a specialty paper producer at a pretax gain of $8,644,000.

(14) The computation of diluted net loss per common share was antidilutive in the years 1997, 1996, 1994, and 1993; 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 1997 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 our management's discussion and analysis of financial condition and results of operations, 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 1997 Annual Report and are incorporated by reference. Selected quarterly financial data is presented under, "Quarterly Results of Operations," in our 1997 Annual Report and is incorporated by reference.

The consolidated income statement for the three months ended December 31, 1997, is presented in our Fact Book for the fourth quarter of 1997 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

DIRECTORS

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

Executive Officers as of February 28, 1998

Name	Age	Position or Office	Date First Elected as an Officer
George J. Harad(1)	53	Chairman of the Board and Chief Executive Officer	5/11/82
Peter G. Danis Jr.(2)	66	Executive Vice President	7/26/77
Theodore Crumley	52	Senior Vice President and Chief Financial Officer	5/10/90
A. Ben Groce	56	Senior Vice President	2/8/91
John W. Holleran	43	Senior Vice President and General Counsel	7/30/91
Terry R. Lock	56	Senior Vice President	2/17/77
Christopher C. Milliken(3)	52	Senior Vice President	2/3/95
Richard B. Parrish	59	Senior Vice President	2/27/80
N. David Spence	62	Senior Vice President	12/8/87
A. James Balkins III(4)	45	Vice President	9/5/91
Stanley R. Bell	51	Vice President	9/25/90
John C. Bender	58	Vice President	2/13/90
Charles D. Blencke	54	Vice President	12/11/92
Tom E. Carlile	46	Vice President and Controller	2/4/94
Karen E. Gowland	39	Vice President and Corporate Secretary	9/25/97
J. Michael Gwartney	57	Vice President	4/25/89
Vincent T. Hannity	53	Vice President	7/26/96
Irving Littman	57	Vice President and Treasurer	11/1/84
Jeffrey G. Lowe	56	Vice President	12/11/92
Richard W. Merson	55	Vice President	12/12/97
Carol B. Moerdyk(5)	47	Vice President	5/10/90
David A. New	47	Vice President	4/30/97
Terry M. Plummer	44	Vice President	9/28/95
J. Kirk Sullivan	62	Vice President	9/30/81
Gary M. Watson	50	Vice President	2/5/93

(1) Chairman of the Board, Boise Cascade Office Products Corporation

(2) Chief Executive Officer, Boise Cascade Office Products Corporation

(3) President, Boise Cascade Office Products Corporation

(4) Senior Vice President, Chief Financial Officer, Treasurer, and Corporate Secretary, Boise Cascade Office Products Corporation

(5) Senior Vice President, U.S. 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.

J. Ray Barbee, vice president, resigned from his position with Boise Cascade effective August 13, 1997. H. John Leusner, vice president, retired from his position with Boise Cascade effective December 31, 1997.

On February 10, 1998, it was announced that Peter G. Danis will retire from his positions with Boise Cascade and BCOP on April 21, 1998. Mr. Danis will continue to serve on BCOP's Board of Directors. It was also announced that Christopher C. Milliken was elected senior vice president of Boise Cascade. He will succeed Mr. Danis as president of BCOP, effective immediately, and as chief executive officer on April 21, 1998. Mr. Milliken was also elected as a director of BCOP by BCOP's Board of Directors.

Karen E. Gowland was elected vice president and corporate secretary in September 1997. In 1981, Ms. Gowland received a B.S. degree in accounting from the University of Idaho and in 1984, she received her J.D. from the

University of Idaho. Ms. Gowland joined Boise Cascade's legal department in 1984.

Richard W. Merson was elected vice president in December 1997. In 1965, Mr. Merson received a B.S. degree in chemical engineering from the University of Maryland. In 1989, he attended the University of Tennessee Executive Development Program. Mr. Merson joined Boise Cascade in 1981. He has held various positions with Boise Cascade's paper group.

David A. New was elected vice president in April 1997. In 1973, Mr. New received a B.S. degree in forestry from Purdue University. Mr. New joined Boise Cascade in 1997. Prior to joining Boise Cascade, Mr. New was a technical manager for Fletcher Challenge Ltd.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning compensation of Boise Cascade's executive officers for the year ended December 31, 1997, 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, 1997, is set forth under the caption "Beneficial Ownership" in Boise Cascade's proxy statement and is incorporated by reference.

(b) Information concerning security ownership of management as of December 31, 1997, is set forth under the caption "Security Ownership of 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 and 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 1997 is set forth under the caption "Legal Services" 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, 1997, is incorporated by reference from Boise Cascade's Fact Book for the fourth quarter of 1997.

(ii) The Financial Statements, the Notes to Financial Statements, the Report of Independent Public Accountants the Report of Management, and the Quarterly Results of Operations listed below are incorporated by reference from Boise Cascade's 1997 Annual Report.

- 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.
- Report of Management.
- Quarterly Results of Operations.

(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 1997. On February 23, 1998, we filed a Form 8-K with the Securities and Exchange Commission to file our financial information as of December 31, 1997. The Form 8-K also reported the ratio of earnings to fixed charges.

(c) Exhibits.

See Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

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

Dated: March 26, 1998

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 March 26, 1998.

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	
Tom E. Carlile Tom E. Carlile	Vice President and Controller
(iv) Directors:	
George J. Harad George J. Harad	Paul J. Phoenix Paul J. Phoenix
Anne L. Armstrong Anne L. Armstrong	A. William Reynolds A. William Reynolds
Philip J. Carroll Philip J. Carroll	Jane E. Shaw Jane E. Shaw
Robert K. Jaedicke Robert K. Jaedicke	Frank A. Shrontz Frank A. Shrontz
Donald S. Macdonald Donald S. Macdonald	Edson W. Spencer Edson W. Spencer
Gary G. Michael Gary G. Michael	Ward W. Woods, Jr. Ward W. Woods, Jr.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we consent to the incorporation of our report dated January 29, 1998, incorporated by reference in this Form 10-K for the year ended December 31, 1997, 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 pre-effective amendment No. 1 to Form S-3 registration statement (File No. 333-41033).

ARTHUR ANDERSEN LLP

Boise, Idaho
March 26, 1998

BOISE CASCADE CORPORATION

INDEX TO EXHIBITS
Filed with the Annual Report
on Form 10-K for the
Year Ended December 31, 1997

Page Number		Description	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, September 29, 1994	-
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)	Shareholder Rights Plan, as amended September 25, 1990	-
4.4	(7)	Renewed Rights Agreement dated as of September 25, 1997	-
9		Inapplicable	-
10.1	(8)	Key Executive Performance Plan for Executive Officers, as amended through December 7, 1995	-
10.2	(8)	1986 Executive Officer Deferred Compensation Plan, as amended through December 7, 1995	-
10.3	(9)	1983 Board of Directors Deferred Compensation Plan, as amended through July 26, 1996	-
10.4	(8)	1982 Executive Officer Deferred Compensation Plan, as amended through December 7, 1995	-
10.5	(10)	Executive Officer Severance Pay Policy	-
10.6	(8)	Supplemental Early Retirement Plan for Executive Officers, as amended through December 7, 1995	-
10.7	(11)	Boise Cascade Corporation Supplemental Pension Plan, effective as of January 1, 1994	-
10.8	(9)	1987 Board of Directors Deferred Compensation Plan, as amended through July 26, 1996	-
10.9		1984 Key Executive Stock Option Plan and Form of Agreement, as amended through December 12, 1997	0
10.10	(10)	Executive Officer Group Life Insurance Plan description	-
10.11	(8)	Executive Officer 1980 Split-Dollar Life Insurance Plan, as amended through December 7, 1995	-
10.12	(8)	Forms of Agreements with Executive Officers, as amended through December 7, 1995	-
10.13	(12)	Supplemental Health Care Plan for Executive Officers, as revised July 31, 1996	-
10.14	(10)	Nonbusiness Use of Corporate Aircraft Policy, as amended	-
10.15	(10)	Executive Officer Financial Counseling Program description	-
10.16	(10)	Family Travel Program description	-
10.17	(13)	Form of Directors' Indemnification Agreement, as revised June 1997	-
10.18	(12)	Deferred Compensation and Benefits Trust, as amended and restated as of December 13, 1996	-
10.19	(8)	Director Stock Compensation Plan, as amended through December 7, 1995	-
10.20	(8)	Boise Cascade Corporation Director Stock Option Plan, as amended through December 7, 1995	-
10.21	(8)	1995 Executive Officer Deferred Compensation Plan, effective January 1, 1996	-
10.22	(8)	1995 Board of Directors Deferred Compensation Plan, effective January 1, 1996	-
10.23	(8)	Boise Cascade Corporation 1995 Split-Dollar Life Insurance Plan, as amended through December 7, 1995	-
10.24		1997 and 1998 Performance Criteria for the Key Executive Performance Plan for Executive Officers	
11		Computation of Per Share Earnings	
12		Ratio of Earnings to Fixed Charges	
13.1		Incorporated sections of the Boise Cascade Corporation 1997 Annual Report	
13.2		Incorporated sections of the Boise Cascade Corporation Fact Book for the fourth quarter of 1997	
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) The Bylaws, as amended September 29, 1994, were filed as Exhibit 3 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994, and are 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 Rights Agreement, dated as of December 13, 1988, as amended September 25, 1990, was filed as Exhibit 1 in Boise Cascade's Form 8-K filed with the Securities and Exchange Commission on September 25, 1990, and is incorporated by reference.

(7) 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.

(8) Exhibits 10.1, 10.2, 10.4, 10.6, 10.11, 10.12, 10.19, 10.20, 10.21, 10.22, and 10.23 were filed under the same exhibit numbers in Boise Cascade's 1995 Annual Report on Form 10-K and are incorporated by reference.

(9) The 1983 Board of Directors Deferred Compensation Plan and 1987 Board of Directors Deferred Compensation Plan were filed as Exhibits 10.1 and 10.2, respectively, in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, and are incorporated by reference.

(10) Exhibits 10.5, 10.10, 10.14, 10.15, 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.

(11) Exhibit 10.7 was filed under the same exhibit number in Boise Cascade's 1994 Annual Report on Form 10-K and is incorporated by reference.

(12) Exhibits 10.13 and 10.18 were filed under the same exhibit numbers in Boise Cascade's 1996 Annual Report on Form 10-K and are incorporated by reference.

(13) The Form of Directors' Indemnification Agreement, as revised June 1997, was filed as Exhibit 10 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and is incorporated by reference.

EXHIBIT 10.9

BOISE CASCADE CORPORATION

1984 KEY EXECUTIVE STOCK OPTION PLAN

(As Amended Through December 12, 1997)

BOISE CASCADE CORPORATION
1984 KEY EXECUTIVE STOCK OPTION PLAN

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 Subcommittee of the Human Resources Committee of the Board of Directors of the Company or any successor to the subcommittee.

(d) "Company" means Boise Cascade Corporation, a Delaware corporation, as well as any subsidiary of which 50% or more of the outstanding stock is owned by Boise Cascade 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.

The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his/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 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 Section 29 of the Company's Bylaws but shall not include assistant treasurers or assistant secretaries.

(j) "Fair Market Value" means the closing price of the Stock as reported by the consolidated tape of the New York Stock Exchange on a particular date, or 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 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 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) "Retirement" means an Employee's termination of employment with the Company, other than as a result of death, total and permanent disability, or for disciplinary reasons (as defined for purposes of the Company's Corporate Policy Manual) at any time after the Employee has reached age 55 with ten or more Years of Service with the Company as defined in the Company's Pension Plan for Salaried Employees.

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

(p) "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.

(q) "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.

(r) "Window Period" means the period described in Rule 16b-3(e)(3)(iii) under the Securities Exchange Act of 1934.

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 10,100,000. 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. However, in no event 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;

(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 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 Options to be exercised. Full payment for the Options 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 and payment, 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, 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. Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Employee's employment at any time, nor confer upon any Employee any right to continue in the employ of the Company.

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.

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. However, an Optionee 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 be responsible for the administration of the Plan. The Committee, by majority action thereof, is authorized to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, 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, but only to the extent not contrary to the express provisions 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 pursuant to the provisions of the Plan shall be final and shall be binding and conclusive for all purposes and upon all persons.

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 (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) 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; 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 stockholders of the Company approve a merger or consolidation of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (i) a merger or consolidation which would result in 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), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, 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 (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its subsidiaries other than in connection with the acquisition by the Company or its subsidiaries of a business) 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; or

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

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, a Participant participates as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, a Participant 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 a Participant 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; (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.

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, provided, however, that the Company shall not withhold or accept surrender of Stock under this paragraph unless the recipient of the Stock has made an irrevocable election to have Stock withheld or surrendered for this purpose at least six months after the date of grant of the Option and either (i) six months, or (ii) within a Window Period, prior to the date the amount of withholding tax is determined. The Committee may, at any time subsequent to an election under this paragraph, disapprove the election and require satisfaction of withholding taxes by other means permitted under the Plan. 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. Initially, the Plan is approved by the Board and will be submitted to the Company's shareholders for approval at their next annual meeting following the effective date of the Plan. 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 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.

BOISE CASCADE CORPORATION
NONSTATUTORY STOCK OPTION AGREEMENT

This Nonstatutory Stock Option (the "Option") is granted July ___, 1998, by BOISE CASCADE CORPORATION (the "Company") to ___________________

("Optionee") pursuant to the 1984 Key Executive Stock Option Plan (the "Plan"), a copy of which is attached as Exhibit A, subject to the following terms and conditions.

1. This Agreement is subject to all the terms and conditions of the Plan, and all capitalized terms not otherwise defined in this Agreement shall have the meaning given them in the Plan.

2. The Company hereby grants the Optionee a nonstatutory stock option to purchase up to, __________ shares of Stock at a price of $__________ per share.

3. The Option shall expire on the first of the following to occur:

(a) ten years and one day from the date of this Agreement;

(b) five years after Optionee's termination of employment as a result of Retirement, death, or total and permanent disability, provided that if at any time prior to termination of employment Optionee was an Executive Officer of the Company, Optionee has not, as of the date of the exercise of the Option, commenced Employment with any Competitor of the Company;

(c) three years following termination of Optionee's employment with the Company provided (i) the termination is the direct result of the sale or permanent closure of any facility or operating unit of the Company, and (ii) Optionee has not, as of the date of the exercise of the Option, commenced Employment with any Competitor of the Company;

(d) three months after termination of Optionee's employment with the Company for any other reason, except that the Option shall be canceled immediately upon termination in the event of termination for disciplinary reasons.

4. "Competitor" means any business, foreign or domestic, which is engaged at any time relevant to the provisions of this Agreement, 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. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his/her sole discretion.

5. "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.

6. Except as provided in Section 13 of the Plan, this Option shall not be exercisable until after the first anniversary of the date of this Agreement, and thereafter it shall be exercisable in full.

7. This Option may be exercised from time to time by delivery of written notice to the Company specifying the number of shares of Stock to be purchased. Payment of the Grant Price shall be made as provided in Section 6.4 of the Plan.

BOISE CASCADE CORPORATION

By ___________________________
J. Michael Gwartney
Vice President, Human Resources

Accepted:

By ___________________________
Optionee

EXHIBIT 10.24

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN

I. 1997 Payout Criteria

PAYOUT AS A PERCENT OF SALARY

Financial Improvement	CEO	EVP/SVP	VP
($161,005,000)	0.0%	0.0%	0.0%
($135,000,000)	3.5%	2.2%	1.7%
$40,000,000	73.5%	47.2%	36.7%
$127,500,000	108.5%	69.7%	54.2%
$215,000,000	120.1%	77.2%	60.1%
$477,775,000	152.8%	98.3%	76.4%
$477,775,001	166.8%	107.3%	83.4%
$577,775,000	180.2%	115.8%	90.1%

- For Financial Improvement in excess of $577.8 Million, the payout increases proportionally to the increase from $477.8 Million to $577.8 Million.

- The payout is interpolated on a straight line for Financial Improvement not shown in the table.

- 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 1997 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 = 35/24; EVP/SVP ratio = 45/24; 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. 1998 Payout Criteria

PAYOUT AS A PERCENT OF SALARY

Financial Improvement	CEO	SVP	VP
($152,336,667)	0.0%	0.0%	0.0%
($135,000,000)	2.3%	1.5%	1.2%
$127,500,000	107.3%	69.0%	53.7%
$215,000,000	119.0%	76.5%	59.5%
$418,055,000	146.1%	93.9%	73.0%
$418,055,001	157.7%	101.4%	78.9%

$518,055,000	171.1%	110.0%	85.5%

- For Financial Improvement in excess of $518.1 Million, the payout increases proportionally to the increase from $418.1 Million to $518.1 Million.

- The payout is interpolated on a straight line for Financial Improvement not shown in the table.

- 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 1998 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 = 35/24; SVP ratio = 45/24; 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.

EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS

	Year Ended December 31		
	1997	1996	1995
	(expressed in thousands)		
Net income (loss) as reported	$ (30,410)	$ 9,050	$ 351,860
Preferred dividends	(31,775)	(39,248)	(39,778)
Basic income (loss)	(62,185)	(30,198)	312,082
Preferred dividends eliminated	20,965	28,438	28,968
Interest on 7% debentures eliminated	-	-	2,501
Supplemental ESOP contribution	(12,114)	(12,659)	(12,599)
Diluted income (loss)	$(53,334)	$ (14,419)	$ 330,952
Average shares outstanding used to determine basic income (loss) per common share	52,049	48,277	47,166
Stock options, net	615	735	703
Series E conversion preferred stock	-	-	331
Series G conversion preferred stock	3,647	6,909	6,909
7% debentures	-	-	1,277
Series D convertible preferred stock	4,310	4,590	4,965
Average shares used to determine diluted earnings (loss) per common share	60,621	60,511	61,351
Net income (loss) per common share			
Basic	$(1.19)	$(.63)	$6.62
Diluted	$(.88)	$(.24)	$5.39

EXHIBIT 12

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 13.1

FINANCIAL HIGHLIGHTS

	1997	1996	1995
Sales	$5,493,820,000	$5,108,220,000	$5,074,230,000
Net income (loss)	$ (30,410,000)	$ 9,050,000	$ 351,860,000
Net income (loss) per common share			
Basic	$(1.19)	$(.63)	$ 6.62
Diluted	$(1.19)	$(.63)	$ 5.39
Shareholders' equity per common share	$25.39	$27.30	$28.17
Capital expenditures	$ 578,619,000	$ 832,167,000	$ 427,497,000
Number of employees	22,514	19,976	17,820
Number of common shareholders	19,045	20,370	21,414
Number of shares of common stock outstanding	56,223,923	48,476,366	47,759,946

FINANCIAL REVIEW

RESULTS OF OPERATIONS

1997 Compared With 1996. In 1997, Boise Cascade reported a net loss of $30.4 million, or $1.19 per diluted share. This compares with net income of $9.1 million, or a net loss of 63 cents per diluted share after deducting preferred dividends, in 1996.

Earnings in 1996 included a pretax gain of approximately $40.4 million from the sale of our coated publication paper business based in Rumford, Maine, and a pretax expense of approximately $15.3 million arising from related tax indemnification requirements. Also included in 1996 earnings was a pretax write-down of $10.0 million for certain paper assets and gains of $5.3 million from a subsidiary's issuance of stock. These items resulted in a net gain of $14.5 million, or 30 cents per diluted share.

Sales in 1997 were $5.49 billion, compared with $5.11 billion in 1996. An increase in sales by Boise Cascade Office Products was partially offset by lower sales in our paper business. Paper prices fell in 1997, and we no longer had sales from our coated publication paper business.

In 1997, our pretax Economic Value Added (EVA) was a negative $418 million, a $60 million improvement from 1996 EVA. EVA is discussed further at the end of this exhibit. When we refer to EVA, we are referencing the registered trademark of Stern Stewart & Co.

We continue to improve the competitive position of our businesses. For a discussion of our strategies and the progress made in achieving these strategies, see "The road we've traveled and the road ahead."

PAPER AND PAPER PRODUCTS. This segment reported a 1997 operating loss of $11.6 million, compared with 1996 operating income of $74.9 million. Operating income for 1996 included a nonroutine gain of approximately $40.4 million from the sale of our coated publication paper business in Rumford on November 1, 1996, offset by a $10.0 million write-down of certain paper assets. Also in 1996, Rumford contributed $21.1 million of operating income. Excluding nonroutine items and the contribution from the Rumford facility, this segment had $23.4 million of operating income in 1996. The decrease between adjusted operating income in 1996 and the loss reported in 1997 was due primarily to lower paper prices and modestly lower sales volumes. The average price for all of our pulp and paper grades fell 10% in 1997, following a 20% decline in 1996.

Unit sales volume totaled 2.5 million tons in 1997 and 2.6 million tons in 1996. The decrease in volume is the result of the sale of our Rumford facility, which contributed 365,000 tons of sales volume in 1996, offset in part by increased production from our existing machines and the start-up of our new Jackson, Alabama, machine in April 1997. Sales volume from the new Jackson machine totaled 174,000 tons of uncoated free sheet paper in 1997. Excluding Rumford, uncoated free sheet sales volume increased 20% in 1997. Our newsprint and containerboard sales volumes increased as well, up 7% from the previous year. These increases were partially offset by a 24% decline in pulp sales volumes, as we began to exit the market pulp business. Offsetting price and volume declines was a 5% decrease in unit manufacturing costs, excluding costs at Rumford, as our pulp and paper mills continued to aggressively pursue cost-reduction initiatives. Also, as the new Jackson machine came on stream and that facility began to exit the market pulp business, its cost position improved substantially.

Segment sales declined 14% to $1.6 billion, compared with $1.9 billion in 1996, primarily because of the sale of our Rumford facility and depressed paper prices, as discussed above. In 1996, the Rumford facility contributed $308.8 million of sales.

EVA was a negative $330 million, a $69 million improvement, compared with 1996 EVA.

A significant amount of our uncoated free sheet sales volume in 1997 -- 21%, or 285,000 tons -- was from value-added grades. We showed an increase from the 1996 percentage despite the addition of commodity production from the new

Jackson paper machine. 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 our value-added grades in 1997 was $287 per ton higher than the net selling price of our commodities. The spread in 1996, excluding Rumford, was $268 per ton.

BOISE CASCADE OFFICE PRODUCTS (BCOP). Segment operating income was a record $122.2 million in 1997, compared with $101.5 million in 1996. Dollar sales volume increased 31% to a record $2.6 billion from $2.0 billion in 1996. The growth in sales resulted from a combination of acquisitions and internal growth. Same-location sales increased 14% in 1997. Sales growth was constrained by lower paper prices. Businesses acquired during 1996 had sales in 1996 of approximately $332 million and sales in 1997 of approximately $524 million. The increase is due to the implementation of BCOP's business model in these acquisitions, including increasing sales to national accounts and broadening product offerings, as well as a full calendar year of ownership in 1997.

The segment's gross margin was 25.6% in 1997, compared with 26.4% in 1996. The decrease in gross margin resulted in part from continued competitive pressures on gross margins, especially in national accounts. Additionally, in the first half of 1996, paper costs to BCOP were declining rapidly from the peak reached in 1995, which raised BCOP's gross margin in the first half of 1996. In 1997, paper costs were more stable but significantly lower, constraining BCOP's margins. BCOP believes that the increasingly competitive nature of the industry and the increasing price sensitivity of customers will continue to put downward pressure on gross margins. In addition, changes in BCOP's product mix or marketing strategy could, from time to time, affect gross margins. For example, BCOP continues to increase its sales of computer-related consumables, a product line that had significantly lower gross margins and associated operating expenses in 1997 than its more traditional office products line. BCOP's operating expenses were 20.9% of net sales in 1997, compared with 21.3% in 1996. This decrease resulted in part from leveraging expenses across a larger revenue base and from specific initiatives to increase efficiency, for example, by increasing central procurement and integrating distribution programs. The combination of a lower gross margin and a lower operating expense ratio reduced BCOP's operating margin to 4.7% from 5.1% in 1996.

BCOP's gross margin and operating expense ratios vary among product categories, distribution channels, and geographic locations. As a result, BCOP expects fluctuations in these ratios as its sales mix evolves over time.

EVA was $2 million in 1997 and $24 million in 1996.

In September 1997, BCOP sold 2.25 million shares of common stock to Boise Cascade at $21.55 a share, for a total cost to Boise Cascade of $48.5 million. Boise Cascade holds 81.4% of BCOP's common stock.

In 1997, BCOP completed acquisitions of eight businesses, including operations in Canada, France, and the United Kingdom. Annualized sales of those businesses were approximately $340 million at the time the acquisitions were announced.

BUILDING PRODUCTS. Operating income was $47.7 million in 1997, compared with $36.1 million in 1996. The increased income was primarily due to higher average annual prices for lumber and plywood, slightly lower delivered-log costs, and increased contributions from our growing engineered wood products business. Sales for the building products segment were $1.6 billion in 1997 and 1996.

EVA was a negative $34 million, an $11 million improvement, compared with 1996 EVA.

Late in 1996, we started up a new engineered wood products facility in Alexandria, Louisiana, with the capacity to produce 4.4 million cubic feet of laminated veneer lumber and wood I-joists annually. In May 1997, our joint venture, Voyageur Panel, started up an oriented strand board (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.

1996 Compared With 1995. In 1996, Boise Cascade reported net income of $9.1 million, or a net loss of 63 cents per diluted share after deducting preferred dividends. This compares with net income of $351.9 million, or $5.39 per diluted share, in 1995.

Earnings in 1996 included a pretax gain of approximately $40.4 million from the sale of our coated publication paper business based in Rumford. In addition, we recorded approximately $15.3 million of pretax expense arising from related tax indemnification requirements. Also included in 1996 earnings were a pretax write-down of $10.0 million for certain paper assets and gains of $5.3 million from a subsidiary's issuance of stock. These items resulted in a net pretax gain of $14.5 million, or 30 cents per diluted share.

Earnings in 1995 included a net pretax gain of approximately $15.1 million, or 25 cents per diluted share. The gain resulted primarily from the sale of our remaining interest in our former Canadian subsidiary, Rainy River Forest Products Inc.; a gain from the initial public offering of a 17% stake in our office products distribution business; and charges for the revaluation of our Vancouver, Washington, pulp and paper mill and other paper-related reserves.

In 1996, our pretax EVA was a negative $478 million, a decline of $583 million from our 1995 EVA.

Sales in 1996 were $5.11 billion, compared with $5.07 billion in 1995. An increase in sales by Boise Cascade Office Products was largely offset by lower sales in our paper business.

A significant deterioration in our paper business led to the sharp decline in 1996 results. Paper industry inventories rose to excessive levels during the cyclically strong year of 1995. Inventory reductions began late in 1995 and continued in 1996, leading to weak operating rates, increased machine downtime, and falling product prices.

PAPER AND PAPER PRODUCTS. This segment reported 1996 operating income of $74.9 million, which included $40.4 million of gain from the sale of our coated publication paper business in Rumford and $10.0 million for the write-down of certain paper assets. This compares with 1995 income of $436.0 million, which was net of $93.9 million of charges from nonroutine items. These charges were $74.9 million related primarily to the write-down of our Vancouver paper mill under the provisions of Financial Accounting Standards Board 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," and $19.0 million for the establishment of reserves for the write-down of certain other paper assets. After adjusting for these nonroutine items, the decline was due primarily to lower paper prices. The average price for all of our pulp and paper grades fell more than 20% in 1996, compared with 1995. Also contributing to the lower results was a decline in sales volume. Unit sales volume totaled 2.6 million tons in 1996, compared with 2.8 million tons in 1995. In 1996, we took approximately 199,000 tons of market-related downtime. A reduction in unit manufacturing costs partially offset the unfavorable sales prices and lower unit volume. The segment had lower fiber costs and eliminated high-cost uncoated free sheet capacity through the Vancouver shutdown and Rumford sale. Segment sales declined 26% to $1.9 billion, largely because of lower paper prices and lower volumes.

EVA was a negative $399 million, a $502 million decline from EVA in 1995.

We continued to commit a significant amount of our uncoated free sheet production in 1996 -- more than 20% -- to value-added grades. These grades generally have higher unit costs than commodities but also higher net sales prices and profit margins. Overall, excluding Rumford, the net selling price of our value-added grades in 1996 was $268 per ton higher than the net selling price of our commodities. The spread in 1995, excluding Rumford, was $92 per ton.

In February 1996, we shut down 115,000 tons of paper capacity at our Vancouver uncoated free sheet mill. In November 1996, we sold our coated publication paper business based in Rumford and 667,000 acres of related timberland for approximately $639 million. Sales and operating income for the Rumford mill were $308.8 million and $21.1 million in 1996 and $525.9 million and $136.6 million in 1995. Together, the shutdown and sale reduced our annual paper capacity by approximately 600,000 tons. In 1995, we began the expansion of our Jackson paper mill, which included the construction of a 330,000-ton-per-year uncoated free sheet machine and related equipment at a capital cost of approximately $400 million.

BOISE CASCADE OFFICE PRODUCTS (BCOP). Segment operating income was a record $101.5 million in 1996, compared with $72.1 million in 1995. Dollar sales volume increased 51% to a record $2.0 billion. Income and sales growth occurred as a result of acquisitions and same-location sales that were 14% over 1995 levels.

EVA was $24 million in both 1996 and 1995.

The operating margin was 5.1% in 1996, compared with 5.5% in 1995. Gross profit as a percent of sales was 26.4% in 1996 and 25.9% in 1995.

In 1996, BCOP completed acquisitions of 19 contract stationer and other related businesses, including operations in Canada and Australia. Annualized sales of those businesses were approximately $460 million at the time the acquisitions were announced.

In 1995, BCOP sold a portion of its equity in an initial public offering; it trades on the New York Stock Exchange under the symbol BOP. The offering provided BCOP efficient access to financial markets to ensure funding for its rapid growth strategy. In May 1996, BCOP effected a two-for-one split of its common stock in the form of a 100% stock dividend.

BUILDING PRODUCTS. Operating income was $36.1 million in 1996, compared with $89.2 million in 1995. The decline in income was caused by lower prices for residual wood chips and plywood. Sales were $1.6 billion in both 1996 and 1995.

EVA was a negative $45 million, down $65 million from 1995 EVA.

The relatively weak results in our building products business were offset in part by higher average lumber prices, modestly declining delivered-log costs, and increased contributions from our growing engineered wood products and building materials distribution businesses.

Late in 1996, we started up a new engineered wood products facility in Alexandria with the capacity to produce 4.4 million cubic feet of laminated veneer lumber and wood I-joists annually. Also in 1996, our Voyageur Panel joint venture continued construction of an OSB plant in Barwick.

FINANCIAL CONDITION

In 1997, operations provided $129.0 million in cash, compared with $193.5 million in 1996. The working capital ratio was 1.51:1 at the end of 1997, compared with 1.45:1 at the end of 1996. As of December 31, 1997, the company had approximately $63.6 million of cash and cash equivalents, compared with $260.9 million at December 31, 1996.

Our tax benefit rate for 1997 was 32%, compared with a tax provision rate of 46% in 1996, excluding the effect of not providing taxes related to "Gain on subsidiary's issuance of stock." The change was due primarily to the sensitivity of the rate to lower income levels and the mix of income sources.

Interest expense in 1997 was $137.4 million, compared with $128.4 million in 1996. The increase in interest expense was due to higher debt levels and decreased capitalized interest. Capitalized interest in 1997 was $10.6 million, down from $17.8 million in 1996. The decrease was due primarily to the completion at about midyear of the Jackson pulp and paper mill expansion.

At December 31, 1997, the company's total debt was $2.0 billion, compared with $1.7 billion at year-end 1996. On December 31, 1997, our debt-to-equity ratio was 1.26:1, compared with 1.02:1 at the end of 1996. Our debt and our debt-to-equity ratio include the guarantee by the company of the remaining $176.8 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.

In August and December 1997, we retired $57 million of 7.375% notes and $86 million of 10.125% notes.

In March 1997, we signed a new revolving credit agreement with a group of banks, allowing us to borrow as much as $600 million. As of December 31, 1997, borrowings under the agreement totaled $95 million. When the agreement expires in June 2002, any amount outstanding will be due and payable. The credit agreement requires us to maintain a minimum net worth, a minimum interest coverage ratio, and a ceiling ratio of debt to capitalization. The payment of dividends is dependent on the existence of and the amount of net worth in excess of the defined minimum under the agreement. As of December 31, 1997, we were in compliance with our debt covenants, and our net worth exceeded the defined minimum by $314 million.

At December 31, 1997, we had $89.4 million of shelf capacity for additional debt securities registered with the Securities and Exchange Commission. We recently filed with the SEC for an additional $400 million of shelf capacity.

In June 1997, Boise Cascade Office Products (BCOP) signed a new $450 million revolving credit agreement that 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. As of December 31, 1997, BCOP had outstanding borrowings of $340 million under this agreement and was in compliance with its debt covenants.

Additional information about our credit agreements and debt is in Note 4 accompanying the financial statements.

In October 1995, we announced our intention to purchase up to 4.3 million shares of our common stock, subject to market price, cash flow, and other considerations. Since that announcement, we have purchased 626,204 shares of our 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.

By July 15, 1997, we converted or redeemed 8.625 million depositary shares of our Series G conversion preferred stock for 6.907 million shares of common stock. On January 16, 1998, we announced the redemption of 115,000 shares of our Series F preferred stock on February 17, 1998, at a price of $1,000 per preferred share ($25 per depositary share) plus accrued but unpaid dividends.

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 the local currency, 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. 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 are 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. We had no material exposure to losses from derivative financial instruments held at December 31, 1997. We do not use derivative financial instruments for trading purposes.

CAPITAL INVESTMENT

Capital investment in 1997 was $579 million, including $273 million for acquisitions, compared with a total capital investment of $832 million in 1996. Amounts include acquisitions made by BCOP through the issuance of its common stock, assumption of debt, and recording of liabilities. Capital investment in 1998 is expected to be approximately $400 million, excluding acquisitions, and will be allocated to cost-saving, modernization, expansion, replacement, maintenance, and environmental and safety projects.

DIVIDENDS

In 1997, Boise Cascade's quarterly cash dividend was 15 cents per common share, the same as in 1996. The quarterly dividend on each depositary share of the Series F cumulative preferred stock was 58.75 cents. The quarterly dividend on each depositary share of the Series G convertible preferred stock prior to its conversion and redemption by July 15, 1997, was 39.5 cents.

TIMBER SUPPLY

In recent years, the amount of government timber available for commercial harvest in the Northwest 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 1997, we reduced the number of work shifts at two wood products manufacturing facilities, in part because of limited log supply. Additional curtailments or closures of our wood products manufacturing facilities are possible.

With less federal timber available than in years past, we are fortunate to have an important share of our Northwest raw material needs met by our approximately 1.4 million acres of timberlands in Idaho, Oregon, and Washington. In addition, our Northwest pulp and paper mills receive approximately 83% of their softwood chips either directly from or through trades with our wood products and whole-log chipping operations. We have also taken steps to reduce our need for externally purchased softwood chips. In early 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 1997 was made from this cottonwood fiber.

ENVIRONMENTAL ISSUES

We invest substantial capital to comply with federal, state, and local environmental laws and regulations. During 1997, expenditures for our ongoing environmental compliance program amounted to $23.6 million. We expect to spend approximately $44.3 million in 1998 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 issued rules in 1997 that further regulate air and water emissions from pulp and paper mills. These rules, among other things, set standards for the discharge of chlorinated organics. We estimate that the capital investment required to meet the standards will range from $100 million to $150 million over the next several years. We have begun to substitute 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 very different chemical and physical properties. Over time, we will continue to reduce elemental chlorine in our pulp-bleaching processes.

As of December 31, 1997, we had open issues with respect to 33 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 presently believe that the known actual and potential response costs will, in the aggregate, have a material adverse effect on our financial condition or the results of operations.

NEW ACCOUNTING STANDARDS

In 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," which 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," which 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 it will have on our reportable segments. Adoption of these statements will have no impact on net income.

YEAR 2000 COMPUTER ISSUE

Many computer systems in use today were designed and developed using two digits, rather than four, to specify the year. As a result, such systems will recognize the year 2000 as 00. This could cause many computer applications to fail completely or to create erroneous results unless corrective measures are taken. We utilize software and related computer technologies that will be affected by this issue. We are currently implementing, or planning to implement, several computer system replacements or upgrades before the year 2000, all of which will be year 2000-compliant. We are evaluating what actions will be necessary to make our remaining computer systems year 2000-compliant. The expense associated with these actions is not expected to be material to the company.

FORWARD-LOOKING STATEMENTS

Certain statements in the Financial Review and elsewhere in our Annual Report to Shareholders may constitute forward-looking statements. Because these forward-looking statements include risks and uncertainties, 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: increased domestic or foreign competition; increases in capacity through construction of new mills or conversion of older facilities to produce competitive products; variations in demand for our products; changes in our cost for or the availability of raw materials, particularly market pulp and wood; the cost of compliance with new environmental laws and regulations; the pace of acquisitions; same-location sales; cost structure improvements; the success of new initiatives; integration of systems; the success of computer-based system enhancements; and general economic conditions.

1997 CAPITAL INVESTMENT BY BUSINESS

	Expansion	Quality/ Efficiency(1)	Timber and Timberlands	Replacement, Environmental, and Other	Total
	(expressed in millions)				
Paper and paper products	$ 66	$ 22	$ -	$ 82	$170
Office products(2)	296	26	-	25	347
Building products	23	9	-	18	50
Timber and timberlands	-	-	6	-	6
Other	1	-	-	5	6
Total	$386	$ 57	$ 6	$130	$579

(1) Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects.
(2) Capital expenditures include acquisitions made by BCOP through the issuance of common stock, assumption of debt, and recording of liabilities.

The road we've traveled . . .
and the road ahead

A PROGRESS REPORT

Boise Cascade's financial objectives are to be consistently profitable and to earn our cost of capital over the course of the business cycle. The road map to our brighter future is laid out in our business strategies: grow our distribution businesses, increase our value-added products and services, and improve the competitive position of each of our businesses. We believe we made substantial progress in implementing these strategies during 1997 -- and in repositioning Boise Cascade for a better future.

PAPER AND PAPER PRODUCTS
Boise Cascade manufactures uncoated free sheet paper, containerboard, corrugated containers, and newsprint.

STRATEGY
Focus on uncoated free sheet and packaging grades. Uncoated free sheet papers include office papers, printing papers, and papers that are converted into envelopes, business forms, checks, and labels.

PROGRESS
In April, we started up our new paper machine in Jackson, Alabama. The machine has the capacity to produce 330,000 tons of uncoated free sheet paper annually and reduces the cost structure at Jackson significantly. When the machine reaches full annual production in 1998, uncoated free sheet paper will account for approximately 70% of Boise Cascade's paper trade sales, up from 47% in 1996.

STRATEGY
Shift production to value-added papers on our smaller paper machines. Value-added papers include colored papers, lightweight and heavyweight papers, coated release liner, and security papers. Our value-added grades have higher margins and more stable prices than our commodity grades.

PROGRESS
We sold 285,000 tons of value-added papers in 1997, an 8% increase over 1996 sales volume. We also earned new business with companies such as Xerox, IBM, Kinko's, Deluxe (security printing), and Merrill (financial printing) that will help us reach our value-added goal of 440,000 tons per year.

STRATEGY
Increase the integration of paper distribution and converting to ensure more stable profit margins over the business cycle.

PROGRESS
Boise Cascade Office Products bought 319,000 tons of Boise Cascade's office papers in 1997, a 40% increase over the amount purchased in 1996. Our packaging plants used approximately 45% of the containerboard we made. When our new Salt Lake City, Utah, container plant reaches full production, we will be using about 55% of our containerboard production internally, moving us closer to our goal of 80% integration in this business.

STRATEGY
Reduce our cost structure.

PROGRESS
The new Jackson paper machine improves the cost structure of that mill. In addition, all of our paper mills continue to pursue cost-reduction initiatives aggressively. During 1997, our fixed costs per ton of paper decreased 11%. Fixed costs include salaries and labor, maintenance, and operating supplies. Overall manufacturing costs per ton of paper declined 5%.

STRATEGY
Improve our fiber base.

PROGRESS
In January, we began harvesting fast-growing hybrid cottonwood trees at our 20,000-acre fiber farm near Wallula, Washington. Roughly 23% of the pulp used by our Wallula white paper machine in 1997 was made from cottonwood fiber. Over time, this hardwood fiber will be less expensive than the fiber it replaces. Bleaching, chemical recovery, and related production costs will also be lower. In addition, 83% of the softwood chips used by our Northwest paper mills are produced by our own wood products operations.

TQ IN ACTION

WORKING ON CUSTOMER TURF
Two years ago, the J. R. Simplot Company sought to identify suppliers that focus on Simplot's needs and provide value-added service as well as high-quality products. Boise Cascade was just the company they were looking for. These days, our customer support manager Fred Navarro spends more time in his office at Simplot's plant in Caldwell, Idaho, than he does in his Boise Cascade office. He orders Boise Cascade's corrugated shipping containers for Simplot, tracks their inventory of our boxes, sits in on production scheduling meetings to coordinate delivery of the boxes, and works with Simplot's packaging and marketing departments to design new packaging. As a result of this successful relationship, Boise Cascade recently became Simplot's first sole supplier in the Northwest, providing all the boxes for frozen potatoes, cheese, and dairy products manufactured by Simplot's plants in Idaho, Oregon, and Washington.

BOISE CASCADE OFFICE PRODUCTS (BCOP)
BCOP sells office and computer supplies, furniture, promotional products, and office papers to large offices and national accounts under contract and to medium-sized and small offices, including home offices, through direct marketing.

STRATEGY
Grow through acquisition.

PROGRESS
BCOP continued its expansion into western Europe and increased the size of its computer supplies and promotional products businesses. During 1997, BCOP acquired eight businesses that had total annualized sales of $340 million at the time the acquisitions were announced. BCOP generated 44% of Boise Cascade's total sales, up from 36% in 1996.

STRATEGY
Increase national accounts.

PROGRESS
Sales to national accounts -- large, multisite customers -- increased in 1997. These large customers can realize substantial savings by negotiating one contract for their entire organization, and many choose BCOP because it provides reliable, consistent nationwide service.

STRATEGY
Build the direct-marketing office products business.

PROGRESS
BCOP's subsidiary, The Reliable Corporation, became a direct marketer of office products in Canada, acquired a direct-marketing office products business in France, and entered into a German direct-marketing joint venture. Direct-marketing sales grew 37% during 1997.

STRATEGY
Expand product offerings.

PROGRESS

By merging two leading promotional products companies, BCOP formed Boise Marketing Services, Inc. (BMSI), a subsidiary that sells customized clothing, gifts, and other promotional items. BMSI is one of the nation's top five companies in this rapidly growing industry and provides marketing support and promotional merchandise to many Fortune 500 companies. BCOP also expanded its computer supplies business in the United States and entered that business in Canada. And many customers began using BCOP's new Internet ordering system, I-97.

TQ IN ACTION

SAVE-ING MONEY FOR OUR CUSTOMERS

Since 1993, a Total Quality tool called activity-based costing has helped BCOP improve processes and cut costs. A BCOP team measures the key activities of associates' processes and determines how much it costs to perform those activities. Then, locations across the business compare costs and share information on how to reduce them. BCOP also helps customers apply activity-based costing. A software program named SAVE allows BCOP's customers to uncover the true cost of their office supply ordering process. They sometimes discover that the cost of ordering office supplies exceeds the cost of the supplies themselves. The savings can add up fast when they improve their ordering processes. One BCOP customer is saving half a million dollars a year in activity costs by ordering less often but in larger dollar amounts. And that cuts BCOP's costs too.

BUILDING PRODUCTS

Boise Cascade is a major producer of structural panels, lumber, and engineered wood products such as laminated veneer lumber, wood I-joists, and oriented strand board. We are also a major wholesale distributor of building materials.

STRATEGY

Shift product mix to engineered wood products.
These products require only half as much wood fiber as traditional lumber and provide greater efficiency for the building contractor.

PROGRESS

Late in 1996, we started up our new engineered wood products plant in Alexandria, Louisiana. The plant has the capacity to produce 4.4 million cubic feet of laminated veneer lumber (LVL) and wood I-joists annually. In May 1997, our joint-venture oriented strand board (OSB) plant in Barwick, Ontario, Canada, began operation. This plant has the capacity to produce 400 million square feet of OSB a year. When both plants reach full production, engineered wood products will represent a significant and growing percentage of our wood products manufacturing.

STRATEGY

Maintain commodity plywood and lumber production only where it can be EVAr-positive.

PROGRESS

With adequate wood supply, we believe our existing plywood and lumber operations can be EVA-positive. However, because of declining sales of timber from federal forests, we curtailed 10% of our lumber capacity in Idaho and Oregon during 1997 by reducing the number of shifts at two facilities.

STRATEGY

Pursue international opportunities.

PROGRESS

Many countries around the globe are home to large, economical timber resources. Today, Boise Cascade sells Russian lumber products to our customers in western Europe. We are also pursuing opportunities to manufacture wood products in Latin America or obtain raw materials there. When considering foreign resources, we are guided by a commitment to fair and ethical practices with regard to both the people and the environment, just as we are in the United States.

STRATEGY

Grow in building materials distribution.

PROGRESS

After adding three facilities in 1996, we extended our presence into the Midwest in 1997 by establishing a building materials distribution facility in Minneapolis. Our distribution business is an important customer of our wood products manufacturing operations, selling almost half of our LVL and I-joist production. Building materials distribution sales volume grew 6% in 1997 to $732 million.

TQ IN ACTION

REINVENTING A BUSINESS

At the end of 1994, Boise Cascade's pine lumber mills in Medford and White City, Oregon, were in the red. So team members representing log purchasing, manufacturing, and sales used Total Quality tools to develop and implement a marketing strategy that targets a specific segment of the pine lumber industry. The result? The team reinvented a traditional lumber business, moving away from commodity products and developing customized product specifications to meet the needs of a smaller customer base that makes high-quality windows and doors. Customers' waste and costs are reduced, and we're able to work more closely with them. We provide value-added products and customer service, for which they are willing to pay a premium. These partnerships will help ensure long-term success for both the mills and their customers. Today, our western Oregon pine lumber business is both profitable and EVA-positive.

STATEMENTS OF INCOME (LOSS)
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

Common Shares Outstanding		Total Share-holders' Equity	Preferred Stock	Deferred ESOP Benefit	Common Stock	Additional Paid-In Capital	Retained Earnings
				(expressed in thousands)			
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			Operating Income (Loss)(1)	Depreciation, Amortization, and Cost of Company Timber Harvested	Capital Expendi-tures	Assets
	Trade	Inter-segment	Total				
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.

QUARTERLY RESULTS OF OPERATIONS

	1997				1996			
	Fourth(1)	Third	Second	First	Fourth(2)(3)(4)(5)	Third	Second	First
	(expressed in millions, except per share and stock price information)							
Net sales	$1,445	$1,442	$1,333	$1,274	$1,263	$1,356	$1,261	$1,228
Gross profit(6)	244	217	174	166	183	173	143	202
Net income (loss)	7	(6)	(16)	(15)	2	(2)	(17)	26
Net income (loss) per share(7)								
Basic	.02	(.23)	(.53)	(.51)	(.16)	(.24)	(.55)	.32
Diluted	.02	(.23)	(.53)	(.51)	(.16)	(.24)	(.55)	.30
Common stock dividends paid per share	.15	.15	.15	.15	.15	.15	.15	.15
Common stock prices(8)								
High	46-7/16	43-1/4	38-3/4	38-1/8	34	38-1/8	47-1/4	44-7/8
Low	27-3/4	34-7/8	28-3/8	30-3/8	27-3/8	30-1/8	36-5/8	32-3/4

(1) Includes a reduction to net income of approximately $2,390,000, or 4 cents per diluted share, which otherwise would have been recorded in prior 1997 quarters, as a result of decreasing the effective annual tax rate in the fourth quarter.
(2) 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. The net gain per diluted common share was 32 cents (see Note 1).
(3) Includes $9,955,000 before taxes, or 13 cents per diluted share, for the write-down of certain paper assets (see Note 1).
(4) Includes a gain of $2,880,000, or 6 cents per diluted share, as a result of shares issued by BCOP for stock options and to effect various acquisitions.
(5) Includes a reduction to net income of approximately $1,379,000, or 3 cents per diluted share, which otherwise would have been recorded in prior 1996 quarters, as a result of increasing the effective annual tax rate in the fourth quarter.
(6) Gross profit equals "Sales" less "Materials, labor, and other operating expenses" and "Depreciation, amortization, and cost of company timber harvested." Amounts previously reported have been restated to include amortization expense consistent with the new income statement presentation. This resulted in a decrease of $4,000,000 for the third quarter of 1997 and decreases of $3,000,000 each for the second and first quarters of 1997. The fourth, second, and first quarters of 1996 also decreased $3,000,000 each, and the third quarter decreased $2,000,000.
(7) The computation of diluted net loss per common share was antidilutive in each quarter of 1997 and in the second, third, and fourth quarters of 1996; therefore, basic and diluted net loss per share are the same. Earnings per share for each quarter and year are calculated independently; therefore, the individual quarters may not add to the year amount. In 1997, the quarters do not add to the year because of the impact of the conversion of the Series G preferred stock to common stock by July 1997.
(8) Our common stock is traded principally on the New York Stock Exchange.

ECONOMIC VALUE ADDED

In 1994, we adopted Economic Value Added (EVA) as a key financial measure. We add economic value for our shareholders by earning a return on investment greater than our cost of capital. The EVA measurement process encourages all employees to make business decisions that create economic value through improved operating efficiency, better asset utilization, and growth that generates returns which exceed the cost of capital.

We believe our emphasis on EVA more closely aligns the interests of employees and shareholders. Historically, our common stock price has moved with a high degree of correlation to changes in our EVA. Therefore, we use EVA to determine incentive compensation for management and other employees. The compensation of plan participants, including corporate officers, is tied directly to improvement in the EVA of their operations and the corporation as a whole. We believe this measurement, and the fact that incentive compensation is linked to it, effectively encourages management decisions that maximize the market value of the capital contributed by investors.

Our EVA is calculated as operating profit, adjusted for significant unusual events, minus a charge for the average invested capital used to generate that profit. In 1996, we excluded from operating profit the net gain from the sale of our coated publication paper business. In 1995, we excluded the gain from the sale of Rainy River and the charge related to the write-down of the Vancouver mill's assets (see Note 1). EVA is not a measure calculated in accordance with generally accepted accounting principles, and its calculation will vary from company to company. Accordingly, our EVA may not be comparable to similarly titled measures used by other companies.

EXHIBIT 13.2
STATEMENTS OF INCOME (LOSS)
Boise Cascade Corporation and Subsidiaries

	Three Months Ended December 31		Year Ended December 31	
	1997	1996	1997	1996
	(expressed in thousands)			
Revenues				
Sales	$1,444,860	$1,262,740	$5,493,820	$5,108,220
Other income (expense), net	120	7,350	(710)	14,520
	1,444,980	1,270,090	5,493,110	5,122,740
Costs and expenses				
Materials, labor, and other operating expenses	1,129,610	1,016,890	4,436,650	4,152,150
Depreciation, amortization, and cost of company timber harvested	70,770	63,050	256,570	255,000
Selling and distribution expenses	152,240	121,720	553,240	446,530
General and administrative expenses	33,180	33,640	139,060	119,860
	1,385,800	1,235,300	5,385,520	4,973,540
Equity in net income (loss) of affiliates	(1,820)	140	(5,180)	2,940
Income from operations	57,360	34,930	102,410	152,140
Interest expense	(39,160)	(30,640)	(137,350)	(128,360)
Interest income	640	2,300	6,000	3,430
Foreign exchange gain (loss)	130	(370)	10	(1,200)
Gain on subsidiary's issuance of stock	-	2,880	-	5,330
	(38,390)	(25,830)	(131,340)	(120,800)
Income (loss) before income taxes and minority interest	18,970	9,100	(28,930)	31,340
Income tax (provision) benefit	(8,460)	(4,240)	9,260	(11,960)
Income (loss) before minority interest	10,510	4,860	(19,670)	19,380
Minority interest, net of income tax	(3,280)	(2,720)	(10,740)	(10,330)
Net income (loss)	$ 7,230	$ 2,140	$ (30,410)	$ 9,050
Net income (loss) per common share				
Basic	$ (.02)	$ (.16)	$ (1.19)	$ (.63)
Diluted	$ (.02)	$ (.16)	$ (1.19)	$ (.63)

SEGMENT INFORMATION

Segment sales				
Paper and paper products	$ 442,484	$ 411,016	$1,604,600	$1,873,247
Office products	718,514	556,680	2,596,732	1,985,564
Building products	382,404	372,021	1,645,236	1,557,127
Intersement eliminations and other	(98,542)	(76,977)	(352,748)	(307,718)
	$1,444,860	$1,262,740	$5,493,820	$5,108,220
Segment operating income (loss)				
Paper and paper products	$ 25,060	$ 26,600	$ (11,551)	$ 74,894
Office products	39,148	26,986	122,249	101,533
Building products	5,987	15,942	47,742	36,074
Equity in net income (loss) of affiliates	(1,820)	140	(5,180)	2,940
Intersement eliminations and other	(11,015)	(34,738)	(50,850)	(63,301)
Income from operations	$ 57,360	$ 34,930	$ 102,410	$ 152,140

BALANCE SHEETS (Unaudited) Boise Cascade Corporation and Subsidiaries

	December 31	
	1997	1996
	(expressed in thousands, except per-share data)	
ASSETS		
Current		
Cash and cash items	$ 56,429	$ 40,066
Short-term investments at cost, which approximates market	7,157	220,785
	63,586	260,851
Receivables, less allowances of $9,689,000, $5,173,000 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	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		
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
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
Series D 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

STATEMENTS OF CASH FLOWS (Unaudited)
Boise Cascade Corporation and Subsidiaries

	Year Ended December 31	
	1997	1996
	(expressed in thousands)	
Cash provided by (used for) operations		
Net income (loss)	$ (30,410)	$ 9,050
Items in income (loss) not using (providing) cash		
Equity in net income (loss) of affiliates	5,180	(2,940)
Depreciation and cost of company timber harvested	256,570	255,000
Deferred income tax provision (benefit)	(18,593)	(13,498)
Minority interest, net of income tax	10,740	10,330
Write-down of assets	-	9,955
Other	1,265	3,322
Gain on sale of assets	-	(25,054)
Gain on subsidiary's issuance of stock	-	(5,330)
Receivables	(12,291)	(3,298)
Inventories	(66,060)	(15,914)
Accounts payable and accrued liabilities	(10,523)	6,045
Current and deferred income taxes	2,735	(37,394)
Other	(9,577)	3,229
Cash provided by operations	129,036	193,503
Cash provided by (used for) investment		
Expenditures for property and equipment	(279,557)	(595,253)
Expenditures for timber and timberlands	(6,232)	(5,510)
Investments in equity affiliates, net	(20,276)	(9,736)
Purchases of facilities	(246,861)	(188,463)
Sale of assets	-	781,401
Other	(27,687)	(26,271)
Cash used for investment	(580,613)	(43,832)
Cash provided by (used for) financing		
Cash dividends paid		
Common stock	(30,176)	(28,909)
Preferred stock	(39,808)	(44,389)
	(69,984)	(73,298)
Notes payable	58,100	19,700
Additions to long-term debt	417,989	611,158
Payments of long-term debt	(159,201)	(509,456)
Other	7,408	11,607
Cash provided by financing	254,312	59,711
Increase (decrease) in cash and short-term investments	(197,265)	209,382
Balance at the beginning of the year	260,851	51,469
Balance at December 31	$ 63,586	$260,851

NOTES TO QUARTERLY FINANCIAL STATEMENTS
Boise Cascade Corporation and Subsidiaries

FINANCIAL HIGHLIGHTS. 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 1997 Annual Report of the company. The 1997 Annual Report will be available in March 1998. Net income (loss) for the three months and the years ended December 31, 1997 and 1996, involved estimates and accruals.

In the fourth quarter of 1997, the company's effective annual tax benefit rate was decreased to 32% from the 37% rate used in the first nine months of 1997. The rate decrease was due primarily to the sensitivity of the rate to income levels and the mix of income sources. The impact of the fourth-quarter change to the rate, which otherwise would have been recorded in prior 1997 quarters, was to reduce net income by approximately $2,390,000, or 4 cents per diluted share.

In the fourth quarter of 1996, the company completed the sale of its coated publication paper business, consisting primarily of its 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 the company's remaining paper business. The transaction resulted in a pretax gain of approximately $40,395,000, which was recorded in the paper and paper products segment. In addition, approximately $15,341,000 of pretax expense arising from the related tax indemnification was recorded in the corporate and other caption in segment operating income. The net gain per diluted share was 32 cents.

Also in the fourth quarter of 1996, the company recorded a pretax write-down totaling $9,955,000, or 13 cents per diluted share for certain paper assets. In the fourth quarter of 1996, the company recorded a gain of $2,880,000, or 6 cents per diluted share, related to the issuance of stock by Boise Cascade Office Products Corporation ("BCOP").

In the fourth quarter of 1996, the company's effective annual tax provision rate, excluding the effect of not providing taxes related to "Gain on subsidiary's issuance of stock," was increased to 46% from the 39% rate used in the first three quarters of 1996. The rate increase was due primarily to the sensitivity of the rate to lower income levels and the mix of income sources. The impact of the fourth-quarter change to the rate, which otherwise would have been recorded in prior 1996 quarters, was to reduce net income by approximately $1,379,000, or 3 cents per diluted share.

The net effect on the fourth quarter of 1996 of the items discussed above was to increase net income by $10,700,000, or 22 cents per diluted share.

NET LOSS PER COMMON SHARE. Net loss per common share was determined by dividing net loss, as adjusted, by applicable shares outstanding. For the three months and the years ended December 31, 1997 and 1996, the computation of diluted net loss per share was antidilutive; therefore, amounts reported for basic and diluted loss were the same. Due to the impact on average shares outstanding of the conversion of Series G preferred stock to common stock in July 1997, year-to-date basic and diluted loss per share for the year ended December 31, 1997, is 6 cents less than the amount that would be arrived at by adding together the three independently calculated quarters.

	Three Months Ended December 31		Year Ended December 31	
	1997	1996	1997	1996
	(expressed in thousands)			
Net income (loss) as reported	$ 7,230	$ 2,140	$(30,410)	$ 9,050
Preferred dividends(1)	(6,229)	(9,769)	(31,775)	(39,248)
Basic and diluted income (loss)	$ 1,001	$(7,629)	$(62,185)	$(30,198)
Average shares outstanding used to determine basic and diluted income (loss) per common share	56,191	48,473	52,049	48,277

(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.

In the fourth quarter of 1997, the company adopted SFAS No. 128, Earnings Per Share. The accounting change had no effect on previously reported 1997 and 1996 loss per share amounts.

The significant subsidiaries of the Company are as follows:

	State or Other Jurisdiction of Incorporation or Organization
Boise Cascade Office Products Corporation	Delaware
BCC Mexico, S.A. De C.V.	Mexico
Boise Southern Company	Louisiana
Minidoka Paper Company	Delaware

EXHIBIT 27 - FINANCIAL DATA SCHEDULE

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.

1,000

12-MOS
DEC-31-1997
DEC-31-1997
56,429
7,157
570,424
9,689
633,290
1,353,673
4,940,038
2,037,352
4,969,924
893,748
1,902,688
0
361,679
140,560
1,110,301
4,969,924
5,493,820
5,493,110
4,693,220
5,385,520
0
0
137,350
(28,930)
(9,260)
(30,410)
0
0
0
(30,410)
(1.19)
(1.19)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

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

1,000

9-MOS
DEC-31-1997
SEP-30-1997
59,918
7,132
592,472
9,245
565,092
1,323,767
4,879,942
1,974,291
4,930,482
930,222
1,831,586
0
363,379
139,870
1,103,266
4,930,482
4,048,960
4,048,130
3,492,824
3,999,720
0
0
98,190
(47,900)
(17,720)
(37,640)
0
0
0
(37,640)
(1.25)
(1.25)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

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

1,000

6-MOS
DEC-31-1997
JUN-30-1997
80,538
168,284
516,931
6,030
501,865
1,361,288
4,864,230
1,967,638
4,861,697
968,826
1,704,929
0
540,990
121,794
957,736
4,861,697
2,606,620
2,606,160
2,267,268
2,592,140
0
0
59,380
(43,160)
(16,830)
(31,440)
0
0
0
(31,440)
(1.04)
(1.04)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

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

1,000

3-MOS
DEC-31-1997
MAR-31-1997
70,913
99,112
505,515
5,105
512,854
1,272,472
4,721,671
1,849,420
4,676,198
911,276
1,555,869
0
543,743
121,328
975,854
4,676,198
1,273,610
1,273,350
1,107,885
1,267,990
0
0
27,700
(20,230)
(7,890)
(15,210)
0
0
0
(15,210)
(.51)
(.51)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

The restated data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at December 31, 1996, and from its Statement of Income for the year ended December 31, 1996. The information presented is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1996
DEC-31-1996
40,066
220,785
476,339
4,911
540,433
1,355,404
4,645,123
1,798,349
4,710,709
932,558
1,526,127
0
553,162
121,191
1,006,138
4,710,709
5,108,220
5,122,740
4,407,150
4,973,540
0
0
128,360
31,340
11,960
9,050
0
0
0
9,050
(.63)
(.63)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

The restated data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at September 30, 1996, and from its Statement of Income for the nine months ended September 30, 1996. The information presented is qualified in its entirety by reference to such financial statements.

1,000

9-MOS
DEC-31-1996
SEP-30-1996
55,945
2,233
522,887
5,173
581,088
1,352,251
5,581,088
2,273,006
5,143,987
944,139
1,945,376
0
556,388
121,172
991,343
5,143,987
3,845,480
3,852,650
3,327,210
3,738,240
0
0
97,720
22,240
7,720
6,910
0
0
0
6,910
(.47)
(.47)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

The restated data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at June 30, 1996, and from its Statement of Income for the six months ended June 30, 1996. The information presented is qualified in its entirety by reference to such financial statements.

1,000

6-MOS
DEC-31-1996
JUN-30-1996
55,612
5,644
495,349
4,818
576,400
1,342,678
5,488,863
2,241,208
5,054,020
857,046
1,890,333
0
558,524
121,173
1,013,998
5,054,020
2,489,110
2,494,750
2,143,490
2,138,410
275,330
0
63,450
21,620
7,650
8,560
0
0
0
8,560
(.23)
(.23)

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

The restated data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at March 31, 1996, and from its Statement of Income for the three months ended March 31, 1996. The information presented is qualified in its entirety by reference to such financial statements.

1,000

3-MOS
DEC-31-1996
MAR-31-1996
39,721
8,944
484,017
3,734
617,208
1,359,684
5,315,624
2,198,192
4,933,883
841,005
1,766,660
0
560,242
120,051
1,021,522
4,933,883
1,227,600
1,233,860
1,025,340
1,158,770
0
0
30,560
46,140
17,830
25,510
0
0
0
25,510
.32
.30

EXHIBIT 27 - RESTATED FINANCIAL DATA SCHEDULE

The restated data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at December 31, 1995, and from its Statement of Income for the year ended December 31, 1995. The information presented is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1995
DEC-31-1995
36,876
14,593
457,608
3,577
568,905
1,313,168
5,154,079
(2,166,487)
4,656,186
769,907
1,578,769
0
562,747
119,400
1,012,291
4,656,186
5,074,230
5,057,670
4,013,410
4,442,140
0
0
135,130
589,410
231,290
351,860
0
0
0
351,860
6.62
5.39