

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report:

October 21, 2003

Date of Earliest Event Reported:

October 21, 2003

BOISE CASCADE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1-5057
(Commission File
Number)

82-0100960
(I.R.S.
Employer
Identification
No.)

**1111 West Jefferson Street
P.O. Box 50
Boise, Idaho**
(Address of principal executive offices)

83728-0001
(Zip Code)

208/384-6161
(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits
(c) Exhibits.

Exhibit 99.1 Boise Cascade Corporation earnings release dated October 21, 2003

Exhibit 99.2 Selected pages from Boise Cascade Corporation's Third Quarter 2003 Fact Book

Item 12. Results of Operations and Financial Condition.

On October 21, 2003, we issued an earnings release announcing our third-quarter 2003 financial results, a copy of which is attached as Exhibit 99.1. Additionally, executive management will discuss our third-quarter earnings during a webcast and conference call to be held today, October 21, at 12 noon (ET). To access the webcast or conference call, please go to our website at www.bc.com.

We will issue our Third Quarter 2003 Fact Book after we file our third-quarter Form 10-Q in November. In the interim period, selected pages from the Fact Book (Financial Highlights, Summary of Operations, Statistical Review/2003, and Statistical Review/2002) are attached as Exhibit 99.2.

We present our consolidated financial statements in accordance with generally accepted accounting principles (GAAP). To supplement the GAAP presentations, we also present the results of our operations before nonroutine gains and losses. For example, in the attached press release, we present results from the third quarter of 2003 and the first nine months of 2002 and 2003 that exclude items such as asset write-downs, the effect of accounting changes, and other items we believe are not indicative of our ongoing operations.

We believe our presentation of results before nonroutine items provides useful information to both investors and management by excluding gains and losses that are not indicative of our core operating results.

We have reconciled the non-GAAP financial measures to our reported financial performance in the financial notes that accompany our press release.

SIGNATURE

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

By /s/ Karen E. Gowland
Karen E. Gowland
Vice President and Corporate Secretary

Date: October 21, 2003

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>
99.1	Boise Cascade Corporation earnings release dated October 21, 2003
99.2	Selected pages from Boise Cascade Corporation's Third Quarter 2003 Fact Book

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News Release

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For Immediate Release: October 21, 2003

BOISE ANNOUNCES THIRD QUARTER 2003 FINANCIAL RESULTS

BOISE, Idaho – Boise Cascade Corporation (NYSE:BCC) today reported third-quarter net income of \$32.9 million, or 48 cents per diluted share, compared with net income of \$8.5 million, or 9 cents per diluted share, in third quarter 2002. Before nonroutine items, the results were \$30.0 million, or 43 cents per diluted share. Included in net income for the quarter is a net \$2.9 million one-time tax benefit, or 5 cents per share, related to a favorable tax court ruling. A reconciliation of this item to our reported financial performance is included in the notes to the consolidated financial statements. In second quarter 2003, Boise reported a net loss of \$3.9 million, or 12 cents per diluted share.

FINANCIAL HIGHLIGHTS
 (\$ in millions, except per-share amounts)

	3Q 2003	3Q 2002	2Q 2003
Sales	\$ 2,111	\$ 1,935	\$ 1,929
Net income (loss)	\$ 32.9	\$ 8.5	\$ (3.9)
Net income (loss) per diluted share	\$ 0.48	\$ 0.09	\$ (0.12)
BEFORE NONROUTINE ITEMS			
Net income (loss)	\$ 30.0	\$ 8.5	\$ (3.9)
Net income (loss) per diluted share	\$ 0.43	\$ 0.09	\$ (0.12)

Sales in third quarter 2003 increased 9% to \$2.11 billion, compared with \$1.94 billion in the third quarter a year ago. Sales in second quarter 2003 were \$1.93 billion.

Boise Office Solutions
 (\$ in millions)

	3Q 2003	3Q 2002	2Q 2003
Sales	\$ 934	\$ 900	\$ 905
Operating income	\$ 31.0	\$ 29.8	\$ 23.9

Operating income in Boise Office Solutions in the third quarter was \$31.0 million, up from \$29.8 million in the same quarter a year ago and from \$23.9 million in second quarter. Segment sales, income, and operating margin increased sequentially in the third quarter. The operating margin was 3.3% in the third quarter of both years and 2.6% in second quarter 2003.

Third quarter 2003 sales, as well as sales for locations operating in both periods, increased 4% year over year to \$934 million. Sales of office supplies and paper rose 2%, technology products and furniture sales both increased 7%. Excluding foreign exchange gains, third-quarter sales were flat with those of a year ago. Boise's office papers sold through Boise Office Solutions increased 2% to 142,000 tons, compared with a year ago. Compared with second quarter 2003, total sales and same-location sales in the third quarter increased 3%.

Boise Building Solutions
 (\$ in millions)

	3Q 2003	3Q 2002	2Q 2003
Sales	\$ 828	\$ 671	\$ 693
Operating income	\$ 56.4	\$ 14.5	\$ 9.8

Boise Building Solutions reported operating income of \$56.4 million in the third quarter 2003, compared with \$14.5 million in the same quarter a year ago and \$9.8 million in second quarter 2003. The combination of high housing starts, a compressed building season, low inventories, and other factors led to sharp increases in wood product prices in the third-quarter.

Relative to third quarter 2002, average plywood prices increased 28%; lumber prices declined 5%. Plywood unit sales volume rose 8% year over year, while lumber volume declined 9%. Sales of engineered wood products grew 25%, compared with third quarter 2002. Building materials distribution sales increased 28% year over year.

Relative to second quarter 2003, average plywood and lumber prices increased 28% and 12%, respectively. Unit sales volumes were 5% higher in plywood but decreased 3% in lumber. Engineered

wood products sales increased 13% from the previous quarter. Building materials distribution sales increased 19% from second quarter 2003.

Boise Paper Solutions
(\$ in millions)

	3Q 2003	3Q 2002	2Q 2003
Sales	\$ 474	\$ 485	\$ 459
Operating income	\$ 0.2	\$ 17.2	\$ 1.0

Operating income in Boise Paper Solutions was \$200,000 in third quarter 2003, compared with \$17.2 million in the same quarter a year ago and \$1.0 million in second quarter 2003. Average paper prices were flat with year-ago prices. Results were lower than those of a year ago because of lower unit sales volume and increased unit manufacturing costs. Combined energy and chemical unit costs were 5% higher than a year ago. Fiber costs rose 7%.

Relative to second quarter 2003, modestly lower average product prices were offset by higher volumes and lower unit costs. Boise took approximately 32,000 tons of market-related curtailment in the third quarter, compared with 16,000 tons in the year-ago third quarter and 67,000 tons in second quarter 2003.

OUTLOOK

“In the fourth quarter of 2003, we expect year-over-year same-location sales in Boise Office Solutions to remain positive, and operating income in that business to be similar to third-quarter performance,” said George J. Harad, chairman and chief executive officer. “We expect building products markets to weaken seasonally and Boise Building Solutions to post lower income in the fourth quarter than in the third quarter. Finally, in our paper business, we expect market conditions to continue to be lackluster. Boise Paper Solutions performance in the fourth quarter is likely to be similar to that of the third quarter.”

Boise delivers office, building, and paper solutions that help our customers manage productive offices and construct well-built homes — two of the most important activities in our society. Boise’s 24,000 employees help people work more efficiently, build more effectively, and create new ways to meet business challenges. Boise also provides constructive solutions for environmental conservation by managing natural resources for the benefit of future generations. Boise posted sales of \$7.4 billion in 2002. Visit the Boise website at <http://www.bc.com>.

WEBCAST AND CONFERENCE CALL

Boise will host an audiovisual webcast and conference call on Tuesday, October 21, 2003, at noon Eastern Daylight Time, at which we will review the company’s recent performance and discuss the outlook for our businesses. You can join the webcast through the Boise website. Go to www.bc.com, and click on Investor Relations to find the link to the webcast. Please go to the website at least 15 minutes before the start of the webcast to register and to download and install any necessary audio software. To join the conference call, dial (800) 374-0165 — international callers should dial (706) 634-0995 — at least 10 minutes before the start of the call. The archived webcast will be available on the Presentations page of the Investor Relations section of Boise’s website.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. Statements that are not historical or current facts, including statements about our expectations, are forward-looking statements. These statements include the words “expect,” “should,” “is likely,” or similar expressions. These forward-looking statements cover our anticipated financial results and future business prospects. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those projected. Those risks and uncertainties include, in addition to those contained in our filings with the SEC: i) general economic or industry conditions could be less favorable than expected, resulting in a decrease in the demand for our products or an increase in our costs; ii) competitive pressures, including changes in foreign and domestic production capacity, could change and affect our profitability particularly in our commodity paper and wood products businesses; iii) extreme weather or other natural disasters, such as fire, could impact our financial results, particularly our cost structure; and iv) our announced acquisition of OfficeMax and exploration of strategic alternatives for our other businesses could impact customer demand, increase our cost of procuring financing, or create other impacts on our financial results. Forward-looking statements speak only as of the date of this release. We undertake no obligation to update them in light of new information.

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

(Unaudited)

(thousands, except per-share amounts)

	Three Months Ended		
	September 30 2003	September 30 2002	June 30, 2003
Sales	\$ 2,110,601	\$ 1,935,231	\$ 1,928,984

Costs and expenses			
Materials, labor, and other operating expenses	1,695,809	1,574,391	1,578,445
Depreciation, amortization, and cost of company timber harvested	78,019	78,346	73,730
Selling and distribution expenses	224,405	197,135	217,472
General and administrative expenses	38,576	39,151	35,297
Other (income) expense, net	1,133	(74)	1,836
	<u>2,037,942</u>	<u>1,888,949</u>	<u>1,906,780</u>
Equity in net income (loss) of affiliates	<u>4,038</u>	<u>(299)</u>	<u>474</u>
Income from operations	<u>76,697</u>	<u>45,983</u>	<u>22,678</u>
Interest expense	(31,657)	(28,731)	(27,753)
Interest income	221	285	318
Foreign exchange gain (loss)	133	(671)	1,860
	<u>(31,303)</u>	<u>(29,117)</u>	<u>(25,575)</u>
Income (loss) before income taxes and minority interest	<u>45,394</u>	<u>16,866</u>	<u>(2,897)</u>
Income tax (provision) benefit	(12,510)	(6,324)	985
Income (loss) before minority interest	<u>32,884</u>	<u>10,542</u>	<u>(1,912)</u>
Minority interest, net of income tax	—	(2,032)	(2,022)
Net income (loss)	<u>32,884</u>	<u>8,510</u>	<u>(3,934)</u>
Preferred dividends	(3,191)	(3,262)	(3,287)
Net income (loss) applicable to common shareholders	<u>\$ 29,693</u>	<u>\$ 5,248</u>	<u>\$ (7,221)</u>
Net income (loss) per common share			
Basic	<u>\$ 0.51</u>	<u>\$ 0.09</u>	<u>\$ (0.12)</u>
Diluted	<u>\$ 0.48</u>	<u>\$ 0.09</u>	<u>\$ (0.12)</u>

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SEGMENT INFORMATION

	Three Months Ended		
	September 30		June 30,
	2003	2002	2003
	(thousands)		
Segment sales			
Boise Office Solutions	\$ 934,050	\$ 899,883	\$ 904,929
Boise Building Solutions	828,097	671,477	692,843
Boise Paper Solutions	474,167	485,155	459,376
Intersegment eliminations and other	(125,713)	(121,284)	(128,164)
	<u>\$ 2,110,601</u>	<u>\$ 1,935,231</u>	<u>\$ 1,928,984</u>
Segment income (loss)			
Boise Office Solutions	\$ 30,961	\$ 29,783	\$ 23,883
Boise Building Solutions	56,445	14,515	9,820
Boise Paper Solutions	191	17,171	1,023
Corporate and Other	(10,546)	(15,872)	(9,870)
	<u>77,051</u>	<u>45,597</u>	<u>24,856</u>
Interest expense	(31,657)	(28,731)	(27,753)
Income (loss) before income taxes and minority interest	<u>\$ 45,394</u>	<u>\$ 16,866</u>	<u>\$ (2,897)</u>

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BOISE CASCADE CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)
(thousands, except per-share amounts)

	Nine Months Ended September 30	
	2003	2002
Sales	<u>\$ 5,892,828</u>	<u>\$ 5,611,481</u>
Costs and expenses		
Materials, labor, and other operating expenses	4,789,443	4,575,402

Depreciation, amortization, and cost of company timber harvested	227,331	229,770
Selling and distribution expenses	656,039	583,907
General and administrative expenses	109,246	115,020
Other (income) expense, net	14,121	29,215
	<u>5,796,180</u>	<u>5,533,314</u>
Equity in net income (loss) of affiliates	<u>4,453</u>	<u>(2,354)</u>
Income from operations	<u>101,101</u>	<u>75,813</u>
Interest expense	(88,290)	(88,789)
Interest income	653	1,340
Foreign exchange gain (loss)	2,949	(528)
	<u>(84,688)</u>	<u>(87,977)</u>
Income (loss) before income taxes, minority interest, and cumulative effect of accounting changes	<u>16,413</u>	<u>(12,164)</u>
Income tax (provision) benefit	(2,161)	23,342
Income before minority interest and cumulative effect of accounting changes	<u>14,252</u>	<u>11,178</u>
Minority interest, net of income tax	(4,045)	(6,045)
Income before cumulative effect of accounting changes	<u>10,207</u>	<u>5,133</u>
Cumulative effect of accounting changes, net of income tax	(8,803)	—
Net income	<u>1,404</u>	<u>5,133</u>
Preferred dividends	(9,744)	(9,812)
Net loss applicable to common shareholders	<u>\$ (8,340)</u>	<u>\$ (4,679)</u>
Net income (loss) per common share		
Basic and diluted before cumulative effect of accounting changes	\$ 0.01	\$ (0.08)
Cumulative effect of accounting changes	(0.15)	—
Basic and diluted	<u>\$ (0.14)</u>	<u>\$ (0.08)</u>

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SEGMENT INFORMATION (1)

	Nine Months Ended September 30	
	2003	2002
	(thousands)	
Segment sales		
Boise Office Solutions	\$ 2,777,258	\$ 2,639,874
Boise Building Solutions	2,095,584	1,901,520
Boise Paper Solutions	1,401,756	1,422,701
Intersegment eliminations and other	(381,770)	(352,614)
	<u>\$ 5,892,828</u>	<u>\$ 5,611,481</u>
Segment income (loss)		
Boise Office Solutions	\$ 75,516	\$ 90,603
Boise Building Solutions	57,812	37,341
Boise Paper Solutions	529	15,176
Corporate and Other	(29,154)	(66,495)
	<u>104,703</u>	<u>76,625</u>
Interest expense	(88,290)	(88,789)
Income (loss) before income taxes, minority interest, and cumulative effect of accounting changes	<u>\$ 16,413</u>	<u>\$ (12,164)</u>
Before nonroutine items		
Segment income (loss)		
Boise Office Solutions	\$ 84,739	\$ 90,603
Boise Building Solutions	57,812	37,341
Boise Paper Solutions	730	15,176
Corporate and Other	(28,464)	(42,849)
	<u>114,817</u>	<u>100,271</u>
Interest expense	(88,290)	(88,789)
Income before income taxes, minority interest, and cumulative effect of accounting changes	<u>\$ 26,527</u>	<u>\$ 11,482</u>

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(1) Financial Information

The Consolidated Statements of Income (Loss) and Segment Information are unaudited statements, which do not include all Notes to Consolidated Financial Statements, and should be read in conjunction with the company's 2002 Annual Report on Form 10-K. In all periods presented, net income (loss) involved estimates and accruals.

(2) Reconciliation of Net Income (Loss) and Diluted Income (Loss) Per Share Before Nonroutine Items and Cumulative Effect of Accounting Changes

We evaluate our results of operations both before and after nonroutine gains and losses. We believe our presentation of financial measures before nonroutine items enhances our investors' overall understanding of our recurring operational performance and our prospects for the future. Specifically, we believe the results before nonroutine items provide useful information to both investors and management by excluding gains and losses that are not indicative of our core operating results.

There were no nonroutine items during the three months ended June 30, 2003, or September 30, 2002. In the following table, we reconcile our financial measures before nonroutine items to our reported financial results for the three months ended September 30, 2003, and the nine months ended September 30, 2003 and 2002 (see Notes 3, 4, and 5).

	Three Months Ended September 30, 2003			Nine Months Ended					
	As Reported	Non- routine Items	Before Non- routine Items	September 30, 2003			September 30, 2002		
	As Reported	Non- routine Items	Before Non- routine Items	As Reported	Non- routine Items	Before Non- routine Items	As Reported	Non- routine Items	Before Non- routine Items
	(millions, except per-share amounts)								
Boise Office Solutions	\$ 31.0	\$ —	\$ 31.0	\$ 75.5	\$ 9.2	\$ 84.7	\$ 90.6	\$ —	\$ 90.6
Boise Building Solutions	56.4	—	56.4	57.8	—	57.8	37.3	—	37.3
Boise Paper Solutions	0.2	—	0.2	0.5	0.2	0.7	15.2	—	15.2
Corporate and Other	(10.5)	—	(10.5)	(29.1)	0.7	(28.4)	(66.5)	23.6	(42.9)
	77.1	—	77.1	104.7	10.1	114.8	76.6	23.6	100.2
Interest expense	(31.7)	—	(31.7)	(88.3)	—	(88.3)	(88.8)	—	(88.8)
Income (loss) before income taxes, minority interest, and cumulative effect of accounting changes	45.4	—	45.4	16.4	10.1	26.5	(12.2)	23.6	11.4
Income tax (provision) benefit	(12.5)	(2.9)	(15.4)	(2.2)	(6.8)	(9.0)	23.3	(27.6)	(4.3)
Income before minority interest and cumulative effect of accounting changes	32.9	(2.9)	30.0	14.2	3.3	17.5	11.1	(4.0)	7.1
Minority interest, net of income tax	—	—	—	(4.0)	—	(4.0)	(6.0)	—	(6.0)
Income before cumulative effect of accounting changes	32.9	(2.9)	30.0	10.2	3.3	13.5	5.1	(4.0)	1.1
Cumulative effect of accounting changes, net of income tax	—	—	—	(8.8)	8.8	—	—	—	—
Net income	\$ 32.9	\$ (2.9)	\$ 30.0	\$ 1.4	\$ 12.1	\$ 13.5	\$ 5.1	\$ (4.0)	\$ 1.1
Net income (loss) per common share									
(a)									
Diluted before cumulative effect of accounting changes	\$ 0.48	\$ (0.05)	\$ 0.43	\$ 0.01	\$ 0.06	\$ 0.07	\$ (0.08)	\$ (0.07)	\$ (0.15)
Cumulative effect of accounting changes	—	—	—	(0.15)	0.15	—	—	—	—
Diluted	\$ 0.48	\$ (0.05)	\$ 0.43	\$ (0.14)	\$ 0.21	\$ 0.07	\$ (0.08)	\$ (0.07)	\$ (0.15)

(a) Calculated using 62.7 million, 58.3 million, and 58.2 million average diluted shares outstanding for the three months ended September 30, 2003 and the nine months ended September 30, 2003, and 2002 (see Note 7).

(3) 2003 Nonroutine Items

In March 2003, we announced measures to reduce 2003 operating costs by approximately \$45 million, net of severance costs, and to hold capital spending to approximately \$245 million, before acquisitions. We took these actions because of continued economic weakness, higher pension costs, higher energy costs, business disruptions from severe winter weather in the eastern United States, and global political uncertainty. We are reducing operating costs by freezing salaries, severely restricting hiring, reducing discretionary spending at all levels of the company, and eliminating about 700 job positions. We will eliminate these positions by terminating approximately 550 employees and leaving vacant positions unfilled. At September 30, 2003, we had terminated about 460 employees, and we expect most of the remaining employees to be terminated during fourth quarter 2003.

Under our severance policy, in first quarter 2003, we recorded a pretax charge of \$10.1 million for employee-related costs in "Other (income) expense, net" in the Consolidated Statement of Income for the nine months ended September 30, 2003. We recorded these costs in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 112, Employers' Accounting for Postemployment Benefits. We recorded \$9.2 million in Boise Office Solutions, \$0.2 million in Boise Paper Solutions, and \$0.7 million in our Corporate and Other segment. Employee-related costs are primarily for severance payments, most of which will be paid in 2003 with the remainder in 2004. This nonroutine item decreased net income \$6.1 million and diluted income per share 11 cents for the nine months ended September 30, 2003.

During third quarter 2003, we recorded a net \$2.9 million, or 5 cents per diluted share, one-time tax benefit related to a favorable tax court ruling.

For the nine months ended September 30, 2003, these nonroutine items decreased net income \$3.3 million or 6 cents per diluted share.

(4) 2002 Nonroutine Item

In December 2001, we wrote down our 29% investment in IdentityNow by \$54.3 million to its estimated fair value of \$25 million and recorded \$4.6 million of tax benefits associated with the write-down. In May 2002, we sold all of the stock of our wholly owned subsidiary that held our investment in IdentityNow. In second quarter 2002, we recorded a \$23.6 million pretax loss related to this sale in our Corporate and Other segment and in "Other (income) expense, net" in the Statement of Income for the nine months ended September 30, 2002. We also recorded \$27.6 million of tax benefits associated with this sale and our previous write-down in "Income tax (provision) benefit." For the nine months ended September 30, 2002, this transaction resulted in a net after-tax gain of \$4 million, or 7 cents per basic and diluted share.

(5) Cumulative Effect of Accounting Changes

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

Effective January 1, 2003, we adopted an accounting change for vendor allowances to comply with the guidelines issued by the Financial Accounting Standards Board's (FASB) Emerging Issues Task Force (EITF) 02-16, Accounting by a Reseller for Cash Consideration Received From a Vendor. Under EITF 02-16, consideration received from a vendor is presumed to be a reduction of the cost of the vendor's products or services, unless it is for a specific incremental cost to sell the product. As a result, for the three months ended June 30, and September 30, 2003, and the nine months ended September 30, 2003, approximately \$11 million, \$10 million, and \$31 million of vendor allowances reduced "Materials, labor, and other operating expenses" that would have previously been recognized primarily as a reduction of "Selling and distribution expenses." In accordance with the provisions of EITF 02-16, prior-period financial statements have not been reclassified to conform with the current year's presentation.

In addition, under the new guidance, vendor allowances reside in inventory with the product and are recognized when the product is sold, changing the timing of our recognition of these items. For the nine months ended September 30, 2003, this change resulted in a one-time, noncash, after-tax charge of \$4.7 million, or 8 cents per share.

(6) Income Taxes

Our effective tax provision rate for the nine months ended September 30, 2003, was 13.2%, compared with an effective tax benefit rate of 191.9% for the nine months ended September 30, 2002. Before the nonroutine items discussed in Notes 3 and 4 above, our estimated tax provision rates for the nine months ended September 30, 2003 and 2002, were 34.0% and 37.5%. The difference between the estimated tax provision rates, before nonroutine items, was due to the sensitivity of the rate to changing income levels and the mix of domestic and foreign sources of income.

(7) Net Income (Loss) Per Common Share

Net income (loss) per common share was determined by dividing net income (loss), as adjusted, by applicable shares outstanding. For the three months ended June 30, 2003, and the nine months ended September 30, 2003, and 2002, the computation of diluted loss per share was antidilutive; therefore, amounts reported for basic and diluted loss were the same.

	Three Months Ended		
	September 30 2003	September 30 2002	June 30, 2003
	(thousands, except per-share amounts)		
BASIC			
Net income (loss)	\$ 32,884	\$ 8,510	\$ (3,934)
Preferred dividends	(3,191)	(3,262)	(3,287)
Basic income (loss)	<u>\$ 29,693</u>	<u>\$ 5,248</u>	<u>\$ (7,221)</u>
Average shares used to determine basic income (loss) per common share	<u>58,411</u>	<u>58,269</u>	<u>58,300</u>
Basic income (loss) per common share	<u>\$ 0.51</u>	<u>\$ 0.09</u>	<u>\$ (0.12)</u>
DILUTED			
Basic income (loss)	\$ 29,693	\$ 5,248	\$ (7,221)
Preferred dividends eliminated	3,191	3,262	—
Supplemental ESOP contribution	(2,891)	(2,925)	—
Diluted income (loss)	<u>\$ 29,993</u>	<u>\$ 5,585</u>	<u>\$ (7,221)</u>
Average shares used to determine basic income (loss) per common share	58,411	58,269	58,300

Stock options and other	956	239	—
Series D Convertible Preferred Stock	3,330	3,499	—
Average shares used to determine diluted income (loss) per common share	62,697	62,007	58,300
Diluted income (loss) per common share	\$ 0.48	\$ 0.09	\$ (0.12)

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	Nine Months Ended September 30	
	2003	2002
	(thousands, except per-share amounts)	
Income before cumulative effect of accounting changes	\$ 10,207	\$ 5,133
Preferred dividends (a)	(9,744)	(9,812)
Basic and diluted income (loss) before cumulative effect of accounting changes	463	(4,679)
Cumulative effect of accounting changes, net of income tax	(8,803)	—
Basic and diluted loss	\$ (8,340)	\$ (4,679)
Average shares used to determine basic and diluted loss per common share	58,334	58,194
Basic and diluted income (loss) per common share before cumulative effect of accounting changes	\$ 0.01	\$ (0.08)
Cumulative effect of accounting changes	(0.15)	—
Basic and diluted loss per common share	\$ (0.14)	\$ (0.08)

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

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Financial Highlights Boise and Subsidiaries

	2000	2001	2002	2003			Year
				First Quarter	Second Quarter	Third Quarter	
(millions, except per-share amounts)							
Sales and Income							
Sales	\$ 7,806.7	\$ 7,422.2	\$ 7,412.3	\$ 1,853.2	\$ 1,929.0	\$ 2,110.6	\$ 5,892.8
Income from operations	444.0	81.1	118.3	1.7	22.7	76.7	101.1
Net income (loss) before cumulative effect of accounting changes	\$ 178.6	\$ (42.5)	\$ 11.3	\$ (18.7)	\$ (4.0)	\$ 32.9	\$ 10.2
Cumulative effect of accounting changes, net of income tax	—	—	—	(8.8)	—	—	(8.8)
Net income (loss)	\$ 178.6	\$ (42.5)	\$ 11.3	\$ (27.5)	\$ (4.0)	\$ 32.9	\$ 1.4
Net income (loss) per common share							
Diluted before cumulative effect of accounting changes	\$ 2.73	\$ (.96)	\$ (.03)	\$ (.38)	\$ (.12)	\$.48	\$.01
Cumulative effect of accounting changes	—	—	—	(.15)	—	—	(.15)
Diluted	\$ 2.73	\$ (.96)	\$ (.03)	\$ (.53)	\$ (.12)	\$.48	\$ (.14)
Cash dividends paid per common share	\$.60	\$.60	\$.60	\$.15	\$.15	\$.15	\$.45
Financial Condition							
Capital expenditures	485.8	380.0	266.2	48.5	69.4	44.5	162.4
Total assets	5,266.9	4,934.0	4,947.4	4,970.9	4,989.9	5,066.8	
Long-term debt, less current portion	\$ 1,714.8	\$ 1,062.9	\$ 1,387.4	\$ 1,472.7	\$ 1,494.4	\$ 1,517.1	
Current portion of long-term debt and short-term borrowings	93.3	440.0	153.7	105.5	76.5	85.1	
Company-obligated mandatorily redeemable securities of subsidiary trust holding solely debentures of parent	—	—	—	—	—	172.5	
Guarantee of ESOP debt	107.9	80.9	51.4	51.4	40.5	40.5	
Total debt	\$ 1,916.0	\$ 1,583.8	\$ 1,592.5	\$ 1,629.6	\$ 1,611.4	\$ 1,815.2	
Shareholders' equity	\$ 1,757.0	\$ 1,578.4	\$ 1,399.5	\$ 1,372.1	\$ 1,384.2	\$ 1,411.4	
Shareholders' equity per common share	\$ 28.85	\$ 25.10	\$ 21.59	\$ 21.17	\$ 21.23	\$ 21.26	
Financial Ratios							
Return on sales	2.3%	(.6)%	.2%	(1.5)%	(.2)%	1.6%	0%
Debt to equity	1.09:1	1.00:1	1.14:1	1.19:1	1.16:1	1.29:1	
Debt to total capitalization	52.0%	47.5%	50.3%	51.3%	50.9%	56.3%	
Other Information							
Effective tax (provision) benefit rate	(39.0%)	11.5%	NM(1)	35.9%	34.0%	(27.6)%	(13.2)%
Number of common shares outstanding at the end of the period (thousands)	57,337	58,062	58,284	58,292	58,314	59,549	
Average number of common shares (thousands)							
Basic	57,288	57,680	58,216	58,289	58,300	58,411	58,334
Diluted(2)	61,413	61,797	62,090	61,880	61,844	62,697	62,143
Common stock price							
High	\$ 43.94	\$ 38.00	\$ 38.81	\$ 28.15	\$ 26.30	\$ 29.20	
Low	\$ 21.75	\$ 26.99	\$ 19.61	\$ 20.72	\$ 21.48	\$ 21.48	
Close	\$ 33.63	\$ 34.01	\$ 25.22	\$ 21.85	\$ 23.90	\$ 27.60	

(1) NM = not meaningful.

(2) For the first and second quarters of 2003, the nine months ended September 30, 2003, and the years ended December 31, 2001 and 2002, the computation of diluted net loss per share was antidilutive; accordingly, diluted net loss per share was calculated using the average basic shares outstanding.

Summary of Operations Boise and Subsidiaries

Quarterly Results by Segment (Unaudited)(1)	2002				Year
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	
(millions, except per-share amounts)					
Sales by Segment					

Boise Office Solutions	\$ 884.5	\$ 855.5	\$ 899.9	\$ 905.9	\$ 3,545.8
Boise Building Solutions	560.2	669.9	671.5	568.2	2,469.7
Boise Paper Solutions	456.0	481.6	485.2	455.3	1,878.0
Other	18.3	19.4	19.4	18.9	76.0
	<u>1,919.0</u>	<u>2,026.4</u>	<u>2,075.9</u>	<u>1,948.3</u>	<u>7,969.5</u>
Intersegment eliminations	(130.8)	(138.4)	(140.7)	(147.4)	(557.2)
Trade sales	\$ <u>1,788.2</u>	\$ <u>1,888.0</u>	\$ <u>1,935.3</u>	\$ <u>1,800.8</u>	\$ <u>7,412.3</u>
Income (Loss) by Segment					
Boise Office Solutions	\$ 37.4	\$ 23.4	\$ 29.8	\$ 32.4	\$ 123.0
Boise Building Solutions	8.8	14.0	14.5	2.3	39.7
Boise Paper Solutions	(10.8)	8.8	17.2	23.4	38.6
Corporate and Other	(12.8)	(37.9)	(15.9)	(15.3)	(81.8)
	<u>22.6</u>	<u>8.4</u>	<u>45.6</u>	<u>42.9</u>	<u>119.5</u>
Interest expense	(30.0)	(30.0)	(28.7)	(29.7)	(118.5)
Income (loss) before income taxes and minority interest	(7.4)	(21.6)	16.9	13.2	1.0
Income tax (provision) benefit	2.8	26.9	(6.3)	(4.9)	18.4
Income (loss) before minority interest	(4.6)	5.3	10.5	8.2	19.4
Minority interest, net of income tax	(2.0)	(2.0)	(2.0)	(2.0)	(8.1)
Net income (loss)	\$ <u>(6.6)</u>	\$ <u>3.2</u>	\$ <u>8.5</u>	\$ <u>6.2</u>	\$ <u>11.3</u>
Net income (loss) per common share					
Diluted	\$ <u>(.17)</u>	\$ <u>.00</u>	\$ <u>.09</u>	\$ <u>.05</u>	\$ <u>(.03)</u>

	2003				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
(millions, except per-share amounts)					
Sales by Segment					
Boise Office Solutions	\$ 938.3	\$ 904.9	\$ 934.1	\$ 934.1	\$ 2,777.3
Boise Building Solutions	574.6	692.8	828.1	828.1	2,095.6
Boise Paper Solutions	468.2	459.4	474.2	474.2	1,401.8
Other	19.4	18.8	20.6	20.6	58.8
	<u>2,000.5</u>	<u>2,075.9</u>	<u>2,256.9</u>	<u>2,256.9</u>	<u>6,333.4</u>
Intersegment eliminations	(147.3)	(146.9)	(146.3)	(146.3)	(440.5)
Trade sales	\$ <u>1,853.2</u>	\$ <u>1,929.0</u>	\$ <u>2,110.6</u>	\$ <u>2,110.6</u>	\$ <u>5,892.8</u>
Income (Loss) by Segment					
Boise Office Solutions	\$ 20.7	\$ 23.9	\$ 31.0	\$ 31.0	\$ 75.5
Boise Building Solutions	(8.5)	9.8	56.4	56.4	57.8
Boise Paper Solutions	(0.7)	1.0	0.2	0.2	0.5
Corporate and Other	(8.7)	(9.9)	(10.5)	(10.5)	(29.1)
	<u>2.8</u>	<u>24.9</u>	<u>77.1</u>	<u>77.1</u>	<u>104.7</u>
Interest expense	(28.9)	(27.8)	(31.7)	(31.7)	(88.3)
Income (loss) before income taxes, minority interest, and cumulative effect of accounting changes	(26.1)	(2.9)	45.4	45.4	16.4
Income tax (provision) benefit	9.4	1.0	(12.5)	(12.5)	(2.2)
Income (loss) before minority interest and cumulative effect of accounting changes	(16.7)	(1.9)	32.9	32.9	14.2
Minority interest, net of income tax	(2.0)	(2.0)	—	—	(4.0)
Income (loss) before cumulative effect of accounting changes	(18.7)	(4.0)	32.9	32.9	10.2
Cumulative effect of accounting changes, net of income tax	(8.8)	—	—	—	(8.8)
Net income (loss)	\$ <u>(27.5)</u>	\$ <u>(4.0)</u>	\$ <u>32.9</u>	\$ <u>32.9</u>	\$ <u>1.4</u>
Net income (loss) per common share					
Diluted net income (loss) before cumulative effect of accounting changes	\$ (.38)	\$ (.12)	\$.48	\$.48	\$.01
Cumulative effect of accounting changes	(.15)	—	—	—	(.15)
Diluted	\$ <u>(.53)</u>	\$ <u>(.12)</u>	\$ <u>.48</u>	\$ <u>.48</u>	\$ <u>(.14)</u>

(1) Columns may not add due to rounding.

Statistical Review / 2002

	2002				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Boise Office Solutions					
Sales by Product Line (millions)					
Office supplies and paper	\$ 549	\$ 531	\$ 545	\$ 556	\$ 2,181
Technology products	244	239	263	256	1,002
Office furniture	91	86	92	94	363

Sales by Geography (millions)										
United States	\$	686	\$	665	\$	707	\$	701	\$	2,759
International		198		191		193		205		787

Sales Growth

Sales growth	(9)%	(1)%	6%	6%	0%
Same-location sales growth	(8)%	(1)%	6%	5%	0%

Margins (percentage of sales)

Gross profit margin	23.6%	23.1%	22.4%	23.5%	23.1%
Operating profit	4.2%	2.7%	3.3%	3.6%	3.5%

Boise Building Solutions

Sales Volumes

Plywood (thousand square feet) (3/8" basis)	440,525	462,648	460,952	424,078	1,788,203
OSB (thousand square feet) (3/8" basis) (1)	100,161	98,273	107,176	111,076	416,686
Particleboard (thousand square feet) (3/4" basis)	49,749	51,182	47,617	40,675	189,223
Lumber (thousand board feet)	95,911	108,455	99,858	91,057	395,281
LVL (hundred cubic feet)	17,895	20,844	20,879	17,925	77,543
I-joists (thousand equivalent lineal feet)	34,995	47,102	46,954	36,714	165,765
Engineered wood products (millions)	\$ 60	\$ 76	\$ 77	\$ 61	\$ 274
Building materials distribution (millions)	\$ 375	\$ 464	\$ 470	\$ 387	\$ 1,696

Selected Prices (average net selling prices)

Plywood (thousand square feet) (3/8" basis)	\$ 231	\$ 238	\$ 227	\$ 220	\$ 229
OSB (thousand square feet) (3/8" basis)	131	136	127	128	130
Particleboard (thousand square feet) (3/4" basis)	230	248	254	223	239
Lumber (thousand board feet)	481	465	470	446	466
LVL (hundred cubic feet)	1,491	1,485	1,498	1,454	1,483
I-joists (thousand equivalent lineal feet)	896	886	890	872	886

Boise Paper Solutions

Sales Volumes (thousands of short tons)

Uncoated free sheet	355	370	364	336	1,425
Containerboard	160	167	168	159	654
Newsprint	84	111	110	101	406
Other	49	62	37	31	179
	648	710	679	627	2,664

Corrugated containers (millions of square feet)	1,061	1,065	1,205	1,132	4,463
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Selected Prices (average net selling prices per short ton)

Uncoated free sheet	\$ 712	\$ 712	\$ 722	\$ 746	\$ 722
Containerboard	327	332	351	361	343
Newsprint	368	349	367	371	363

(1) Includes 100% of the sales volume of Voyageur Panel, of which we own 47%.

Statistical Review / 2003

	First Quarter	Second Quarter	2003 Third Quarter	Fourth Quarter	Year
Boise Office Solutions					
Sales by Product Line (millions)					
Office supplies and paper	\$ 567	\$ 539	\$ 555		
Technology products	277	275	280		
Office furniture	94	91	99		
Sales by Geography (millions)					
United States	\$ 709	\$ 682	712		
International	229	223	222		
Sales Growth					
Sales growth	6%	6%	4%		
Same-location sales growth	6%	6%	4%		
Margins (percentage of sales)					
Gross profit margin	23.8%	23.8%	24.2%		

Operating profit	2.2%	2.6%	3.3%
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Boise Building Solutions

Sales Volumes

Plywood (thousand square feet) (3/8" basis)	466,537	476,896	499,323
OSB (thousand square feet) (3/8" basis) (1)	106,851	112,652	111,775
Particleboard (thousand square feet) (3/4" basis)	41,192	38,609	36,524
Lumber (thousand board feet)	93,524	93,113	90,522
LVL (hundred cubic feet)	20,685	25,063	28,431
I-joists (thousand equivalent lineal feet)	40,534	53,271	60,275
Engineered wood products (millions)	\$ 68	\$ 85	\$ 96
Building materials distribution (millions)	\$ 391	\$ 505	\$ 603

Selected Prices (average net selling prices)

Plywood (thousand square feet) (3/8" basis)	\$ 220	\$ 228	\$ 291
OSB (thousand square feet) (3/8" basis)	141	165	258
Particleboard (thousand square feet) (3/4" basis)	219	230	243
Lumber (thousand board feet)	412	400	446
LVL (hundred cubic feet)	1,453	1,447	1,440
I-joists (thousand equivalent lineal feet)	867	861	865

Boise Paper Solutions

Sales Volumes (thousands of short tons)

Uncoated free sheet	353	351	353
Containerboard	158	154	170
Newsprint	106	89	101
Other	33	31	47
	<u>650</u>	<u>625</u>	<u>671</u>

Corrugated containers (millions of square feet)	1,122	1,151	1,204
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Selected Prices (average net selling prices per short ton)

Uncoated free sheet	\$ 747	\$ 734	\$ 713
Containerboard	341	347	342
Newsprint	374	399	412

(1) Represents 100% of the sales volume of Voyageur Panel, of which we own 47%.