

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 (FEE REQUIRED)

For the fiscal year ended December 31, 1993

Commission file number 1-5057

|                        |  |   |
|------------------------|--|---|
| A Delaware Corporation | BOISE CASCADE CORPORATION<br>One Jefferson Square<br>P.O. Box 50<br>Boise, Idaho 83728-0001<br>(208)384-6161 | I.R.S. Employer<br>Identification<br>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 |
| Boise Cascade Corporation 7% Convertible Subordinated Debentures due 2016                           | New York Stock Exchange                        |
| 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 |
| \$1.79 Depositary Shares, evidenced by Depositary Receipts for Series E, Conversion Preferred Stock | New York Stock Exchange                        |
| \$2.35 Depositary Shares, evidenced by Depositary Receipts for Series F, Cumulative Preferred Stock | New York Stock Exchange                        |
| \$1.58 Depositary Shares, evidenced by Depositary Receipts for Series G, Conversion Preferred Stock | New York Stock Exchange                        |

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

Conversion Preferred Stock, Series E  
Cumulative Preferred Stock, Series F  
Conversion Preferred Stock, Series G

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the price at which the stock was sold as of the close of business on February 28, 1994: \$1,713,874,486.

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, 1994 |
|--------------------------------|--|
| Common Stock, \$2.50 par value | 38,030,681                                 |

Documents incorporated by reference

Listed hereunder are certain documents any portions of which are incorporated by reference and the Parts of this Form 10-K into which such portions are incorporated:

1. The registrant's annual report for the fiscal year ended December 31, 1993, portions of which are incorporated by reference into Parts I, II, and IV of this Form 10-K, and
2. The registrant's definitive proxy statement dated March 7, 1994, for use in connection with the annual meeting of shareholders to be held on April 22, 1994, portions of which are incorporated by reference into Part III of this Form 10-K.

BOISE CASCADE CORPORATION

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PART I

Item 1. Business

As used in this annual report, the term "Company" includes Boise Cascade Corporation and its consolidated subsidiaries and predecessors. The terms "Boise Cascade" and "Company" refer, unless the context otherwise requires, to Boise Cascade Corporation and its consolidated subsidiaries.

Boise Cascade Corporation is an integrated paper and forest products company headquartered in Boise, Idaho, with operations located in the United States and Canada. The Company manufactures and distributes paper and paper products, office products, and building products and owns and manages timberland to support these operations. The Company was 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, its name was changed to its present form.

Financial information pertaining to each of the Company's industry segments and to each of its geographic areas for the years 1993, 1992, and 1991 is presented in Note 8, "Segment Information," of the Notes to Financial Statements of the Company's 1993 Annual Report and is incorporated herein by this reference.

The Company's sales and income are affected by the industry supply of product and 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. The Company's 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 the Company's building products businesses, and demand for office products generally is somewhat lower during the second quarter. In addition, energy and some operating costs may increase at facilities affected by cold weather. However, seasonal influences are generally not significant.

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

The Company occasionally engages in acquisition discussions with other companies and makes acquisitions from time to time. It is also the Company's policy to review its operations periodically and to dispose of assets which fail to meet its criteria for return on investment or which cease to warrant retention for other reasons. (See Note 1 of the Notes to Financial Statements of the Company's 1993 Annual Report. This information is incorporated herein by this reference.)

Paper and Paper Products

The products manufactured by the Company, made both from virgin and recycled fibers, include uncoated business, printing, forms, and converting papers; coated white papers for magazines, catalogs, and direct-mail advertising; newsprint; containerboard; uncoated groundwood papers for newspaper inserts and books; and market pulp. These products are available for sale to the related paper markets, and certain of these products are sold through the Company's office products distribution operations. In addition, containerboard is used by the Company in the manufacture of corrugated containers.

The Company is a major North American pulp and paper producer with 8 U.S. and 2 Canadian paper mills. The total annual practical capacity of the mills was approximately 4.1 million tons at December 31, 1993. The Company's products are sold to distributors and industrial customers primarily by the Company's own sales personnel.

The Company's paper mills are supplied with pulp principally from the Company's own integrated pulp mills. Pulp mills in the Northwest manufacture chemical and thermomechanical pulp primarily from wood waste produced as a byproduct of wood products manufacturing. In 1993, the Company started up a recycled pulp mill at its existing paper mill in Steilacoom (West Tacoma), Washington. Pulp mills in the Midwest, Northeast, South, and Canada manufacture chemical, thermomechanical, and groundwood pulp mainly from pulpwood logs and, to some extent, from purchased wood waste. Wood waste is provided by Company sawmills and plywood mills in the Northwest and, to a lesser extent, in the South, and the remainder is purchased from outside sources.

The Company currently manufactures corrugated containers at 7 plants, which have annual practical capacity of approximately 3.3 billion square feet. The containers produced at the Company's plants are used to package fresh fruit and vegetables, processed food, beverages, and many other industrial and consumer products. The Company primarily sells its corrugated containers through its own sales personnel.

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

| Paper                      | 1993                      | 1992  | 1991  | 1990  | 1989  |
|----------------------------|---------------------------|-------|-------|-------|-------|
|                            | (thousands of short tons) |       |       |       |       |
| Uncoated free sheet papers | 1,215                     | 1,110 | 1,050 | 891   | 835   |
| Newsprint                  | 860                       | 831   | 838   | 873   | 859   |
| Containerboard             | 559                       | 560   | 540   | 529   | 536   |
| Coated papers              | 418                       | 397   | 371   | 365   | 389   |
| Uncoated groundwood papers | 299                       | 319   | 319   | 314   | 305   |
| Market pulp                | 205                       | 260   | 284   | 307   | 286   |
| Other(1)                   | -                         | -     | -     | 43    | 91    |
|                            | 3,556                     | 3,477 | 3,402 | 3,322 | 3,301 |

(millions of square feet)

|                          |       |       |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|
| Corrugated containers(2) | 2,961 | 4,715 | 6,478 | 7,087 | 7,091 |
|--------------------------|-------|-------|-------|-------|-------|

(1) Includes specialty paperboard and carbonless paper. The Company sold its specialty paperboard mills on June 30, 1989. In 1990, the Company discontinued production of carbonless paper.

(2) On June 30, 1992, the Company sold 11 corrugated container plants.

In keeping with the Company's periodic reviews of the opportunities and challenges for each of its businesses, in February 1994, the Company announced its intention to combine the majority of its newsprint, uncoated groundwood, and related assets into an independently managed Canadian company which would have access to financial markets. Locations involved include Kenora and Fort Frances, Ontario, Canada, and Steilacoom (West Tacoma), Washington. The new entity also would have responsibility for the sale of newsprint produced at the Company's DeRidder, Louisiana, mill.

#### Office Products

The Company distributes a broad line of items for the office, including office supplies, paper, and office furniture. All of the products sold by this segment are purchased from other manufacturers or from industry wholesalers, except for copier and similar papers, which are primarily sourced from the Company's paper operations. The Company sells these office products directly to corporate, government, and other offices, primarily for next-day delivery.

Customers with multi-site locations across the country are often serviced via national contracts that provide for consistent pricing and product offerings and, if desired, summary billings, usage reporting, and other special services. The Company's 24 distribution centers are located across the United States to provide next-day delivery to all domestic locations. The Company also operates 4 retail office supply stores in Hawaii. The Company plans to open a distribution center in Colorado late in the first quarter of 1994.

The following table sets forth sales dollars for the office products distribution business for the years indicated:

|                  | 1993   | 1992      | 1991    | 1990    | 1989    |
|------------------|--------|-----------|---------|---------|---------|
| Sales (millions) | \$ 683 | \$ 672(1) | \$1,039 | \$1,079 | \$1,014 |

(1)Early in 1992, the Company sold essentially all of its wholesale office products distribution operations, enabling the Company to focus on the commercial channel on a national basis. In 1991, sales of the 13 distribution centers and 1 minidistribution center that comprised the wholesale operations were approximately \$400 million.

#### Building Products

The Company is a major producer of plywood, lumber, and particle-board, together with a variety of specialty wood products. The Company also manufactures engineered wood products consisting of laminated veneer lumber (LVL), which is a high-strength engineered structural lumber product, and I-beam floor and ceiling joists that incorporate the LVL technology. Most of its production is sold to independent wholesalers and dealers and through the Company's own wholesale building materials distribution outlets. The Company's wood products are used primarily in housing, industrial construction, and a variety of manufactured products. Wood products manufacturing trade sales for 1993, 1992, and 1991 were \$879 million, \$761 million, and \$615 million.

The following table sets forth annual practical capacities of the Company's wood products facilities as of December 31, 1993:

|               | Number of<br>Mills | Practical Capacity<br>(millions) |
|---------------|--------------------|----------------------------------|
| Plywood       | 12                 | 1,895 square feet (3/8" basis)   |
| Lumber        | 13                 | 756 board feet                   |
| Particleboard | 1                  | 185 square feet (3/4" basis)     |

The Company operates 9 wholesale building materials distribution facilities and 2 satellite locations. These operations market a wide range of building materials, including lumber, plywood, particleboard, engineered wood products, fiberboard siding, roofing, gypsum board, insulation, ceiling tile, paneling, molding, windows, 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 33% in 1993) of the wood products required by the Company's Building Materials Distribution Division are provided by the Company's 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:

|   | 1993       | 1992  | 1991  | 1990  | 1989  |
|---|------------|-------|-------|-------|-------|
|   | (millions) |       |       |       |       |
| Plywood (square feet - 3/8" basis)              | 1,760      | 1,788 | 1,621 | 1,682 | 1,679 |
| Lumber (board feet)                             | 760        | 805   | 815   | 782   | 815   |
| Particleboard (square feet - 3/4" basis)        | 182        | 186   | 182   | 179   | 188   |
| Engineered wood products (sales dollars)        | \$71       | \$38  | \$13  | \$ 1  | \$ -  |
| Building materials distribution (sales dollars) | \$590      | \$447 | \$328 | \$289 | \$279 |

#### Timber Resources

In recent years, heightened attention has been paid to developing and implementing recovery plans throughout the U.S. for species listed as threatened or endangered under the Endangered Species Act of 1973. Some of these plans have caused or could cause sharp curtailment in the use of public and private timberlands in the Pacific Northwest. The case of the spotted owl is a highly visible example of the negative impact of these plans on the paper and forest products industry.

In July 1993, the Clinton Administration announced a forest management plan that would reduce harvests in the so-called spotted owl forests of western Washington, western Oregon, and northern California to an average of 1.2 billion board feet annually for ten years - about a 75 percent reduction in harvest levels from those of the mid-'80s.

If the plan is implemented as announced, as much as 50 percent of the wood products manufacturing capacity in the owl forests could be shut down over time, as compared with 1988 levels. In this environment, Boise Cascade has a number of relative advantages. An important share of the Company's raw material needs is met by its own timberland - some 1.3 million acres in Washington, Oregon, and Idaho. The Company's wood products facilities are among the most efficient in the region, allowing it to bid competitively for any timber that is available.

The Company's Northwest pulp and paper mills already receive approximately 73 percent of their wood chip supply either directly from or through trades with the Company's wood products and whole-log chipping operations. The Company is taking additional steps to reduce its need for outside chip purchases. The Company's cottonwood tree plantation near its Wallula, Washington, mill should be ready for harvest in 1997, supplying a portion of its Northwest wood chip needs. In addition, two of the Company's Northwest paper mills are now using recycled fiber - and will use more - to produce recycled-content paper products.

Thus, the Company is better positioned than most Northwest producers to compete in an era of reduced log supply. However, because of further potential litigation, legislation, and regulation related to this issue, the Company cannot predict how the next several years will unfold. At year-end, the Company's lumber capacity had been reduced 8.5 percent from the year-end 1992 level to 756 million board feet, primarily reflecting shift reductions due to limited log supply.

Also difficult to predict is the impact of these timber constraints on the cost structure of the Northwest paper and forest products industry. Log costs for wood products facilities have already climbed dramatically over the last several years, while wood chip costs for the Company's Northwest pulp mills rose 75 percent from 1987 to 1991, before leveling off. Lumber and plywood prices, however, have outpaced log cost increases, resulting in strong profit margins in the wood products business. Because of excess industry supply, paper prices have not climbed to meet higher wood chip costs in the Northwest.

It is unclear what impact the developing recovery plans for various threatened or endangered species will have on pricing and cost trends in future years in the Northwest or across the nation.

Besides the 1.3 million acres of timberland in the Northwest, Boise Cascade also owns or controls another 4.8 million acres of timberland in North America. The amount of timber harvested each year by the Company from its timber resources, compared with the amount it purchases from outside sources, varies according to the price and supply of timber for sale on the open market and according to what the Company deems to be in the interest of sound management of its timberlands. During 1993, the Company's mills processed approximately 1.2 billion board feet of sawtimber and 2.4 million cords of pulpwood; 40% of the sawtimber and 58% of the pulpwood were harvested from the Company's timber resources, and the balance was acquired from various private and government sources. Approximately 73% of the 1.1 million bone-dry tons of wood chips consumed by the Company's Northwest pulp and paper mills in 1993 were provided from the Company's Northwest wood products manufacturing facilities as residuals in the processing of solid wood products and from a whole-log chipping facility. Of the 660,000 bone-dry tons of residual chips used in the South, 46% were provided by the Company's Southern wood products manufacturing facilities.

At December 31, 1993, the acreages of owned or controlled timber resources by geographic area and the approximate percentages of total fiber requirements available from the Company's respective timber resources in these areas and from the residuals from processed purchased logs were as

follows:



|  | Northwest       | Midwest-<br>Central<br>Canada | New<br>England | South         | Total           |
|--|-----------------|-------------------------------|----------------|---------------|-----------------|
| (thousands of acres)   |                 |                               |                |               |                 |
| Fee  | 1,321           | 317                           | 665            | 428           | 2,731           |
| Leases and contracts   | 19              | -                             | -              | 291           | 310             |
| Canadian government licenses   | -               | 3,064                         | -              | -             | 3,064           |
| <b>Total</b>   | <b>1,340(1)</b> | <b>3,381(2)</b>               | <b>665(2)</b>  | <b>719(3)</b> | <b>6,105(4)</b> |
| Approximate percentage of total fiber requirements available from: (5) |                 |                               |                |               |                 |
| Owned and controlled timber resources                                  | 23%             | 77%                           | 69%            | 28%           | 38%             |
| Residuals from processed purchased logs                                | 15              | -                             | -              | 6             | 9               |
| <b>Total</b>   | <b>38%</b>      | <b>77%</b>                    | <b>69%</b>     | <b>34%</b>    | <b>47%</b>      |

(1) Principally sawtimber.

(2) Principally pulpwood.

(3) Sawtimber and pulpwood.

(4) On December 31, 1993, the Company's inventory of merchantable sawtimber was approximately 8.9 billion board feet, and its inventory of pulpwood was approximately 66.1 million cords.

(5) Assumes harvesting of Company-owned and controlled timber resources on a sustained timber yield basis and operation of the Company's 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 the Company 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 50 years. In addition, the Company has an option to purchase approximately 203,000 acres of the timberland it currently has under leases and contracts in the South.

A substantial portion of the wood requirements of the Company's pulp and paper mills in Kenora and Fort Frances, Ontario, Canada, are provided through four separate Forest Management Agreements with the Province of Ontario covering approximately 3 million acres of timberland. Stumpage charges are those in effect at the time the timber is harvested, as prescribed by the province's regulations. The agreements require the Company to assume responsibility for management of the timberlands; however, the Company is reimbursed for certain silvicultural expenses that are incurred. The agreements were signed in 1983 and 1984 and have initial terms of 20 years. At the end of each successive five-year period covered by the agreements, the remaining term will be extended by an additional five years, provided that the Company has fulfilled the timberland management responsibilities set forth in the agreements. In accordance with these provisions, those agreements have been extended.

The Company seeks to maximize the utilization of its 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 continually improved through a variety of methods, including genetic research and computerization.

The Company assumes substantially all risks of loss from fire and other casualties on all the standing timber it owns, as do most owners of timber tracts in the U.S.

#### Competition

The markets served by the Company are highly competitive, with various substantial companies operating in each. The Company competes in its markets principally through price, service, quality, and value-added products and services.

#### Environmental Quality

The Company invests substantial capital in order to comply with federal, state, and local environmental laws and regulations. During 1993, capital expenditures attributable to an ongoing pollution abatement program amounted to \$46 million. It is anticipated that approximately \$70 million will be spent in 1994 for this purpose. Failure to comply with applicable pollution control standards could result in interruption or suspension of operations at the affected facilities or could require additional expenditures at these facilities. Anticipated expenditures pursuant to the ongoing pollution abatement program should enable the Company to continue to meet the environmental standards now applicable to its various facilities.

The Environmental Protection Agency (EPA) has proposed new rules to regulate air and water emissions from pulp and paper mills. These proposed rules would, among other things, set extremely stringent standards for color, chemical oxygen demand, and the discharge of all chlorinated organics. "Chlorinated organics" refers to a family of thousands of organic

compounds that occur naturally and are also produced as byproducts of pulp-bleaching processes that use chlorine compounds.

Although the majority of these chemical compounds discharged are environmentally benign, a small percentage, including the chemical dioxin, are known to be toxic at sufficiently high concentrations. With this knowledge, Boise Cascade has invested in new pulping and bleaching equipment and has changed bleaching processes so that, today, the level of dioxin in mill effluent at most of the Company's pulp mills is so small that it cannot be measured using acceptable methodology.

Unfortunately, the proposed EPA rules do not discriminate between known toxins and other chlorinated organics, but rather seek to regulate the levels of all such compounds, regardless of their actual impact on human health or the environment. This approach is likely to require the elimination of elemental chlorine and may require the elimination of all chlorine compounds from the pulp-bleaching process, despite a lack of evidence that totally chlorine-free bleaching would result in significant or cost-effective improvement in the environment or public health. Moreover, the estimated cost of changing bleaching processes and capturing air emissions to accommodate the proposed regulations is staggering - as much as \$12 billion for the U.S. pulp and paper industry as a whole. For Boise Cascade, the cost of complying with the proposed rules utilizing current technology could be several hundred million dollars over the next four or five years. Boise Cascade is working with industry associations and the EPA to achieve revisions to the proposed regulations that would better reflect scientific understanding of the effects, the risks of alternative pulp-bleaching processes, and the costs.

As of December 31, 1993, the Company was notified that it is a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or similar federal and state laws with respect to 53 sites where hazardous substances or other contaminants are located. The Company has resolved issues relating to several of these sites at minimal cost and believes that it may have minimal or no responsibility with regard to several other of these sites. In most cases, the Company is one of many potentially responsible parties, and its alleged contribution to these sites has been minor. For those sites where a range of potential liability has been determined, the Company has established appropriate reserves.

With respect to all of the currently outstanding sites, the Company cannot predict with certainty the total response and remedial costs, the Company's share of the total costs, the extent to which contributions will be available from other parties, the amount of time necessary to complete the cleanups, or the availability of insurance coverage. However, based on the Company's investigations, the Company's 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, the Company does not presently believe that the known actual and potential response costs will, in the aggregate, have a material adverse effect on its financial condition or the results of operations.

#### Employees

As of December 31, 1993, the Company had 17,362 employees, 9,071 of whom were covered under collective bargaining agreements. During 1993, the Company reached new labor agreements effective until mid-1998 at its pulp and paper mill in Kenora, Ontario, Canada. In February 1994, the Company and production and most of the maintenance workers at its International Falls, Minnesota, pulp and paper mill agreed to contract extensions. The agreements are effective until April 1999.

Collective bargaining agreements at the Company's four Pacific Northwest pulp and paper facilities and one converting operation expired in the spring of 1993. The Company is operating these mills without signed collective bargaining agreements. On February 1, 1994, the Company implemented its final contract offer at its Wallula, Washington, paper mill. The Company is in negotiations with unions representing employees at the other four mills. The Company is seeking changes in the amount of pay for time not worked, changes in work rules in order to increase operating flexibility, and other changes, all of which would improve productivity and efficiency.

The collective bargaining contracts at the Company's pulp and paper mill in Fort Frances, Ontario, Canada, expired in April 1993. The Company is operating this mill without signed collective bargaining agreements. Although negotiations are continuing, the terms of new agreements proposed by the Company have not been accepted by unions representing employees at this facility. The Company is seeking changes in work rules that would increase operating flexibility, which the Company believes is necessary for increased productivity and efficiency. In addition, there is some dispute over pension plan improvements. A number of the Company's Canadian competitors have already achieved some of the same work rule changes in their contract settlements. Prior to satisfactory resolution of the issues, another firm's mill was on strike for over 90 days. On March 2, 1994, the unions announced that they had selected March 16 as a date for strike. There are meetings scheduled for the Company and unions to meet prior to that date.

While the Company believes that the Pacific Northwest and Fort Frances, Ontario, negotiations can be resolved without work stoppages or strikes, it is not possible at this time to predict how the negotiations may conclude.

Among the negotiations scheduled for 1994 are labor contracts covering the Company's Northwest wood products facilities.

#### Identification of Executive Officers

The information with respect to the executive officers of the registrant, which is set forth in Item 10 of this annual report on Form 10-K, is incorporated into this Part I by this reference.

#### Capital Investment

The Company's capital expenditures in 1993 were \$221 million, compared with \$283 million in 1992 and \$299 million in 1991. Details of 1993 spending by segment and by type are as follows:

|                          | Expansion               | Quality/<br>Efficiency(1) | Timber and<br>Timberlands | Replacement,<br>Environmental,<br>and Other | Total  |
|--------------------------|-------------------------|---------------------------|---------------------------|---|--------|
|                          | (expressed in millions) |                           |                           |   |        |
| Paper and paper products | \$ 25                   | \$ 43                     | \$ -                      | \$ 111                                      | \$ 179 |
| Office products          | 1                       | 1                         | -                         | 1   | 3      |
| Building products        | 8                       | 7                         | -                         | 14  | 29     |
| Timber and timberlands   | -                       | -                         | 4                         | -   | 4      |
| Other                    | 2                       | -                         | -                         | 4   | 6      |
| Total                    | \$ 36                   | \$ 51                     | \$ 4                      | \$ 130                                      | \$ 221 |

(1) Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects.

The level of capital investment in 1994 is expected to be about \$300 million. The 1994 capital budget will be allocated to cost-saving, modernization, replacement, maintenance, environmental, and safety projects.

#### Energy

The paper and paper products segment is the primary energy user of the Company. Self-generated energy sources in this segment, such as wood wastes, pulping liquors, and hydroelectric power, provided 55% of total 1993 energy requirements, compared with 54% in 1992 and 52% in 1991. The energy requirements fulfilled by purchased sources in 1993 were as follows: natural gas, 45%; electricity, 28%; residual fuel oil, 8%; and other sources, 19%.

#### Item 2. Properties

The Company owns substantially all of its operating facilities. Regular maintenance, renewal, and new construction programs have preserved the operating suitability and adequacy of those properties.

Following is a list of the Company's facilities by segment as of December 31, 1993. Information concerning timber resources is presented in Item 1 of this Form 10-K.

#### Paper and Paper Products

10 pulp and paper mills located in Alabama, Louisiana, Maine, Minnesota, Oregon, Washington (3), and Ontario, Canada (2).

1 recycled pulp mill located in Washington.

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

1 converting facility located in Oregon.

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

#### Office Products

24 office supply, paper, and office furniture distribution centers located in Arizona, California (2), Connecticut, Florida, Hawaii (4), Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, Ohio, Oregon, Pennsylvania, South Carolina, Texas (2), Utah, and Washington. The Company plans to open a distribution center in Denver, Colorado, late in the first quarter of 1994.

4 retail outlets located in Hawaii.

#### Building Products

13 sawmills located in Alabama, Idaho (3), Louisiana, Oregon (5), and Washington (3).

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

1 particleboard plant located in Oregon.

1 engineered wood products plant located in Oregon.

1 wood beam plant located in Idaho.

9 wholesale building materials units located in Arizona, Colorado, Idaho (2), Montana, Utah, and Washington (3).

2 satellite building materials facilities located in Colorado and Washington.

#### Item 3. Legal Proceedings

As of December 31, 1993, the Company was notified that it is a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or similar federal and state laws with respect to 53 sites where hazardous substances or other contaminants are located. On April 19, 1993, the Company filed a lawsuit in

State District Court in Boise, Idaho, against 31 of its current and previous insurance carriers seeking insurance coverage for response costs the Company has incurred or may incur at these sites. The Company cannot predict with certainty the total response and remedial costs, the Company's share of the total costs, the extent to which contributions will be available from other parties, the amount of time necessary to complete the cleanups, or the availability of insurance coverage. However, based on the Company's investigations, the Company's 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, the Company does not presently believe that the known actual and potential response costs will, in the aggregate, have a material adverse effect on its financial condition or the results of operations.

In January 1994, the state of Maine Department of Environmental Protection requested that the Company enter into an administrative settlement to resolve alleged violations of the state's environmental laws during April 1991 through March 1993 at the Company's facility in Rumford, Maine. The alleged violations concern water discharges, air emissions, and hazardous waste. The Department has requested that the Company pay a fine of \$359,000 and agree to an injunctive order. Negotiations with the Department are ongoing; it is expected that this matter will be resolved consensually, but at this time, the ultimate resolution of this matter and the dollar amount of any settlement cannot be determined.

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

Item 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

The Company's common stock is listed on the New York, the Chicago, and the Pacific Stock Exchanges. The high and low sales prices for the Company's common stock, as well as the frequency and amount of dividends paid on such stock, are presented in the tables captioned "Common Stock Prices" and "Common Stock Dividends -- Paid Per Share" in the Company's 1993 Annual Report. Additional information concerning dividends on common stock is presented under the caption "Dividends" of the Financial Review, and information concerning restrictions on the payments of dividends is included in Note 4, "Debt," of the Notes to Financial Statements in the Company's 1993 Annual Report. The approximate number of common shareholders, based upon actual record holders at year-end, is presented under the caption "Financial Highlights" of the Company's 1993 Annual Report. The information under these captions is incorporated herein by this reference.

Item 6. Selected Financial Data

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

|   | 1993   | 1992            | 1991            | 1990           | 1989           |
|---|--|-----------------|-----------------|----------------|----------------|
|   | (expressed in millions)                                  |                 |                 |                |                |
| <b>Assets</b>                               |  |                 |                 |                |                |
| Current assets                              | \$ 887   | \$ 866          | \$ 933          | \$ 998         | \$ 932         |
| Property and equipment, net                 | 3,010  | 3,067           | 3,163           | 3,155          | 2,629          |
| Other                                       | 616  | 627             | 633             | 632            | 582            |
|   | <u>\$4,513</u>   | <u>\$4,560</u>  | <u>\$4,729</u>  | <u>\$4,785</u> | <u>\$4,143</u> |
| <b>Liabilities and Shareholders' Equity</b> |  |                 |                 |                |                |
| Current liabilities                         | \$ 688   | \$ 750          | \$ 651          | \$ 758         | \$ 678         |
| Long-term debt, less current portion        | 1,593  | 1,680           | 1,916           | 1,649          | 1,205          |
| Guarantee of ESOP debt                      | 247  | 262             | 275             | 286            | 293            |
| Other                                       | 480  | 510             | 439             | 516            | 392            |
| Shareholders' equity                        | 1,505  | 1,358           | 1,448           | 1,576          | 1,575          |
|   | <u>\$4,513</u>   | <u>\$4,560</u>  | <u>\$4,729</u>  | <u>\$4,785</u> | <u>\$4,143</u> |
|   | 1993   | 1992            | 1991            | 1990           | 1989           |
|   | (expressed in millions, except per-common-share amounts) |                 |                 |                |                |
| Net sales                                   | \$3,958  | \$3,716         | \$3,950         | \$4,186        | \$4,338        |
| Income (loss) before accounting change      | (77)   | (154)           | (79)            | 75             | 268            |
| Net income (loss)                           | (77)   | (227)           | (79)            | 75             | 268            |
| Net income (loss) per common share          |  |                 |                 |                |                |
| Primary                                     |  |                 |                 |                |                |
| Income (loss) before accounting change      | \$(3.17)   | \$(4.79)        | \$(2.46)        | \$ 1.62        | \$ 6.19        |
| Effect of net accounting change (1)         | -  | (1.94)          | -               | -              | -              |
|   | <u>\$(3.17)</u>  | <u>\$(6.73)</u> | <u>\$(2.46)</u> | <u>\$ 1.62</u> | <u>\$ 6.19</u> |
| Fully diluted (2)                           |  |                 |                 |                |                |
| Income (loss) before accounting change      | \$(3.17)   | \$(4.79)        | \$(2.46)        | \$ 1.62        | \$ 5.70        |
| Effect of net accounting change (1)         | -  | (1.94)          | -               | -              | -              |
|   | <u>\$(3.17)</u>  | <u>\$(6.73)</u> | <u>\$(2.46)</u> | <u>\$ 1.62</u> | <u>\$ 5.70</u> |
| Cash dividends declared per common share    | \$ .60   | \$ .60          | \$ 1.29         | \$ 1.52        | \$ 1.43        |

(1) Consists of a one-time noncash charge of \$73 million, or \$1.94 per share, for the adoption of Financial Accounting Standards Board requirements to accrue postretirement benefits other than pensions.

(2) The computation of fully diluted net income (loss) per common share was antidilutive in all years reported except for the year ended December 31, 1989; therefore, the amounts reported for primary and fully diluted earnings are the same.

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 captions "Financial Review" and "Discussion and Analysis" of the Company's 1993 Annual Report. The information under these captions is incorporated herein by this reference.

Item 8. Financial Statements and Supplementary Data

The Company's consolidated financial statements and related notes, together with the report of the independent public accountants, are presented in the Company's 1993 Annual Report and are incorporated herein by this reference. Selected quarterly financial data is presented under the caption "Quarterly Results of Operations" in the Company's 1993 Annual Report and is incorporated herein by this reference.

The consolidated income (loss) statement for the three months ended December 31, 1993, is presented in the Company's Fact Book for the fourth quarter of 1993 and is incorporated herein by this reference.

The 10.125% Notes issued in December 1990, 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, as defined, and a rating decline, as defined, the holders of these securities may require the Company 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 of the Company are presented under the caption "Election of Directors" in the Company's definitive proxy statement dated March 7, 1994. All of the nominees are presently directors. This information is incorporated herein by this reference.

Executive Officers as of February 28, 1994

| Name                 | Age | Position or Office  | Date First Elected as an Officer |
|----------------------|-----|---|----------------------------------|
| John B. Fery         | 64  | Chairman of the Board and Chief Executive Officer, Director | 11/29/60                         |
| George J. Harad      | 49  | President and Chief Operating Officer, Director             | 5/11/82                          |
| Peter G. Danis Jr.   | 62  | Executive Vice President                                    | 7/26/77                          |
| Theodore Crumley     | 48  | Senior Vice President and Chief Financial Officer           | 5/10/90                          |
| Rex L. Dorman        | 60  | Senior Vice President                                       | 2/21/75                          |
| Alice E. Hennessey   | 57  | Senior Vice President                                       | 10/28/71                         |
| Terry R. Lock        | 52  | Senior Vice President                                       | 2/17/77                          |
| Richard B. Parrish   | 55  | Senior Vice President                                       | 2/27/80                          |
| N. David Spence      | 58  | Senior Vice President                                       | 12/8/87                          |
| John H. Wasserlein   | 52  | Senior Vice President                                       | 2/10/82                          |
| J. Ray Barbee        | 46  | Vice President  | 9/26/89                          |
| Stanley R. Bell      | 47  | Vice President  | 9/25/90                          |
| John C. Bender       | 53  | Vice President  | 2/13/90                          |
| Charles D. Blencke   | 50  | Vice President  | 12/11/92                         |
| Tom E. Carlile       | 42  | Vice President and Controller                               | 2/4/94                           |
| A. Ben Groce         | 52  | Vice President  | 2/8/91                           |
| J. Michael Gwartney  | 53  | Vice President  | 4/25/89                          |
| John W. Holleran     | 39  | Vice President and General Counsel                          | 7/30/91                          |
| H. John Leusner      | 58  | Vice President  | 12/11/92                         |
| Irving Littman       | 53  | Vice President and Treasurer                                | 11/1/84                          |
| Jeffrey G. Lowe      | 52  | Vice President  | 12/11/92                         |
| Robert L. Merrill    | 51  | Vice President  | 12/11/92                         |
| Carol B. Moerdyk     | 43  | Vice President  | 5/10/90                          |
| D. Ray Ryden         | 60  | Vice President  | 4/26/88                          |
| Donald F. Smith      | 52  | Vice President  | 12/8/87                          |
| J. Kirk Sullivan     | 58  | Vice President  | 9/30/81                          |
| Gary M. Watson       | 46  | Vice President  | 2/5/93                           |
| A. James Balkins III | 41  | Corporate Secretary   | 9/5/91                           |

All of the officers named above except A. Ben Groce and Gary M. Watson (see below) have been employees of the registrant or one of its subsidiaries for at least five years. Mr. Groce rejoined the Company in 1991 after resigning in June 1989. Prior to his resignation, he had served as an officer of the Company since December 1987.

Rex L. Dorman, senior vice president and former chief financial officer, will retire from his position with the Company effective June 1, 1994. Theodore Crumley, formerly vice president and controller, was elected senior vice president and chief financial officer as of February 4, 1994, to replace him. Mr. Dorman will assist Mr. Crumley with the transition in the Company's financial management until June 1.

Tom E. Carlile was elected vice president and controller in February 1994. Mr. Carlile received a B.A. degree in accounting in 1973 from



Boise State University in Boise, Idaho, and is a certified public accountant. He joined the Company in 1973 and held a variety of financial and planning positions before becoming director of finance and planning for the White Paper Division in 1989.

E. Thomas Edquist, senior vice president, retired from his position as an officer of the Company effective July 31, 1993. He continued to work for the Company until his retirement on December 31, 1993.

Gary M. Watson was elected vice president in February 1993. Dr. Watson received a B.S. degree in chemistry from Western Washington University in 1969. He also received an M.S. degree in 1972 and a Ph.D. degree in chemical physics in 1974, both from Lawrence University in connection with the Institute of Paper Science and Technology. He joined Boise Cascade in 1992 as director of the Company's Paper Research and Development Center in Portland, Oregon.

#### Item 11. Executive Compensation

Information concerning compensation of the Company's executive officers for the year ended December 31, 1993, is presented under the caption "Compensation Tables" in the Company's definitive proxy statement dated March 7, 1994. This information is incorporated herein by this 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, 1993, is set forth under the caption "Beneficial Ownership" in the Company's definitive proxy statement dated March 7, 1994, and is incorporated herein by this reference.
- (b) Information concerning security ownership of management as of December 31, 1993, is set forth under the caption "Security Ownership of Directors and Executive Officers" in the Company's definitive proxy statement dated March 7, 1994, and is incorporated herein by this reference.

#### Item 13. Certain Relationships and Related Transactions

Information concerning certain relationships and related transactions during 1993 is set forth under the caption "Consulting Agreement" in the Company's definitive proxy statement dated March 7, 1994, and is incorporated herein by this 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 annual report on Form 10-K for Boise Cascade Corporation and subsidiaries:
  - (1) (i) The Income (Loss) Statement for the three months ended December 31, 1993, is incorporated herein by this reference from the Company's Fact Book for the fourth quarter of 1993.
  - (ii) The Financial Statements, the Notes to Financial Statements, and the Report of Independent Public Accountants listed below are incorporated herein by this reference from the Company's 1993 Annual Report.
    - Balance Sheets as of December 31, 1993, 1992, and 1991.
    - Statements of Income (Loss) for the years ended December 31, 1993, 1992, and 1991.
    - Statements of Cash Flows for the years ended December 31, 1993, 1992, and 1991.
    - Statements of Shareholders' Equity for the years ended December 31, 1993, 1992, and 1991.
    - Notes to Financial Statements.
    - Report of Independent Public Accountants.
  - (2) Financial Statement Schedules.
    - Report of Independent Public Accountants.
    - V Property and Equipment for the years ended December 31, 1993, 1992, and 1991.
    - VI Accumulated Depreciation, Depletion, and Amortization of Property and Equipment for the years ended December 31, 1993, 1992, and 1991.
    - VII Guarantees of Securities of Other Issuers as of December 31, 1993.
    - IX Short-Term Borrowings for the years ended December 31, 1993, 1992, and 1991.
    - X Supplementary Income Statement Information for the years ended December 31, 1993, 1992, and 1991.
    - Consent of Independent Public Accountants.

Schedules other than those listed are omitted because they are not applicable or because the required information is shown in the financial statements or notes.

#### (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 immedi-

ately precedes such exhibits, and is incorporated herein by this reference.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended December 31, 1993.

For the purpose of complying with the rules governing Form S-8 under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into registrant's Registration Statements on Form S-8 Nos. 33-47892 (filed May 14, 1992), 33-28595 (filed May 8, 1989), 33-21964 (filed June 6, 1988), 33-31642 (filed November 7, 1989), 2-96196 (filed March 25, 1985), 33-45675 (filed February 12, 1992), and 33-16672 (filed September 10, 1987):

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Boise Cascade Corporation:

We have audited, in accordance with generally accepted auditing standards, the financial statements included in Boise Cascade Corporation's annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 26, 1994. Our report on the financial statements includes an explanatory paragraph with respect to the change in the method of accounting for postretirement benefits other than pensions in accordance with Standard No. 106 of the Financial Accounting Standards Board as discussed in Note 5 of the financial statements. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed in Part IV, Item 14(a)(2) are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Boise, Idaho  
January 26, 1994

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 John B. Fery  
John B. Fery  
Chairman of the Board and  
Chief Executive Officer

Dated: March 11, 1994

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 11, 1994.

| Signature                                | Capacity   |
|--|--|
| (i) Principal Executive Officer:         |  |
| John B. Fery<br>John B. Fery             | Chairman of the Board and<br>Chief Executive Officer |
| (ii) Principal Financial Officer:        |  |
| Theodore Crumley<br>Theodore Crumley     | Senior Vice President and<br>Chief Financial Officer |
| (iii) Principal Accounting Officer:      |  |
| Tom E. Carlile<br>Tom E. Carlile         | Vice President<br>and Controller                     |
| (iv) Directors:                          |  |
| John B. Fery<br>John B. Fery             | Paul J. Phoenix<br>Paul J. Phoenix                   |
| Anne L. Armstrong<br>Anne L. Armstrong   | A. William Reynolds<br>A. William Reynolds           |
| Robert E. Coleman<br>Robert E. Coleman   | Frank A. Shrontz<br>Frank A. Shrontz                 |
| George J. Harad<br>George J. Harad       | Edson W. Spencer<br>Edson W. Spencer                 |
| Robert K. Jaedicke<br>Robert K. Jaedicke | Robert H. Waterman, Jr.<br>Robert H. Waterman, Jr.   |
| James A. McClure<br>James A. McClure     | Ward W. Woods<br>Ward W. Woods                       |

## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## SCHEDULE V--PROPERTY AND EQUIPMENT

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991

| COLUMN A<br>CLASSIFICATION   | COLUMN B<br>BALANCE AT<br>BEGINNING<br>OF PERIOD | COLUMN C<br>ADDITIONS<br>AT COST | COLUMN D<br>RETIREMENTS<br>(EXPRESSED IN THOUSANDS) | COLUMN E<br>OTHER CHANGES |                  | COLUMN F<br>BALANCE<br>AT END OF<br>PERIOD |
|------------------------------|--|----------------------------------|---|---------------------------|------------------|--|
|                              |  |                                  |   | ADD                       | DEDUCT           |  |
| YEAR ENDED DECEMBER 31, 1993 |  |                                  |   |                           |                  |  |
| Timber and timberlands       |  |                                  |   |                           |                  |  |
| Timber and timberlands       | \$ 323,156                                       | \$ 4,663                         | \$ 11,120   | \$ -                      | \$ 11,128(1)     | \$ 305,571                                 |
| Timber deposits              | 62,799   | -                                | -   | -                         | 2,316            | 60,483                                     |
|                              | <u>\$ 385,955</u>                                | <u>\$ 4,663</u>                  | <u>\$ 11,120</u>                                    | <u>\$ -</u>               | <u>\$ 13,444</u> | <u>\$ 366,054</u>                          |
| Property and equipment       |  |                                  |   |                           |                  |  |
| Land and land improvements   | \$ 56,601  | \$ 2,759                         | \$ 922  | \$ -                      | \$ 1,567(2)      | \$ 56,871                                  |
| Buildings and improvements   | 556,266  | 19,975                           | 4,529   | -                         | -                | 571,712                                    |
| Machinery and equipment      | 4,498,287  | 194,084                          | 49,937  | -                         | -                | 4,642,434                                  |
|                              | <u>\$5,111,154</u>                               | <u>\$ 216,818</u>                | <u>\$ 55,388</u>                                    | <u>\$ -</u>               | <u>\$ 1,567</u>  | <u>\$5,271,017</u>                         |
| YEAR ENDED DECEMBER 31, 1992 |  |                                  |   |                           |                  |  |
| Timber and timberlands       |  |                                  |   |                           |                  |  |
| Timber and timberlands       | \$ 347,634                                       | \$ 7,537                         | \$ 22,070   | \$ -                      | \$ 9,945(1)      | \$ 323,156                                 |
| Timber deposits              | 41,820   | -                                | -   | 20,979                    | -                | 62,799                                     |
|                              | <u>\$ 389,454</u>                                | <u>\$ 7,537</u>                  | <u>\$ 22,070(3)</u>                                 | <u>\$ 20,979</u>          | <u>\$ 9,945</u>  | <u>\$ 385,955</u>                          |
| Property and equipment       |  |                                  |   |                           |                  |  |
| Land and land improvements   | \$ 64,334  | \$ 1,593                         | \$ 7,816  | \$ -                      | \$ 1,510(2)      | \$ 56,601                                  |
| Buildings and improvements   | 593,649  | 16,129                           | 53,512  | -                         | -                | 556,266                                    |
| Machinery and equipment      | 4,417,202  | 257,692                          | 176,607   | -                         | -                | 4,498,287                                  |
|                              | <u>\$5,075,185</u>                               | <u>\$ 275,414</u>                | <u>\$ 237,935(4)</u>                                | <u>\$ -</u>               | <u>\$ 1,510</u>  | <u>\$5,111,154</u>                         |
| YEAR ENDED DECEMBER 31, 1991 |  |                                  |   |                           |                  |  |
| Timber and timberlands       |  |                                  |   |                           |                  |  |
| Timber and timberlands       | \$ 358,020                                       | \$ 5,065                         | \$ 10,608   | \$ 5,100(5)               | \$ 9,943(1)      | \$ 347,634                                 |
| Timber deposits              | 33,965   | -                                | -   | 7,855                     | -                | 41,820                                     |
|                              | <u>\$ 391,985</u>                                | <u>\$ 5,065</u>                  | <u>\$ 10,608</u>                                    | <u>\$ 12,955</u>          | <u>\$ 9,943</u>  | <u>\$ 389,454</u>                          |
| Property and equipment       |  |                                  |   |                           |                  |  |
| Land and land improvements   | \$ 76,633  | \$ 1,348                         | \$ 6,675  | \$ -                      | \$ 6,972(5)      | \$ 64,334                                  |
| Buildings and improvements   | 569,906  | 27,679                           | 3,936   | -                         | -                | 593,649                                    |
| Machinery and equipment      | 4,235,133  | 264,582                          | 82,513  | -                         | -                | 4,417,202                                  |
|                              | <u>\$4,881,672</u>                               | <u>\$ 293,609</u>                | <u>\$ 93,124(6)</u>                                 | <u>\$ -</u>               | <u>\$ 6,972</u>  | <u>\$5,075,185</u>                         |

## NOTES:

- (1) Primarily cost of company timber harvested.
- (2) Primarily amortization of logging roads.
- (3) Includes sales of timber and timberlands of \$14,438,000.
- (4) Includes \$61,164,000 attributable to the sale of essentially all of the Company's wholesale office products distribution operations, \$98,044,000 to the sale of 11 corrugated container plants, and \$24,770,000 to the sale of other miscellaneous items.
- (5) Primarily the transfer of plant site to timberlands and amortization of logging roads.
- (6) Includes \$37,728,000 attributable to the sale of company aircraft.

BOISE CASCADE CORPORATION AND SUBSIDIARIES  
SCHEDULE VI--ACCUMULATED DEPRECIATION,  
DEPLETION, AND AMORTIZATION OF PROPERTY AND EQUIPMENT  
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991

| COLUMN A                     | COLUMN B                             | COLUMN C   | COLUMN D                                       | COLUMN E    |                         | COLUMN F                       |
|------------------------------|--------------------------------------|--|--|-------------|-------------------------|--------------------------------|
| DESCRIPTION                  | BALANCE AT<br>BEGINNING<br>OF PERIOD | ADDITIONS<br>CHARGED TO<br>COSTS AND<br>EXPENSES | RETIREMENTS<br>ADD<br>(EXPRESSED IN THOUSANDS) | ADD         | OTHER CHANGES<br>DEDUCT | BALANCE<br>AT END OF<br>PERIOD |
| YEAR ENDED DECEMBER 31, 1993 |                                      |  |  |             |                         |                                |
| Buildings and improvements   | \$ 216,624                           | \$ 21,909  | \$ 3,575                                       | \$ -        | \$ -                    | \$ 234,958                     |
| Machinery and equipment      | 1,827,565                            | 233,106  | 34,269   | -           | -                       | 2,026,402                      |
|                              | <u>\$2,044,189</u>                   | <u>\$ 255,015</u>                                | <u>\$ 37,844</u>                               | <u>\$ -</u> | <u>\$ -</u>             | <u>\$2,261,360</u>             |
| YEAR ENDED DECEMBER 31, 1992 |                                      |  |  |             |                         |                                |
| Buildings and improvements   | \$ 213,091                           | \$ 21,513  | \$ 17,980                                      | \$ -        | \$ -                    | \$ 216,624                     |
| Machinery and equipment      | 1,699,569                            | 232,822  | 104,826  | -           | -                       | 1,827,565                      |
|                              | <u>\$1,912,660</u>                   | <u>\$ 254,335</u>                                | <u>\$ 122,806(1)</u>                           | <u>\$ -</u> | <u>\$ -</u>             | <u>\$2,044,189</u>             |
| YEAR ENDED DECEMBER 31, 1991 |                                      |  |  |             |                         |                                |
| Buildings and improvements   | \$ 194,395                           | \$ 21,889  | \$ 3,193                                       | \$ -        | \$ -                    | \$ 213,091                     |
| Machinery and equipment      | 1,532,399                            | 211,566  | 44,396   | -           | -                       | 1,699,569                      |
|                              | <u>\$1,726,794</u>                   | <u>\$ 233,455</u>                                | <u>\$ 47,589(2)</u>                            | <u>\$ -</u> | <u>\$ -</u>             | <u>\$1,912,660</u>             |

NOTES:

- (1) Includes \$21,708,000 attributable to the sale of essentially all of the Company's wholesale office products distribution operations, \$54,085,000 to the sale of 11 corrugated container plants, and \$2,520,000 to the sale of other miscellaneous items.
- (2) Includes \$2,886,000 attributable to the sale of company aircraft.

BOISE CASCADE CORPORATION AND SUBSIDIARIES  
SCHEDULE VII--GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 1993

| COLUMN A   | COLUMN B  | COLUMN C                                | COLUMN D   | COLUMN E  | COLUMN F                | COLUMN G  |
|--|---|---|--|---|-------------------------|---|
| NAME OF ISSUER OF SECURITIES GUARANTEED BY PERSON FOR WHICH STATEMENT IS FILED | TITLE OF ISSUE OF EACH CLASS OF SECURITIES GUARANTEED | TOTAL AMOUNT GUARANTEED AND OUTSTANDING | AMOUNT OWNED BY PERSON OR PERSONS FOR WHICH STATEMENT IS FILED<br>(expressed in thousands) | AMOUNT IN TREASURY OF ISSUER OF SECURITIES GUARANTEED | NATURE OF GUARANTEE (1) | NATURE OF ANY DEFAULT BY ISSUER OF SECURITIES GUARANTEED IN PRINCIPAL, INTEREST, SINKING FUND OR REDEMPTION PROVISIONS, OR PAYMENT OF DIVIDENDS |
| City of Lafayette - Industrial Revenue Bonds                                   | Secured Notes   | \$1,450                                 | \$ -   | \$ -  | \$ 107                  | None  |
| City of Yakima - Industrial Revenue Bonds                                      | Unsecured Notes                                       | 1,700                                   | -  | -   | 167                     | None  |
| City of Oil City - Industrial Revenue Bonds                                    | Unsecured Notes                                       | 1,900                                   | -  | -   | 112                     | None  |
| City of Edwardsville - Industrial Revenue Bonds                                | Unsecured Notes                                       | 1,000                                   | -  | -   | 71                      | None  |
| City of West Chicago - Industrial Revenue Bonds                                | Secured Notes   | 1,000                                   | -  | -   | 96                      | None  |
|  |   | <u>\$7,050</u>                          | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ 553</u>           |   |

(1) All guarantees are for principal and interest. Amounts shown represent annual aggregate interest guaranteed.

BOISE CASCADE CORPORATION AND SUBSIDIARIES  
SCHEDULE IX - SHORT-TERM BORROWINGS  
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991

| COLUMN A   | COLUMN B                       | COLUMN C  | COLUMN D                                      | COLUMN E  | COLUMN F  |
|--|--------------------------------|---|---|---|---|
| CATEGORY OF<br>AGGREGATE<br>SHORT-TERM<br>BORROWINGS | BALANCE<br>AT END OF<br>PERIOD | WEIGHTED<br>AVERAGE<br>INTEREST<br>RATE<br><br>(dollars expressed in thousands) | MAXIMUM AMOUNT<br>OUTSTANDING<br>AT MONTH END | AVERAGE AMOUNT<br>OUTSTANDING<br>DURING THE<br>PERIOD (1) | WEIGHTED AVERAGE<br>INTEREST RATE<br>DURING THE<br>PERIOD (2) |
| 1993   |                                |   |   |   |   |
| Notes payable  |                                |   |   |   |   |
| Amounts payable<br>to banks                          | \$ 31,000                      | 3.9%  | \$ 50,516                                     | \$ 26,105   | 3.7%  |
| 1992   |                                |   |   |   |   |
| Notes payable  |                                |   |   |   |   |
| Amounts payable<br>to banks                          | \$ 4,000                       | 4.1%  | \$139,000                                     | \$ 55,401   | 4.4%  |
| 1991   |                                |   |   |   |   |
| Notes payable  |                                |   |   |   |   |
| Amounts payable<br>to banks                          | \$ 58,000                      | 5.1%  | \$106,000                                     | \$ 61,545   | 6.1%  |

- (1) The average amount outstanding during the year was determined based on daily amounts outstanding.  
(2) The weighted average interest rate during the year was computed by dividing average annualized interest by average annualized short-term borrowings.



BOISE CASCADE CORPORATION AND SUBSIDIARIES

SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991

| COLUMN A<br>ITEM                              | COLUMN B<br>CHARGED TO COSTS AND EXPENSES<br>YEAR ENDED DECEMBER 31 |           |           |
|---|---|-----------|-----------|
|   | 1993  | 1992      | 1991      |
|   | (expressed in thousands)  |           |           |
| Maintenance and repairs                       | \$339,027   | \$345,257 | \$369,079 |
| Taxes, other than payroll<br>and income taxes | 52,848  | 54,984    | 57,633    |

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated January 26, 1994, included or incorporated by reference in this Form 10-K for the year ended December 31, 1993, into Boise Cascade Corporation's previously filed post-effective amendment No. 1 to Form S-8 registration statement (File No. 33-28595); the registration statement on Form S-8 (File No. 33-47892); post-effective amendment No. 1 to Form S-8 registration statement (File No. 2-96196); 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. 33-38216); and the registration statement on Form S-3 (File No. 33-55396).

ARTHUR ANDERSEN & CO.

Boise, Idaho  
March 11, 1994

BOISE CASCADE CORPORATION

INDEX TO EXHIBITS  
 Filed with the Annual Report  
 on Form 10-K for the  
 Year Ended December 31, 1993

| Number  | Description   | Page<br>Number<br>(1) |
|---------|---|-----------------------|
| 3.1 (2) | Restated Certificate of Incorporation, as amended   | -                     |
| 3.2 (3) | Certificate of Designation of Convertible Preferred<br>Stock, Series D, dated July 10, 1989   | -                     |
| 3.3 (4) | Certificate of Designation of Conversion Preferred<br>Stock, Series E, dated January 21, 1992   | -                     |
| 3.4     | Certificate of Designation of Cumulative Preferred<br>Stock, Series F, dated January 29, 1993   | 31                    |
| 3.5     | Bylaws, as amended, July 30, 1993   | 35                    |
| 3.6     | Certificate of Designation of Conversion Preferred<br>Stock, Series G, dated September 17, 1993   | 51                    |
| 4.1 (5) | Trust Indenture between Boise Cascade Corporation and<br>Morgan Guaranty Trust Company of New York, Trustee,<br>dated October 1, 1985, as amended | -                     |
| 4.2 (6) | 1990 Revolving Loan Agreement -- \$750,000,000, dated<br>January 1, 1990, as amended  | -                     |
| 4.3 (7) | Shareholder Rights Plan, as amended September 25, 1990  | -                     |
| 9       | Inapplicable  | -                     |
| 10.1    | Key Executive Performance Plan for Executive Officers,<br>as amended February 3, 1994   | 65                    |
| 10.2    | 1986 Executive Officer Deferred Compensation Plan,<br>as amended July 29, 1993  | 81                    |
| 10.3    | 1983 Board of Directors Deferred Compensation Plan,<br>as amended July 29, 1993   | 93                    |
| 10.4    | 1982 Executive Officer Deferred Compensation Plan,<br>as amended July 29, 1993  | 103                   |
| 10.5    | Executive Officer Severance Pay Policy  | 115                   |
| 10.6    | Supplemental Early Retirement Plan for Executive Officers   | 119                   |
| 10.7    | Boise Cascade Corporation Supplemental Retirement Policy  | 131                   |
| 10.8    | 1987 Board of Directors Deferred Compensation Plan,<br>as amended July 29, 1993   | 135                   |
| 10.9    | 1984 Key Executive Stock Option Plan and Form of Agreement,<br>as amended through February 7, 1992  | 145                   |
| 10.10   | Executive Officer Group Life Insurance Plan description   | 157                   |
| 10.11   | Executive Officer Split-Dollar Life Insurance Plan  | 161                   |
| 10.12   | Form of Agreement with Executive Officers, as amended   | 175                   |
| 10.13   | Supplemental Health Care Plan for Executive Officers  | 189                   |
| 10.14   | Nonbusiness Use of Corporate Aircraft Policy, as amended  | 197                   |
| 10.15   | Executive Officer Financial Counseling Program description  | 201                   |
| 10.16   | Family Travel Program description   | 205                   |
| 10.17   | Form of Directors' Indemnification Agreement  | 209                   |
| 10.18   | Deferred Compensation and Benefits Trust, as amended<br>through June 30, 1989   | 219                   |
| 10.19   | 1991 Director Stock Option Plan   | 249                   |
| 11      | Inapplicable  | -                     |
| 12      | Ratio of Earnings (Losses) to Fixed Charges   | 259                   |
| 13.1    | Incorporated sections of the Boise Cascade Corporation<br>1993 Annual Report  | 263                   |
| 13.2    | Incorporated sections of the Boise Cascade Corporation<br>1993 Fact Book for the fourth quarter of 1993   | 301                   |
| 18      | Inapplicable  | -                     |
| 19      | Inapplicable  | -                     |
| 22      | Significant subsidiaries of the registrant  | 309                   |
| 23      | Inapplicable  | -                     |
| 24      | Consent of Arthur Andersen & Co. (See page 26)  | -                     |
| 25      | Inapplicable  | -                     |
| 28      | Inapplicable  | -                     |
| 29      | Inapplicable  | -                     |

- (1) This information appears only in the manually signed original of the Annual Report on Form 10-K.
- (2) Exhibit 3.1 was filed under the same exhibit number in the Company's 1987 Annual Report on Form 10-K and is incorporated herein by this reference.
- (3) The Certificate of Designation of Convertible Preferred Stock, Series D, dated July 10, 1989, was filed as Exhibit 4.4 in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989, and is incorporated herein by this reference.
- (4) Exhibit 3.3 was filed under the same exhibit number in the Company's 1991 Annual Report on Form 10-K and is incorporated herein by this reference.
- (5) 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 the Company's Current Report on Form 8-K filed on August 10, 1990. Each of the

documents referenced in this footnote is incorporated herein by this reference.

- (6) The 1990 Revolving Loan Agreement, as amended, was filed as Exhibit 4.1 in the Company's Form 10-K for the year ended December 31, 1989, filed with the Securities and Exchange Commission on March 8, 1990, and is incorporated herein by this reference. The Form of Second Amendment to the 1990 Revolving Loan Agreement was filed as Exhibit 4.2 in the Company's Form 10-Q for the quarter ended March 31, 1992, filed with the Securities and Exchange Commission on May 8, 1992, and the Form of Third Amendment to the 1990 Revolving Loan Agreement was filed as Exhibit 4 in the Company's Form 8-K, dated December 4, 1992, filed with the Securities and Exchange Commission on December 4, 1992, both of which are incorporated herein by this reference.

In reliance upon item 601(b)(4)(iii) of Regulation S-K, the registrant is not filing herewith various instruments (other than those mentioned in footnotes 5 and 6) defining the rights of holders of long-term debt of the registrant and its subsidiaries because the total amount of securities authorized under each such instrument does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant hereby agrees to furnish a copy of any such instrument to the Commission upon request.

- (7) The Rights Agreement, dated as of December 13, 1988, as amended September 25, 1990, was filed as Exhibit 1 in the Company's Form 8-K filed with the Securities and Exchange Commission on September 25, 1990, and is incorporated herein by this reference.

CERTIFICATE OF DESIGNATION  
OF  
9.40% CUMULATIVE PREFERRED STOCK, SERIES F  
OF  
BOISE CASCADE CORPORATION

Pursuant to Section 151 of the  
General Corporation Law  
of the State of Delaware

Boise Cascade Corporation, a Delaware corporation (the "Corporation"), certifies that pursuant to authority granted to and vested in the Board of Directors of the Corporation by the provisions of the Corporation's Restated Certificate of Incorporation, the Board of Directors of the Corporation has adopted the following resolution creating a series of Preferred Stock of the Corporation:

RESOLVED, by the Board of Directors (the "Board of Directors") of Boise Cascade Corporation, a Delaware corporation (the "Corporation"), that, pursuant to authority expressly granted to and vested in the Board of Directors by the provisions of the Corporation's Restated Certificate of Incorporation (the "Restated Certificate of Incorporation"), the Board of Directors hereby creates a sixth series of the class of authorized Preferred Stock, without par value, of the Corporation, and authorizes the issuance thereof, and hereby fixes the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof (in addition to the designation, preferences and relative, participating and other special rights, and the qualifications, limitations or restrictions thereof, set forth in the Restated Certificate of Incorporation which are applicable to the Preferred Stock of all series) as follows:

1. Designation and Amount. The shares of such series shall be designated the "9.40% Cumulative Preferred Stock, Series F" and the number of shares constituting such series shall be 115,000. The shares of such series shall have a stated capital of \$.01 per share. Such series is herein sometimes referred to as the "Series F Preferred Stock."

2. Dividends. The holders of the shares of Series F Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends ("Preferred Dividends") at the rate of \$94.00 per share per annum, payable quarterly in arrears, one quarter each on the 15th day of the months of January, April, July and October in each year (each a "Dividend Payment Date") commencing on April 15, 1993. In the event that any Dividend Payment Date shall fall on any day other than a business day (as hereinafter defined), the Preferred Dividend due on such Dividend Payment Date shall be paid on the business day immediately following such Dividend Payment Date. Preferred Dividends shall begin to accrue from the date of initial issuance of the Series F Preferred Stock. Preferred Dividends shall accrue on a daily basis whether or not in any such quarterly period there shall be funds of the Corporation legally available therefor and whether or not such Preferred Dividends are declared, but Preferred Dividends accrued for any period less than a full quarterly period between Dividend Payment Dates (or, in the case of the first Preferred Dividend, from the date of initial issuance of the shares of Series F Preferred Stock to the first Dividend Payment Date) shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid Preferred Dividends shall cumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends. As used herein, the term "business day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the state of New York are authorized or obligated by law or executive order to close.

3. Optional Redemption. The shares of Series F Preferred Stock are not redeemable by the Corporation prior to February 15, 1998. On and after February 15, 1998, the outstanding shares of Series F Preferred Stock or any part thereof may be redeemed by the Corporation, at its option expressed by resolution of the Board of Directors, at any time or from time to time, at the redemption price of \$1,000 per share, plus an amount equal to any arrearages in dividends thereon. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of record of shares of Series F Preferred Stock to be redeemed at the address shown on the books of the Corporation (but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for such redemption except as to the holder to whom the Corporation has failed to mail such notice or except as to the holder whose notice was defective). On or after the redemption date fixed in such notice, dividends shall cease to accumulate on shares of Series F Preferred Stock called for redemption (unless the Corporation defaults in the payment or deposit of the redemption price pursuant to such notice).

4. Liquidation Rights. In the event of any liquidation or dissolution or winding up of the Corporation, voluntary or involuntary, the holders of the Series F Preferred Stock shall be entitled to receive the sum of \$1,000 per share, plus an amount equal to any arrearages in dividends thereon.

5. Voting Rights. Except as set forth in the following sentence of this paragraph 5, the holders of Series F Preferred Stock shall have no voting rights. The holders of Series F Preferred Stock shall have one vote per share on each of the matters on which they are entitled to vote by applicable law, by the provisions of Section 2.6 of the Restated Certificate of Incorporation or by the provisions of Section 2.8 of the Restated

Certificate of Incorporation, which Section 2.8 shall be applicable to the Series F Preferred Stock.

IN WITNESS WHEREOF, Boise Cascade Corporation has caused this Certificate of Designation to be signed by John W. Holleran, its Vice President and General Counsel, and attested by A. James Balkins III, its Corporate Secretary, this 29th day of January, 1993.

BOISE CASCADE CORPORATION

By /s/ John W. Holleran  
John W. Holleran  
Vice President and  
General Counsel

ATTEST:

By: /s/ A. James Balkins III  
A. James Balkins III  
Corporate Secretary

BYLAWS

OF

BOISE CASCADE CORPORATION

As Amended to July 30, 1993

Offices

Section 1. The registered office of the corporation in Delaware shall be in the City of Wilmington, County of New Castle.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

Meetings of Stockholders

Section 3. All meetings of the stockholders for the election of directors shall be held in Boise, Idaho, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

At a meeting of the stockholders, only business shall be conducted which has been properly brought before the meeting. To be properly brought before a meeting of the stockholders, business must be specified in the notice of meeting (or any supplement thereto) given by, or at the direction of, the board of directors or otherwise properly brought before the meeting by a stockholder. For business to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice of the business to the corporate secretary. To be timely, a stockholder's notice must be in writing delivered to or mailed, postage prepaid, and received by the corporate secretary not less than 60 days nor more than 90 days prior to the meeting; provided, however, that if less than 65 days' notice or prior public disclosure of the date of the meeting is given to stockholders, notice by the stockholder to be timely must be received by the corporate secretary not later than the close of business on the 7th day following the day on which notice of the date of the meeting was mailed or public disclosure was made. For each matter the stockholder proposes to bring before the meeting, the notice to the corporate secretary shall include (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting the business at the meeting, (ii) the name and record address of the stockholder proposing the business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the meeting except in accordance with the procedures set forth in this Section 3.

The chairman of a meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 3. If the chairman determines that business was not properly brought before the meeting, the business shall not be transacted.

Section 4. Annual meetings of stockholders, at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which the stockholders shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting. Elections of directors may be by voice vote, rather than by written ballot, unless by resolution adopted by the majority vote of the stockholders represented at the meeting, the election of directors by written ballot is required.

Section 5. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days (or in the case a vote of stockholders on a merger or consolidation is one of the stated purposes of the annual meeting, not less than twenty nor more than sixty days) before the date of the meeting.

Section 6. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business

hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 7. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board and shall be called by the chairman of the board or corporate secretary at the request in writing of a majority of the board of directors or a majority of the executive committee. Such request shall state the purpose or purposes of the proposed meeting.

Section 8. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days (or in the case of a merger or consolidation, not less than twenty nor more than sixty days) before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 9. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 10. The holders of a majority of the shares of stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute, by the certificate of incorporation or by these bylaws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 11. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy, excluding, however, any shares where the holder has expressly indicated that the holder is abstaining from voting on the matter, shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or of these bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 12. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. In the election of each director of the corporation, each holder of stock shall have one vote for each share held.

Section 13. Any action required or permitted to be taken at any annual or special meeting of stockholders must be taken at such a meeting duly called, upon proper notice to all stockholders entitled to vote. No action required to be taken or which may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote.

#### Board of Directors

Section 14. The number of directors which shall constitute the whole board of directors shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the entire board of directors of the corporation, except that the minimum number of directors shall be fixed at no less than three and the maximum number of directors shall be fixed at no more than fifteen. The directors shall be divided into three classes, as provided in the Certificate of Incorporation, and each class shall consist, as nearly equal in number as possible, of one-third of the total number of directors constituting the entire board of directors. Except as provided in Section 15 of the Bylaws, the directors for all classes shall be elected at the 1985 Annual Meeting of the stockholders, and thereafter one class of directors shall be elected at each annual meeting of the stockholders: Class I in 1986, Class II in 1987, Class III in 1988, Class I in 1989 and so on. Each director elected shall hold office for the term specified for his or her class in the Certificate of Incorporation and until his or her successor is elected and qualified or until his or her earlier resignation or removal. No person shall serve as a director of this corporation after the annual stockholders meeting next following his or



her 70th birthday. Directors need not be stockholders.

Nominations for election to the board of directors of the corporation at a meeting of stockholders may be made by the board, on behalf of the board, by any nominating committee appointed by that board, or by any stockholder of the corporation entitled to vote for the election of directors at the meeting. Nominations, other than those made by or on behalf of the board, shall be made by notice in writing delivered to or mailed, postage prepaid, and received by the corporate secretary not less than 30 days nor more than 60 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 35 days' notice or prior public disclosure of the date of the meeting is given to stockholders, the nomination must be received by the corporate secretary not later than the close of business on the 7th day following the day on which the notice of meeting was mailed. The notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination; (ii) the name, age, business address and, if known, residence address of each nominee; (iii) the principal occupation or employment of each nominee; (iv) the number of shares of stock of the corporation which are beneficially owned by each nominee and by the nominating stockholder; (v) any other information concerning the nominee that must be disclosed of nominees in proxy solicitations pursuant to Regulation 14A of the Securities Exchange Act of 1934; and (vi) the executed consent of each nominee to serve as a director of the corporation if elected.

The chairman of the meeting of stockholders may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedures, and if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

Removal of directors shall be as provided in the Certificate of Incorporation.

Section 15. Vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled by a majority of the remaining directors then in office, even though less than a quorum, or by a sole remaining director. Any additional director of any class elected to fill a vacancy in such a class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the next annual meeting for the year in which his or her term expires and until the director's successor shall have been elected and qualified or until his or her earlier resignation or removal.

Section 16. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

#### Meetings of the Board of Directors

Section 17. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 18. The first meeting of each newly elected board of directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of stockholders. In the event of the failure to hold the first meeting of a newly elected board at such time and place, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 19. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 20. Special meetings of the board may be called by the chairman of the board on not less than forty-eight hours' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the chairman of the board or corporate secretary in like manner and on like notice on the written request of two directors.

Section 21. At all meetings of the board a majority of the total number of directors then constituting the whole board shall constitute a quorum for the transaction of business and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

Section 22. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee; and any member of the board of directors or of any committee thereof designated by such board may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting.

#### Committees of Directors

Section 23. The board of directors shall have an executive committee and such other committees as they may designate by resolution passed by a majority of the whole board, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, when the board of directors is not in session, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. The member of a committee of one or a majority of the members of any other committee shall constitute a quorum for the transaction of business at a meeting thereof, and action by any committee must be authorized by the affirmative vote of the member of a committee of one or of a majority of the members of any other committee present at a meeting at which a quorum is present. If a member of a committee is absent or disqualified from voting at any meeting, the member or members thereof present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member; provided that at any such meeting, the committee shall not revise or rescind any previous action of the committee without the affirmative vote of a majority of the regular members present.

Special meetings of any committee of the board may be called by the chairman of the board or the chairman of the committee on not less than forty-eight hours' notice to each member of the committee, either personally or by mail or by telegram. Special meetings of any committee of the board at which members participate by means of conference telephone or similar communications equipment as provided by Section 22 of these bylaws, and at which at least a majority of the members of the committee participate, may be called by the chairman of the board on not less than six hours' notice to each member of the committee either personally or by telegram.

Section 24. Each committee shall have a chairman, appointed by the board of directors, who shall preside at all meetings of such committee. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

#### Compensation of Directors

Section 25. The directors shall receive such compensation and reimbursement of expenses, if any, of attendance at regular and special meetings of the board of directors as may be set from time to time by the board. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees, including the executive committee, may receive such compensation as shall be approved from time to time by the board.

#### Notices

Section 26. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given when the notice is mailed. Notice to directors may also be given by telegram, and shall be deemed to be given at the time of delivery to the telegraph company. Notice to members of committees of the directors as such may also be given orally.

Section 27. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

#### Officers

Section 28. The officers of the corporation shall be a

chairman of the board, a president, one or more vice presidents (the number and designation thereof to be determined by the board of directors), a treasurer, a controller, when such controller is deemed necessary by the board of directors, a corporate secretary, and such assistant treasurers, assistant secretaries or other officers as may be elected or appointed by the board of directors. Any two or more offices may be held by the same person.

Section 29. Officers of the corporation shall be elected by the board of directors. Each officer shall hold office until his successor is chosen and qualified or until his earlier resignation or removal.

Section 30. The board of directors may from time to time appoint such other officers and agents as it shall deem advisable, who shall hold their offices for such terms and shall perform such duties as from time to time may be prescribed by the chairman of the board or the board of directors.

Section 31. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

#### Chairman of the Board

Section 32. The chairman of the board shall be the chief executive officer of the corporation and shall have general authority over the business and affairs of the corporation, subject to the board of directors. He shall see that all orders and resolutions of the board of directors are carried into effect, and shall preside at all meetings of the stockholders and the board of directors. He may sign certificates for shares of the corporation, and any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, whether or not under the seal of the corporation, except in cases where the execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed, and shall perform such other duties and have such other powers as from time to time may be prescribed by the board of directors.

#### President

Section 33. The president shall be the chief operating officer of the corporation and shall have general direction and supervision of the operations of the corporation, subject to the board of directors and the chairman of the board. In the absence of the chairman of the board, or in the event of his inability to act, he shall perform the duties of the chairman of the board and when so acting shall have all the powers of, and be subject to all the restrictions upon, the chairman of the board. He may sign certificates for shares of the corporation, and any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, whether or not under the seal of the corporation, except in cases where the execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed, and shall perform such other duties as from time to time may be prescribed by the board of directors or as may be delegated by the chairman of the board.

#### Vice Presidents

Section 34. In the absence of the president, or in the event of his inability to act, the vice presidents (or if there be more than one, the executive vice president, senior vice presidents or the vice presidents in the order designated, or in the absence of any designation then in the order of their election or in the order named for election) shall perform the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. Each vice president shall perform such other duties as from time to time may be assigned to him by the chairman of the board, the president or the board of directors.

#### Treasurer

Section 35. The treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, and the deposit of all moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected or approved by the board of directors; and in general shall perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the chairman of the board or the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

#### Controller

Section 36. The controller shall be the principal officer in charge of the accounts of the corporation, and shall perform such duties as from time to time may be assigned to him by the chairman of the board or the board of directors.

#### Corporate Secretary

Section 37. The corporate secretary shall: (a) keep the minutes of the stockholders' and the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all certificates for shares prior to the issue thereof and to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; (d) sign with the chairman of the board, the president or a vice president, certificates for shares of the corporation, the issue of which shall have been authorized by resolution of the board of directors; (e) have general charge of the stock transfer books of the corporation; and (f) in general perform all duties incident to the office of corporate secretary and such other duties as from time to time may be assigned to him by the chairman of the board or the board of directors.

#### Assistant Treasurers, Assistant Controllers and Assistant Secretaries

Section 38. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries as thereunto authorized by the board of directors may sign with the chairman of the board, the president or a vice president, certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the board of directors. The assistant treasurers, assistant controllers and assistant secretaries in general shall perform such duties as from time to time may be delegated to them by the treasurer, controller or the corporate secretary, respectively, or assigned to them by the chairman of the board or the board of directors.

#### Compensation of Officers

Section 39. The salaries (including bonuses and similar supplemental payments) of the officers other than of assistant treasurers, assistant controllers and assistant secretaries shall be fixed or approved from time to time by the board of directors or by the committee of directors to whom such authority shall be delegated by the board of directors, and no officer shall be prevented from receiving such salaries, bonuses or similar supplemental payments by reason of the fact that he is also a director of the corporation.

#### Voting and Transfer of Stock in Other Corporations

Section 40. The board of directors may by resolution designate an officer or any other person to act for the corporation and vote its shares in any company in which it may own or hold stock, and may direct in what manner, and for or against what propositions and in case of elections for whom its vote shall be cast. In case, however, the board of directors has not taken express action, the chairman of the board, the president, any vice president, the treasurer, or the corporate secretary may act for this corporation on all stockholder matters connected with any such company, including voting the shares owned or held by this corporation and executing and delivering proxies, waivers and stockholder consents. Certificates of stock owned by this corporation in any other company may be endorsed for transfer by any one of the above listed officers.

#### Indemnification of Directors, Officers and Others

Section 41. Each person who is or was a director, officer or employee of the corporation, and each person who serves or may have served at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise (and the heirs, executors, administrators and estates of any such person), shall be entitled to indemnity to the fullest extent now or hereafter permitted or authorized by the General Corporation Law of the State of Delaware against any expenses, judgments, fines and settlement amounts actually and reasonably incurred by such person arising out of his or her status as such director, officer or employee. The corporation shall indemnify any director or officer of the corporation unless the board of directors acting reasonably and in good faith makes a determination that the person has not acted in good faith and in a manner he or she reasonably believed to have been in, or not opposed to, the best interests of the corporation. Such determination shall be made by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding out of which the claim for indemnification arose, or, if such a quorum is not obtainable, by independent legal counsel selected by the board of directors. Except as expressly provided in any Indemnification Agreement, indemnification and any advancement of expenses under this bylaw

will not be mandatory for any person seeking indemnity in connection with a proceeding voluntarily initiated by such person unless the proceeding was authorized by a majority of the entire Board of Directors. Expenses incurred by a director or officer in defending a civil or criminal action, suit or proceeding arising out of his or her status as a director or officer shall be paid by the corporation, as these expenses become due, in advance of the final disposition of such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay amounts advanced only if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. The provisions of this Section 41 shall not be deemed exclusive of any other rights to which any person seeking indemnification may be lawfully entitled under the law of Delaware or any other competent jurisdiction. Any amendment or repeal of this bylaw shall not limit the right of any person to indemnity with respect to actions taken or omitted to be taken by such person prior to such amendment or repeal.

#### Certificates for Shares and Their Transfer

Section 42. Each holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the chairman of the board, the president or a vice president and by the corporate secretary or an assistant secretary, or the treasurer or an assistant treasurer of the corporation, certifying the number of shares owned by him and sealed with the seal or a facsimile of the seal of the corporation. Any of or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 43. Upon surrender to the corporation or any transfer agent of the corporation of a certificate for shares of the corporation duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the corporation or transfer agent shall cancel the old certificate, record the transaction on the books of the corporation, and either issue a new certificate to the person entitled thereto or credit the proper number of shares to an account of the person entitled thereto maintained on the books of the corporation. Upon request the corporation or transfer agent shall issue a certificate for all or any part of the shares held in such an account.

Section 44. The board of directors may authorize the issuance of a new certificate in lieu of a certificate alleged by the holder thereof to have been lost, stolen or destroyed, upon compliance by such holder, or his legal representatives, with such requirements as the board of directors may impose or authorize. Such authorization by the board of directors may be general or confined to specific instances.

#### Fixing Record Date

Section 45. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

#### Registered Stockholders

Section 46. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

#### Dividends

Section 47. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 48. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet

contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### Checks

Section 49. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may, from time to time, designate.

#### Fiscal Year

Section 50. The fiscal year shall begin on the first day of January in each year.

#### Seal

Section 51. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

#### Amendments

Section 52. These bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the board of directors at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new bylaws is contained in the notice of such special meeting.

CERTIFICATE OF DESIGNATION  
OF  
CONVERSION PREFERRED STOCK, SERIES G  
OF  
BOISE CASCADE CORPORATION

Pursuant to Section 151 of the  
General Corporation Law  
of the State of Delaware

Boise Cascade Corporation, a Delaware corporation (the "Corporation"), certifies that pursuant to authority granted to and vested in the Board of Directors of the Corporation by the provisions of the Corporation's Restated Certificate of Incorporation, the Board of Directors of the Corporation has adopted the following resolution creating a series of Preferred Stock of the Corporation:

RESOLVED, by the Board of Directors (the "Board of Directors") of Boise Cascade Corporation, a Delaware corporation (the "Corporation"), that, pursuant to authority expressly granted to and vested in the Board of Directors by the provisions of the Corporation's Restated Certificate of Incorporation (the "Restated Certificate of Incorporation"), the Board of Directors hereby creates a seventh series of the class of authorized Preferred Stock, without par value, of the Corporation, and authorizes the issuance thereof, and hereby fixes the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof (in addition to the designation, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, set forth in the Restated Certificate of Incorporation which are applicable to the Preferred Stock of all series) as follows:

1. Designation and Amount. The shares of such series shall be designated the "Conversion Preferred Stock, Series G" and the number of shares constituting such series shall be 862,500. The shares of such series shall have a stated capital of \$.01 per share. Such series is herein sometimes referred to as the "Series G Preferred Stock."

2. Dividends. The holders of the shares of Series G Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available therefor, cash dividends ("Preferred Dividends") at the rate of \$15.80 per share per annum, payable quarterly in arrears, one quarter each on the 15th day of the months of January, April, July, and October in each year (each a "Dividend Payment Date") commencing on October 15, 1993. In the event that any Dividend Payment Date shall fall on any day other than a business day (as hereinafter defined), the Preferred Dividend due on such Dividend Payment Date shall be paid on the business day immediately following such Dividend Payment Date. Preferred Dividends shall begin to accrue from the date of initial issuance of the Series G Preferred Stock. Preferred Dividends shall cease to accrue on shares of Series G Preferred Stock on the Mandatory Conversion Date (as hereinafter defined) or on the date of their earlier conversion or redemption. Preferred Dividends shall accrue on a daily basis whether or not in any such quarterly period there shall be funds of the Corporation legally available therefor and whether or not such Preferred Dividends are declared, but Preferred Dividends accrued for any period less than a full quarterly period between Dividend Payment Dates (or, in the case of the first Preferred Dividend, from the date of initial issuance of the shares of Series G Preferred Stock to the first Dividend Payment Date) shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid Preferred Dividends shall cumulate as of the Dividend Payment Date on which they first become payable, but no interest shall accrue on accumulated but unpaid Preferred Dividends.

3. Conversion or Redemption.

(a) Automatic Conversion on the Mandatory Conversion Date. Unless earlier either called for redemption in accordance with the provisions of paragraph 3(b) or converted at the option of the holder in accordance with the provisions of paragraph 3(c), on October 15, 1997, (the "Mandatory Conversion Date"), each outstanding share of Series G Preferred Stock shall convert automatically (the "Automatic Conversion") into (i) shares of authorized common stock, \$2.50 par value, of the Corporation (the "Common Stock") at the Common Equivalent Rate (as hereinafter defined) in effect on the Mandatory Conversion Date and (ii) the right to receive an amount in cash equal to all accrued and unpaid Preferred Dividends on such share to the Mandatory Conversion Date, whether or not earned or declared, out of funds legally available therefor. The Common Equivalent Rate is initially ten shares of Common Stock for each share of Series G Preferred Stock and is subject to adjustment as set forth in paragraphs 3(d) and 3(e) below. Preferred Dividends on the shares of Series G Preferred Stock shall cease to accrue and

such shares of Series G Preferred Stock shall cease to be outstanding on the Mandatory Conversion Date. The Corporation shall make such arrangements as it deems appropriate for the issuance of certificates representing shares of Common Stock and for the payment of cash in respect of such accrued and unpaid dividends, if any, or cash in lieu of fractional shares, if any, in exchange for and contingent upon surrender of certificates representing the shares of Series G Preferred Stock, and the Corporation may defer the payment of dividends on such shares of Common Stock and the voting thereof until, and make such payment and voting contingent upon, the surrender of such certificates representing the shares of Series G Preferred Stock, provided that the Corporation shall give the holders of the shares of Series G Preferred Stock such notice of any such actions as the Corporation deems appropriate and upon such surrender such holders shall be entitled to receive such dividends declared and paid on such shares of Common Stock subsequent to the Mandatory Conversion Date. Amounts payable in cash in respect of the shares of Series G Preferred Stock or in respect of such shares of Common Stock shall not bear interest.

(b) Redemption by the Corporation.

(i) Right to Call for Redemption. Shares of Series G Preferred Stock are not redeemable by the Corporation prior to July 15, 1997 (the "Initial Redemption Date"). At any time and from time to time on or after the Initial Redemption Date and prior to the Mandatory Conversion Date, the Corporation shall have the right to call, in whole or in part, the outstanding shares of Series G Preferred Stock for redemption (subject to the notice provisions set forth in paragraph (3)(b)(iii) and to section 2.6(a)(v) of the Restated Certificate of Incorporation). Upon such call, each holder of shares of Series G Preferred Stock to be redeemed shall be entitled to receive from the Corporation, in exchange for each such share of Series G Preferred Stock:

(A) A number of shares of Common Stock equal to the Call Price (as hereinafter defined) in effect on the redemption date divided by the Current Market Price (as hereinafter defined) of the Common Stock determined as of the second Trading Day (as hereinafter defined) immediately preceding the Notice Date (as hereinafter defined); and

(B) An amount in cash equal to all accrued and unpaid Preferred Dividends on such share of Series G Preferred Stock to the redemption date, whether or not earned or declared, out of funds legally available therefor.

The "Call Price" of each share of Series G Preferred Stock is \$212.25 on and after the Initial Redemption Date through September 14, 1997, and \$211.25 on and after September 15, 1997, until the Mandatory Conversion Date. If fewer than all of the outstanding shares of Series G Preferred Stock are to be called for redemption, shares to be redeemed shall be selected by the Corporation from outstanding shares of Series G Preferred Stock not previously redeemed by lot or pro rata (as nearly as may be) or by any other method determined by the Board of Directors in its sole discretion to be equitable.

(ii) Current Market Price. As used in this paragraph 3, the term "Current Market Price" per share of the Common Stock on any date of determination means the lesser of (X) the average of the Closing Prices (as hereinafter defined) of the Common Stock for the fifteen consecutive Trading Days (as hereinafter defined) ending on and including such date of determination, or (Y) the Closing Price of the Common Stock for such date of determination; provided, however, with respect to any redemption of shares of Series G Preferred Stock, if any event that results in an adjustment of the Common Equivalent Rate occurs during the period beginning on the first day of such fifteen-day period and ending on the applicable redemption date, the Current Market Price as determined pursuant to the foregoing shall be appropriately adjusted to reflect the occurrence of such event.

(iii) Notice of Redemption. The Corporation shall provide notice of any redemption of the shares of Series G Preferred Stock to holders of record of the Series G Preferred Stock to be called for redemption not less than 15 nor more than 60 days prior to the date fixed for such redemption. Such notice shall be provided by mailing notice of such redemption first class postage prepaid, to each holder of record of shares of Series G Preferred Stock to be redeemed, at such holder's address as it appears on the stock register of the Corporation; provided, however, neither failure to give such notice nor any defect therein shall affect the validity of the proceeding for the redemption of any shares of Series G Preferred Stock to be redeemed except as to the holder



to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. A public announcement of any call for redemption shall be made by the Corporation prior to, or at the time of, the mailing of such notice of such call to holders of shares of Series G Preferred Stock. As used in this paragraph 3(b), the term "Notice Date" with respect to any call for redemption of shares of Series G Preferred Stock means the date on which first occurs either the public announcement by the Corporation of such call for redemption or the commencement of mailing of the notice of such redemption to the holders of such shares, in each case pursuant to this subparagraph (iii).

Each such notice shall state, as appropriate, the following and may contain such other information as the Corporation deems advisable:

(A) The redemption date;

(B) That all outstanding shares of Series G Preferred Stock are to be redeemed or, in the case of a call for redemption of fewer than all outstanding shares of Series G Preferred Stock, the number of such shares held by such holder to be redeemed;

(C) The Call Price, the number of shares of Common Stock deliverable upon redemption of each share of Series G Preferred Stock to be redeemed and the Current Market Price used to calculate such number of shares of Common Stock;

(D) The place or places where certificates for such shares are to be surrendered for redemption; and

(E) That dividends on the shares of Series G Preferred Stock to be redeemed shall cease to accrue on and after such redemption date (except as otherwise provided herein).

(iv) Deposit of Shares and Funds. The Corporation's obligation to deliver shares of Common Stock and provide funds upon redemption in accordance with this paragraph 3(b) shall be deemed fulfilled if, on or before a redemption date, the Corporation shall deposit, with a bank or trust company, or an affiliate of a bank or trust company, having an office or agency in New York, New York, and having a capital and surplus of at least \$50,000,000 according to its last published statement of condition, or shall set aside or make other reasonable provision for the issuance of, such number of shares of Common Stock as are required to be delivered by the Corporation pursuant to this paragraph 3(b) upon the occurrence of the related redemption of Series G Preferred Stock and for the payment of cash in lieu of the issuance of fractional share amounts and accrued and unpaid dividends payable in cash on the shares of Series G Preferred Stock to be redeemed as required by this paragraph 3(b), in trust for the account of the holders of such shares of Series G Preferred Stock to be redeemed (and so as to be and continue to be available therefor), with irrevocable instructions and authority to such bank or trust company that such shares and funds be delivered upon redemption of the shares of Series G Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any shares of Common Stock or funds so deposited and unclaimed at the end of two years from such redemption date shall be repaid and released to the Corporation, after which the holder or holders of such shares of Series G Preferred Stock so called for redemption shall look only to the Corporation for delivery of shares of Common Stock and the payment of any other funds due in connection with the redemption of Series G Preferred Stock.

(v) Surrender of Certificates; Status. Each holder of shares of Series G Preferred Stock to be redeemed shall surrender the certificates evidencing such shares (properly endorsed or assigned for transfer, if the Board of Directors shall so require and the notice shall so state) to the Corporation at the place designated in the notice of such redemption and shall thereupon be entitled to receive certificates evidencing shares of Common Stock and to receive any funds payable pursuant to this paragraph 3(b) following such surrender and following the date of such redemption. In case fewer than all the shares represented by any such surrendered certificate are called for redemption, a new certificate shall be issued at the expense of the Corporation representing the unredeemed shares. If such notice of redemption shall have been given, and if on the date fixed for redemption shares of Common Stock and funds necessary for the redemption shall have been irrevocably either set aside by the Corporation separate and apart from its other funds or assets in trust for the account of the holders

of the shares to be redeemed (and so as to be and continue to be available therefor) or deposited with a bank or trust company or an affiliate thereof as provided herein or the Corporation shall have made other reasonable provision therefor, then, notwithstanding that the certificates evidencing any shares of Series G Preferred Stock so called for redemption shall not have been surrendered, the shares represented thereby so called for redemption shall be deemed no longer outstanding, Preferred Dividends with respect to the shares so called for redemption shall cease to accrue on the date fixed for redemption (except that holders of shares of Series G Preferred Stock at the close of business on a record date for any payment of Preferred Dividends shall be entitled to receive the Preferred Dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the redemption of such shares following such record date and prior to such Dividend Payment Date) and all rights with respect to the shares so called for redemption shall forthwith after such date cease and terminate, except for the rights of the holders to receive the shares of Common Stock and funds, if any, payable pursuant to this paragraph 3(b) without interest upon surrender of their certificates therefor. Holders of shares of Series G Preferred Stock that are redeemed shall not be entitled to receive dividends declared and paid on such shares of Common Stock, and such shares of Common Stock shall not be entitled to vote, until such shares of Common Stock are issued upon the surrender of the certificates representing such shares of Series G Preferred Stock and upon such surrender such holders shall be entitled to receive such dividends declared and paid on such shares of Common Stock subsequent to such redemption date.

(c) Conversion at Option of Holder. Shares of Series G Preferred Stock are convertible, in whole or in part, at the option of the holders thereof ("Optional Conversion"), at any time prior to the Mandatory Conversion Date, unless previously redeemed, into shares of Common Stock at a rate of 8.01 shares of Common Stock for each share of Series G Preferred Stock (the "Optional Conversion Rate"), subject to adjustment as set forth below. The right to Optional Conversion of shares of Series G Preferred Stock called for redemption shall terminate at the close of business on the redemption date.

Optional Conversion of shares of Series G Preferred Stock may be effected by delivering certificates evidencing such shares, together with written notice of conversion and a proper assignment of such certificates to the Corporation or in blank (and, if applicable, payment of an amount equal to the dividend payable on such shares), to the office of any transfer agent for the Series G Preferred Stock or to any other office or agency maintained by the Corporation for that purpose and otherwise in accordance with Optional Conversion procedures established by the Corporation. Each Optional Conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the foregoing requirements shall have been satisfied. The Optional Conversion shall be at the Optional Conversion Rate in effect at such time and on such date.

Holders of shares of Series G Preferred Stock at the close of business on a record date for any payment of Preferred Dividends shall be entitled to receive the Preferred Dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the Optional Conversion of such shares following such record date and prior to such Dividend Payment Date. However, shares of Series G Preferred Stock surrendered for Conversion after the close of business on a record date for any payment of Preferred Dividends and before the opening of business on the next succeeding Dividend Payment Date must be accompanied by payment in cash of an amount equal to the Preferred Dividend thereon which is to be paid on such Dividend Payment Date (unless such shares are subject to redemption on a redemption date prior to such Dividend Payment Date). Except as provided above, upon any Optional Conversion of shares of Series G Preferred Stock, the Corporation shall make no payment or allowance for unpaid Preferred Dividends, whether or not in arrears, on such shares of Series G Preferred Stock as to which Optional Conversion has been effected or for dividends or distributions on the shares of Common Stock issued upon such Optional Conversion.

(d) Adjustments to the Common Equivalent Rate and the Optional Conversion Rate. The Common Equivalent Rate and the Optional Conversion Rate shall each be subject to adjustment from time to time as provided below in this paragraph (d).

(i) If the Corporation shall pay or make a dividend or other distribution with respect to its Common Stock in shares of Common Stock (including by way of reclassification of any shares of its Common Stock), the Common Equivalent Rate and the Optional Conversion Rate in effect at the opening of business on the day following the date fixed for the determination of stockholders

entitled to receive such dividend or other distribution shall each be increased by multiplying such Common Equivalent Rate and Optional Conversion Rate by a fraction of which the numerator shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the total number of shares of Common Stock constituting such dividend or other distribution, and of which the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination, such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this clause (i), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Corporation will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.

(ii) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Common Equivalent Rate and the Optional Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall each be proportionately increased, and, conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Common Equivalent Rate and the Optional Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall each be proportionately reduced, such increases or reductions, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(iii) If the Corporation shall, after the date hereof, issue rights or warrants to all holders of its Common Stock entitling them (for a period not exceeding 45 days from the date of such issuance) to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price of the Common Stock (determined pursuant to paragraph 3(b)(ii)) on the record date for the determination of stockholders entitled to receive such rights or warrants, then in each case the Common Equivalent Rate and the Optional Conversion Rate shall each be adjusted by multiplying the Common Equivalent Rate and the Optional Conversion Rate in effect on such record date, by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered for subscription or purchase pursuant to such rights or warrants would purchase at such Current Market Price (determined by multiplying such total number of shares by the exercise price of such rights or warrants and dividing the product so obtained by such Current Market Price). Shares of Common Stock owned by the Corporation or by another company of which a majority of the shares entitled to vote in the election of directors are held, directly or indirectly, by the Corporation shall not be deemed to be outstanding for purposes of such computation. Such adjustment shall become effective at the opening of business on the business day next following the record date for the determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Common Equivalent Rate and the Optional Conversion Rate shall each be readjusted to the Common Equivalent Rate and the Optional Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made upon the basis of the issuance of rights or warrants in respect of only the number of shares of Common Stock actually delivered.

(iv) If the Corporation shall pay a dividend or make a distribution to all holders of its Common Stock consisting of evidences of its indebtedness or other assets (including shares of capital stock of the Corporation other than Common Stock but excluding any cash dividends or any dividends or other distributions referred to in clauses (i) and (ii) above), or shall issue to all holders of its Common Stock rights or warrants to subscribe for or purchase any of its securities (other than those referred to in clause (iii))

above), then in each such case the Common Equivalent Rate and the Optional Conversion Rate shall each be adjusted by multiplying the Common Equivalent Rate and the Optional Conversion Rate in effect on the record date for such dividend or distribution or for the determination of stockholders entitled to receive such rights or warrants, as the case may be, by a fraction of which the numerator shall be the Current Market Price per share of the Common Stock (determined pursuant to paragraph 3(b)(ii) on such record date), and of which the denominator shall be such Current Market Price per share of Common Stock less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive) as of such record date of the portion of the assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, applicable to one share of Common Stock. Such adjustment shall become effective on the opening of business on the business day next following the record date for such dividend or distribution or for the determination of stockholders entitled to receive such rights or warrants, as the case may be.

(v) Any shares of Common Stock issuable in payment of a dividend or other distribution shall be deemed to have been issued immediately prior to the close of business on the record date for such dividend or other distribution for purposes of calculating the number of outstanding shares of Common Stock under subparagraph (ii) above.

(vi) Anything in this paragraph 3 notwithstanding, the Corporation shall be entitled to make such upward adjustments in the Common Equivalent Rate, the Optional Conversion Rate and the Call Price, in addition to those required by this paragraph 3, as the Corporation in its sole discretion shall determine to be advisable, in order that any stock dividends, subdivision of shares, distribution of rights to purchase stock or securities, or distribution of securities convertible into or exchangeable for stock (or any transaction which could be treated as any of the foregoing transactions pursuant to Section 305 of the Internal Revenue Code of 1986, as amended) hereafter made by the Corporation to its stockholders shall not be taxable.

(vii) In any case in which this paragraph 3(d) shall require that an adjustment as a result of any event become effective at the opening of business on the business day next following a record date and the date fixed for conversion pursuant to paragraph 3(a) or redemption pursuant to paragraph 3(b) occurs after such record date, but before the occurrence of such event, the Corporation may in its sole discretion elect to defer the following until after the occurrence of such event: (A) issuing to the holder of any shares of Series G Preferred Stock surrendered for conversion or redemption the additional shares of Common Stock issuable upon such conversion or redemption over the shares of Common Stock issuable before giving effect to such adjustment; and (B) paying to such holder any amount in cash in lieu of a fractional share of Common Stock pursuant to paragraph 3(g).

(viii) All adjustments to the Common Equivalent Rate and the Optional Conversion Rate shall be calculated to the nearest 1/100th of a share of Common Stock. No adjustment in the Common Equivalent Rate or in the Optional Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least one percent in the Common Equivalent Rate; provided, however, any adjustments which by reason of this subparagraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments to the Common Equivalent Rate and the Optional Conversion Rate shall be made successively.

(ix) Before taking any action that would cause an adjustment reducing the Common Equivalent Rate or the Optional Conversion Rate such that the conversion price (for purposes of this paragraph, an amount equal to the liquidation value per share of Series G Preferred Stock divided by the Common Equivalent Rate or the Optional Conversion Rate, respectively, as in effect from time to time) would be below the then par value of the Common Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at the Common Equivalent Rate or the Optional Conversion Rate as so adjusted.

(x) Before redeeming any shares of Series G Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock upon such redemption.

(e) Adjustment for Certain Consolidations or Mergers. In case of any consolidation or merger to which the Corporation is a party (other than a merger or consolidation in which the Corporation is the continuing corporation and in which the Common Stock outstanding immediately prior to the merger or consolidation remains unchanged), or in case of any sale or transfer to another corporation of the property of the Corporation as an entirety or substantially as an entirety, or in case of any statutory exchange of securities with another corporation (other than in connection with a merger or acquisition), proper provision shall be made so that each share of the Series G Preferred Stock shall, after consummation of such transaction, be subject to (i) conversion at the option of the holder into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Common Stock into which such share of the Series G Preferred Stock might have been converted immediately prior to consummation of such transaction, (ii) conversion on the Mandatory Conversion Date into the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Common Stock into which such share of the Series G Preferred Stock would have been converted if the conversion on the Mandatory Conversion Date had occurred immediately prior to the date of consummation of such transaction, and (iii) redemption on any redemption date in exchange for the kind and amount of securities, cash or other property receivable upon consummation of such transaction by a holder of the number of shares of Common Stock that would have been issuable at the Call Price in effect on such redemption date upon a redemption of such share immediately prior to consummation of such transaction, assuming that the public announcement of such redemption had been made on the last possible date permitted by the provisions of paragraph 3(b) hereof and applicable law; assuming in each case that such holder of Common Stock failed to exercise rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon consummation of such transaction (provided that if the kind or amount of securities, cash or other property receivable upon consummation of such transaction is not the same for each nonexercising share, then

the kind and amount of securities, cash or other property receivable upon consummation of such transaction for each nonelecting share shall be deemed to be the kind and amount so receivable per share by a plurality of the nonelecting shares). The kind and amount of securities into which the shares of the Series G Preferred Stock shall be convertible after consummation of such transaction shall be subject to adjustment as described in paragraph 3(d) following the date of consummation of such transaction. The Corporation may not become a party to any such transaction unless the terms thereof are consistent with the foregoing.

(f) Notice of Adjustments. Whenever the Common Equivalent Rate and Optional Conversion Rate are adjusted as provided in paragraph 3(d), the Corporation shall:

(i) Forthwith compute the adjusted Common Equivalent Rate and Optional Conversion Rate in accordance with this paragraph 3 and prepare a certificate signed by the Chief Financial Officer, any Vice President, the Treasurer or the Controller of the Corporation setting forth the adjusted Common Equivalent Rate and Optional Conversion Rate, the method of calculation thereof in reasonable detail and the facts requiring such adjustment and upon which such adjustment is based, which certificate shall be conclusive, final and binding evidence of the correctness of the adjustment, and file such certificate forthwith with the transfer agent or agents for the Series G Preferred Stock and the Common Stock;

(ii) Make a prompt public announcement stating that the Common Equivalent Rate and Optional Conversion Rate have been adjusted and setting forth the adjusted Common Equivalent Rate and Optional Conversion Rate; and

(iii) Mail a notice stating that the Common Equivalent Rate and Optional Conversion Rate have been adjusted, the facts requiring such adjustment and upon which such adjustment is based and setting forth the adjusted Common Equivalent Rate and Optional Conversion Rate, to the holders of record of the outstanding shares of the Series G Preferred Stock at or prior to the time the Corporation mails an interim statement to its stockholders covering the fiscal quarter period during which the facts requiring such adjustment occurred but in any event within 45 days of the end of such fiscal quarter period.

(g) Notices of Proposed Actions. In case, at any time while any of the shares of Series G Preferred Stock are outstanding,

(i) the Corporation shall declare a dividend (or any other distribution) on the Common Stock, excluding any cash dividends, or

(ii) the Corporation shall authorize the issuance to all holders of the Common Stock of rights or warrants to subscribe for or purchase shares of the Common Stock or of any other subscription rights or warrants, or

(iii) of any reclassification of the Common Stock (other than a subdivision or combination thereof) or of any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required (except for a merger of the Corporation into one of its subsidiaries solely for the purpose of changing the corporate domicile of the Corporation to another state of the United States and in connection with which there is no substantive change in the rights or privileges of any securities of the Corporation other than changes resulting from differences in the corporate statutes of the then existing and the new state of domicile), or of the sale or transfer of all or substantially all of the assets of the Corporation,

then the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the shares of Series G Preferred Stock, and shall cause to be mailed to the holders of shares of Series G Preferred Stock at their last addresses as they shall appear on the stock register, at least 10 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one date is specified), a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (B) the date on which any such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property (including cash), if any, deliverable upon such

reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. The failure to give or receive the notice required by this paragraph (g) or any defect therein shall not affect the legality or validity of any such dividend, distribution, right or warrant or other action.

(h) No Fractional Shares. No fractional shares of Common Stock shall be issued upon the redemption or conversion of any shares of the Series G Preferred Stock. In lieu of any fraction of a share of Common Stock which would otherwise be issuable in respect of the aggregate number of shares of the Series G Preferred Stock surrendered by the same holder for redemption or conversion on any redemption date or upon Automatic Conversion or Optional Conversion, such holder shall have the right to receive an amount in cash (computed to the nearest cent) equal to the same fraction of the (i) Current Market Price of the Common Stock in the case of redemption, or (ii) Closing Price of the Common Stock determined (A) as of the fifth Trading Day immediately preceding the Mandatory Conversion Date, in the case of Automatic Conversion or (B) as of the second Trading Day immediately preceding the effective date of conversion, in the case of an Optional Conversion by a holder. If more than one share of Series G Preferred Stock shall be surrendered for conversion or redemption at one time by or for the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series G Preferred Stock so surrendered or redeemed.

(i) Reservation of Common Stock. The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion or redemption of shares of Series G Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion or redemption of all the shares of Series G Preferred Stock then outstanding.

(j) Definitions. As used in this Certificate of Designation:

(i) The term "business day" shall mean any day other than a Saturday, Sunday or a day on which banking

institutions in the state of New York are authorized or obligated by law or executive order to close;

(ii) The term "Closing Price," on any day, shall mean the closing sale price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices regular way, in each case on the New York Stock Exchange or, if the Common Stock is not listed or admitted to trading on such Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading, or, if not listed or admitted to trading on any national securities exchange, the average of the closing bid and asked prices of the Common Stock on the over-the-counter market on the day in question as reported by the National Association of Securities Dealers, Inc. Automated Quotation System, or a similarly generally accepted reporting service, or if not so available in such manner, as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors of the Corporation for that purpose; and

(iii) The term "Trading Day" shall mean a date on which the New York Stock Exchange (or any successor to such Exchange) is open for the transaction of business.

(k) Payment of Taxes. The Corporation will pay any and all documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on the redemption or conversion of shares of Series G Preferred Stock pursuant to this paragraph 3; provided, however, the Corporation shall not be required to pay any tax which may be payable in respect of any registration or transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the registered holder of shares of Series G Preferred Stock redeemed or converted or to be redeemed or converted, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4. Liquidation Rights. In the event of any liquidation or dissolution or winding up of the Corporation, voluntary or involuntary, the holders of the Series G Preferred Stock shall be entitled to receive the sum of \$211.25 per share, plus an amount equal to any arrearages in dividends thereon.

5. Voting Rights. The holders of shares of Series G Preferred Stock shall be entitled to vote on all matters submitted to a vote of the stockholders of the Corporation, voting together with the holders of Common Stock as one class. The holder of each share of Series G Preferred Stock shall be entitled to one vote for each share of Series G Preferred Stock held by such holder. In addition, the provisions of Section 2.8 of the Restated Certificate of Incorporation shall be applicable to the Series G Preferred Stock.

IN WITNESS WHEREOF, Boise Cascade Corporation has caused this Certificate of Designation to be signed by John W. Holleran, its Vice President and General Counsel, and attested by A. James Balkins III, its Corporate Secretary, this 22nd day of September, 1993.

BOISE CASCADE CORPORATION

By /s/ John W. Holleran

John W. Holleran  
Vice President and General  
Counsel

ATTEST:

By /s/ A. James Balkins III  
A. James Balkins III  
Corporate Secretary



BOISE CASCADE CORPORATION  
KEY EXECUTIVE PERFORMANCE PLAN  
FOR EXECUTIVE OFFICERS  
(As Amended February 3, 1994)

BOISE CASCADE CORPORATION  
KEY EXECUTIVE PERFORMANCE PLAN  
FOR EXECUTIVE OFFICERS

1. Purpose of the Plan. The Boise Cascade Corporation Key Executive Performance Plan for Executive Officers (the "Plan") is designed to recognize the contribution of Executive Officers in optimizing the long-term value to the shareholders of Boise Cascade Corporation (the "Company") through its effective management.

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

2.1. Annualized Dividend Rate. The Annualized Dividend Rate shall be the last regular quarterly dividend declared for common shares during the year ending immediately prior to the Award Period multiplied by 4.

2.2. Award. A payment made under the Plan or a payment which is deferred according to the terms of a deferral option. All Awards shall be based upon a percentage of the Participant's Base Salary. All Awards made shall be defined as one of the following:

2.2a. Corporate Financial Performance Award -- an Award determined in accordance with the Corporate Financial Performance Award Criteria. A Corporate Financial Performance Award, if earned, shall be a minimum of 10% and a maximum of 60% of a Participant's Base Salary.

2.2b. Discretionary Individual Performance Award -- an Award determined in accordance with the Discretionary Individual Performance Award Criteria. A Discretionary Individual Performance Award, if granted, may be up to a maximum of 20% of a Participant's Base Salary.

2.3. Award Criteria. The specific criteria for the Corporate Financial Performance Award and for the Discretionary Individual Performance Award shall be:

2.3a. Corporate Financial Performance Award Criteria -  
- - A mathematical formula which expresses the relationship between the Company's Return on Equity and the percentage Award to be paid.

At the beginning of the Award Period commencing January 1, 1986, the Board shall establish the Return on Equity objective to be achieved by the Company in order for Participants to earn the maximum Corporate Financial Performance Award. This Return on Equity objective will continue for subsequent Award Periods unless it is modified by the Committee. At the beginning of an Award Period, the Return on Equity required to be achieved by the Company in order for Participants to earn a minimum Corporate Financial Performance Award shall be equivalent to the annualized dividends paid to the Company's common and preferred shareholders.

Return on Equity for an Award Period shall then be expressed in terms of Net Income. Once expressed, Net Income shall control determination of the Corporate Financial Performance Award for that Award Period.

The Award Criteria shall be published at the beginning of the Award Period. Once the Award Criteria have been published, should the company be required under generally accepted accounting principles to report on a different basis, the Award Criteria shall be restated.

The Corporate Financial Performance Award to be earned if the Net Income achieved by the Company is between the Net Income objective established for a maximum Corporate Financial Performance Award and the Net Income required for a minimum Corporate Financial Performance Award shall be calculated on a linear basis and set out on a schedule or chart to be published at the beginning of each Award Period.

2.3b. Discretionary Individual Award Criteria -- Discretionary Individual Performance Awards, if granted, will be based upon a Participant's outstanding performance. Discretionary Individual Performance Awards will be subject to approval by the Board.

2.3c. Notwithstanding the foregoing, for purposes of the Award Periods commencing on January 1, 1994, the Minimum Award payable under this Plan for such Award Period shall be based upon the weighted average percentage payout for Key Executives (or the equivalent) under all Division Incentive Plans sponsored by the Company (the "Weighted Average Payout"). Subject to approval by the Committee, the calculation of the Weighted Average Payout shall be based upon the capital of each separate division of the Company covered by a Division Incentive Plan. The Minimum Award to participants in this Plan shall be a multiple of the Weighted Average Payout, up to a maximum payout limitation as follows:

| Executive Officer Level                           | Factor | Maximum Payout |
|---|--------|----------------|
| Vice President                                    | 2.00   | 30%            |
| Senior Vice President or Executive Vice President | 2.25   | 37%            |
| CEO or COO  | 2.50   | 44%            |

2.4. Award Period. A period of one year, commencing on January 1 and ending on December 31.

2.5. Base Salary. A Participant's Base Salary shall be the annual pay rate at the end of the Award Period without taking into account (i) any deferrals of income; (ii) any incentive compensation; or (iii) any other benefits paid or provided under any of the Company's other employee benefit plans.

2.6. Change in Control. A Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

2.7. Committee. The Committee shall mean the Human Resources Committee of the Board.

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:

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

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

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

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

2.9. Earnings Per Share. The Company's Earnings Per Share shall be net income, after tax, and excluding preferred dividends, divided by average shares outstanding as reported in the Company's published financial statements adjusted for major nonrecurring and nonoperating expense and income items as set out below. Earnings Per Share shall be on a fully diluted basis if required to be reported on this basis under generally accepted accounting principles; otherwise, Earnings Per Share shall be primary Earnings Per Share.

Earnings Per Share as reported shall be adjusted for those major nonrecurring and nonoperating expense or income items (as determined by the Chairman of the Board and Chief Executive Officer) which, considered alone, would increase or decrease Earnings Per Share as reported by more than \$.10 per share, and which, considered in the aggregate on a net basis, would increase or decrease Earnings Per Share as reported by more than \$.25 per share; and in that event, Earnings Per Share as reported shall be adjusted for any increase or reduction over \$.25 per share.

2.10. Executive Officers. The Executive Officers of the Company are the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer and any Executive Vice President, Senior Vice President, Vice President or the Secretary, Treasurer or Controller of the Company.

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

2.12. Participant. A person who is an Executive Officer of the Company at the beginning of the Award Period or who is elected an Executive Officer by the Company's Board of Directors (the "Board") during the Award Period.

2.13. Potential Change in Control. A Potential Change in Control of the Company shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

2.14. Return on Equity. The Company's Return on Equity shall be net income, after tax, and before extraordinary items, divided by average shareholders' equity, expressed as a percentage as reported in the Company's published financial statements for the year ended immediately prior to the Award Period.

3. Determination of Awards. As soon as practical after the conclusion of the Award Period, the Corporate Financial Performance Awards and the Discretionary Individual Performance Awards, if any, shall be determined as follows:

3.1. Corporate Financial Performance Awards. The Company's Earnings Per Share for the Award Period shall be applied against the Corporate Financial Performance Award Criteria and the amount of the Award determined.

3.2. Discretionary Individual Performance Awards. The Chairman of the Board and Chief Executive Officer shall review the performance of each Participant in relation to the Discretionary Individual Performance Award Criteria and will recommend any Discretionary Individual Performance Awards he believes appropriate. Upon approval by the Board, a recommended Award will become a Discretionary Individual Performance Award. Any Discretionary Individual Performance Award granted will be separate from any Corporate Financial Performance Award.

4. Payment of Awards. Payment of Awards, less usual withholding taxes, shall be made as soon as practical upon their determination, except for payment of Awards deferred in accordance with any deferred option which may have been selected by the Participant.

5. Administration and Interpretation of the Plan. Except for the power reserved by the Board hereunder, the Committee shall administer and interpret the Plan. Any interpretation by the Committee shall be final and binding on the Participants. The Committee may adopt such rules and regulations relating to the Plan as it may deem necessary for the administration of the Plan. The Committee may delegate administrative responsibilities to advisors or other persons who are not members of the Committee and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

6. Participation in the Plan. Executive Officers of the Company may become Participants in accordance with the terms of the Plan at any time during the Award Period. If an Executive Officer becomes a Participant at any time other than the commencement of the Award Period, the amount of his or her Corporate Financial Performance Award under the Corporate Financial Performance Award Criteria of the Plan shall be prorated on the basis of the number of days during the Award Period that he or she is an Executive Officer compared to the total number of calendar days in the Award Period. Any Discretionary Individual Performance Award made under the Discretionary Individual Performance Award Criteria shall be made without regard to any proration.

At such time as an Executive Officer becomes a Participant in this Plan, he or she shall be included in all subsequent Key Executive Performance Plans for Executive Officers until he or she ceases to be an Executive Officer of the Company, employment with the Company terminates or he or she retires, resigns, becomes permanently disabled, dies or is excluded from participation by the Board.

If a person becomes a Participant under this Plan and is also a Participant under the Key Executive Performance Plan (for other key executives) for the same Award Period, such Participant will also be entitled to a pro rata Award under the Key Executive Performance Plan (for other key executives) at the end of the Award Period.

No Participant in this Plan is eligible for participation in any other group or division cash-incentive, commission or bonus program that bases payment upon the Company's performance during an Award Period.

7. Treatment of Awards Upon Retirement, Disability, Death, Reassignment or Termination. A Participant who retires (including early retirement as defined under the Company's qualified pension plan for salaried employees and retirement under the Company's Supplemental Early Retirement Plan for Executive Officers), becomes totally disabled or dies will cease to be a Participant in the Plan as of the day of the occurrence. In this event, the Participant (or his or her designated beneficiary or estate in the case of death) shall receive a pro rata Corporate Financial Performance Award under the Plan, which shall be based on the number of days during the Award Period the person was a Participant in the Plan compared to the total number of days in the Award Period. The prorated Corporate Financial Performance Award shall be paid to the Participant (or his or her designated beneficiary or estate in the case of death) as soon as practical after the conclusion of the Award Period. Participants terminating due to retirement, total disability or death are eligible to be considered for a Discretionary Individual Performance Award.

If a Participant is excluded from participation by the Board during the Award Period, the Participant shall cease participation and shall receive a prorated Corporate Financial Performance Award for the Award Period. The calculation and payment of such prorated award will be made in the same manner as that of a Participant who has retired, become permanently disabled or died. Participants excluded from participation by the Board during the Award Period are not eligible to be considered for a Discretionary Individual Performance Award.

Participants who resign from the Company or who are terminated by the Company during the Award Period, with or without cause, shall forfeit all rights to any Corporate Performance Financial Award or Discretionary Individual Performance Award for the Award Period and shall not be entitled to any prorated Corporate Financial Performance Award unless approved by the Board.

8. Deferral of Awards. A Participant may elect to defer all or any portion of any Corporate Financial Performance Award made under the Plan to a future date, but not beyond the date of the Participant's normal retirement. The Participant must make an election to defer on forms provided by the Company prior to September 30 of the Plan year. Notwithstanding this election, if the Participant's Corporate Financial Performance Award is calculated to be \$2,000 or less, the Corporate Financial Performance Award shall be paid as though the election to defer had not been made.

A deferred Corporate Financial Performance Award shall be credited to an account (Deferred Bonus Account) maintained for the Participant by the Company. On an annual basis, this account shall be credited with interest at a rate determined by the Company, but which shall not be less than the prime rate offered by the Bank of America NT&SA on January 1, for the succeeding year. If, for any reason, the Bank of America's prime rate shall be unavailable to establish the interest rate under this Plan, the Company shall select the prime rate of a financial institution of similar stature to establish the interest rate under this Plan.

If payment is made from a Participant's Deferred Bonus Account at any time during a calendar year, interest at the rate then in effect shall be credited to his or her account on the portion so paid through the end of the month preceding the month of payment.

A further description of the features and consequences of deferral of a Corporate Financial Performance Award made under the Plan is set out in Exhibit "A" to this Plan and incorporated herein by this reference.

9. Deferred Compensation and Benefits Trust. The Company is establishing a Deferred Compensation and Benefits Trust ("Trust"), and the Company will comply with the terms of the Trust. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105 percent of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the Trust, to pay the Company's obligations under this Agreement (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Plan.

#### 10. Miscellaneous.

10.1. Assignability. A Participant's right and interest under the Plan may not be assigned or transferred, except in the event of the Participant's death, to his or her designated beneficiary, or in the absence of a designation, by will or to the Participant's legal representatives.

10.2. Employment Not Guaranteed. Neither this Plan nor any action taken hereunder shall be construed as giving a Participant a right to remain as an Executive Officer or an employee of the

Company for any period.

10.3. Taxes. The Company shall deduct from all Corporate Financial Performance Awards or Discretionary Individual Performance Awards all applicable federal and state taxes required by law to be withheld from such Corporate Financial Performance Awards or Discretionary Individual Performance Awards.

10.4. Construction. The Plan shall be construed according to the laws of the state of Idaho.

10.5. Form of Communication. Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Committee or Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon mailing, if sent by first-class mail, postage prepaid and addressed to Manager of Executive Compensation, Boise Cascade Corporation, One Jefferson Square, Boise, Idaho 83728.

11. Amendment and Termination. The Board may at any time amend or terminate the Plan, provided that the Board may not modify or terminate the Plan so as to adversely affect any benefits earned or accrued by the Participants prior to the date of the modification or termination.

12. Claims Procedure. Claims for benefits under the Plan shall be filed in writing with the Committee. Written notice of the disposition of a claim shall be furnished the claimant within ninety days after the application is filed. In the event the claim is denied, the specific reasons for such denial shall be set forth in writing, pertinent provisions of the Plan shall be cited and, where appropriate, an explanation as to how the claimant may perfect the claim or submit such claim for review will be provided.

13. Claims Review Procedure. Any Participant, former Participant or Beneficiary of either, who has been denied a benefit claim shall be entitled, upon written request to the Committee, to a review of his denied claim. Such request, together with a written statement of the claimant's position, shall be filed with the Committee no later than sixty days after receipt of the written notification provided for in Section 12. The Committee shall make its decision within sixty days after receipt of the claimant's request for review.

14. Effective Date. The Plan shall become effective on January 1, 1986.

CORPORATE FINANCIAL PERFORMANCE AWARD DEFERRAL OPTION  
FOR EXECUTIVE OFFICERS

GENERAL

1. The Key Executive Performance Program of Boise Cascade Corporation (the "Company") includes a deferral option. A participant who is eligible to receive a Corporate Financial Performance Award under the Key Executive Performance Plan, which would be payable, if earned, in a subsequent year, may elect to defer receipt of all or part of such Corporate Financial Performance Award provided the election is made prior to September 30 of the Plan year. If no election to defer is received from a Participant, having been signed on or before September 30 of the Plan year, the Participant will be deemed to have made an election not to defer receipt of his or her award, if any.

ELECTIONS TO BE MADE

2. Eligible employees may elect (if done so on or before September 30 of the Plan year) to receive their Corporate Financial Performance Award (if any) in:

a. Immediate Cash

Any deferred award of \$2,000 or less will be paid in cash regardless of any other elections by the employee; or

b. Deferred Cash

- (1) Deferred awards will be credited to the executive's Deferred Bonus Account, an account established for Key Executive Performance Program deferral purposes for the Plan year. Annually thereafter, the employee's Deferred Bonus Account will be credited with interest at a rate determined by the Company which will not be less than the prime rate offered by the Bank of America NT&SA on January 1.
- (2) If any payment is made from an employee's Deferred Bonus Account during a year, interest will be credited to the account on the portion so paid up to the end of the month preceding the month in which payment occurs.
- (3) An employee's Deferred Bonus Account for a given plan year will be paid to him or her in a lump sum on one of the following dates:
  - A. The date selected by the employee, or
  - B. January 1 of the year following the employee's normal or early retirement if no earlier date has been selected previously by the employee.In lieu of lump-sum payment, an employee may elect to receive payment in consecutive equal annual installments over a period not exceeding ten years commencing with the date the employee may select.
- (4) Any amounts deferred shall not be considered as compensation for pension purposes or for purposes of the Company's Savings and Supplemental Retirement Plan. However, any resulting reduction in a participant's pension benefit will be provided from the Company's unfunded supplemental retirement plan.

ELECTION TO DEFER IRREVOCABLE

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

TERMINATION OF EMPLOYMENT

4. If an employee terminates for any reason other than retirement or death, the Company will pay to such terminated employee his or her Deferred Bonus Account in full in the month following the month of termination. The amount of such Deferred Bonus Account will be determined in accordance with paragraph 2.b(2).

DEATH OF EMPLOYEE: DESIGNATION OF BENEFICIARY

5. If an employee terminates because of death, or if an employee dies after his or her normal or early retirement and there is an unpaid balance in his or her Deferred Bonus Account, the employee's Deferred Bonus Account or unpaid balance thereof will be paid by the Company to the employee's designated beneficiary or beneficiaries in the month following the month in which the employee's death occurs. The amount of such Deferred Bonus Account or unpaid balance thereof will be determined in accordance with paragraph 2.b(2).

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

#### FINANCIAL HARDSHIP OF EMPLOYEE

7. If, either before or after normal or early retirement, the continued deferral of a bonus award creates an extreme financial hardship on an employee, the Company may, at its sole and absolute discretion, pay all or any part of his or her Deferred Bonus Account to him or her in such manner as the Company deems appropriate. The amount of such Deferred Bonus Account balance will be determined in accordance with paragraph 2.b(2). Extreme financial hardship for this purpose shall be limited to the inability of the employee to provide the basic necessities of life for himself or herself and his or her dependents.

#### AMENDMENT OF ELECTION

8. A participant who has previously submitted an election regarding payment of a Deferred Bonus Account and who subsequently wishes to change that election may submit a written application to Boise Cascade. Requests must specify, subject to the limits of the Plan, (1) either a lump-sum payment or annual installments or (2) a date at least two years later than the date originally elected for such payments to commence and terminate. Such requests must be made prior to January 1 of the year in which he or she previously elected to have the payments commence and at least 30 days prior to the date he or she previously elected to have the payments commence. Boise Cascade, in its sole and absolute discretion, may accept or reject such application. In no event will the Company approve any other request to accelerate payment other than pursuant to Section 7.

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

#### AWARD MAY NOT BE REVOKED BY THE COMPANY

9. Once an award is made to an employee, it cannot be revoked or modified by the Company and will be paid in accordance with the election made and in accordance with the other terms of this bonus deferral option.

#### DEFERRED BONUS ACCOUNT NOT TRANSFERABLE

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

#### EARLY RETIREMENT

11. An employee who takes early retirement at the request of the Company may, on that account, change any outstanding deferral election at any time between the date on which he or she is so requested to take retirement and the effective date of such early retirement.

#### TAX IMPLICATIONS OF DEFERRAL

12. The Company believes, but does not represent or guarantee, that a deferral election made in accordance with the terms of the Plan, including this Exhibit A, is effective to defer the receipt of taxable income.

13. Each employee should consider his or her own financial situation and tax implications prior to electing to defer the award. It may be advantageous to defer the award, insofar as tax considerations are concerned, since an employee's overall tax rate could be expected to be less after retirement as a result of diminished income at that time. In some cases, however, employees



expecting to be in a higher income tax bracket following retirement because of other income could be penalized for electing to defer the award.

14. Employees should consult an attorney or an accountant familiar with the federal income and estate tax laws, as well as their local state laws, regarding the tax implications of a deferred award in their individual cases.

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

Addendum A

BOISE CASCADE CORPORATION  
KEY EXECUTIVE PERFORMANCE PLAN  
ITEMS RELATING TO SENIOR EXECUTIVE OFFICERS

1. Notwithstanding the provisions of Section 2.2a, a Corporate Financial Performance Award, if earned, shall be a minimum of 10% and a maximum of 75% of a Participant's Base Salary if the Participant is an Executive Vice President or a Senior Vice President and a minimum of 10% and a maximum of 90% of a Participant's Base Salary if the Participant is the Chairman and Chief Executive Officer or the President and Chief Operating Officer.
2. Notwithstanding the provisions of Sections 2.3b, 3.2, and 6, Senior Executive Officers shall not be eligible for consideration for Discretionary Individual Performance Awards.
3. Notwithstanding the provisions of Sections 2.10 and 2.11, a Senior Executive Officer is any Executive Vice President, any Senior Vice President, the Chairman and Chief Executive Officer, and the President and Chief Operating Officer of the Company or anyone who is elected a Senior Executive Officer by the Board during the Award Period.
4. Notwithstanding the provisions of Section 6, anyone who is elected a Senior Executive Officer during the Award Period shall be deemed to be a Senior Executive Officer during the entire Award Period.

1994 PERFORMANCE CRITERIA

For 1994, the Plan provides for payment of a Corporate Performance Award when company Net Income equals \$77 million. The maximum award payout would occur when Net Income equals or exceeds \$329 million (or 20.2% return on equity). The executive officer awards as a percent of base salary would be as illustrated by the following table. Net earnings levels between the amounts indicated would result in proportional reward amounts:

|                | NET INCOME (\$000,000) |       |       |
|----------------|------------------------|-------|-------|
|                | \$ 77                  | \$178 | \$329 |
| CEO/COO        | 14%                    | 44%   | 90%   |
| EVP/SVP        | 12                     | 37    | 75    |
| Vice President | 10                     | 30    | 60    |

BOISE CASCADE CORPORATION

1986 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1993)

BOISE CASCADE CORPORATION

1986 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

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

2. Definitions.

2.1 Change in Control. A Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

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

2.3 Deferred Compensation Agreement. A written agreement between a Participant and the Company, whereby a Participant agrees to defer a portion of his Compensation pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:

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

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

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

(d) The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the purposes sought to be accomplished by it. Prior to a Change in Control, the Deferred Compensation and Benefits Trust may be amended from time to time by the Company, but no such amendment may

substantially alter any of the provisions set out in the preceding paragraphs.

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

2.6 Early Retirement Date. The date of a Participant's Termination of Employment for reasons other than death or Disability, prior to attainment of age 65 but subsequent to attaining age 55, and after completing ten Years of Service with the Company.

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

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

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

and

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

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

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

2.10 Normal Retirement Date. The first day of the month coincident with or next following a Participant's 65th birthday.

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

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

2.13 Potential Change in Control. A Potential Change in Control of the Company shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

2.14 Service. Service as accumulated under the Company's Pension Plan.

2.15 Termination of Employment. The Participant's ceasing to be employed by the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death or Disability.

2.16 Year of Service. A Year of Vesting Service, as provided in the Company's Pension Plan.

3. Administration and Interpretation of the Plan. The Company shall administer and interpret the Plan, and interpretation by the Company shall be final and binding upon a Participant. The Company may adopt rules and regulations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. The Company may also delegate administrative responsibilities to advisors or other persons who are not employees of the Company and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

4. Participant Compensation Deferral.

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

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

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

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

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

may continue its contributions or may require the Participant to contribute the amounts formerly contributed by the Company.

#### 5. Payment of Deferred Amounts.

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

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

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

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

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

5.5 Payment on Death After Benefits Commence. If a Participant dies after his benefits have commenced and prior to the distribution of his entire Participant Account, his beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement.

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

5.7 Disability Benefit. For a Participant who made deferrals into the Plan prior to January 1, 1991, and who terminates prior to attaining age 65 due to a Disability, the Company shall pay the Participant in monthly installments commencing on the first day of the seventh consecutive month following the Participant's Disability, the Disability Benefit specified in the Deferred Compensation Agreement until the Participant attains his Normal Retirement Date or ceases to be totally and continuously disabled. The maximum Disability Benefit shall be an amount which when combined with Primary Social Security, company-sponsored group



Long-Term Disability and disability benefits from other deferred compensation plans is equal to 80% of predisability salary. For the purpose of this maximum, the 80% of predisability salary shall be indexed to the Consumer Price Index. After a Participant who is receiving a Disability Benefit attains his Normal Retirement Date, he shall be entitled to be paid his account in accordance with the form of payment elected in the Deferred Compensation Agreement. If a Participant dies while receiving a Disability Benefit, the Participant's beneficiary shall receive the Death Benefit pursuant to Section 5.6. If a Participant meets the requirements for a Disability Benefit and the amount of the Disability Benefit on the Deferred Compensation Agreement is \$0, or if there is no Disability Benefit stated on such Participant's Deferred Compensation Agreement, then the Participant's Account shall be paid in monthly installments over a 15-year period beginning the month the Disability Benefit would have been paid and unpaid account balances shall accumulate at Moody's Times 130%.

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

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

## 6. Miscellaneous.

6.1 Assignability. A Participant's rights and interests under the Plan may not be assigned or transferred except, in the event of the Participant's death, to his or her designated

beneficiary, or in the absence of a designation, by will or to his or her legal representative.

6.2 Employment Not Guaranteed by Plan. Neither this Plan nor any action taken hereunder shall be construed as giving a Participant the right to be retained as an Executive Officer or as an employee of the Company for any period.

6.3 Taxes. The Company shall deduct from all payments made hereunder all applicable federal or state taxes required by law to be withheld from such payments.

6.4 Construction. The Plan shall be construed according to the laws of the State of Idaho.

6.5 Form of Communication. Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon mailing, if sent by first-class mail, postage prepaid, and addressed to the Company's office at One Jefferson Square, Boise, Idaho 83728.

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

8. Amendment and Termination. The Board of Directors may, at any time, amend the Plan, provided that the amendment shall not adversely affect any right or benefit of a Participant under the Plan without the prior consent of a Participant.

9. Unsecured General Creditor. Except as provided in Section 10 hereof, participants and their beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Company, nor shall they be beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Company ("Policies"). Such Policies or other assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future.

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

BOISE CASCADE CORPORATION

1983 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1993)

BOISE CASCADE CORPORATION

1983 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

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

2. Definitions.

2.1 Change in Control. A Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

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

2.3 Deferred Compensation Agreement. A written agreement between a Participant and the Company, whereby a Participant agrees to defer a portion of his Compensation pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:

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

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

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

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

2.5 Director. A member of the Board of Directors of Boise Cascade Corporation as elected by the shareholders.

2.6 Early Benefit Commencement Date. The first day of the month following a Participant's Termination for reasons other than death prior to attainment of age 70 or after the four-year deferral the date selected by a Participant to begin benefit payments. An election to begin benefit payments must be made prior to January 1 of the year in which benefits commence.

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

| Age         | Multiple<br>of Deferred<br>Compensation |
|-------------|---|
| 65 and over | 2                                       |
| 60          | 3                                       |
| 55          | 4                                       |
| 50          | 5                                       |

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

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

2.9 Normal Benefit Commencement Date. The first day of the month coincident with or next following a Participant's 70th birthday.

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

2.11 Potential Change in Control. A Potential Change in Control of the Company shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

2.12 Termination. The Participant's ceasing to be a Director of the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of death.

3. Administration and Interpretation of the Plan. The Company shall administer and interpret the Plan, and interpretation by the Company shall be final and binding upon a Participant. The Company may adopt rules and regulations relating to the Plan as it may deem

necessary or advisable for the administration of the Plan. The Company may also delegate administrative responsibilities to advisors or other persons who are not employees of the Company and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

#### 4. Participant Compensation Deferral.

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

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

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

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

#### 5. Payment of Deferred Amounts.

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

5.2 Plan Benefits. Upon Early or Normal Benefit Commencement Date, a Participant shall be paid his account in a lump sum or in equal quarterly installments calculated to distribute his account plus accrued interest for a period of not more than 15 years. Unpaid balances under the installment election continue to earn interest at the rate of Moody's plus 4%. The Participant shall elect the method of payment prior to the calendar year in which the first installment is made. If a Participant does not make an election, his account shall be paid out in quarterly installments over 15 years. A Participant may request a change in the payout election anytime prior to January 1 of the year benefits are scheduled to be paid, provided that the request is received by the Company at least 30 days prior to the date benefits are scheduled to be paid. The changed payout election must be one of the payout options in the original deferral agreement. Such request must be in writing and shall be approved or denied at the sole discretion of the Company. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

5.3 Payment on Death After Benefits Commence. If a Participant dies after his benefits have commenced and prior to the distribution of his entire account, his beneficiary shall receive any benefit payments that would have been paid to the Participant. In lieu of the monthly benefit payments, upon the request of the Participant's beneficiary, the Company may, in its sole discretion, make a lump-sum payment to the Participant's beneficiary.

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

Notwithstanding any provision in this Plan to the contrary, a Participant or Beneficiary may at any time request a single lump-sum payment of the amount credited to an account or accounts of the Participant under the Plan. The amount of the payment shall be equal to (i) the Participant's accumulated account balance under the Plan as of the payment date, reduced by (ii) an amount equal to 10% of such accumulated account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. This request must be made in writing to the Company. The lump-sum payment shall be made within 30 days of the date on which the Company received the request for the distribution. If a request is made under this

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

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

## 6. Miscellaneous.

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

6.2 Taxes. The Company shall deduct from all payments made hereunder all applicable federal or state taxes which may be required by law to be withheld from such payments.

6.3. Construction. The Plan shall be construed according to the laws of the State of Idaho.

6.4 Form of Communication. Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon mailing, if sent by first class mail, postage prepaid, and addressed to the Company's office at One Jefferson Square, Boise, Idaho 83728.

6.5 Unsecured General Creditor. Except as provided in Section 8 hereof, participants and their beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interest or claims in any property or assets of the Company, nor shall they be beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired to the Company ("Policies"). Such Policies or other assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future.

7. Amendment and Termination. The Board of Directors may, at any time, amend the Plan, provided that the amendment shall not adversely affect any right or benefit of a Participant accrued under the Plan prior to the amendment without the prior consent of a Participant.

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

## 1982 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1993)

## BOISE CASCADE CORPORATION

## 1982 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

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

2. Definitions.

2.1 Change in Control. A Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

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

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

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:

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

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

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

(d) The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the purposes sought to be accomplished by it. Prior to a Change in Control, the Deferred Compensation and Benefits Trust may be

amended from time to time by the Company, but no such amendment may substantially alter any of the provisions set out in the preceding paragraphs.

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

2.6 Early Retirement Date. The date of a Participant's Termination of Employment for reasons other than death or Disability, prior to attainment of age 65 but subsequent to attaining age 55, and after completing ten (10) Years of Service with the Company. For purposes of this Section, a Participant's age and Years of Service shall be determined by taking into account any imputation of age or service permitted under any special early retirement program(s) offered by the Company.

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

2.8 Normal Retirement Date. The first day of the month coincident with or next following a Participant's 65th birthday.

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

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

2.11 Potential Change in Control. A Potential Change in Control of the Company shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

2.12 Service. Service as accumulated under the Company's Pension Plan.

2.13 Termination of Employment. The Participant's ceasing to be employed by the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death or Disability.

2.14 Year of Service. A Year of Vesting Service, as provided in the Company's Pension Plan.

3. Administration and Interpretation of the Plan. The Company shall administer and interpret the Plan, and interpretation by the Company shall be final and binding upon a Participant. The Company may adopt rules and regulations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. The Company may also delegate administrative responsibilities to advisors or other persons who are not employees of the Company and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

4. Participant Compensation Deferral.

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

4.2 Participation After January 1, 1983. An Executive Officer who first attains such status subsequent to January 1, 1983, and prior to January 1, 1987, shall be entitled to participate in the Plan for four (4) full calendar years after being elected an Executive Officer and shall be bound by all the other terms and conditions of the Plan. An Executive Officer who,



although eligible, elects not to participate in the Plan, may subsequently and with the approval of the Company become a Participant before January 1, 1987, for such a period of time, up to and including four (4) full calendar years from the commencement of participation, as may be approved by the Company, in which case he or she shall be bound by all the other terms and conditions of the Plan.

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

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

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

may continue its contributions or may require the Participant to contribute the amounts formerly contributed by the Company.

## 5. Payment of Deferred Amounts.

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

5.2 Payment Upon Death After Normal Retirement. If a Participant entitled to the Normal Benefit dies after his or her Normal Retirement Date, his or her beneficiary shall receive any Normal Benefit payments that would have been paid to the Participant. In lieu of the monthly Normal Benefit payments, upon the request of the Participant's beneficiary, the Company may, in its sole discretion, make an actuarially determined equivalent lump-sum payment to the Participant's beneficiary.

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

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

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

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

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

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

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

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

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

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

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

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

6. Miscellaneous.

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

6.2 Employment Not Guaranteed by Plan. Neither this Plan nor any action taken hereunder shall be construed as giving a Participant the right to be retained as an Executive Officer or as an employee of the Company for any period.

6.3 Taxes. The Company shall deduct from all payments made hereunder all applicable Federal or state taxes required by law to be withheld from such payments.

6.4 Construction. The Plan shall be construed according to the laws of the State of Idaho.

6.5 Form of Communication. Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon mailing, if sent by first-class mail, postage prepaid, and addressed to the Company's office at One Jefferson Square, Boise, Idaho 83728.

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

8. Amendment and Termination. The Board of Directors may, at any time, amend the Plan, provided that the amendment shall not adversely affect any right or benefit of a Participant under the Plan without the prior consent of a Participant.

EXECUTIVE OFFICER SEVERANCE PAY POLICY  
(As Amended Through December 11, 1992)

The company recognizes that it is usually difficult for executive officers whose employment is terminated involuntarily to obtain a position comparable to the one he or she has with the company. In view of this, any executive officer who is terminated involuntarily, except if terminated for disciplinary reasons (as that term is described in Corporate Policy 10.2), will be entitled to receive severance pay equal to one year's base salary. Mandatory retirement pursuant to the company's mandatory retirement policy will not be deemed involuntary termination of employment for purposes of severance pay or any other benefits.

The company, at its sole discretion, may elect to make the severance payment in equal payments over a 12-month period or in a lump sum. The company may also, at its sole discretion, continue certain group insurance coverage on behalf of the terminated executive officer for up to 12 months following the date of termination to the extent consistent with Corporate Policy 10.2.

The company's Executive Officer Mandatory Retirement Policy and Corporate Policy 10.2 will govern all other aspects of the termination of employment of executive officers.

SUPPLEMENTAL EARLY RETIREMENT PLAN FOR EXECUTIVE OFFICERS

(As Amended Through July 26, 1988)

BOISE CASCADE CORPORATION  
SUPPLEMENTAL EARLY RETIREMENT PLAN FOR EXECUTIVE OFFICERS

ARTICLE I: PURPOSE

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

ARTICLE II: DEFINITIONS AND CONSTRUCTION

2.1 Definitions: The following words and phrases shall have the meaning set forth below, unless the context clearly indicates to the contrary:

(a) "Board of Directors" shall mean the Board of Directors of Boise Cascade Corporation.

(b) "Change in Control" shall mean a Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

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

(d) "Company" shall mean Boise Cascade Corporation, a corporation organized and existing under the laws of the State of Delaware, or its successor or successors.

(e) "Competitor" shall mean any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Supplemental Plan, in the manufacture, sale or distribution of products, or in the providing of services, in competition with products manufactured, sold or distributed, or services provided, by the Company.

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:

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

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

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

(D) The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the

purposes sought to be accomplished by it. Prior to a Change in Control, the Deferred Compensation and Benefits Trust may be amended from time to time by the Company, but no such amendment may substantially alter any of the provisions set out in the preceding paragraphs.

(g) "Early Retirement Date" shall mean the first day of the month coincident with or next following an Executive Officer's fifty-fifth birthday. If an Executive Officer does not actually end employment with the Company as of the date indicated in the preceding sentence but does terminate at a later date which is before his Normal Retirement Date, the term "Early Retirement Date" shall refer, if the context so indicates, to the date of actual retirement.

(h) "Early Retirement Benefits" shall mean the benefits that will be paid to an Executive Officer who retires from the Company under the provisions of this Supplemental Plan.

(i) "Effective Date" shall mean the date this Supplemental Plan becomes effective as established by the Board of Directors.

(j) "Involuntary Retirement" shall mean the termination of employment of an Executive Officer by action of the Company or the Board of Directors prior to an Executive Officer's Normal Retirement Date but after the Executive Officer has completed ten or more years of service and has reached the age of at least fifty-five years.

(k) "Executive Officer" shall mean any person employed by the Company as an executive officer as that term is defined by the Securities and Exchange Commission.

(l) "Normal Retirement Date" shall mean the first day of the month coincident with or next following an Executive Officer's sixty-fifth birthday.

(m) "Potential Change in Control" shall mean the occurrence of any of the following events: (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

(n) "Salaried Plan" shall mean the Boise Cascade Corporation Pension Plan for Salaried Employees and the Boise Cascade Corporation Excess Benefit Plan as they currently are in effect and as amended from time to time after the Effective Date of this Supplemental Plan.

(o) "Supplemental Plan" shall mean the Boise Cascade Corporation Supplemental Early Retirement Plan for Executive Officers as set forth herein and as amended from time to time after the Effective Date.

2.2 Construction: Except to the extent pre-empted by federal law, this Supplemental Plan shall be construed according to the laws of the State of Idaho. The masculine gender, where appearing in this Supplemental Plan, shall be deemed to include the feminine gender. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Supplemental Plan, not to any particular provision or section.

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

3.1 Eligibility: An Executive Officer with ten or more years of service with the Company, as defined in the Salaried Plan, whose employment with the Company is terminated through Involuntary Retirement, or who elects early retirement on or after his Early Retirement Date but before his Normal Retirement Date, shall receive the Early Retirement Benefits as set forth in Article IV herein; provided, however, that in the event an Executive Officer's employment is terminated for "cause," as that term is defined by the severance policy of the Company, the Executive Officer shall not be eligible to receive any benefits under this Supplemental Plan.

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

#### ARTICLE IV: EARLY RETIREMENT BENEFITS

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

4.2 Computation of Early Retirement Benefits: The Early Retirement Benefits payable to any Executive Officer who is covered by the provisions of Section 4.1 hereof shall be calculated as follows:

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

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

If the calculations made pursuant to this Section 4.2 produce no Early Retirement Benefits for an Executive Officer, then this Supplemental Plan shall not apply to that Executive Officer.

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

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

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

4.5 Supplemental Survivor's Retirement Benefit: In the event an Executive Officer eligible for an Early Retirement supplement under the terms of this Supplemental Plan terminates employment by reason of death, his spouse, if any, shall be eligible to receive a supplemental Survivor's Retirement Benefit under this Plan. The amount of the supplemental Survivor's Retirement Benefit shall be equal to the difference between the Survivor's Retirement Benefit payable under the terms of the Salaried Plan and the amount to which the spouse would be entitled under the terms of both this Supplemental Plan and such Salaried Plan if the employee had elected Early Retirement on the date of his death and had elected to receive benefits in the form of a 50% Joint and Survivor Annuity with the spouse as joint annuitant. A surviving spouse shall not be eligible for a supplemental survivor's benefit under this Plan unless the spouse is eligible for a survivor's benefit under the terms of the Salaried Plan.

4.6 Deferred Compensation and Benefits Trust: The Company is establishing a Deferred Compensation and Benefits Trust ("Trust"), and shall comply with the terms of the Trust. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal



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

#### ARTICLE V: DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

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

5.2 Copy of Supplemental Plan to Be Furnished: The Committee shall furnish a copy of this Supplemental Plan to all present and future Executive Officers of the Company who are or become entitled to be covered under this Supplemental Plan as eligible Executive Officers.

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

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

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

#### ARTICLE VI: AMENDMENT AND TERMINATION

6.1 Amendment: To provide for contingencies which may require the clarification, modification or amendment of this Supplemental Plan, the Company reserves the right to amend this Supplemental Plan at any time; provided, however, no amendment shall affect any benefits previously granted hereunder to any Executive Officer who elected or was required, pursuant to this Supplemental Plan, to retire early. Further, prior to any amendment of the Supplemental Plan, the Company shall give at least 90 days' prior written notice to any Executive Officer, who at the time of the amendment will be eligible to receive Early Retirement Benefits hereunder, of the proposed amendment and his eligibility to elect early retirement prior to the effective date of the amendment.

6.2 Termination: It is the present intention of the Company to maintain this Supplemental Plan indefinitely. Nonetheless, the Company reserves the right, at any time, to terminate the Supplemental Plan; provided, however, no termination shall affect

any benefits previously granted hereunder to an Executive Officer who elected or was required, pursuant to this Supplemental Plan, to retire early; and provided further, that prior to any termination, the Company shall give at least 90 days' prior written notice to any Executive Officer, who at the time of the termination will be eligible to receive Early Retirement Benefits hereunder, of the proposed termination and of his option to elect, prior to the termination, to take early retirement under this Supplemental Plan prior to the effective date of the termination.

#### ARTICLE VII: MISCELLANEOUS

7.1 Benefits Not Transferable or Assignable: None of the benefits, payments, proceeds, claims or rights of any Executive Officer hereunder shall be subject to the claim of any creditor of the Executive Officer, other than the Company as permitted in Section 7.2 hereof; nor shall any Executive Officer have any right to transfer, assign, encumber or otherwise alienate any of the benefits or proceeds which he may expect to receive, contingently or otherwise, under this Supplemental Plan.

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

It is the policy of Boise Cascade Corporation to provide retirement benefits to qualified employees in accordance with the terms and conditions of the company's retirement plans. In order to ensure that employees of Boise Cascade Corporation receive retirement benefits earned during the course of their employment with the company, the company will provide benefits in accordance with the following:

1. The amount by which retirement benefits of any employee under the terms of the Boise Cascade Corporation Pension Plan for Salaried Employees (the Salaried Plan) are reduced by reason of the limitations of Section 415 of the Internal Revenue Code or by any other law requiring reduction in benefits otherwise payable from the Salaried Plan shall be an additional unfunded retirement benefit, payable from the general assets of the company, at the time and in the same form as pension benefits are paid to or on behalf of the employee under the terms of the Salaried Plan.
2. The amount by which retirement benefits of any employee are reduced under the terms of the Salaried Plan as a result of compensation deferred under the company's 1982 Executive Officer Deferred Compensation Plan, 1986 Executive Officer Deferred Compensation Plan, Key Executive Performance Plan, 1987 Key Executive Deferred Compensation Plan, or any similar plan or program adopted by the company providing for deferral of compensation earned by salaried employees, shall be an additional unfunded retirement benefit, payable from the general assets of the company at the time and in the same form as pension benefits are paid to or on behalf of the employee under the terms of the Salaried Plan.
3. If an employee is also eligible for benefits under the Supplemental Early Retirement Plan for Executive Officers (the SERP), supplemental benefits under this policy shall also be unreduced on account of early retirement.
4. Upon a potential change in control of the company (as defined in the SERP), the company shall calculate the present value of the amount payable under this policy and shall transfer a sum equal to 105% of this amount to the trustee of the company's Deferred Compensation and Benefits Trust. The sum transferred may be in cash, marketable securities, or other property, and will be held and disbursed by the trustee subject to and in accordance with the terms of the Trust. For purposes of calculating the sum to be transferred to the trustee, any employee whose employment has not been terminated prior to a potential change in control and who is entitled to benefits under this policy shall be deemed to have terminated his or her employment with the company upon the later of (i) the second anniversary of the date of the potential change in control or (ii) the date as of which the calculation is being made.

BOISE CASCADE CORPORATION

1987 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

(As Amended Through July 29, 1993)

BOISE CASCADE CORPORATION

1987 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

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

2. Definitions.

2.1 Change in Control. A Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

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

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

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:

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

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

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

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

2.5 Director. A member of the Board of Directors of Boise Cascade Corporation as elected by the shareholders.

2.6 Early Benefit Commencement Date. The date of a Participant's Termination as a Director for reasons other than death, prior to attainment of age 70.

2.7 Minimum Death Benefit. The Minimum Death Benefit shall be equal to the sum of the following:

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

and

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

The amount of the Minimum Death Benefit payable under this Section 2.7 shall be subject to adjustment in the event there is an alteration of the amount to be deferred as provided in Section 4.3.

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

2.9 Normal Retirement Date. The first day of the month coincident with or next following a Participant's 70th birthday.

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

2.11 Potential Change in Control. A Potential Change in Control of the Company shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

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

3. Administration and Interpretation of the Plan. The Company

shall administer and interpret the Plan, and interpretation by the Company shall be final and binding upon a Participant. The Company may adopt rules and regulations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. The Company may also delegate administrative responsibilities to advisors or other persons who are not employees of the Company and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

#### 4. Participant Compensation Deferral.

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

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

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

#### 5. Payment of Deferred Amounts.

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

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

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

Notwithstanding any provision in this Plan to the contrary, a Participant or Beneficiary may at any time request

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

5.4 Payment on Death After Benefits Commence. If a Participant dies after his or her benefits have commenced and prior to the distribution of his or her entire Participant Account, his or her beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement.

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

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

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

## 6. Miscellaneous.

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

6.2 Taxes. The Company shall deduct from all payments made hereunder all applicable federal or state taxes required by law to be withheld from such payments.

6.3 Construction. The Plan shall be construed according to the laws of the State of Idaho.

6.4 Form of Communication. Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon mailing, if sent by first-class mail, postage prepaid, and addressed to the Company's office at One Jefferson Square, Boise, Idaho 83728.

7. Amendment and Termination. The Board of Directors may, at any time, amend the Plan, provided that the amendment shall not adversely affect any right or benefit of a Participant under the Plan without the prior consent of a Participant.

8. Unsecured General Creditor. Except as provided in Section 9 hereof, participants and their beneficiaries, heirs, successors and assigns shall have no legal or equitable

rights, interest or claims in any property or assets of the Company. Such assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future.

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



BOISE CASCADE CORPORATION

1984 KEY EXECUTIVE STOCK OPTION PLAN

As Amended Through February 7, 1992

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 1954, as amended.

(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) "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.

(f) "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.

(g) "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.

(h) "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.

(i) "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."

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

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

(l) "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.

(m) "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.

(n) "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 7,500,000. 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.

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).

6.5. Cancellation of Previously Granted Options. In the event the Fair Market Value of Stock is ever less than the Option Price of any outstanding Nonstatutory Option, the Committee may cancel the Nonstatutory Option and issue in its place, a new substitute Nonstatutory Option for up to the same number of shares at the then current Fair Market Value of the Stock as of that new date of grant.

## 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

13.1 Merger or Consolidation. In the event of a dissolution or a liquidation of the Company or a merger and consolidation in which the Company is not the surviving corporation, the Options shall, immediately prior thereto, be exercisable, whether or not otherwise exercisable, subject to the provisions of this Plan.

13.2 Change of Control. If, while unexercised Options remain outstanding hereunder (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under such Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof, then from or after the date on which public announcement of the acquisition of such percentage shall have been made or the date on which the change in the composition of the Board set forth above shall have occurred, all Options shall be exercisable in full, whether or not then exercisable under the terms of their grant.

### 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 29, 1993, 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 \$21.25 per share.

3. The Option shall expire on the first to occur of (a) ten years and one day from the date of this Agreement, (b) three years after Optionee's retirement, death, or total and permanent disability, or (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; or (d) three months after termination of Optionee's employment with the Company for any other reason, except that the Option shall be canceled in the event of termination for disciplinary reasons.

4. 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.

5. 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 \_\_\_\_\_  
Alice E. Hennessey, Senior Vice President  
Human Resources and Corporate Relations

Accepted:

By \_\_\_\_\_  
Optionee



## LIFE INSURANCE PLAN

If you are elected an executive officer after December 1, 1987, Boise Cascade will provide you with company-paid group term life insurance in the amount of two times your annual base salary. The value of company-paid life insurance in excess of \$50,000 of coverage is considered taxable income to you and will be reported in your W-2 earnings on a monthly basis. Appropriate withholdings on this income will be deducted from your paycheck.

You may also participate in the optional employee-paid group term life insurance plan, which is the same plan that is available to all salaried employees. Details of the optional insurance plan are explained in your U.S. Salaried Employee Handbook.

SPLIT-DOLLAR LIFE INSURANCE PLAN

(As Amended and Restated as of July 26, 1988)

BOISE CASCADE CORPORATION

SPLIT-DOLLAR LIFE INSURANCE PLAN

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

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

2. Definitions.

2.1 Annual Premium.

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

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

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

2.3 Change in Control. A Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

2.4 Corporate Capital Interest.

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

(b) For the eighth and subsequent policy years, Corporate Capital Interest shall be the Insurance Policy's Basic Annual Premium or its Net Annual Premium, if any, whichever is applicable for the relevant year in accordance with the Premium

Payment Schedule or Trustee's Payment Schedule (whichever governs), less (i) the amount of any dividend in excess of the Basic Annual Premium paid in cash to the Company in accordance with the Premium Payment Schedule or Trustee's Payment Schedule (whichever governs) attached hereto and (ii) policy loans outstanding, if any; plus the sum of (i) the Scheduled Amount for the relevant year, if any; and (ii) the prior year's Corporate Capital Interest, if any.

2.5 Company. Boise Cascade Corporation.

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

The Deferred Compensation and Benefits Trust contains the following additional provisions:.

(a) If a Change in Control of the Company does not occur within one year after the Potential Change in Control, the Company may reclaim the assets transferred to the trustee or trustees subject to the requirement that it be again funded as stated in the preceding paragraph upon the occurrence of another Potential Change in Control.

(b) Upon a Change in Control, the assets of the Deferred Compensation and Benefits Trust shall be used to pay the Company's obligations under this Plan, except to the extent such obligations are paid by the Company, and the Company and any successor shall continue to be liable for the ultimate payment of those amounts.

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

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

2.7 Effective Date. February 26, 1980.

2.8 Employee. An individual who receives a Base Salary for personal services rendered to the Company.

2.9 Insurance Carrier. The life insurance companies selected to issue policies under or pursuant to the Plan.

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

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

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

2.13 Plan. This Boise Cascade Corporation Split-Dollar Life Insurance Plan.

2.14 Plan Administrator. The Company's Director of Compensation, P.O. Box 50, Boise, Idaho 83728, telephone (208) 384-7263, unless a different person is subsequently designated as Plan Administrator in a resolution adopted by the Board of Directors of the Company and such person accepts the designation.

2.15 Potential Change in Control. A Potential Change in Control of the Company shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Plan has occurred.

2.16 Retirement. The termination of employment of a

Participant, for reasons other than death or disability, who has attained age 55 and ten years of service with the Company as defined by the Boise Cascade Corporation Pension Plan for Salaried Employees.

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

2.18 Premium Payment Schedule. The schedule of Insurance Policy premiums payable by the Company, as specified on the form attached hereto.

2.19 Scheduled Amount. An additional dollar amount recoverable by the Company at the Insurance Policy's paid-up date, added annually over the period to such date, to be added to the Corporate Capital Interest pursuant to Paragraph 2.4.

2.20 Trustee's Payment Schedule. The schedule of Insurance Policy premiums payable by the Trustee(s) of the Deferred Compensation and Benefits Trust during the period of a Potential Change in Control and after a Change in Control, as specified on the form attached hereto.

### 3. Administration and Interpretation of the Plan.

3.1 Plan Administrator. Except as otherwise provided in the Plan, the Plan Administrator shall have control over the administration and interpretation of the Plan, with all powers necessary to enable him to carry out his duties in that respect. The Plan Administrator may adopt such rules and regulations relating to the Plan as the Administrator may deem necessary or advisable for the administration of the Plan. The Plan Administrator may delegate administrative responsibilities to advisors or other persons and may rely upon the information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

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

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

(a) Be an executive officer prior to December 1, 1987;

(b) Make application in the manner set by the Plan Administrator;

(c) Meet the insurability requirements of the Insurance Carrier; and

(d) Sign all documents, including the Assignment, presented by the Plan Administrator necessary or appropriate to carry out the intent of the Plan.

5. Benefits.

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

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

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

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

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

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

5.5 Payment of Death Benefit. The death benefits shall be paid upon the submission to the Insurance Carrier of the appropriate proof of death and a claim for benefits.

## 6. Contributions and Funding.

6.1 The First Seven Policy Years. During the first seven policy years, the responsibility for the payment of the premiums shall be allocated as follows:

### (a) Responsibility of Participant.

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

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

### (b) Responsibility of Company.

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

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

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

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

### (a) Responsibility of the Participant.

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

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

### (b) Responsibility of the Company.

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

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

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

6.3 Termination of Company Funding. Notwithstanding any other provisions in this Plan, and except in the event of or after a Change in Control, the Company shall terminate its participation in the funding of the Insurance Policy on the first

of the following events:

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

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

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

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

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

7. Disqualification and Reduction, Loss, Forfeiture, or Denial of Benefits. The benefits to be provided under this Plan will not be available to an Employee upon any of the following events:

- (a) Except in the event of a Change in Control, the Company may, at any time, amend or terminate the Plan, provided that the Company may not reduce or modify the level of benefits provided to the Participant prior to the amendment or termination without prior consent of the Participant;
- (b) In any event the Plan is terminated, whether as to all Participants or as to an individual Participant, a Participant shall be able to preserve and continue the Insurance Policy on his or her life by paying the Company its Corporate Capital Interest. Thereafter, the Participant will be responsible for all future premiums and Insurance Policy loan interest due;
- (c) After any termination of Company Funding, policy benefits may be reduced or terminated with respect to a Participant if not properly funded by the Participant; or
- (d) The amount of a Participant's death benefits may vary each year. Not in limitation, but in amplification of the foregoing, the amount of policy dividends of the Insurance Policies and the amount of the Corporate Capital Interest may vary the death benefits.

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

8.1 Trustee's Rights and Obligation. In the event of a Change in Control or a Potential Change in Control, the trustee(s) for the Deferred Compensation and Benefits Trust shall at all times thereafter be obligated for amounts payable in accordance with the Trustee's Payment Schedule. The Company shall notify the Insurance Carrier of a Change in Control or of a Potential Change in Control.

8.2 Plan Funding. In the event of a Change in Control, the calculation of the Funding Amount shall be made without regard to the provisions of Paragraph 6.3(c) and the Company shall be

required to participate in the funding of each Insurance Policy until the date the Insurance Policy becomes a paid-up contract.

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

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

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

#### 10. Miscellaneous.

10.1 Employment Not Guaranteed by the Plan. Neither this Plan nor any action taken hereunder shall be constructed as giving a Participant a right to be retained as an executive officer or as an Employee of the Company for any period.

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

10.3 Governing Law. The Plan shall be constructed according to the laws of the State of Idaho.

10.4 Form of Communication. Any election, application, claim, notice, or other communication required or permitted to be made by a Participant to the Plan Administrator shall be made in writing and in such form as the Plan Administrator shall prescribe. Such communication shall be effective upon mailing if sent by first-class mail, postage prepaid, and addressed to the Company's office at One Jefferson Square, Boise, Idaho 83728.

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

10.6 Agent for Service of Process. The Plan Administrator is designated as the agent to receive service of legal process on behalf of the Plan.

10.7 Constructional Rules. When appropriate, the singular as used in this Plan shall include the plural, and vice versa, and the masculine shall include the feminine, and vice versa.

11. Statement of ERISA Rights. Each Participant in the Plan is entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Participants shall be entitled to:

(a) Examine, without charge, at the Plan Administrator's office all Plan documents.

(b) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

(c) File suit in a federal court if any materials requested are not received within 30 days of the Participant's request, unless the materials were not sent because of matters beyond the control of the Plan Administrator. The court may require the Plan Administrator to pay up to \$100 for each day's delay until the materials are received.

In addition to creating rights for Participant's, ERISA imposed obligations upon the persons who are responsible for the operation of the Plan. As "fiduciaries," these persons must act solely in the interest of the Participants and they must exercise prudence in the performance of their Plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the Plan. The Company may not fire, discriminate against, or prevent a Participant from obtaining a welfare benefit or exercising his or her rights under ERISA. If a Participant is improperly denied a welfare benefit in full or in part, he or she has a right to file suit in a federal or state court. If Plan fiduciaries are misusing the Plan's money, a Participant has a right to file suit in a federal court or



request assistance from the U.S. Department of Labor. If a Participant is successful in the lawsuit, the court may, if it so decides, require the other party to pay his or her legal costs, including attorney's fees.

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

[ ]  
As amended through February 7, 1992

[ ]

Dear [ ]:

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

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

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

1. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through [ ]; provided, however, that commencing on [ ], and each January 1 thereafter, the term of this Agreement shall automatically be extended so as to terminate on the third anniversary of such date, unless, not later than September 30 of the preceding year, the Company shall have given notice not to extend this Agreement; provided, however, if a change in control of the Company as defined in Section 2 hereof shall have occurred during the term of this Agreement, this Agreement shall continue in effect for a period of not less than twenty-four months beyond the month in which such change in control of the Company occurred.

2. Change in Control.

(i) No benefits shall be payable hereunder unless there shall have been a change in control of the Company, as set forth below, and your employment by the Company shall thereafter have been terminated in accordance with Section 3 below. For purposes of this Agreement, a "change in control of the Company" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

(ii) For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company, (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a change in control of the Company; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board of Directors adopts a resolution to the effect that a potential change in control of the Company for purposes of this Agreement has occurred. You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will at the option of the Company remain in the employ of the Company for a period of six months from the occurrence of the first such potential change in control of the Company.

3. Termination Following Change in Control. If any of the events described in Section 2 hereof constituting a change in control of the Company shall have occurred and be continuing, you shall be entitled to the benefits provided in Section 4 hereof upon the subsequent termination of your employment during the term of this Agreement unless such termination is (A) because of your death, (B) by the Company for Cause or Disability or (C) by you other than for Good Reason.

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

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

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

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

(B) The disposition of the business of the Company for which your services are principally performed by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary) of the Company, or otherwise, unless such disposition has been approved by the Board, a majority of the members of which were members of the Board immediately prior to the change in control;

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

(D) The Company's requiring you to be based anywhere other than in the metropolitan area in which you were based immediately prior to a change in control, except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations; and except for relocation to Boise, Idaho, approved by the Board, a majority of the members of which were members of the Board immediately prior to the change in control;

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

(F) The failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, life insurance, medical, health and accident, or disability plans, including, without

limitation, the Company's Split-Dollar Life Insurance Plan ("Split-Dollar Plan"), and the Supplemental Early Retirement Plan for Executive Officers ("Early Retirement Plan"), the Pension Plan for Salaried Employees (the "Qualified Plan"), the Savings and Supplemental Retirement Plan (the "SSRP"), the Supplemental Retirement Programs (the "Excess Benefit Plans"), and any other nonqualified pension agreement between you and the Company, in which you may have been participating at the time of a change in control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the change in control;

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

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

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness.

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

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

#### 4. Compensation Upon Termination or During Disability.

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

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

(iii) If your employment shall be terminated other than

for Cause or Disability, or by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company shall pay you, not later than the fifth day following the Date of Termination, your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due; and

(B) The Company shall pay to you a severance payment equal to the greater of the amount payable in accordance with the Company's Severance Pay Policy for Executive Officers as in effect immediately prior to the change in control or as in effect on Date of Termination; and

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

(D) The Company shall pay to you, not later than the fifth day following the Date of Termination, a lump sum amount equal to the sum of (x) any unpaid bonus (excluding deferred awards, plus interest, credited to your account, which shall be payable under the KEPP in accordance with its terms) pursuant to the KEPP allocable to you in respect of the Plan year preceding that in which the Date of Termination occurs, and (y) a KEPP award for the year in which the Date of Termination occurs, equal to the greater of (a) 30% of your base salary for such year, prorated through the month in which the Date of Termination occurs, or (b) the actual KEPP award as determined by actual year-to-date earnings per share through the last day of the month prior to the month in which the Date of Termination occurs in accordance with the KEPP award criteria in which you are participating as of the Date of Termination, prorated through the month in which the Date of Termination occurs; and

(E) Anything to the contrary notwithstanding in any agreement or agreements pursuant to which, either prior to or after the date hereof, you were or will be granted options ("Options") under the Company's 1984 Stock Option Plan or any other stock option plan of the Company, effective at and as of the Date of Termination all such options held by you which then remain outstanding and unexercised shall be automatically canceled and in lieu thereof the Company shall pay to you, not later than the fifth day following the Date of Termination, a lump sum amount equal to the sum of:

(x) In the case of those canceled Options held by you which were incentive stock options ("Incentive Stock Options"), as defined under Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"), granted after the date of this Agreement, the product of (a) the difference (to the extent such difference is a positive number) obtained by subtracting the per share exercise price of each such Incentive Stock Option to the extent then exercisable, from: if the Company Shares are then listed on a national securities exchange, on the trading day immediately preceding the date of payment thereof, or if Company Shares are not listed on a national securities exchange on such date, then the average of the closing bid and asked prices for Company Shares in the over-the-counter market for the last preceding date on which there was a sale of such Company Shares in such market, or if Company Shares are not then traded in the over-the-counter market, such value as the Company in its discretion may determine, but in no event greater than the fair market value of such shares for federal income tax purposes, and (b) the number of Company Shares covered by each such Incentive Stock Option;

(y) In the case of all other canceled Options held by you, the sum of (I), the product of (a) the difference (to the extent that such difference is a positive number) obtained by subtracting the per share exercise price of each such Option, whether or not then fully exercisable, from the higher of (1) if the Company Shares are then listed on a national securities exchange, the closing sales price on the Date of Termination of Company Shares on such national securities exchange, or if Company Shares are not listed on a national securities exchange on such date, then the average of the closing bid and asked prices for Company Shares in the over-the-counter market for the last preceding date on which there was a sale of such Company Shares in such market, of if Company Shares are not then traded in the over-the-counter market, such value as the Company in its discretion may determine, or (2) the highest price per Company Share actually paid in connection with any change in control of the Company, and (b) the number of Company Shares covered by such Option, plus (II), the amount of any tax bonus that would be payable upon the exercise of such Option at the price set forth above; and

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

(iv) If your employment shall be terminated (A) by the

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

(v) If your employment shall be terminated (A) by the Company or subsidiary corporation by which you are employed other than for Cause or Disability or (B) by you for Good Reason, then in addition to the aggregate retirement benefits to which you are entitled under the Company's Qualified Plan, the Company's Excess Benefit Plans, any other nonqualified pension agreement or arrangement, or any successor plans thereto, the Company shall pay you amounts equal to (I), (II), (III), or (IV), whichever is applicable:

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

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

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

(IV) If you have satisfied both the age and the service requirements of the Early Retirement Plan, as in effect immediately before the change in control, you shall receive the benefits to which you are entitled under the Early Retirement Plan.

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

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

5. Protective Limitation. Notwithstanding any provision hereof to the contrary, in the event you (a) would receive payments under this Agreement or under any other plan, program, or policy sponsored by the Company; (b) which payments relate to a Change in Control of the Company and which are determined (whether by the Company, your legal counsel, or the IRS) to be subject to excise tax under Section 4999 of the Code; and (c) if this excise tax would cause the net after-tax parachute payments, within the meaning of Section 280G of the Code, ("Parachute Payments") actually received by you to be less than the net amount you would

have received, after application of federal and state income taxes, the present value of your total Parachute Payments equaled \$1.00 less than three times your base amount, as defined under Section 280G of the Code, then your Parachute Payments attributable to payments under this Agreement shall be reduced (by the minimum possible amount), so that their aggregate present value equals \$1.00 less than three times your base amount. In the event payments under this Agreement are reduced, such reduction shall be made first from payments made pursuant to Section 4(iii)(E) and second from Section 4(iii)(B). For purposes of this paragraph, your tax rate will be the maximum marginal federal and state income tax rate on earned income, with the maximum federal rate to be computed with regard to Section 1(g) of the Code and applying any available deduction of state and local taxes for federal income tax purposes. If you and the Company are unable to agree as to the amount of the reduction described above, if any, you may select a law firm or accounting firm from among those firms regularly consulted by the Company regarding federal income tax matters or other firms acceptable to the Company, and this law firm or accounting firm shall determine the amount of any reduction and the firm's determination shall be final and binding on you and the Company.

6. **Deferred Compensation and Benefits Trust.** The Company is establishing a Deferred Compensation and Benefits Trust, and shall comply with the terms of that Trust. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the Trust, to pay the Company's obligations under this Agreement (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Agreement. The determination of the amount required to be transferred by the Company to the Trust shall include any amounts that could in any circumstances be payable in the future under Section 4 hereof, calculated in accordance with the following rules: (1) Upon a Potential Change in Control of the Company, the Company will calculate the amount required to be transferred to the Trust based on the assumption that your employment, if not previously terminated, will be terminated by the Company other than for Cause, Retirement, or Disability on the second anniversary of the Potential Change in Control; (2) Upon any subsequent recalculation, your employment will be deemed to have been terminated by the Company other than for Cause, Retirement, or Disability on the later of the date of actual termination or the date of such recalculation; and (3) For purposes of calculating the amount payable under Section 4(iii)(E)(y) hereof, the amount determined under Section 4(iii)(E)(y)(1) shall be deemed to be the higher of 200% of the closing sale price of Company Shares on the date of the Potential Change in Control or the highest price at which Company Shares traded during the period between the Potential Change in Control of the Company and the date as of which the calculation is being made.

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

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

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

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

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

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

7. **Successors; Binding Agreement.**

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

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

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

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

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

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

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

12. No Guaranty of Employment. Neither this contract nor any action taken hereunder shall be construed as giving you a right to be retained as an employee of the Company.

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

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

Sincerely,

BOISE CASCADE CORPORATION

By \_\_\_\_\_



Alice E. Hennessey  
Senior Vice President  
Corporate Relations and  
Human Resources

Agreed to this [ ] day  
of [ ],  
as amended as of  
February 7, 1992.

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[Name of Officer]

Enclosure

## SUPPLEMENTAL HEALTH CARE PLAN FOR EXECUTIVE OFFICERS

## SUPPLEMENTAL HEALTH CARE PLAN FOR EXECUTIVE OFFICERS

## INTRODUCTION

Boise Cascade's Supplemental Health Care Plan for Executive Officers is provided to you in addition to the Boise Cascade Comprehensive Medical Plan, Dental Plan, Vision Plan, and Mail-Order Prescription Drug Plan for salaried employees. While you share in the cost of your medical care by paying a monthly contribution, a deductible and a percentage of the remaining expenses, the combination of the plans pays most of the major charges for covered health care expenses for you and your family.

## WHO IS ELIGIBLE

As a Boise Cascade executive officer, you are automatically eligible for coverage under the Supplemental Health Care Plan for Executive Officers on January 1, 1989, or from the time you are elected an officer, whichever is later. Your dependents' coverage under the plan will become effective on the same date that your own coverage begins.

Your dependents who are eligible for coverage under this plan include your spouse plus any unmarried children under age 23, if they do not regularly work full-time and are dependent on you for support. Under certain circumstances, a handicapped child may be covered beyond age 23.

## HOW BENEFITS BECOME PAYABLE

Medical benefits become payable under this plan after benefits for covered charges under the Comprehensive Medical Plan have been applied to medical expenses incurred by you or your covered dependent. The plan will pay 100% of the remaining charges for the treatment, services, and supplies listed under "What the Plan Covers." Amounts applied to the deductible and copayments under the Comprehensive Medical Plan are not covered under this plan.

Dental and vision benefits become payable under this plan after benefits for scheduled amounts covered under the Dental Plan or Vision Plan have been applied to dental or vision expenses incurred by you or your covered dependent. The plan will pay 100% of the remaining charges for the services and supplies shown under "What the Plan Covers."

No benefits are payable under this plan for prescription drugs obtained under the Mail-Order Prescription Drug Plan.

## WHAT THE PLAN COVERS

Medical expenses incurred will be reduced by the amount considered as covered charges under the Comprehensive Medical Plan. The plan will pay 100% of the remaining charges for the following medical expenses:

- o Hospital room and board charges.
- o Hospital intensive care (ICU) and cardiac care unit (CCU) charges.
- o Hospital services and supplies (inpatient or outpatient).
- o Medical treatment or surgery by a physician.
- o Outpatient surgical facility services and supplies.
- o Private-duty nursing by a registered nurse (R.N.), a licensed vocational nurse (L.V.N.), or a licensed practical nurse (L.P.N.) upon the written recommendation of a physician.
- o Ambulance service.
- o Prescription drugs and medicines.
- o Immunizations.
- o Anesthetics and oxygen and their administration.
- o Rental or purchase (at Boise Cascade's option) of approved durable medical equipment and appliances.
- o Physical therapy by a licensed physiotherapist for treatment by physical or mechanical means only.
- o Outpatient rehabilitative speech and occupational therapy. Care must be provided by a licensed therapist who is referred and supervised by a licensed physician.
- o Blood and blood plasma which are not replaced by donation, and their administration.
- o Diagnostic x-rays and laboratory tests.
- o Extended-care facility confinement, including services and supplies.
- o Medical social services while a patient is in an extended-care facility.
- o Psychiatric care provided by a physician.
- o Mammograms.

The plan will pay 100% of the remaining charges for vision exams, eyeglasses, contact lenses, hearing aids, and dental expenses

(including orthodontia and expenses for repair and maintenance of covered items) after benefits under the Dental Plan, Vision Plan, or Comprehensive Medical Plan have been applied.

#### WHAT THE PLAN DOES NOT COVER

Expenses for items shown in the list that follows are not covered under the Supplemental Health Care Plan for Executive Officers:

- o Injury or illness resulting from war or an act of war, whether declared or undeclared.
- o Items payable by workers' compensation or any other government program, except items furnished by a government program for civilian employees of the government.
- o Items for which no charge would have been made in the absence of medical coverage, or items for which you are not legally obligated to pay.
- o Prescription drugs obtained through Boise Cascade's Mail-Order Drug Plan.
- o Items for which Boise Cascade, by law or regulation, may not provide benefits.
- o Medical services rendered prior to the date your coverage by this plan began.
- o Charges which are applied to the deductible and copayments under the Comprehensive Medical Plan.
- o Charges which are applied to additional deductibles under HealthMAP or the Mandatory Second Surgical Opinion Program.

#### HEALTH CARE CLAIMS

The necessary forms to file a claim for covered health care expenses under the Executive Officer Health Care Program are available from the Medical Director's Office in Boise.

#### PLAN ADMINISTRATION, ERISA RIGHTS

Your Salaried Employee Handbook identifies the plan administrator and explains your ERISA rights under this plan, as well as other Boise Cascade benefits plans.

#### SOURCE OF FUNDING

This plan is self-insured by Boise Cascade Corporation. Payments for benefits under this plan are made from the general assets of the company as benefits become payable.

#### TAXABILITY

All benefits payable under this plan are considered taxable income to you, are subject to tax withholding requirements, and will be reflected in W-2 form earnings.

#### COVERAGE DURING A LEAVE OF ABSENCE

Your medical coverages may be continued while you are still employed by Boise Cascade but are not actively at work because of an accident or illness or certain other company-approved leaves of absence. Under such conditions, coverage will continue in keeping with the provisions of the leave.

#### WHEN YOUR COVERAGE ENDS

Your coverage under Boise Cascade's Supplemental Health Care Plan for Executive Officers ends on the earliest of the following dates:

- o On the date your employment with Boise Cascade ends.
- o On the date you become ineligible to participate in these coverages -- for example, if you cease to be an executive officer.
- o On the date Boise Cascade elects to discontinue this plan.

#### WHEN YOUR DEPENDENTS' COVERAGE ENDS

Your dependents' coverage under Boise Cascade's health and dependent life insurance plans ends on the earliest of the following dates:

- o On the date your coverage ends.
- o On the date your dependent ceases to be eligible because of a change in age or dependent status as defined under a plan.
- o On the date your dependent begins active duty in the armed forces of any country, state, or international organization.
- o On the date Boise Cascade elects to discontinue this plan.

NONBUSINESS USE OF CORPORATE AIRCRAFT

You may charter corporate aircraft for nonbusiness use. The Aviation Division must be informed at the time an aircraft is reserved for a nonbusiness charter that a nonbusiness trip is involved. If the aircraft is required for business-related travel subsequent to its being reserved for a nonbusiness trip, the business-related travel will take priority and the nonbusiness use will be preempted.

The value of a nonbusiness trip will be calculated based on a formula which takes into consideration the actual distance flown, but not deadhead segments. The value of the nonbusiness trip will not be billed to you but will be considered as income to you and reported in your W-2 earnings on a monthly basis. Boise Cascade will pay you a cash gross-up payment equal to the tax liability of the nonbusiness charter based upon a 33% federal income tax rate and your state income tax rate. This gross-up payment will be made for you and each guest on the charter who is a family member. Appropriate withholdings on the value of a nonbusiness trip and the tax gross-up will be deducted from your paycheck.

For any questions you have regarding personal use of corporate aircraft, please contact the Aviation Division in Boise (extension 7580).

You or members of your immediate family also may fly on corporate aircraft on a space-available basis. The value of this space-available use will be calculated in the same manner as used for nonbusiness charter. Nonbusiness, space-available charges will not be billed to you but will be considered as income to you and reported in your W-2 earnings on a monthly basis. The company will pay you a cash gross-up payment equal to the tax liability on the space-available use based upon a 33% federal income tax rate and your state income tax rate. Appropriate withholdings on space-available travel and the tax gross-up will be deducted from your paycheck.

As an executive officer of Boise Cascade, you have a choice of two financial-counseling programs.

#### Deloitte & Touche Program

This program provides complete financial-counseling services through the accounting firm of Deloitte & Touche. Deloitte & Touche will review your present financial profile, develop and quantify personal financial goals, review income tax and investment strategies, develop a retirement plan, prepare cash-flow forecasts, review risk-management strategies, assist with stock option strategies, and review and assist in the development of an estate plan. The counseling in subsequent years includes updating of the above items as necessary and preparation of annual tax returns.

The value of the first year of participation in the Deloitte & Touche program is estimated to be up to \$7,500. Continuing services are estimated to be valued at up to \$5,500 per year. Since many of Deloitte & Touche's activities will be focusing on Boise Cascade programs, a portion of these fees will be billed directly to Boise Cascade. As a result, your actual out-of-pocket cost will be the tax on Deloitte & Touche's fees for personal planning unrelated to Boise Cascade programs, which are estimated to be \$5,500 for the first year and \$4,500 per year thereafter. If Deloitte & Touche's actual billing is less than these amounts, the actual costs will be added to your W-2 income. A maximum of \$1,000 is also available during the first 12 months of this program to cover legal costs associated with the preparation and updating of wills and trusts. There is no gross-up for taxes payable under this program.

Under this program, Deloitte & Touche will invoice you directly for their fees related to your personal financial plan. You should approve the invoice and forward it to the Human Resources Controller, Boise, who will pay Deloitte & Touche directly.

#### Alternative Program

The alternative financial-counseling program makes available up to \$4,500 for your use in obtaining financial-counseling services during your first 12 months as an executive officer. After that, you are allowed \$3,000 per calendar year for financial-counseling services. You may carry over unused amounts, up to one year's allowance (\$3,000), from one year to the next.

Your initial allowance will include \$4,500 for the first 12-month period plus a proration of the annualized \$3,000 allowance for the months remaining in a subsequent calendar year. Thereafter, your financial-counseling allowance will be available for your use on a calendar-year basis.

Under this program, the counsel you seek and how you spend your allowance are completely up to you as long as the money is spent for one or more of the following services: investment planning, tax preparation, tax planning and compliance, or estate planning.

This may include several people, including an accountant, a lawyer, and an investment counselor.

Invoices for these services should be sent to the Human Resources Controller's office after you have approved them with your signature. The company will either reimburse you for these expenditures or pay the charges directly.

Since the expenses of these services are generally not deductible for federal income tax purposes, you will receive a cash gross-up payment on reimbursed charges. The gross-up payment will help cover the tax on the payment for services and the tax on the tax payment. The current gross-up is 38.9% based upon a 28% federal tax rate. The gross-up payment will also be deducted from your annual allowance and will be made after the invoice for service has been paid.

Money paid on your behalf by Boise Cascade for these services and gross-up payments are taxable and are reported in your W-2 earnings on a monthly basis, and appropriate withholdings will be deducted from your paycheck on these amounts.

Under either the Deloitte & Touche or the alternative program, it is your responsibility to evaluate the advice you receive and make appropriate decisions in response. Boise Cascade is not responsible for the quality of any services you receive and cannot guarantee the services or results.

## FAMILY TRAVEL

You have available for your use up to \$3,000 per calendar year for travel expenses incurred by members of your immediate family while accompanying you on a business-related trip. You may carry over up to one year's allowance (\$3,000) from one year to the next. This program is in addition to any spouse travel required for company-related business reasons.

Family travel reimbursements under this program are taxable income and will be reported in your W-2 earnings on a monthly basis, and appropriate withholdings will be deducted from your paycheck.

Immediate family members include your spouse, children, mother, father, brother, sister, mother- and father-in-law, and son- and daughter-in-law. Types of expenses that will be reimbursed are air or surface travel, meals, lodging, and tips. Entertainment expenses are excluded.

Family travel expenses should be submitted for reimbursement to the Human Resources Controller, Boise, on a Boise Cascade Expense Report form. When submitting these expenses, please follow the same instructions you use in filling out an Expense Report for your own company travel expenses.

AGREEMENT, effective as of \*\_\_\_\_\_, 199\*\_\_, between BOISE CASCADE CORPORATION, a Delaware corporation (the "Company"), and \*\_\_\_\_\_ (the "Indemnitee").

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

WHEREAS, Indemnitee is a director of the Company;

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

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

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

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

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

1. Certain Definitions:

(a) Change in Control: shall be deemed to have occurred if: (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or 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, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding Voting Securities; or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of the Company and any new director whose election by the board of directors 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 at the beginning of the period or whose election or nomination for election was previously so approved cease for any reason to constitute a majority thereof; or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the combined voting power of the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

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

(c) Expenses: include attorneys' fees and all other costs, expenses, and obligations paid or incurred in connection with investigating, defending, being a witness in, or partici-

patting in (including on appeal) or preparing to defend, be a witness in, or participate in any Claim relating to any Indemnifiable Event.

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

(e) Potential Change in Control: shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; (iii) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or 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, who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding Voting Securities increases his or her beneficial ownership of such securities by 5% or more over the percentage so owned by such person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

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

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

## 2. Basic Indemnification Arrangement.

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

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



venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

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

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

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

6. Partial Indemnity, etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses, judgments, fines, penalties, and amounts paid in settlement of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Claim relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all

Expenses incurred in connection therewith. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

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

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

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

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

11. Amendments, etc. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

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

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

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

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

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

Executed as of the \* \_\_\_\_ day of \* \_\_\_\_\_, 199\* \_\_\_\_.

BOISE CASCADE CORPORATION

By \_\_\_\_\_

Name: John B. Fery  
Title: Chairman of the Board &  
Chief Executive Officer

INDEMNITEE

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\*[Name]

BOISE CASCADE CORPORATION  
DEFERRED COMPENSATION AND BENEFITS TRUST

TRUST AGREEMENT

By and Between

BOISE CASCADE CORPORATION  
and  
AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Dated  
November 2, 1987  
As Amended and Restated  
As of December 1, 1988

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BOISE CASCADE CORPORATION  
DEFERRED COMPENSATION AND BENEFITS TRUST

TRUST AGREEMENT (the "Trust"), dated November 2, 1987, as amended and restated as of December 1, 1988, by and between BOISE CASCADE CORPORATION, a Delaware corporation (the "Company"), and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO (the "Trustee").

WHEREAS, the Company is or may become obligated under certain employee benefit plans or agreements to make payments to certain of its directors and executives (the "Executives"); and

WHEREAS, the aforesaid obligations of the Company are not funded or otherwise secured and the Company has agreed to assure that the future payment of such amounts will not be improperly withheld in the event that a "Change in Control" of the Company (as defined herein) should occur; and

WHEREAS, for purposes of assuring that such payments will be made in accordance with the terms of the plans, the Company may, in its discretion, desire to deposit with the Trustee, subject only to the claims of the Company's creditors as provided herein, amounts of cash, marketable securities, and other property acceptable to the Trustee, sufficient to fund such payments as they may become due and payable; and

WHEREAS, this Trust is intended to be a grantor trust within the meaning of Section 671 of the Internal Revenue Code of 1986; NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I  
THE PLANS

SECTION 1.01 Plans. The following Company plans and agreements (collectively referred to as the "Plans") are subject to this Trust:

(a) The Boise Cascade Corporation Executive Officer Severance Pay Policy, a copy of which is attached as Exhibit A.

(b) Such other plans and agreements as the Company may, from time to time, add to this Trust, pursuant to the terms herein. Attached as Schedule 1 is a list of the names and mailing addresses of Executives currently participating in the Plans (the "Executive List"). The Company will revise the Executive List no less often than quarterly to reflect, among other things, the addition of new Plans and changes in the identity of Executives participating in the Plans.

The creation and funding of this Trust will not discharge the Company's obligations under the Plans. Distributions made from the Trust to or for Executives in respect of the Plans pursuant to Section 4.02 hereof, shall, to the extent of such distributions, satisfy the Company's obligation to pay benefits to such Executive under the Plans.

Subject to the terms of each of the Plans, the Company reserves the right to amend any of the Plans at any time prior to a Change in Control of the Company, in which case the Plans, as amended, shall continue to be subject to this Trust. At any time prior to a Change in Control of the Company, the Company may cause additional plans to become Plans subject to this Trust. Any amended or additional plans shall become Plans subject to this Trust only upon receipt by the Trustee of the amended or additional plan documents. Upon and after a Change in Control of the Company, the Company may not amend any Plan, withdraw any Plan from this Trust, cause any additional plans to become Plans hereunder, or add any participants to any Plan.

ARTICLE II  
TRUST AND THE TRUST CORPUS

SECTION 2.01 Delivery of Funds.

(a) (1) Concurrently with the execution of this Trust, the Company is delivering to the Trustee to be held in trust hereunder the sum of \$1,000.00 in cash to be administered and disposed of by the Trustee as provided herein. (2) Immediately upon a Potential Change in Control of the Company (as defined in Article III hereof), the Company may, in its discretion, deliver to the Trustee (in accordance with Section 6.01) such sums of cash, marketable securities, and other property acceptable to the Trustee in an amount up to 105% of the amount necessary to provide on an actuarial basis for the payment when due of all the Company's obligations to or on behalf of Executives under the Plans (the "Funding Amount") which shall be invested by the Trustee and administered in accordance with the terms of this Trust. The Trustee shall have no duty to perform or independently evaluate the calculations and determinations of the Company made pursuant to this Section 2.01(a).

(b) In the event of a Potential Change in Control of the Company, the Company shall, no less often than every six months from the date of such Potential Change in Control unless the entire Trust Corpus shall theretofore have been released pursuant to Article IV hereof, recalculate the Funding Amount as of the end of the month immediately preceding such six-month interval date as if the Potential Change in Control had occurred at the end of such month. If the amount so calculated exceeds the then fair market value of the Trust Corpus, the Company may transfer to the Trustee an amount in cash, marketable securities, or any other property acceptable to the Trustee equal to such excess. If the Funding Amount so calculated is less than the then fair market value of the Trust Corpus, the Trustee, upon receipt of a written request from the Company and subject to Section 4.03, shall distribute to the Company such difference in cash.

(c) After a Change in Control shall have occurred, and at all times prior to the release of the entire Trust Corpus pursuant

to Article IV hereof, the Funding Amount shall be recalculated by Milliman & Robertson, Inc., consulting actuaries (the "Actuary"), and subject to the limitations of Section 4.02(b) hereof, such recalculation by the Actuary shall be binding on the Company, the Executives, and the Trustee. The Trustee shall have no duty to perform or independently evaluate the determination of the Actuary made pursuant to this Section 2.01(b). If Milliman & Robertson, Inc. should decline to serve as Actuary or should discontinue business with no successor, or if 65% or more in number of the Executives reflected on the then most recent Executive List should notify the Trustee in writing to select another Actuary, the Trustee shall select another firm of consulting actuaries to serve as Actuary hereunder. The Trustee and the Company shall provide the Actuary with such relevant information as may be in its possession that is necessary to make such recalculation. The first such recalculation shall be made by the Actuary as soon as possible after the end of the second calendar year following the year in which the Change in Control occurred, and thereafter the Actuary shall recalculate the Funding Amount annually. Upon any such recalculation by the Actuary, if the amount so calculated exceeds the then fair market value of the Trust Corpus, the Actuary shall so notify the Company and the Trustee, and the Company may forthwith transfer to the Trustee an amount in cash equal to such excess, and if the then fair market value of the Trust Corpus exceeds 125% of the Funding Amount so calculated, the Trustee, upon receipt of a written request from the Company and subject to Section 4.03, shall distribute to the Company in cash an amount equal to such excess.

(d) The Funding Amount shall be determined from time to time in accordance with the terms of each of the Plans and in accordance with the assumptions set forth in Exhibit B hereto.

(e) Payment by the Company pursuant to Section 2.01(a), (b), or (c) hereof shall be accompanied by a Payment Schedule (as defined in Section 4.02(a) hereof) with respect to each Executive for whose account such payment is being made.

#### SECTION 2.02 Trust Corpus.

(a) As used herein, the term "Trust Corpus" shall mean the amounts delivered to the Trustee pursuant to the terms hereof, less amounts distributed or paid from the Trust pursuant to the terms hereof, plus all income earned by the Trust, in whatever form held or invested as provided herein. Upon and after the transfer to the Trustee of the amounts provided in subsection (2) of Section 2.01(a), the Trust Corpus shall consist of two portfolios as follows: (i) a short-term fixed income portfolio (the "Short-Term Portfolio") which, except as otherwise provided below in this Section 2.02(a), shall be invested solely in U.S. Treasury obligations having maturities of less than one year, and (ii) an immunized/dedicated fixed income portfolio ("the "Dedicated Portfolio") which shall constitute a portfolio of cash and/or U.S. Treasury obligations that will produce a cash flow sufficient to provide for the payment when due of all the Company's obligations to Executives under those Plans the benefits under which are to be paid from the Dedicated Portfolio, as reflected on Exhibit B hereto. So long as the Dedicated Portfolio has a current and projected cash flow sufficient to pay when due all amounts to be paid from such Dedicated Portfolio, the Trustee shall hold the assets of the Dedicated Portfolio in that form. If the Trustee is advised by the Actuary that the Dedicated Portfolio is no longer sufficient for that purpose, the Trustee shall liquidate and reinvest such assets in the Trust Corpus as may be necessary to cause the Dedicated Portfolio to be sufficient for that purpose, or as nearly so as possible, all in accordance with the instructions of Loomis, Sayles and Company, Inc., or its successor (the "Advisor"), or if that Company has discontinued business with no successor, with the instructions of a recognized professional expert in the creation of immunized/dedicated fixed income portfolios to be selected by the Trustee. The Trustee shall have no responsibility to verify such advice by the Actuary or instructions from the Advisor. Any portion of the Trust Corpus not allocated to the Dedicated Portfolio shall be allocated to the Short-Term Portfolio. Prior to a Potential Change in Control of the Company, the original funding of \$1,000 shall be held uninvested by the Trustee.

(b) All expenses (including, as provided in Section 5.01 hereof, any expenses of the Trustee) charged against the Trust Corpus shall be for the account of the Company and the Company shall be obligated promptly to reimburse the Trust Corpus for any expense charged against the Trust Corpus except to the extent that such amounts have been applied to reduce amounts payable to the Company pursuant to Section 2.01(b) or (c) hereof. The Trustee shall notify the Company from time to time of the amount of such expenses, and the Company shall promptly reimburse the Trust Corpus for those amounts. Notwithstanding the foregoing, in determining the expenses charged against the Trust Corpus, no amounts that may be paid pursuant to the Payment Schedules shall be considered to be "expenses."

### ARTICLE III CHANGE IN CONTROL

SECTION 3.01 Definition of Potential Change in Control. For purposes of this Trust, a "Potential Change in Control" of the Company means that (i) the Company has entered into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) any person (including the Company) has publicly announced an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any person has become the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (iv) the Board of Directors has adopted a resolution to the effect that a Potential Change in Control of the

Company for purposes of this Trust has occurred.

SECTION 3.02 Definition of Change in Control. For purposes of this Trust, a "Change in Control" of the Company means a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or an employee benefit plan maintained by the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company, including for this purpose any new director whose election or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority thereof.

SECTION 3.03 Notice of Change. For purposes of this Trust, a Potential Change in Control or a Change in Control of the Company shall be deemed to have occurred only upon receipt by the Trustee of written notice to that effect from the Board of Directors or the Chief Executive Officer of the Company.

#### ARTICLE IV

##### RELEASE OF THE TRUST CORPUS

SECTION 4.01 Delivery to the Company. Except as provided in Section 4.03, in the event the Company delivers the Funding Amount to the Trustee upon a Potential Change in Control, the remaining Trust Corpus less the original funding of \$1,000 shall be returned to the Company one year after delivery to the Trustee unless a Change in Control shall have occurred during such one-year period. Such one-year period shall recommence in the event of and upon the date of any subsequent Potential Change in Control. If another Potential Change in Control should occur after the Funding Amount has been returned to the Company as provided in this Section 4.01, the Company may deliver a new Funding Amount to the Trustee pursuant to Section 2.01. The Company shall provide written notice to the Trustee of the occurrence of a Change in Control or Potential Change in Control or the passage of the one-year period requiring the return of trust assets to the Company pursuant to the terms of this Section 4.01.

SECTION 4.02 Deliveries to Participants. The Trustee shall hold the Trust Corpus in its possession under the provisions of this agreement until authorized to deliver the Trust Corpus or any specified portion thereof as follows:

(a) In connection with any payment of the Funding Amount, the Company shall deliver to the Trustee schedules (the "Payment Schedules") indicating the amounts payable to or on behalf of each Executive, or providing a formula or instructions for determining the amounts so payable, the person or persons to whom so payable, the form in which such amount is to be paid (as provided for or available under the Plans), and the time of commencement for payment of such amounts. The Company (or, after a Change in Control of the Company, the Actuary) shall revise the Payment Schedules from time to time to the extent required under the Plans or pursuant to this Trust Agreement. The appropriate Payment Schedule also shall be delivered by the Trustee to each Executive. Modified Payment Schedules shall be delivered by the Company or the Actuary to the Trustee and by the Trustee to the Executives at each time that additional amounts are paid by the Company to the Trustee (or refunded to the Company) under the terms hereof and upon the occurrence of any event, such as the addition of new Executives or Plans or early retirement of an Executive, requiring a modification of any Payment Schedule. The Trustee shall have no duty to perform or to evaluate independently the determination of the Company or the Actuary made pursuant to this Section 4.02(a). At any time prior to a Change in Control of the Company, the Company may add additional Plans or additional Executives under any of the Plans, in which case both the Payment Schedules and the Funding Amount shall be adjusted accordingly. Except as otherwise provided herein, the Trustee shall make payments to or for the Executives only in accordance with the Payment Schedules. Upon and after a Change in Control of the Company, the Company may not cause any additional plans to become Plans hereunder, nor may any additional Executive be added under any of the Plans.

(b) After a Change in Control of the Company has occurred, an Executive who reasonably believes that the then current Funding Amount is inadequate or that the then current Payment Schedule applicable to him or her does not properly reflect the amount payable to or for such Executive or the time or form of payment from the Trust Corpus in respect of the Plans, may deliver to the Trustee written notice (the "Executive's Notice") setting forth the Funding Amount and/or payment instructions for the amount the Executive believes is due under the relevant terms of the Plans. The Trustee shall deliver a copy of the Executive's Notice to the Company and the Actuary and to each other Executive within ten business days of the delivery to the Trustee, and the Trustee will engage one or more independent attorneys, accountants, actuaries, or other experts (the "Experts"), including, if the Trustee so determines, the Actuary and/or the Advisor, to determine the correct Funding Amount and the correct Payment Schedule. The Trustee shall have no duty to perform or independently evaluate the determination of the Experts made pursuant to this Section 4.02(b). After any

such determinations, appropriate adjustments to the Funding Amount and the affected Payment Schedule may be made in accordance with the determination of the Experts, and any increase in the Funding Amount may be paid by the Company, in its sole discretion, to the Trustee as provided in Section 2.01(c).

(c) The Trustee shall withhold from any payment due to an Executive hereunder the amount required by law to be so withheld under federal, state, and local wage withholding requirements or otherwise, and shall pay over to the appropriate government authority the amounts so withheld.

(d) Except as otherwise provided herein, in the event of any final determination by the Internal Revenue Service or a court of competent jurisdiction, which determination is not appealable or with respect to which the time for appeal has expired, that the Executives or any particular Executive is subject to federal income taxation on amounts held in Trust hereunder prior to the distribution to the Executives or Executive of such amounts, the Trustee shall, on receipt by the Trustee of notice of such determination, pay to each Executive the portion of the Trust Corpus includible in such Executive's federal gross income.

(e) Any revisions, modifications, or additions pertaining to Payment Schedules, Plans or the Executive List shall not be subject to this Trust until receipt by the Trustee of copies thereof.

SECTION 4.03 Deliveries to Creditors of the Company. The Trust Corpus is and shall remain at all times subject to the claims of the general creditors of the Company in the event of the Company's insolvency or bankruptcy as defined in Section 4.04. Accordingly, the Company shall not create, and except as otherwise provided by Section 5.01(f), this Trust Agreement shall not be construed to create, a security interest in the Trust Corpus in favor of the Executives or any creditor. If the Trustee receives the notice provided for in Section 4.04 hereof, or if the Trustee receives a written allegation from a person or entity claiming to be a creditor of the Company that the Company is bankrupt or insolvent, the Trustee shall discontinue payments to or on behalf of any of the Executives. The Trustee shall, as soon as practicable thereafter, determine whether the Company is bankrupt or insolvent, based upon such evidence as may be available to the Trustee which would provide a reasonable basis for making such a determination. Unless the Trustee has actual knowledge or has received the notice or written allegation referred to hereinabove, the Trustee shall have no duty to inquire or determine whether the Company is bankrupt or insolvent. If the Trustee determines that the Company is bankrupt or insolvent, the Trustee shall hold the Trust Corpus for the benefit of the Company's general creditors and deliver any remaining Trust Corpus to satisfy the claims of such creditors as a court of competent jurisdiction may direct, and the Trustee is authorized to institute or participate in appropriate legal proceedings to obtain such directions or to determine if the Company is bankrupt or insolvent. The Trustee shall resume distributions of Trust Corpus to or for the Executives under the terms hereof, including any arrearages, after so notifying the Company, if it determines that the Company was not, or is no longer, bankrupt or insolvent, or pursuant to an order of a court of competent jurisdiction.

SECTION 4.04 Notification of Bankruptcy or Insolvency. The Board of Directors and Chief Executive Officer of the Company shall advise the Trustee in writing of the Company's bankruptcy or insolvency within three business days following the occurrence of an event of bankruptcy or insolvency. The Company shall be deemed to be bankrupt or insolvent upon the occurrence of either of the following:

(i) The Company is unable to pay its debts as such debts become due; or

(ii) The Company is subject to a pending proceeding as a debtor under the Bankruptcy Code.

#### ARTICLE V TRUSTEE

##### SECTION 5.01 Trustee.

(a) The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Trust, and no implied covenants or obligations shall be read into this Trust against the Trustee. The Trustee shall be entitled to reasonable fees for the performance of its duties hereunder, as reflected on Schedule 2, attached.

(b) The Trustee shall maintain such books, records and accounts as may be necessary for the proper administration of the Trust Corpus based upon information supplied to the Trustee by the Company or the Actuary. After the delivery to the Trustee of the amounts specified in Section 2.01(a) hereof, the Trustee shall render to the Company and to each Executive, on or prior to each April 1 until the termination of this Trust (and within a reasonable period of time after the date of such termination), an accounting with respect to the Trust Corpus as of the end of the then most recent calendar year (and as of the date of such termination). Unless the Company or any Executive shall have filed with the Trustee written exceptions or objections to any such accounting within 180 days after receipt thereof, the Company or the Executive, as the case may be, shall be deemed to have approved such accounting, and in such case the Trustee shall be forever released and discharged with respect to all matters and things reported in such accounting as though it had been settled by a decree of a court of competent jurisdiction in an action or proceeding to which the Company and the Executive were parties.

(c) The Trustee shall not be liable for any act taken or



omitted to be taken hereunder if taken or omitted to be taken by it in good faith. Subject to the express provisions of Section 4.03, the Trustee shall rely at all times on, and shall have no duty of inquiry with respect to the most current Payment Schedule, Plans, Executive List, or other notice or instruction provided to it in accordance with this Trust Agreement.

(d) The Trustee may consult with legal counsel, the Actuary, the Advisor, or other experts to be selected by it, and the Trustee shall not be liable for any action taken or suffered by it in good faith in accordance with the advice of such experts.

(e) The Company shall reimburse the Trustee for all reasonable expenses incurred in connection with the performance of duties hereunder, including, but not limited to, any fees or expenses incurred by the Trustee, the Actuary, the Experts, or any Executives pursuant to Sections 2.01(c), 4.02(b), 4.03, 5.01, or 5.02. The provisions of this Section 5.01(e) shall survive the termination of this Trust Agreement.

(f) The Company agrees to indemnify and hold harmless the Trustee from and against any and all damages, losses, claims or expenses as incurred (including, without limitation, expenses of legal proceedings, including reasonable counsel fees, investigation, and fees and disbursements of the Actuary, the Advisor, the Experts or counsel to the Trustee, and any taxes imposed on the Trust Corpus or income of the Trust) arising out of or in connection with the performance by the Trustee of its duties hereunder. Notwithstanding any other provision hereof, any amount payable under paragraph (e) of this Section 5.01 or this paragraph (f) and not previously paid by the Company shall be paid by the Company promptly upon demand therefor or, if the Trustee so chooses in its sole discretion, from the Trust Corpus. In the event that payment is made hereunder from the Trust Corpus, the Trustee shall promptly notify the Company in writing of the amount of such payment. The Company agrees that, upon receipt of such notice, it will deliver to the Trustee to be held in the Trust an amount in cash equal to any payments made from the Trust Corpus pursuant to paragraph (e) of this Section 5.01 or this paragraph (f). The failure of the Company to transfer any such amount shall not in any way impair the Trustee's right to indemnification, reimbursement, and payment pursuant to paragraph (e) of this Section 5.01 or this paragraph (f).

(g) The Trustee is specifically authorized to take such action as may be necessary or appropriate, including the institution of litigation or other legal process, to enforce the Company's obligations hereunder on behalf of either itself or the Executives. Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall not be obligated to take or to continue any action hereunder that would cause an expense to it in excess of the then fair market value of the Trust Corpus.

(h) Payments to or for Executives hereunder shall be made when due in accordance with the Plans and the Payment Schedules. In the event the Trust Corpus should be insufficient to pay when due all amounts payable hereunder to or for the Executives, amounts due first in time shall be paid in full without proration until the Trust Corpus is exhausted. The Trustee shall have no duty to make payments hereunder except from the Trust Corpus.

SECTION 5.02 Successor Trustee. The Trustee may resign from its duties hereunder at any time by giving notice in writing of such resignation to the Company and each Executive specifying a date (not less than thirty days after the giving of such notice) when such resignation shall take effect. Promptly after such notice, the Company, or if a Change in Control shall previously have occurred, the Company and a least 65% in number of the Executives reflected on the then most recent Executive List, shall appoint a successor trustee, and such trustee shall become Trustee hereunder upon the resignation date specified in such notice. If the Company is unable to designate a successor or if the Company and such Executives are unable to so agree upon a successor trustee within thirty days after such notice, the successor trustee shall be selected by the vote of not less than 65% in number of such Executives. If such Executives cannot so agree on a successor trustee, the Trustee shall be entitled to petition a United States District Court or any court of competent jurisdiction in the state in which the Trustee maintains its principal place of business to relieve the Trustee of its duties hereunder. The Trustee shall continue to serve until its successor accepts the trust and receives delivery of the Trust Corpus. The Company, or if a Change in Control shall previously have occurred, the Company and at least 65% in number of the Executives reflected on the then most recent Executive List, may at any time substitute a new trustee by giving fifteen days' notice thereof to the Trustee then acting. In the event of such removal or resignation, the Trustee shall duly file with the Company and, on and after a Change in Control, the Executives, a written statement or statements of accounts and proceedings as provided in Section 5.01(b) hereof for the period since the last previous annual accounting of the Trust, and if written objection to such account is not filed as provided in Section 5.01(b) hereof, the Trustee shall to the maximum extent permitted by applicable law be forever released and discharged from all liability and accountability with respect to the propriety of its acts and transactions shown in such account. Any successor trustee shall have no liability for the acts or omissions of a predecessor trustee.

#### ARTICLE VI TERMINATION AND AMENDMENT

SECTION 6.01 Termination. Except as provided herein, this Trust shall be irrevocable. At any time prior to a Change in Control of the Company, this Trust may be terminated by agreement of the Company and at least 65% in number of the Executives reflected on the then most recent Executive List. Upon or after a Change in Control of the Company, this Trust shall be terminated upon the earliest to

occur of the following events: (i) the written agreement to so terminate of the Company and all of the Executives reflected on the then most recent Executive List, provided, however, that no termination due to this event shall operate to accelerate payment of any amount to or for the Executives; (ii) the final payment from the Trust of the remaining balance of the Trust Corpus; or (iii) twenty-one years after the death of the last survivor of all of the Executives included on the original Executive List and those persons now living who have been designated as beneficiaries of such Executives in accordance with the terms of any of the Plans. Promptly upon termination of this Trust, any remaining portion of the Trust Corpus shall be paid to the Company or its successor in interest.

SECTION 6.02 Amendment.

(a) At any time prior to a Change in Control of the Company, this Trust may be amended by the Company, provided, however, that no such amendment may be made that would contravene the terms of any of the Plans or accelerate payment to or for the Executives thereunder and provided further that the Trustee must consent to any amendment that would increase its duties hereunder.

(b) Upon and after a Change in Control of the Company, the following rules will govern amendments: (i) this Trust may not be amended except by an instrument in writing signed on behalf of the Trustee and the Company, together with the written consent of at least 65% in number of the Executives reflected on the then most recent Executive List; (ii) notwithstanding the foregoing, any such amendment may be made by written agreement of the Trustee and the Company without obtaining the consent of the Executives if such amendment does not adversely affect the rights of any Executive hereunder or if such amendment is necessary in order to obtain a favorable determination of the Internal Revenue Service as to the federal income tax consequences to the Executives of the creation and funding of the Trust hereunder; (iii) no such amendment relating to this Trust may be made that would decrease the amounts payable hereunder to a particular Executive unless such Executive has agreed in writing to such amendment; and (iv) no such amendment relating to this Trust may be made that would contravene the terms of any of the Plans as in existence prior to a Change in Control of the Company or accelerate payment to or for the Executives thereunder.

ARTICLE VII

GENERAL PROVISIONS

SECTION 7.01 Further Assurances. The Company shall, at any time and from time to time, upon the reasonable request of the Trustee, execute and deliver such further instruments and do such further acts as may be necessary or proper to effectuate the purposes of this Trust. The Trustee shall incur no liability under this Trust Agreement for any failure to act pursuant to any notice, direction, or other communication from any person entitled to instruct the Trustee hereunder, or in the absence thereof, unless and until the Trustee shall have received instructions in form satisfactory to it.

SECTION 7.02 Certain Provisions Relating to This Trust.

(a) This Trust sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes any and all prior agreements, arrangements and understandings relating thereto. This Trust shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives.

(b) This Trust shall be governed by and construed in accordance with the laws of the State of Illinois, other than and without reference to any provisions of such laws regarding choice of laws or conflict of laws.

(c) In the event that any provision of this Trust or the application thereof to any person or circumstances shall be determined by a court of proper jurisdiction to be invalid or unenforceable to any extent, the remainder of this Trust, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Trust shall be valid and enforced to the fullest extent permitted by law.

(d) No Executive shall have any preferred claim on, or any beneficial ownership interest in, any assets of the Trust before such assets are paid to or for the Executive as provided in Section 4.02, and all rights created under the Trust and the Plans shall be unsecured contractual rights of the Executive against the Company. No part of, or claim against, the assets of the Trust may be assigned, anticipated, alienated, encumbered, garnished, attached, or in any other manner disposed of by any of the Executives, and no such part or claim shall be subject to any legal process or claims of creditors of any of the Executives. Any amounts transferred to the Trust shall not in any way represent security for payment of benefits under the Plans, and benefits under the Plans are in no way governed or limited by the amounts of assets, if any, held in this Trust. The Company shall make no representation that the assets of the Trust are not subject to claims of the Company's creditors in the event of bankruptcy or insolvency of the Company.

SECTION 7.03 Notices. Any notice, report, demand or waiver required or permitted hereunder shall be in writing and shall be given personally or by prepaid registered or certified mail, return receipt requested, addressed as follows:

If to the Company: Boise Cascade Corporation  
Attention General Counsel  
One Jefferson Square  
P.O. Box 50  
Boise, ID 83728

If to the Trustee: American National Bank and Trust  
Company of Chicago

Attention Trust Administration  
Division  
33 North LaSalle Street  
Chicago, IL 60690

If to an Executive, to the address of such Executive as listed on the then most recent Executive List.

A notice shall be deemed received upon the date of delivery if given personally or, if given by mail, upon the receipt thereof.

SECTION 7.04 Trust Beneficiaries. Each Executive is an intended beneficiary under this Trust, and shall be entitled to enforce all terms and provisions hereof with the same force and effect as if such person had been a party hereto.

IN WITNESS WHEREOF, the parties have executed this Trust as of the date first written above.

BOISE CASCADE CORPORATION

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

AMERICAN NATIONAL BANK AND  
TRUST COMPANY OF CHICAGO

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

AMENDMENT NO. 1

THIS AMENDMENT NO. 1 to the Trust Agreement between BOISE CASCADE CORPORATION and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO dated November 2, 1987, as amended and restated as of December 1, 1988 (the "Trust Agreement"), is entered into as of this 15th day of December, 1988, and amends the Trust Agreement as follows:

Plans. In accordance with Section 1.01 of the Trust Agreement, the following plans and agreements of Boise Cascade Corporation, in the form attached hereto and as they may be amended hereafter from time to time, are hereby made subject to the Trust Agreement and are added to Exhibit A thereto:

1. Split-Dollar Life Insurance Plan (Exhibit A(b))
2. Executive Officer Severance Agreements for Executive Officers listed on Schedule 1 to the Trust Agreement (Exhibit A(c) -- form of Agreement)
3. 1982 Executive Officer Deferred Compensation Plan (Exhibit A(d))
4. 1986 Executive Officer Deferred Compensation Plan (Exhibit A(e))
5. 1983 Board of Directors Deferred Compensation Plan (Exhibit A(f))
6. 1987 Board of Directors Deferred Compensation Plan (Exhibit A(g))
7. 1987 Key Executive Deferred Compensation Plan (Exhibit A(h))
8. Key Executive Performance Plan for Executive Officers (Exhibit A(i))
9. Supplemental Early Retirement Plan for Executive Officers (Exhibit A(j))
10. Boise Cascade Corporation Supplemental Retirement Policy (Exhibit A(k))

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 as of the date first written above.

BOISE CASCADE CORPORATION

AMERICAN NATIONAL BANK AND  
TRUST COMPANY OF CHICAGO

By /s/ J. E. Clute  
Title Senior Vice President

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

AMENDMENT NO. 2

This Amendment No. 2 to the Trust Agreement between Boise Cascade Corporation and American National Bank and Trust Company of Chicago dated November 2, 1987, as amended and restated as of December 1, 1988, and as further amended December 15, 1988 (the "Trust Agreement"), is entered into as of this 30th day of June, 1989, and amends Section 3.01 of the Trust Agreement, effective June 30, 1989, to read as follows:

SECTION 3.01 Definition of Potential Change in Control. For purposes of this Trust, a "Potential Change in Control" of the Company means that (i) the Company has entered into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) any person (including the Company) has publicly announced an intention to take or to consider taking actions which if consummated would constitute a Change in Control of the Company; (iii) any person, other than the Company or an employee benefit plan maintained by the Company, has become the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (iv) the Board of Directors has adopted a resolution to the effect that a Potential Change in Control of the Company for purposes of this Trust has occurred.

In witness whereof, the parties have executed this Amendment No. 2 as of the date first written above.

BOISE CASCADE CORPORATION

By /s/ J. E. Clute  
Title Senior Vice President, Human  
Resources and General Counsel

AMERICAN NATIONAL BANK AND TRUST  
COMPANY OF CHICAGO

By \_\_\_\_\_  
Title Vice President

BOISE CASCADE CORPORATION  
1991 DIRECTOR STOCK OPTION PLAN

As Amended February 7, 1992

BOISE CASCADE CORPORATION  
1991 DIRECTOR STOCK OPTION PLAN

1. PLAN ADMINISTRATION AND ELIGIBILITY

1.1 Purpose. The purpose of the 1991 Director Stock Option Plan (the "Plan") of Boise Cascade Corporation (the "Company") is to encourage ownership of the Company's common stock by its nonemployee directors.

1.2 Administration. This Plan shall be administered by the Executive Compensation Subcommittee (the "Committee") of the Human Resources Committee of the Board of Directors of the Company. The Committee shall have full authority to administer this Plan, including authority to interpret and construe any provision of this Plan and to adopt such rules for administering this Plan as it may deem necessary or appropriate. Decisions of the Committee shall be final and binding on all persons who have an interest in this Plan.

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

2. STOCK SUBJECT TO THE PLAN

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

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

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

3. OPTIONS

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

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

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

3.3.1 Elected Portion of Annual Retainer and Meeting Fee Shares. The number of option Shares equal to the nearest whole number determined by the following formula:

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

3.3.2 Dividend Equivalent Shares. The number of option Shares equal to the nearest whole number determined by the following formula:

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

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

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

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

3.3.3.3 "Dividend Equivalent." The aggregate

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

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

3.3.3.5 "Fair Market Value." The closing price for Shares on July 31 as reported on The New York Stock Exchange Composite Tape or, if the New York Stock Exchange is not open for trading on July 31, on the immediately preceding trading day (the "Valuation Date").

3.3.3.6 "Record Date." Each date declared as a record date by the Board of Directors for the purpose of determining shareholders eligible to receive a dividend to be paid on Shares.

3.4 Director Terminations. If a director participating in this Plan retires, resigns, dies, or otherwise terminates his or her position on the Company's Board of Directors, on December 31 of the year in which the termination occurs the director shall be granted an option for Shares under this Plan equal in value to (i) the Elected Portion of Annual Retainer and Meeting Fees and (ii) the Dividend Equivalent. For purposes of this Section 3.4, the amount of the Annual Retainer shall be prorated through the date of termination.

3.5 Written Agreements. Each grant of an option under this Plan shall be evidenced by a written agreement, which shall comply with and be subject to the terms and conditions contained in this Plan.

3.6 Nonstatutory Stock Options. Options granted under this Plan shall not be entitled to special tax treatment under Section 422A of the Internal Revenue Code of 1986.

3.7 Period of Option. No option may be exercised within six months of its Grant Date, provided, however, that options held by a director shall be immediately exercisable upon (i) that director's retirement because of age, disability, or death, or (ii) the occurrence of any of the events described in Section 3.11, [recognizing that Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Act"), may limit a director's ability to resell the Shares acquired upon the exercise until six months after the Grant Date]. No option shall be exercisable after expiration of three years from the date upon which the option holder terminates his or her position as a director of the Company.

3.8 Exercise of Options. Options may be exercised only by written notice to the secretary of the Company and payment of the exercise price in (i) cash, (ii) Shares (a director may surrender one or more Shares in the exercise of an Option with instructions to resurrender any Shares acquired upon exercise in one or more successive, simultaneous exercises until Options covering the number of specified Shares have been exercised), (iii) a loan from the Company, or (iv) delivery of an irrevocable written notice instructing the Company to deliver the Shares being purchased to a broker, subject to the broker's written guarantee to deliver cash to the Company, in each case equal to the full consideration of the Option Price for the Shares which are being exercised. Options may be exercised in whole or in part.

3.9 Options Nontransferable. Each option granted under this Plan shall not be transferable by the optionee otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder. No option granted under this Plan, or any interest therein, may be otherwise transferred, assigned, pledged, or hypothecated by the director to which the

option was granted during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment, or similar process.

3.10 Exercise by Representative Following Death of Director. A director, by written notice to the Company, may designate one or more persons (and from time to time change such designation), including his or her legal representative, who, by reason of the director's death, shall acquire the right to exercise all or a portion of an option granted under this Plan. Any exercise by a representative shall be subject to the provisions of this Plan.

### 3.11 Acceleration of Stock Options.

3.11.1 Merger or Consolidation. Notwithstanding Section 3.7, in the event of a dissolution or a liquidation of the Company or a merger and consolidation in which the Company is not the surviving corporation, any unexercised options granted prior to the date of the merger or consolidation shall become exercisable immediately prior to the date of the merger or consolidation. In addition, upon the occurrence of any of these events, any pro rata amounts of the Elected Portion of Annual Retainer, Meeting Fees earned, and Dividend Equivalent for the year in which such event occurs, which would otherwise have been paid in the form of options granted under this Plan shall be promptly paid to each participating director in cash.

3.11.2 Change of Control. If, while unexercised options remain outstanding hereunder, (i) any "person" (as this term is used in Sections 13(d) and 14(d) of the Act) other than the Company or an employee benefit plan maintained by the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities or (ii) during any period of two consecutive years, individuals who at the beginning of the period constitute the company's board of directors, including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, cease for any reason to constitute a majority of the members of the board, then from and after the date on which public announcement of the acquisition of such percentage is made or the date on which the change in the composition of the Board set forth above occurs, all options previously granted under this Plan shall be immediately exercisable in full.



#### 4. GENERAL PROVISIONS

4.1 Effective Date of This Plan. This Plan shall be effective January 1, 1992, subject to approval by the shareholders of the Company. Options may be granted under this Plan only after shareholder approval of this Plan. Directors may give written notice pursuant to Section 3.3.4.4 any time after December 1, 1991.

4.2 Duration of This Plan. This Plan shall remain in effect until all Shares subject to option grants have been purchased or all unexercised options have expired. Notwithstanding the foregoing, no options may be granted pursuant to this Plan on or after the tenth anniversary of this Plan's effective date.

4.3 Amendment of This Plan. The Committee may suspend or discontinue this Plan or revise or amend it in any respect, provided, however, that without approval of a majority of the Company's shareholders no revision or amendment shall (i) change the number of Shares subject to this Plan (except as provided in Section 4.4), (ii) change the designation of the class of directors eligible to participate in the Plan, (iii) change the formulas to determine the amount, price, or timing for the grants, or (iv) materially increase the benefits accruing to participants under this Plan. Moreover, in no event may these Plan provisions be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules and regulations thereunder. No amendment, modification, or termination of this Plan shall in any manner adversely affect the rights of directors holding options granted under this Plan without their consent.

4.4 Changes in Shares. In the event of any merger, consolidation, reorganization, recapitalization, stock dividend, stock split, or other change in the corporate structure or capitalization affecting the Shares, appropriate adjustment shall be made in the number (including the aggregate numbers specified in Section 2.1) and kind of Shares or other securities which are or may become subject to options granted under this Plan prior to and subsequent to the date of the change.

#### 4.5 Limitation of Rights.

4.5.1 No Right to Continue as a Director. Neither this Plan, nor the granting of an option under this Plan, nor any other action taken pursuant to this Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain a director for any period of time, or at any particular rate of compensation.

4.5.2 No Shareholders' Rights for Options. An optionee shall have no rights as a shareholder with respect to the Shares covered by his or her options until the date of the issuance to him or her of a stock certificate therefor.

4.6 Assignments. The rights and benefits under this Plan may not be assigned except as provided in Sections 3.9 and 3.10.

4.7 Notice. Any written notice to the Company required by any of the provisions of this Plan shall be addressed to the secretary of the Company and shall become effective when it is received.

4.8 Shareholder Approval and Registration Statement. This Plan shall be approved by the Board of Directors and submitted to the Company's shareholders for approval. Directors may elect to participate in this Plan prior to shareholder approval and prior to filing (and effectiveness of) a registration statement with the Securities and Exchange Commission covering the Shares to be issued upon the exercise of options. Any options granted under this Plan prior to effectiveness of the registration statement shall not be exercisable until, and are expressly conditional upon, the effectiveness of a registration statement covering the Shares.

4.9 Governing Law. This Plan and all determinations made and actions taken pursuant hereto shall be governed by and construed in accordance with the laws of the state of Delaware.

BOISE CASCADE CORPORATION AND SUBSIDIARIES  
Ratio of Earnings (Losses) to Fixed Charges

|   | 1989              | Year Ended December 31                  |                   |                    | 1993              |
|---|-------------------|---|-------------------|--------------------|-------------------|
|   |                   | 1990                                    | 1991              | 1992               |                   |
|   |                   | (dollar amounts expressed in thousands) |                   |                    |                   |
| Interest costs  | \$ 109,791        | \$ 142,980                              | \$ 201,006        | \$ 191,026         | \$ 172,170        |
| Interest capitalized during the period  | 15,981            | 35,533                                  | 6,498             | 3,972              | 2,036             |
| Interest factor related to noncapitalized leases (1)  | 3,387             | 3,803                                   | 5,019             | 7,150              | 7,485             |
| Total fixed charges   | <u>\$ 129,159</u> | <u>\$ 182,316</u>                       | <u>\$ 212,523</u> | <u>\$ 202,148</u>  | <u>\$ 181,691</u> |
| Income (loss) before income taxes   | \$ 436,870        | \$ 121,400                              | \$ (128,140)      | \$ (252,510)       | \$ (125,590)      |
| Undistributed (earnings) losses of less than 50% owned persons, net of distributions received | (68)              | 2,966                                   | (1,865)           | (2,119)            | (922)             |
| Total fixed charges   | 129,159           | 182,316                                 | 212,523           | 202,148            | 181,691           |
| Less: Interest capitalized  | (15,981)          | (35,533)                                | (6,498)           | (3,972)            | (2,036)           |
| Guarantee of interest on ESOP debt  | (12,236)          | (24,869)                                | (24,283)          | (23,380)           | (22,208)          |
| Total earnings (losses) from operations before fixed charges                                  | <u>\$ 537,744</u> | <u>\$ 246,280</u>                       | <u>\$ 51,737</u>  | <u>\$ (79,833)</u> | <u>\$ 30,935</u>  |
| Ratio of earnings (losses) to fixed charges   | 4.16              | 1.35                                    | - (2)             | - (2)              | - (2)             |

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

(2) Total fixed charges exceeded total earnings (losses) from operations by \$160,786,000, \$281,981,000, and \$150,756,000 at December 31, 1991, 1992, and 1993.

## Financial Highlights

|  | 1993            | 1992                | 1991            |
|--|-----------------|---------------------|-----------------|
| Sales  | \$3,958,300,000 | \$3,715,590,000     | \$3,950,490,000 |
| Net loss                                     | \$ (77,140,000) | \$ (227,480,000)(1) | \$ (79,450,000) |
| Net loss per common share                    |                 |                     |                 |
| Primary                                      | \$(3.17)        | \$(6.73)            | \$(2.46)        |
| Fully diluted(2)                             | \$(3.17)        | \$(6.73)            | \$(2.46)        |
| Shareholders' equity per common share        | \$25.92         | \$29.95             | \$37.49         |
| Capital expenditures                         | \$ 221,481,000  | \$ 282,951,000      | \$ 298,674,000  |
| Number of employees                          | 17,362          | 17,222              | 19,619          |
| Number of common shareholders                | 25,930          | 31,006              | 30,352          |
| Number of shares of common stock outstanding | 37,987,529      | 37,940,312          | 37,944,725      |

(1) Includes a one-time noncash charge of \$73,450,000 after tax, or \$1.94 per fully diluted common share, for the adoption of Financial Accounting Standards Board requirements to accrue postretirement benefits other than pensions.

(2) The computation of fully diluted net loss per common share for the periods shown was antidilutive; therefore, the amounts reported for primary and fully diluted net loss are the same.

## FINANCIAL REVIEW

### Income From Operations

Boise Cascade reported a net loss of \$77.1 million, or \$3.17 per fully diluted common share, in 1993. This compares with a net loss of \$227.5 million, or \$6.73 per fully diluted share, in 1992. The 1993 loss includes pretax gains on the sales of assets totaling \$13.9 million, or 23 cents per fully diluted share, and a net charge of \$2.1 million, or 6 cents per fully diluted share, resulting from changes in statutory tax rates in the U.S. and Canada.

The 1992 loss includes a charge of \$73.5 million after tax, or \$1.94 per fully diluted share, for the adoption of Financial Accounting Standards Board requirements to accrue the cost of postretirement benefits other than pensions.

After excluding gains and charges in both years, the Company lost \$83.6 million, or \$3.34 per share, in 1993, compared with a loss of \$154.0 million, or \$4.79 per share, in 1992. Sales in 1993 were \$4.0 billion, compared with \$3.7 billion in 1992. The increase in sales was due primarily to higher lumber and plywood prices in the Company's building products segment.

The Company's loss in 1993 was due principally to weak prices in our paper business. All of the Company's grades of paper have suffered in recent years, as domestic and overseas economies weakened and paper consumption flattened or declined. At the same time, significant new industry capacity started up over the last several years.

The Company's paper and paper products segment reported an operating loss of \$138 million in 1993, compared with a loss of \$187 million in 1992. The improvement in paper-segment results was due to significantly reduced manufacturing costs, an upgraded product mix, and modestly stronger unit sales volume. Segment sales were about flat, compared with those of a year ago.

Prices for uncoated business, printing, converting, and forms papers, newsprint, and coated papers rose modestly on average from year-ago levels, while average containerboard and market pulp prices declined. The average price per ton for all of Boise Cascade's pulp and paper sold in 1993 was about the same as in 1992. Prices declined 10 percent that year, 14 percent in 1991, and 6 percent in 1990.

Offsetting the continued weak prices was the impact of the Company's cost-reduction efforts. Through previous capital investment and process improvements, the Company's unit manufacturing costs in paper declined 4 percent in 1993 from 1992 levels.

Additionally, unit sales volume grew 2 percent to 3.6 million tons in 1993, despite 68,000 tons of market-related machine downtime taken throughout the year. The additional tonnage came mostly from the new business and printing paper machine in International Falls, Minnesota, which reached its rated production capacity in 1993.

Operating income for the office products segment was \$36 million in 1993, nearly twice the \$19 million earned in 1992, as we added sales volume and reduced operating costs to improve margins. Profits were about the same as those in 1991, which, at that time, included sales from our wholesale office products operations. In early 1992, we sold our wholesale operations in order to expand in the commercial channel.

After excluding the sales volume of the Company's former wholesale operations, dollar sales volume for the office products segment increased 10 percent to \$683 million due to volume from new and recently acquired facilities and additional volume from existing facilities. Sales volume was up 5 percent on a comparable-unit basis.

Operating income for the Company's building products segment was a record \$159 million in 1993, compared with \$115 million in 1992. Sales increased 21 percent to \$1.5 billion. The improvement in operating income was due to rising lumber and plywood prices, which, on average, were 22 percent and 18 percent higher, respectively, than they were a year earlier. Higher product prices resulted from a constrained supply of timber available for commercial harvest in the Pacific Northwest and concerns about potential future supply constraints. The cost of logs delivered to our wood products operations increased for the same reason -- up 22 percent in 1993 over 1992 costs.

#### Financial Condition

In 1993, operations provided \$131 million in cash, compared with \$67 million in 1992. The working capital ratio was 1.3:1 at the end of 1993, compared with 1.2:1 at the end of 1992.

The Company's effective tax rate increased to 40.3 percent in 1993 from 39.0 percent in 1992. Net interest expense in 1993 was \$148 million, down 11 percent from \$166 million in 1992 due to reduced interest rates and reduced debt.

On December 31, 1993, the Company's total debt amounted to \$2.0 billion, down from \$2.2 billion a year ago. Our long-term debt-to-equity ratio was 1.2:1, compared with 1.4:1 at the end of 1992. The improvement in debt and the debt-to-equity ratio reflects improved cash flow from operations and equity offerings during the year, offset by capital spending.

Our debt and debt-to-equity ratio include the guarantee by the Company of the remaining \$247 million of debt incurred by the trustee of our leveraged Employee Stock Ownership Plan (ESOP). 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 January 1993, \$100 million of 11.875 percent notes were retired when they came due, and the Company redeemed the \$92 million of 10.25 percent notes due in 1996. In the fourth quarter, the Company retired \$50 million of medium-term notes.

In January 1993, the Standard & Poor's Corporation reduced the Company's senior long-term debt rating to BB+ from BBB- with a stable outlook. In July 1993, Moody's Investors Service reduced the Company's senior long-term debt rating to Baa3 from Baa2 with a stable outlook.

The Company has revolving credit totaling \$880 million. We maintain a committed revolving agreement of \$750 million with a group of banks. As of December 31, 1993, borrowings under the existing agreement totaled \$275 million. At the time of expiration in May 1994, any amount outstanding will be payable in four quarterly installments unless the agreement is replaced. At year-end, the Company was negotiating a replacement revolving credit agreement.

One of our Canadian subsidiaries also maintains committed revolving credit of \$130 million with a group of banks. As of December 31, 1993, borrowings under this agreement totaled \$110 million. At the time of expiration in 1995, any amount outstanding will be payable in four quarterly installments.

The existing revolving credit agreements require the Company to maintain a minimum ratio of assets to indebtedness and to exceed certain minimum interest coverage tests. The Company believes it will be able to maintain adequate liquidity to meet our various financial requirements.

The amount of dividends that may be paid on the Company's common stock is restricted by a covenant in the Company's revolving credit agreements. Under this covenant, on December 31, 1992, and December 31, 1993, \$49 million and \$60 million, respectively, of retained earnings were available for the payment of dividends. This covenant does not restrict the payment of dividends on the preferred stock, but preferred stock dividends reduce the amount available under the covenant for payment of dividends on the Company's common stock. Additional equity and income add to the amount available for payment of dividends, and losses reduce the amount.

Additional information about the Company's credit agreements and debt is contained in Note 4 accompanying the financial statements.

In February 1993, the Company issued \$115 million, before costs of issuance, of nonconvertible cumulative preferred stock. The offering consisted of 4.6 million depositary shares, each representing one-fortieth of a share of nonconvertible cumulative preferred stock, Series F. The proceeds of the offering were primarily used to reduce debt.

In September 1993, the Company issued \$182 million, before costs of issuance, of conversion preferred stock. The offering consisted of 8.6 million depositary shares, each representing one-tenth of a share of conversion preferred stock, Series G. The proceeds of the offering were primarily used to pay down debt.

Additional information about the Company's preferred stock is contained in Note 6 accompanying the financial statements.

#### Capital Investment

Capital investment in 1993 was \$221 million, compared with \$283 million in 1992. The Company's capital investment in 1994 is expected to be approximately \$300 million and will be allocated to cost-saving, modernization, replacement, maintenance, environmental, and safety projects.

#### Dividends

In 1993, Boise Cascade's quarterly cash dividend was 15 cents per common share, the same as in 1992. The quarterly dividend was 44.75 cents on each depositary share of the Company's Series E conversion preferred stock, 58.75 cents on each depositary share of the Company's Series F cumulative preferred stock, and 39.5 cents on each depositary share of the Company's Series G conversion preferred stock.

#### Postemployment Benefits

In the fourth quarter of 1993, the Company adopted Financial Accounting Standards Board requirements to accrue certain severance, disability, and other benefits provided to former or inactive employees. The amount of that charge was immaterial.

#### Timber Supply

In recent years, heightened attention has been paid to developing and implementing recovery plans throughout the U.S. for species listed as threatened or endangered under the Endangered Species Act of 1973. Some of these plans have caused or could cause sharp curtailment in the use of public and private timberlands in the Pacific Northwest. The case of the spotted owl is a highly visible example of the negative impact of these plans on the paper and forest products industry.

In July 1993, the Clinton Administration announced a forest management plan that would reduce harvests in the so-called spotted owl forests of western Washington, western Oregon, and northern California to an average of 1.2 billion board feet annually for ten years -- about a 75 percent reduction in harvest levels from those of the mid-'80s.

If the plan is implemented as announced, as much as 50 percent of the wood products manufacturing capacity in the owl forests could be shut down over time, as compared with 1988 levels. In this environment, Boise Cascade has a number of relative advantages. An important share of our raw material needs is met by our own timberland -- some 1.3 million acres in Washington, Oregon, and Idaho. And our wood products facilities are among the most efficient in the region, allowing us to bid competitively for any timber that is available.

The Company's Northwest pulp and paper mills already receive approximately 73 percent of their wood chip supply either directly from or through trades with our wood products and whole-log chipping operations. The Company is taking additional steps to reduce our need for outside chip purchases. Our cottonwood tree plantation near our Wallula, Washington, mill should be ready for harvest in 1997, supplying a portion of our Northwest wood chip needs. In addition, two of our Northwest paper mills are now using recycled fiber -- and will use more -- to produce recycled-content paper products.

Thus, the Company is better positioned than most Northwest producers to compete in an era of reduced log supply. However, because of further potential litigation, legislation, and regulation related to this issue, we cannot predict how the next several years will unfold. At year-end, the Company's lumber capacity had been reduced 8.5 percent from the year-end 1992 level to 756 million board feet, primarily reflecting shift reductions due to limited log supply.

Also difficult to predict is the impact of these timber constraints on the cost structure of the Northwest paper and forest products industry. Log costs for wood products facilities have already climbed dramatically over the last several years, while wood chip costs for our Northwest pulp mills rose 75 percent from 1987 to 1991, before leveling off. Lumber and plywood prices, however, have outpaced log cost increases, resulting in strong profit margins in the wood products business. Because of excess industry supply, paper prices have not climbed to meet higher wood chip costs in the Northwest.

It is unclear what impact the developing recovery plans for various threatened or endangered species will have on pricing and cost trends in future years in the Northwest or across the nation.

#### Environmental Issues

The Environmental Protection Agency (EPA) has proposed new rules to regulate air and water emissions from pulp and paper mills. These proposed rules would, among other things, set extremely stringent standards for color, chemical oxygen demand, and the discharge of all chlorinated organics. "Chlorinated organics" refers to a family of thousands of organic compounds that occur naturally and are also produced as byproducts of pulp-bleaching processes that use chlorine compounds.

Although the majority of these chemical compounds discharged are environmentally benign, a small percentage, including the chemical dioxin, are known to be toxic at sufficiently high concentrations. With this knowledge, Boise Cascade has invested in new pulping and bleaching equipment and has changed bleaching processes so that, today, the level of dioxin in mill effluent at most of our pulp mills is so small that it cannot be measured using acceptable methodology.

Unfortunately, the proposed EPA rules do not discriminate between known toxins and other chlorinated organics, but rather seek to regulate the levels of all such compounds, regardless of their actual impact on human health or the environment. This approach is likely to require the elimination of elemental chlorine and may require the elimination of all chlorine compounds from the pulp-bleaching process, despite a lack of evidence that totally chlorine-free bleaching would result in significant or cost-effective improvement in the environment or public health. Moreover, the estimated cost of changing bleaching processes and capturing air emissions to accommodate the proposed regulations is staggering -- as much as \$12 billion for the U.S. pulp and paper industry as a whole. For Boise Cascade, the cost of complying with the proposed rules utilizing current technology could be several hundred million dollars over the next four or five years. We are working with industry associations and the EPA to achieve revisions to the proposed regulations that would better reflect scientific understanding of the effects, the risks of alternative pulp-bleaching processes, and the costs.

As of December 31, 1993, the Company was 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 53 sites where hazardous substances or other contaminants are located. The Company has resolved issues relating to several of these sites at minimal cost and believes that we may have minimal or no responsibility with regard to several other of these sites. In most cases, the Company is one of many potentially responsible parties, and our alleged contribution to these sites has been minor. For those sites where a range of potential liability has been determined, the Company has established appropriate reserves.

With respect to all of the currently outstanding sites, the Company cannot predict with certainty the total response and remedial costs, the Company's share of the total costs, the extent to which contributions will be available from other parties, the amount of time necessary to complete the cleanups, or the availability of insurance coverage. 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, the Company does 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.

Common Stock Prices

| Quarter | 1993     |          | 1992     |          | 1991     |          |
|---------|----------|----------|----------|----------|----------|----------|
|         | High     | Low      | High     | Low      | High     | Low      |
| First   | \$26 3/8 | \$19 1/2 | \$25 3/8 | \$20 7/8 | \$29 1/4 | \$23 7/8 |
| Second  | 27 1/2   | 22 1/2   | 22 7/8   | 17 3/4   | 28 5/8   | 24       |
| Third   | 24       | 19 5/8   | 20 1/2   | 16 3/8   | 28 3/8   | 24 1/4   |
| Fourth  | 24 7/8   | 20 3/8   | 22       | 17 1/4   | 27       | 18 3/8   |

The Company's common stock is traded principally on the New York Stock Exchange.

Common Stock Dividends

| 1993           | 1992  | 1991  |
|----------------|-------|-------|
| Paid Per Share |       |       |
| \$.15          | \$.15 | \$.38 |
| .15            | .15   | .38   |
| .15            | .15   | .38   |
| .15            | .15   | .38   |

1993 Capital Investment by Business

|                           | Expansion    | Quality/<br>Efficiency(1)<br>(expressed in millions) | Timber and<br>Timberlands | Replacement,<br>Environmental,<br>and Other | Total         |
|---------------------------|--------------|--|---------------------------|---|---------------|
| Paper and paper products  | \$ 25        | \$ 43  | \$ -                      | \$ 111                                      | \$ 179        |
| Office products           | 1            | 1  | -                         | 1   | 3             |
| Building products         | 8            | 7  | -                         | 14  | 29            |
| Timber and<br>timberlands | -            | -  | 4                         | -   | 4             |
| Other                     | 2            | -  | -                         | 4   | 6             |
| Total                     | <u>\$ 36</u> | <u>\$ 51</u>   | <u>\$ 4</u>               | <u>\$ 130</u>                               | <u>\$ 221</u> |

(1) Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects.



## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## STATEMENTS OF INCOME (LOSS)

|   | Year Ended December 31   |                     |                    |
|---|--------------------------|---------------------|--------------------|
|   | 1993                     | 1992                | 1991               |
|   | (expressed in thousands) |                     |                    |
| Revenues  |                          |                     |                    |
| Sales   | \$3,958,300              | \$3,715,590         | \$3,950,490        |
| Other income, net (Note 1)                                  | 24,140                   | 14,800              | 93,220             |
|   | <u>3,982,440</u>         | <u>3,730,390</u>    | <u>4,043,710</u>   |
| Costs and expenses  |                          |                     |                    |
| Materials, labor, and other operating expenses              | 3,373,300                | 3,223,910           | 3,345,230          |
| Depreciation and cost of company timber harvested           | 267,710                  | 265,790             | 245,270            |
| Selling and administrative expenses                         | 321,650                  | 335,170             | 411,020            |
|   | <u>3,962,660</u>         | <u>3,824,870</u>    | <u>4,001,520</u>   |
| Income (loss) from operations                               | <u>19,780</u>            | <u>(94,480)</u>     | <u>42,190</u>      |
| Interest expense  | (148,310)                | (166,450)           | (175,340)          |
| Interest income   | 1,330                    | 1,830               | 4,700              |
| Foreign exchange gain                                       | 1,610                    | 6,590               | 310                |
|   | <u>(145,370)</u>         | <u>(158,030)</u>    | <u>(170,330)</u>   |
| Loss before income taxes                                    | <u>(125,590)</u>         | <u>(252,510)</u>    | <u>(128,140)</u>   |
| Income tax benefit (Note 2)                                 | <u>(48,450)</u>          | <u>(98,480)</u>     | <u>(48,690)</u>    |
| Loss before cumulative effect of accounting change          | <u>(77,140)</u>          | <u>(154,030)</u>    | <u>(79,450)</u>    |
| Cumulative effect of accounting change, net of tax (Note 5) | <u>-</u>                 | <u>(73,450)</u>     | <u>-</u>           |
| Net loss  | <u>\$ (77,140)</u>       | <u>\$ (227,480)</u> | <u>\$ (79,450)</u> |

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

## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## STATEMENTS OF INCOME (LOSS)

|  | Year Ended December 31   |                 |                 |
|--|--------------------------|-----------------|-----------------|
|  | 1993                     | 1992            | 1991            |
|  | (expressed in thousands) |                 |                 |
| Net loss per common<br>share (Note 1)                          |                          |                 |                 |
| Primary  |                          |                 |                 |
| Loss before cumulative<br>effect of accounting change          | \$(3.17)                 | \$(4.79)        | \$(2.46)        |
| Cumulative effect of accounting<br>change, net of tax (Note 5) | -                        | (1.94)          | -               |
| Net loss per share   | <u>\$(3.17)</u>          | <u>\$(6.73)</u> | <u>\$(2.46)</u> |
| Fully diluted  |                          |                 |                 |
| Loss before cumulative<br>effect of accounting change          | \$(3.17)                 | \$(4.79)        | \$(2.46)        |
| Cumulative effect of accounting<br>change, net of tax (Note 5) | -                        | (1.94)          | -               |
| Net loss per share   | <u>\$(3.17)</u>          | <u>\$(6.73)</u> | <u>\$(2.46)</u> |

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

## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## BALANCE SHEETS

| Assets  | December 31              |                  |                  |
|---|--------------------------|------------------|------------------|
|   | 1993                     | 1992             | 1991             |
|   | (expressed in thousands) |                  |                  |
| Current   |                          |                  |                  |
| Cash and cash items (Note 1)  | \$ 14,860                | \$ 12,588        | \$ 15,156        |
| Short-term investments at cost,<br>which approximates market (Note 1)           | 7,569                    | 7,744            | 6,855            |
|   | <u>22,429</u>            | <u>20,332</u>    | <u>22,011</u>    |
| Receivables, less allowances of<br>\$1,264,000, \$1,757,000, and<br>\$4,891,000 | 366,187                  | 366,891          | 367,218          |
| Inventories (Note 1)  | 446,609                  | 415,930          | 479,432          |
| Deferred income tax benefits  | 38,831                   | 49,518           | 47,894           |
| Other   | 13,397                   | 12,993           | 16,680           |
|   | <u>887,453</u>           | <u>865,664</u>   | <u>933,235</u>   |
| Property (Note 1)   |                          |                  |                  |
| Property and equipment  |                          |                  |                  |
| Land and land improvements  | 56,871                   | 56,601           | 64,334           |
| Buildings and improvements  | 571,712                  | 556,266          | 593,649          |
| Machinery and equipment   | 4,642,434                | 4,498,287        | 4,417,202        |
|   | <u>5,271,017</u>         | <u>5,111,154</u> | <u>5,075,185</u> |
| Accumulated depreciation  | (2,261,360)              | (2,044,189)      | (1,912,660)      |
|   | <u>3,009,657</u>         | <u>3,066,965</u> | <u>3,162,525</u> |
| Timber, timberlands, and timber<br>deposits                                     | 366,054                  | 385,955          | 389,454          |
|   | <u>3,375,711</u>         | <u>3,452,920</u> | <u>3,551,979</u> |
| Other assets (Note 1)   | 249,809                  | 241,122          | 243,952          |
|   | <u>249,809</u>           | <u>241,122</u>   | <u>243,952</u>   |
| Total assets  | \$4,512,973              | \$4,559,706      | \$4,729,166      |

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

## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## BALANCE SHEETS

| Liabilities and Shareholders' Equity  | December 31              |             |             |
|---|--------------------------|-------------|-------------|
|   | 1993                     | 1992        | 1991        |
|   | (expressed in thousands) |             |             |
| Current   |                          |             |             |
| Notes payable   | \$ 31,000                | \$ 4,000    | \$ 58,000   |
| Current portion of long-term debt (Note 4)  | 145,185                  | 243,723     | 41,443      |
| Accounts payable  | 288,300                  | 268,962     | 291,956     |
| Accrued liabilities   |                          |             |             |
| Compensation and benefits   | 103,188                  | 107,007     | 122,414     |
| Interest payable  | 32,194                   | 42,847      | 44,487      |
| Other   | 88,568                   | 83,192      | 93,212      |
|   | 688,435                  | 749,731     | 651,512     |
| Debt (Note 4)   |                          |             |             |
| Long-term debt, less current portion  | 1,593,348                | 1,680,183   | 1,915,997   |
| Guarantee of ESOP debt  | 246,856                  | 261,695     | 275,058     |
|   | 1,840,204                | 1,941,878   | 2,191,055   |
| Other   |                          |             |             |
| Deferred income taxes (Note 2)  | 222,464                  | 279,011     | 348,903     |
| Other long-term liabilities   | 257,346                  | 231,490     | 90,083      |
|   | 479,810                  | 510,501     | 438,986     |
| Commitments and contingent liabilities<br>(Notes 1, 2, 5, and 7)  |                          |             |             |
| Shareholders' equity (Note 6)   |                          |             |             |
| Preferred stock - no par value;<br>10,000,000 shares authorized;<br>Series D ESOP: \$.01 stated value;<br>6,395,047, 6,475,198, and 6,672,496<br>shares outstanding | 287,777                  | 291,384     | 300,262     |
| Deferred ESOP benefit   | (246,856)                | (261,695)   | (275,058)   |
| Series E: \$.01 stated value; 862,500<br>shares outstanding in 1993 and 1992  | 191,466                  | 191,471     | -           |
| Series F: \$.01 stated value; 115,000<br>shares outstanding in 1993   | 111,043                  | -           | -           |
| Series G: \$.01 stated value; 862,500<br>shares outstanding in 1993   | 176,404                  | -           | -           |
| Common stock - \$2.50 par value;<br>200,000,000 shares authorized;<br>37,987,529, 37,940,312, and<br>37,944,725 shares outstanding                                  | 94,969                   | 94,851      | 94,862      |
| Retained earnings (Notes 1 and 4)   | 889,721                  | 1,041,585   | 1,327,547   |
| Total shareholders' equity  | 1,504,524                | 1,357,596   | 1,447,613   |
| Total liabilities and shareholders'<br>equity   | \$4,512,973              | \$4,559,706 | \$4,729,166 |
| Shareholders' equity per common share   | \$25.92                  | \$29.95     | \$37.49     |

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

## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

|   | Year Ended December 31   |              |             |
|---|--------------------------|--------------|-------------|
|   | 1993                     | 1992         | 1991        |
|   | (expressed in thousands) |              |             |
| Cash provided by (used for) operations                    |                          |              |             |
| Net loss  | \$ (77,140)              | \$ (227,480) | \$ (79,450) |
| Items in loss not using<br>(providing) cash               |                          |              |             |
| Cumulative effect of accounting<br>change, net of tax     | -                        | 73,450       | -           |
| Depreciation and cost of company timber<br>harvested      | 267,710                  | 265,790      | 245,270     |
| Deferred income tax benefit                               | (46,243)                 | (59,815)     | (42,059)    |
| Amortization and other                                    | 11,547                   | 28,549       | 11,841      |
| Gain on sales of operating assets (Note 1)                | (8,300)                  | (25,020)     | (99,716)    |
| Receivables   | (116)                    | (46,322)     | 65,551      |
| Inventories   | (30,679)                 | (3,319)      | 5,540       |
| Accounts payable and accrued liabilities                  | 15,696                   | 9,216        | (45,635)    |
| Current and deferred income taxes                         | 13,137                   | 53,572       | 4,640       |
| Other   | (14,391)                 | (1,947)      | 3,019       |
|   | 131,221                  | 66,674       | 69,001      |
| Cash provided by (used for) investment                    |                          |              |             |
| Expenditures for property and equipment                   | (216,818)                | (275,414)    | (293,609)   |
| Expenditures for timber and timberlands                   | (4,663)                  | (7,537)      | (5,065)     |
| Sales of operating assets (Note 1)                        | 23,992                   | 202,156      | 143,374     |
| Other   | 8,867                    | (31,387)     | (24,831)    |
|   | (188,622)                | (112,182)    | (180,131)   |
| Cash provided by (used for) financing                     |                          |              |             |
| Cash dividends paid                                       |                          |              |             |
| Common stock  | (22,772)                 | (22,765)     | (57,680)    |
| Preferred stock   | (44,731)                 | (32,712)     | (22,191)    |
|   | (67,503)                 | (55,477)     | (79,871)    |
| Notes payable   | 27,000                   | (54,000)     | 18,000      |
| Additions to long-term debt                               | 83,807                   | 130,937      | 369,041     |
| Payments of long-term debt                                | (269,180)                | (164,380)    | (197,158)   |
| Issuance of preferred stock (Note 6)                      | 287,442                  | 191,471      | -           |
| Other   | (2,068)                  | (4,722)      | (2,817)     |
|   | 59,498                   | 43,829       | 107,195     |
| Increase (decrease) in cash and short-term<br>investments | 2,097                    | (1,679)      | (3,935)     |
| Balance at beginning of the year                          | 20,332                   | 22,011       | 25,946      |
|   | \$ 22,429                | \$ 20,332    | \$ 22,011   |

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

## BOISE CASCADE CORPORATION AND SUBSIDIARIES

## STATEMENTS OF SHAREHOLDERS' EQUITY

For the Years Ended December 31, 1991, 1992, and 1993

| Common<br>Shares<br>Outstanding | Notes 1, 4, 5, and 6         | Total<br>Share-<br>holders'<br>Equity | Preferred<br>Stock | Deferred<br>ESOP<br>Benefit | Common<br>Stock | Retained<br>Earnings |
|---------------------------------|------------------------------|---------------------------------------|--------------------|-----------------------------|-----------------|----------------------|
| (expressed in thousands)        |                              |                                       |                    |                             |                 |                      |
| 37,948,511                      | Balance at December 31, 1990 | \$1,575,531                           | \$ 302,807         | \$ (285,678)                | \$ 94,871       | \$1,463,531          |
|                                 | Net loss                     | (79,450)                              |                    |                             |                 | (79,450)             |
|                                 | Cash dividends declared      |                                       |                    |                             |                 |                      |
|                                 | Common stock                 | (48,950)                              |                    |                             |                 | (48,950)             |
|                                 | Preferred stock              | (22,191)                              |                    |                             |                 | (22,191)             |
| (3,786)                         | Other                        | 22,673                                | (2,545)            | 10,620                      | (9)             | 14,607               |
| 37,944,725                      | Balance at December 31, 1991 | 1,447,613                             | 300,262            | (275,058)                   | 94,862          | 1,327,547            |
|                                 | Net loss                     | (227,480)                             |                    |                             |                 | (227,480)            |
|                                 | Cash dividends declared      |                                       |                    |                             |                 |                      |
|                                 | Common stock                 | (22,765)                              |                    |                             |                 | (22,765)             |
|                                 | Preferred stock              | (36,571)                              |                    |                             |                 | (36,571)             |
|                                 | Issuance of preferred stock  | 191,471                               | 191,471            |                             |                 |                      |
| (4,413)                         | Other                        | 5,328                                 | (8,878)            | 13,363                      | (11)            | 854                  |
| 37,940,312                      | Balance at December 31, 1992 | 1,357,596                             | 482,855            | (261,695)                   | 94,851          | 1,041,585            |
|                                 | Net loss                     | (77,140)                              |                    |                             |                 | (77,140)             |
|                                 | Cash dividends declared      |                                       |                    |                             |                 |                      |
|                                 | Common stock                 | (22,813)                              |                    |                             |                 | (22,813)             |
|                                 | Preferred stock              | (50,841)                              |                    |                             |                 | (50,841)             |
|                                 | Issuance of preferred stock  | 287,442                               | 287,442            |                             |                 |                      |
| 47,217                          | Other                        | 10,280                                | (3,607)            | 14,839                      | 118             | (1,070)              |
| 37,987,529                      | Balance at December 31, 1993 | \$1,504,524                           | \$ 766,690         | \$ (246,856)                | \$ 94,969       | \$ 889,721           |

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION. The financial statements include the accounts of the Company and all subsidiaries after elimination of intercompany balances and transactions.

OTHER INCOME. "Other income, net" on the Statements of Income (Loss) includes equity in earnings and losses of joint ventures, gains and losses on the sale and disposition of property, and other miscellaneous income and expense items. Results for 1993 include a net pretax gain of \$13,944,000, which was primarily attributable to sales of assets. A 1993 adoption of Financial Accounting Standards Board requirements to accrue certain severance, disability, and other benefits provided to former or inactive employees did not have a material impact on reported results. In 1992, strategic sales made by the Company included the sale of essentially all of its wholesale office products distribution operations at their approximate book value. Additionally, the Company sold 11 corrugated container plants at a gain of \$25,020,000 and wrote off certain pulp and paper mill start-up costs (see "Start-Up Costs" in this note). During 1991, the Company sold timberlands at a gain of \$62,648,000 and sold its 50% interest in a joint venture which operated corrugated container plants in Austria and Germany at a gain of \$37,068,000. Partially offsetting these gains were reserves of \$12,257,000 related to costs associated with the divestiture of certain assets.

FOREIGN CURRENCY TRANSLATION. Foreign exchange gains and losses reported on the Statements of Income (Loss) arose primarily from activities of the Company's Canadian subsidiaries. At December 31, 1993, contracts for the purchase of 50,000,000 Canadian dollars were outstanding. Gains or losses in the market value of the forward contracts are recorded as they are incurred during the year and partially offset gains or losses arising from translation of the Canadian subsidiaries' net liabilities.

NET LOSS PER COMMON SHARE. Net loss per common share was determined by dividing net loss, as adjusted below, by applicable shares outstanding. The computation of fully diluted net loss per share was antidilutive in each of the periods presented; therefore, the amounts reported for primary and fully diluted loss are the same.

|                                      | Year Ended December 31   |                    |                    |
|--------------------------------------|--------------------------|--------------------|--------------------|
|                                      | 1993                     | 1992               | 1991               |
|                                      | (expressed in thousands) |                    |                    |
| Net loss as reported                 | \$ (77,140)              | \$(227,480)        | \$ (79,450)        |
| Preferred dividends                  | (43,076)                 | (27,711)           | (13,767)           |
| Primary loss                         | <u>(120,216)</u>         | <u>(255,191)</u>   | <u>(93,217)</u>    |
| Assumed conversions:                 |                          |                    |                    |
| Preferred dividends eliminated       | 33,407                   | 27,711             | 13,767             |
| Interest on 7% debentures eliminated | 3,644                    | 4,108              | 4,468              |
| Supplemental ESOP contribution       | (12,381)                 | (10,285)           | (6,833)            |
| Fully diluted loss                   | <u>\$ (95,546)</u>       | <u>\$(233,657)</u> | <u>\$ (81,815)</u> |
| Average number of common shares      |                          |                    |                    |
| Primary                              | 37,958                   | 37,942             | 37,946             |
| Fully diluted                        | 55,825                   | 53,283             | 45,596             |

Primary loss includes the aggregate amount of dividends on the Company's preferred stock. The dividend attributable to the Company's Series D convertible preferred stock held by the Company's ESOP (employee stock ownership plan) is net of a tax benefit. To determine the fully diluted loss, dividends and interest, net of any applicable taxes, have been added back to primary loss to reflect assumed conversions. The fully diluted loss was increased by the after-tax amount of additional contributions that the Company would be required to make to its ESOP if the Series D ESOP preferred shares were converted to common stock.

For the years ended December 31, 1993, 1992, and 1991, primary average shares include only common shares outstanding. For these periods, common stock equivalents attributable to stock options, Series E conversion preferred stock subsequent to issuance in January 1992, and Series G conversion preferred stock subsequent to issuance in September 1993 were excluded because they were antidilutive. Excluded common equivalent shares were 10,840,000 at December 31, 1993, compared with 7,998,000 shares and 16,695 shares at December 31, 1992 and 1991. In addition to common and common equivalent shares, fully diluted average shares include common shares that would be issuable upon conversion of the Company's other convertible securities (see Notes 4 and 6).

**CASH AND SHORT-TERM INVESTMENTS.** Short-term investments consist of investments that had a maturity of three months or less at the date of purchase. At December 31, 1993, \$9,371,000 of cash, short-term investments, and certain receivables of a wholly owned insurance subsidiary was 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              |                   |                   |
|---------------------------------------|--------------------------|-------------------|-------------------|
|                                       | 1993                     | 1992              | 1991              |
|                                       | (expressed in thousands) |                   |                   |
| Finished goods and work<br>in process | \$ 255,395               | \$ 237,603        | \$ 298,447        |
| Logs                                  | 106,649                  | 76,653            | 60,995            |
| Other raw materials and<br>supplies   | 167,192                  | 165,798           | 180,600           |
| LIFO reserve                          | (82,627)                 | (64,124)          | (60,610)          |
|                                       | <u>\$ 446,609</u>        | <u>\$ 415,930</u> | <u>\$ 479,432</u> |

PROPERTY. Property and equipment are recorded at cost. Cost includes expenditures for major improvements and replacements and the net amount of interest cost associated with significant capital additions. Capitalized interest was \$1,118,000 in 1993, \$3,492,000 in 1992, and \$6,498,000 in 1991. Substantially all of the Company's 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 3 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 the Company's 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 the Company becomes liable for the timber. At December 31, 1993, based on average prices at the time, the unrecorded amount of those contracts was estimated to be approximately \$210,000,000.

START-UP COSTS. Preoperating costs incurred during the construction and start-up of major expansions or new manufacturing facilities are capitalized. In mid-1992, the Company elected to write off certain pulp and paper mill costs that had been capitalized prior to 1987 and were being amortized over 15 years. The write-off reflected a change in the estimated period benefited by such expenditures. The remaining unamortized balance attributable to the expansion and modernization project at the pulp and paper mill in International Falls, Minnesota, is being amortized over a five-year period.

The unamortized balance of start-up costs, included in "Other assets" on the Balance Sheets, is as follows:

|                                  | December 31              |                  |                  |
|----------------------------------|--------------------------|------------------|------------------|
|                                  | 1993                     | 1992             | 1991             |
|                                  | (expressed in thousands) |                  |                  |
| Balance at beginning of the year | \$ 32,475                | \$ 61,232        | \$ 50,460        |
| Amortized                        | (8,119)                  | (9,789)          | (3,990)          |
| Written off                      | -                        | (18,968)         | -                |
| Capitalized                      | -                        | -                | 14,762           |
| Balance at end of the year       | <u>\$ 24,356</u>         | <u>\$ 32,475</u> | <u>\$ 61,232</u> |

RESEARCH AND DEVELOPMENT COSTS. Research and development costs are expensed as incurred. During 1993, research and development expenses were \$11,496,000, compared with \$11,785,000 in 1992 and \$10,982,000 in 1991.

## 2. INCOME TAXES

Effective as of January 1, 1993, the Company adopted Financial Accounting Standards Board requirements that govern the way deferred taxes are calculated and reported. The one-time adjustment made to record the initial adoption of the standard had no effect on the Company's 1993 net loss. The impact of changes in the statutory tax rate on deferred taxes subsequent to the initial adoption are discussed below. Financial statements for prior periods have not been restated.

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

|  | Year Ended December 31   |                    |                    |
|--|--------------------------|--------------------|--------------------|
|  | 1993                     | 1992               | 1991               |
|  | (expressed in thousands) |                    |                    |
| Current income tax refund  | \$ (2,207)               | \$ (38,665)        | \$ (6,631)         |
| Deferred income tax benefit  | (46,243)                 | (59,815)           | (42,059)           |
| Total income tax benefit before cumulative effect of accounting change | <u>\$ (48,450)</u>       | <u>\$ (98,480)</u> | <u>\$ (48,690)</u> |
| Deferred tax attributable to cumulative effect of accounting change    | \$ -                     | \$ (44,950)        | \$ -               |

During 1993, the Company received income tax refunds, net of cash payments, of \$48,025,000, compared with net refunds of \$60,081,000 in 1992 and \$45,451,000 in 1991.

A reconciliation of the statutory U.S. federal tax rate and the Company's reported tax benefit rate is as follows:

|  | Year Ended December 31 |       |       |
|--|------------------------|-------|-------|
|  | 1993                   | 1992  | 1991  |
| Statutory tax rate                                     | 35.0%                  | 34.0% | 34.0% |
| Increases (decreases) in tax rate resulting from:      |                        |       |       |
| State taxes  | 3.3                    | 1.9   | 3.7   |
| Foreign loss tax benefit at more than theoretical rate | .9                     | 2.9   | 1.4   |
| Other  | 1.1                    | .2    | (1.1) |
| Effective tax rate                                     | 40.3                   | 39.0  | 38.0  |
| Tax rate adjustments to net deferred tax liabilities   | (1.7)                  | -     | -     |
| Reported tax rate                                      | 38.6%                  | 39.0% | 38.0% |

During 1993, the U.S. federal government increased its statutory rate from 34% to 35%. The increase in net deferred tax liabilities due to that increase was partially offset by decreases due to reductions in Canadian tax rates. The Canadian federal rate was decreased from 23.8% to 22.8%, and a further decrease to 21.8% was effective for 1994. The difference between the effective and reported tax rates shown above for 1993 resulted in a net increase in deferred tax liabilities of \$2,100,000 at December 31, 1993.

The components of the net deferred tax liability on the Balance Sheet at December 31, 1993, as determined in accordance with the new standard, were as follows (expressed in thousands):

|   | Deferred Tax |             |
|---|--------------|-------------|
|   | Assets       | Liabilities |
| Operating loss carryover                          | \$ 169,758   | \$ -        |
| Employee benefits                                 | 98,262       | 17,359      |
| Property and equipment and timber and timberlands | 89,025       | 589,380     |
| Alternative minimum tax                           | 79,775       | -           |
| Tax credit carryovers                             | 47,268       | -           |
| Reserves  | 11,578       | 1,498       |
| Inventories                                       | 9,767        | 412         |
| State income taxes                                | 3,892        | 29,026      |
| Deferred charges                                  | 313          | 14,591      |
| Differences in basis of nonconsolidated entities  | -            | 17,909      |
| Other   | 9,790        | 32,886      |
|   | \$ 519,428   | \$ 703,061  |

The components of the deferred tax benefit portion of the total income tax benefit on the Statements of Income (Loss) for the years ended December 31, 1992 and 1991, were determined in accordance with accounting requirements used prior to January 1, 1993, and related to differences in recognition of revenue and expense for tax and financial reporting purposes. The nature and tax effect of each were as follows:

|   | Year Ended December 31   |             |
|---|--------------------------|-------------|
|   | 1992                     | 1991        |
|   | (expressed in thousands) |             |
| Reduction of deferred tax liabilities due to losses                       | \$(109,682)              | \$(140,397) |
| Book depreciation less than tax depreciation                              | 59,745                   | 85,832      |
| Expenses deferred for book more (less) than tax                           | (12,560)                 | 7,059       |
| Provision for pensions less than pension funding                          | 1,376                    | 6,944       |
| Other   | 1,306                    | (1,497)     |
| Deferred income tax benefit before cumulative effect of accounting change | \$ (59,815)              | \$ (42,059) |

At December 31, 1993, the Company had loss carryforwards for tax purposes in the U.S. of \$406,000,000 expiring in 2007 through 2008 and \$33,000,000 in Canada expiring in 2000. Additionally, the Company had income tax credits in the U.S. of \$35,300,000 expiring in 1997 through 2007 and \$11,900,000 in Canada expiring in 1995 through 2003. The Company also had \$80,000,000 of U.S. minimum tax credits, which may be carried forward indefinitely. The loss carryforwards, the Canadian income tax credits, and the U.S. minimum tax credits are realizable through future reversals of existing taxable temporary differences. Management believes that the U.S. tax credits will be fully realized based on future reversals of existing taxable temporary differences, future earnings, or available tax planning strategies.

At December 31, 1993, Canadian subsidiaries of the Company had \$201,840,000 of undistributed earnings which have been indefinitely reinvested. It is not practical to make a determination of the additional U.S. income taxes that would be due upon remittance of these

earnings until the remittance occurs.

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

|             | Year Ended December 31   |                    |                    |
|-------------|--------------------------|--------------------|--------------------|
|             | 1993                     | 1992               | 1991               |
|             | (expressed in thousands) |                    |                    |
| Domestic    | \$(100,319)              | \$(214,696)        | \$(158,842)        |
| Foreign     | (25,271)                 | (37,814)           | 30,702             |
| Pretax loss | <u>\$(125,590)</u>       | <u>\$(252,510)</u> | <u>\$(128,140)</u> |

The Company's federal income tax returns have been examined through 1989. Tax returns for 1990 and 1991 are currently under review. 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. The Company believes that it has adequately provided for any such deficiencies and that settlements will not have a material adverse effect on the Company's financial condition or results of operations.

### 3. LEASES

Lease obligations for which the Company assumes 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 \$30,877,000 in 1993, \$28,821,000 in 1992, and \$27,808,000 in 1991.

The Company has various operating leases with remaining terms of more than one year. These leases have minimum lease payment requirements, net of sublease rentals, of \$17,533,000 for 1994, \$15,527,000 for 1995, \$13,912,000 for 1996, \$12,053,000 for 1997, and \$11,566,000 for 1998, with total payments thereafter of \$171,987,000.

Substantially all lease agreements have fixed payment terms based upon the passage of time. Some lease agreements provide the Company with the option to purchase the leased property. Additionally, certain agreements contain renewal options ranging up to 15 years, with fixed payment terms similar to those in the original lease agreements.

### 4. DEBT

At December 31, 1993, the Company had an unsecured revolving credit agreement that permitted it to borrow up to \$750,000,000, \$275,000,000 of which was outstanding at that date. One of the Company's Canadian subsidiaries had a \$130,000,000 unsecured revolving credit agreement that permitted borrowing in either U.S. or Canadian dollars. Amounts drawn under this revolver are guaranteed by the Company and are consolidated with borrowings of the Company for reporting purposes. On December 31, 1993, borrowings of US\$110,000,000 were outstanding under the Canadian revolver.

The revolving credit agreements provide a choice of several pricing formulas. At December 31, 1993, the interest rates would have ranged from 3.9% to 6.5% for borrowings in U.S. dollars and from 4.5% to 5.5% for borrowings in Canadian dollars. Commitment fees are required on the unused portion of the credits. The revolving period on the \$750,000,000 lending commitment expires in May 1994, and any borrowings outstanding at that time are payable in quarterly installments ending in May 1995. The revolving period on the \$130,000,000 Canadian lending commitment expires in May 1995, and any amounts outstanding at that time are payable in quarterly installments ending in June 1996. Compensating balances are not required.

The revolving credit agreements limit the amount of common dividends that may be declared by the Company. In general, the amount available under this restriction will be increased (or decreased) by an amount equal to 75% of net income (or loss) before adjustments for extraordinary items and certain noncash accounting adjustments, increased by an amount equal to 50% of the proceeds from the sale of any stock, reduced by the amount of any dividends or distributions of cash, assets, or securities (other than common stock), and reduced by the amount expended to repurchase, redeem, or retire any shares of Company stock. These restrictions do not apply to the payment of dividends on preferred stock, although any dividends paid on preferred stock reduce the amount available under the restrictions for payment of dividends on common stock. The aggregate dividend limitation was \$60,016,000 at December 31, 1993. The limitation was \$49,142,000 at December 31, 1992, and \$133,703,000 at December 31, 1991. The revolving credit agreements also require the Company to maintain a minimum ratio of assets to indebtedness and to exceed a defined minimum interest coverage. The Company believes it will be able to maintain adequate liquidity to meet its various financial requirements. At year-end, the Company was in the process of renegotiating its revolving credit agreements.

At December 31, 1993, the Company had \$115,900,000 of shelf capacity registered with the Securities and Exchange Commission for additional debt securities.

In 1993, the Company entered into a ten-year, \$100,000,000 notional amount "interest rate swap" agreement under which the Company pays 7.1% and receives 9.625% until 1995 and a variable interest rate thereafter until 2003. The interest payments made or received pursuant to the swap are netted for reporting purposes. In the event the swap is terminated before its expiration, the Company would no longer pay or receive interest payments pursuant to the swap. At December 31, 1993, the liquidation value to the Company, based on interest rates available for instruments with similar characteristics, would have been approximately \$1,100,000.

The Company has guaranteed 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). The Company has recorded the debt on its Balance Sheets, along with an offset in the shareholders' equity section that is titled "Deferred ESOP benefit." The Company has 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.

The Company may redeem all or part of the 7% unsecured convertible subordinated debentures at specified amounts that decline to \$50 par value per debenture on May 1, 1996. Sinking fund payments are required after May 1, 1996. At December 31, 1993, \$16,957,000 of these debentures had been purchased by the Company for application to the sinking fund requirements. Each debenture is convertible into 1.1415

shares of the Company's common stock.

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

|  | December 31              |                    |                    |
|--|--------------------------|--------------------|--------------------|
|  | 1993(1)                  | 1992               | 1991               |
|  | (expressed in thousands) |                    |                    |
| 7.375% notes, due in 1997, net of unamortized discount of \$310,000  | \$ 99,690                | \$ 99,604          | \$ -               |
| 10.125% notes, due in 1997, net of unamortized discount of \$209,000   | 119,791                  | 119,738            | 119,685            |
| 9.625% notes, due in 1998, callable in 1995, net of unamortized discount of \$88,000   | 99,912                   | 99,855             | 99,798             |
| 9.9% notes, due in 2000, net of unamortized discount of \$341,000  | 99,659                   | 99,604             | 99,549             |
| 9.875% notes, due in 2001, callable in 1999  | 100,000                  | 100,000            | 100,000            |
| 9.85% notes, due in 2002   | 125,000                  | 125,000            | 125,000            |
| 9.45% debentures, due in 2009, net of unamortized discount of \$356,000  | 149,644                  | 149,621            | 149,599            |
| 7% convertible subordinated debentures, due in 2016, net of unamortized discount of \$640,000  | 76,308                   | 79,986             | 96,375             |
| Medium-term notes, Series A, with interest rates averaging 9.3%, 9.5%, and 9.6%, due in varying amounts through 2013   | 239,100                  | 245,300            | 239,000            |
| Revenue bonds and other indebtedness, with interest rates averaging 7.6%, 8%, and 8.2%, due in varying amounts annually through 2023, net of unamortized discount of \$1,459,000 | 219,870                  | 187,137            | 230,360            |
| American & Foreign Power Company Inc. 5% debentures, due in 2030, net of unamortized discount of \$1,405,000   | 24,559                   | 25,814             | 30,951             |
| Revolving credit borrowings, with interest rates averaging 4%, 4.1%, and 5.3%  | 385,000                  | 400,000            | 375,000            |
| Debt called or paid at maturity  | -                        | 192,247            | 292,123            |
|  | <u>1,738,533</u>         | <u>1,923,906</u>   | <u>1,957,440</u>   |
| Less current portion   | 145,185                  | 243,723            | 41,443             |
|  | <u>1,593,348</u>         | <u>1,680,183</u>   | <u>1,915,997</u>   |
| Guarantee of ESOP debt, due in installments through 2004   | 246,856                  | 261,695            | 275,058            |
|  | <u>\$1,840,204</u>       | <u>\$1,941,878</u> | <u>\$2,191,055</u> |

(1) The amount of net unamortized discount disclosed applies to long-term debt outstanding at December 31, 1993.

The scheduled payments of long-term debt are \$145,185,000 in 1994, \$267,899,000 in 1995, \$73,558,000 in 1996, \$250,682,000 in 1997, and \$125,238,000 in 1998. The payments include amounts attributable to the Company's revolving credit agreements for 1994, 1995, and 1996 of \$137,500,000, \$192,500,000, and \$55,000,000.

Cash payments for interest, net of interest capitalized, were \$158,963,000 in 1993, \$168,090,000 in 1992, and \$169,313,000 in 1991.

The estimated current market value of the Company's debt, based on current interest rates for similar obligations with like maturities, is approximately \$82,000,000 greater than the amount of debt reported.

## 5. RETIREMENT AND BENEFIT PLANS

Substantially all of the Company's 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. The Company's contributions to its pension plans vary from year to year, but the Company has 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 the Company's actuaries in the calculations of pension (income) expense and plan obligations are estimates of factors that will determine, among other things, the amount and timing of future benefit payments. The return on assets assumption used during the periods presented was 10%. The discount rate assumption was decreased from 8.25% to 7.5% for the Company's U.S. pension plans effective as of year-end 1993. The discount rate for the Company's Canadian plans remained at 8.25%, which was the rate that had been adopted for all of the Company's plans at December 31, 1992. Previous to that date, an 8.5% discount rate assumption had been used. Also effective at year-end 1993, a salary escalation assumption of 5% for U.S. plans and 5.5% for Canadian plans was adopted. A salary escalation of 6% had been adopted for U.S. salaried employees at December 31, 1992, and the rate otherwise applicable during 1992 and 1991 was 6.5%. Pension income for 1993 and 1992 was primarily attributable to earnings from plan assets in recent years.

The components of pension (income) expense are as follows:

|  | Year Ended December 31   |           |           |
|--|--------------------------|-----------|-----------|
|  | 1993                     | 1992      | 1991      |
|  | (expressed in thousands) |           |           |
| Benefits earned by employees                                       | \$ 20,253                | \$ 19,446 | \$ 20,136 |
| Interest cost on projected benefit obligation                      | 76,076                   | 73,210    | 71,249    |
| Earnings from plan assets  | (134,679)                | (64,607)  | (229,445) |
| Assumed earnings from plan assets (more) less than actual earnings | 44,338                   | (21,042)  | 150,992   |
| Amortization of unrecognized net initial asset                     | (12,145)                 | (12,233)  | (12,549)  |
| Amortization of net experience gains and losses from prior periods | 1,149                    | 888       | 1,230     |
| Amortization of unrecognized prior service costs                   | 3,547                    | 3,462     | 3,637     |
| Company-sponsored plans  | (1,461)                  | (876)     | 5,250     |
| Multiemployer pension plans  | 546                      | 625       | 686       |
| Total pension (income) expense                                     | \$ (915)                 | \$ (251)  | \$ 5,936  |

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<br>Accumulated Benefit Obligation |                |                | Plans With an Accumulated Benefit<br>Obligation in Excess of Assets |                  |                  |
|----------------------------------|--|----------------|----------------|---|------------------|------------------|
|                                  | December 31  |                |                | December 31   |                  |                  |
|                                  | 1993   | 1992           | 1991           | 1993  | 1992             | 1991             |
|                                  | (expressed in millions)  |                |                |   |                  |                  |
| Accumulated benefit obligation   |  |                |                |   |                  |                  |
| Vested                           | \$(674.5)  | \$(652.6)      | \$(604.8)      | \$(255.2)   | \$(178.9)        | \$(170.9)        |
| Nonvested                        | (29.3)   | (27.0)         | (27.7)         | (14.7)  | (10.6)           | (10.4)           |
| Provision for salary escalation  | (72.6)   | (84.9)         | (89.1)         | (3.0)   | (2.2)            | (1.8)            |
| Projected benefit obligation     | <u>(776.4)</u>   | <u>(764.5)</u> | <u>(721.6)</u> | <u>(272.9)</u>  | <u>(191.7)</u>   | <u>(183.1)</u>   |
| Plan assets at fair market value | 842.9  | 829.1          | 820.5          | 207.1   | 138.6            | 137.8            |
| Net plan assets (obligation)     | <u>\$ 66.5</u>   | <u>\$ 64.6</u> | <u>\$ 98.9</u> | <u>\$ (65.8)</u>  | <u>\$ (53.1)</u> | <u>\$ (45.3)</u> |

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

|  | Plans With Assets in Excess of the Accumulated Benefit Obligation |                  |         | Plans With an Accumulated Benefit Obligation in Excess of Assets |                  |           |
|--|---|------------------|---------|--|------------------|-----------|
|  | 1993  | December 31 1992 | 1991    | 1993   | December 31 1992 | 1991      |
|  | (expressed in millions)   |                  |         |  |                  |           |
| Net plan assets (obligation)                             | \$ 66.5   | \$ 64.6          | \$ 98.9 | \$ (65.8)  | \$ (53.1)        | \$ (45.3) |
| Remainder of unrecognized initial (asset) obligation (1) | (28.9)  | (44.8)           | (58.5)  | (2.3)  | 1.1              | 1.5       |
| Other unrecognized items (2)                             | 17.0  | 23.0             | (14.1)  | 30.6   | 15.9             | 8.9       |
| Adjustment to record minimum liability                   | -   | -                | -       | (25.7)   | (15.5)           | (10.5)    |
| Net recorded prepayment (obligation)                     | \$ 54.6   | \$ 42.8          | \$ 26.3 | \$ (63.2)  | \$ (51.6)        | \$ (45.4) |

- (1) The unrecognized initial (asset) obligation 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 Company and its 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 paid by the Company for U.S. salaried employees retiring in each year since 1986 has decreased, and the Company will eventually cease to share in the cost of health care benefits for retired salaried employees. All of the Company's postretirement health care plans are unfunded. The Company explicitly reserves the right to amend or terminate its 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, the Company's ability to amend or terminate these plans. Amendment or termination may significantly impact the amount of expense incurred.

Effective as of January 1, 1992, the Company adopted Financial Accounting Standards Board requirements to accrue postretirement benefit costs, including retiree health care costs. The cumulative cost of these benefits attributable to employee service prior to January 1, 1992, was \$118,400,000 before taxes, or \$73,450,000 after taxes. As a result, the 1992 net loss per fully diluted common share was increased by \$1.94. Prior to 1992, retiree health care costs were recorded at the time they were paid.

A discount rate of 7.5% was adopted effective as of December 31, 1993, down from an 8.25% rate that had been adopted at the end of the previous year. A discount rate of 8.5% was used at the time the new accounting standard was adopted. The initial 1992 trend rate for medical care costs, was 8.5%, which is assumed to decrease ratably over the next ten years to 6%. A 1% increase in the trend rate for medical care costs would have increased the December 31, 1993, benefit obligation by \$7,800,000 and postretirement health care expense for the year ended December 31, 1993, by \$1,400,000.

The components of postretirement health care expense are as follows:

|  | Year Ended December 31   |           |
|--|--------------------------|-----------|
|  | 1993                     | 1992      |
|  | (expressed in thousands) |           |
| Benefits earned by employees   | \$ 2,300                 | \$ 2,080  |
| Interest cost on accumulated postretirement health care benefit obligation | 11,700                   | 10,920    |
| Total postretirement health care expense                                   | \$ 14,000                | \$ 13,000 |

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

|   | December 31              |            |
|---|--------------------------|------------|
|   | 1993                     | 1992       |
|   | (expressed in thousands) |            |
| Retirees  | \$ 79,800                | \$ 84,700  |
| Fully eligible active employees                           | 18,700                   | 19,900     |
| Other active employees                                    | 33,200                   | 35,300     |
|   | <hr/>                    | <hr/>      |
| Accumulated postretirement health care benefit obligation | 131,700                  | 139,900    |
| Unrecognized prior service costs                          | 17,600                   | -          |
| Unrecognized actuarial loss                               | (6,500)                  | (3,500)    |
|   | <hr/>                    | <hr/>      |
| Accrued postretirement health care benefit obligation     | \$ 142,800               | \$ 136,400 |

The Company sponsors savings and supplemental retirement programs for its salaried and some hourly employees. The program for U.S. salaried employees includes an employee stock ownership plan. Under that plan, the Company's Series D ESOP convertible preferred stock (see Note 6) 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 \$13,598,000 in 1993, compared with \$12,038,000 in 1992 and \$12,361,000 in 1991.

#### 6. SHAREHOLDERS' EQUITY

**PREFERRED STOCK.** At December 31, 1993, 6,395,047 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 to the trustee of the Company's Savings and Supplemental Retirement Plan for U.S. 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 .80357 share of common stock. The ESOP preferred shares may not be redeemed for less than the liquidation preference.

At December 31, 1993, there were three series of preferred stock outstanding that were represented by depositary shares. These preferred issues are shown on the Balance Sheets at their respective liquidation preference, net of the costs of issuance. The details of the issues are as follows:

|   | Series E              | Series F              | Series G              |
|---|-----------------------|-----------------------|-----------------------|
| Date of issuance  | First quarter<br>1992 | First quarter<br>1993 | Third quarter<br>1993 |
| Preferred shares outstanding  | 862,500               | 115,000               | 862,500               |
| Depositary shares<br>outstanding                                      | 8,625,000             | 4,600,000             | 8,625,000             |
| Cumulative annual dividend:   |                       |                       |                       |
| Per preferred share   | \$17.90               | \$94.00               | \$15.80               |
| Per depositary share  | \$1.79                | \$2.35                | \$1.58                |
| Liquidation preference:   |                       |                       |                       |
| Per preferred share   | \$228.75              | \$1,000.00            | \$211.25              |
| Per depositary share  | \$22.875              | \$25.00               | \$21.125              |
| Votes:  |                       |                       |                       |
| Per preferred share   | 1                     | Limited               | 1                     |
| Per depositary share  | 1/10                  | voting rights         | 1/10                  |
| Automatic conversion<br>(unless previously<br>redeemed or converted): |                       |                       |                       |
| Date  | Jan. 1995             | Not convertible       | Oct. 1997             |
| Common shares issued<br>per depositary share                          | 1<br>(see below)      | -                     | 1<br>(see below)      |

On January 15, 1995, each depositary share of Series E preferred stock will automatically convert to one share of the Company's common stock unless the Series E preferred stock and related depositary shares have been previously redeemed by the Company. The Company may elect to redeem the Series E preferred stock and related depositary shares for common stock any time prior to January 15, 1995. The total number of common shares issuable upon redemption is determined by dividing the call price by a defined then-current market price for the Company's common stock and multiplying the result by the 8,625,000 depositary shares. The initial call price is \$34.45 per Series E depositary share, which declines ratably to \$31.08 on November 15, 1994, and will be \$30.88 for the period thereafter through January 14, 1995. Redemption is not anticipated when the defined average market price of the Company's common stock is less than the call price of the Series E depositary shares.

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.

On October 15, 1997, each depositary share of Series G preferred stock will automatically convert to one share of the Company's common stock unless the Series G preferred stock and related depositary shares have been previously redeemed by the Company or converted by the shareholders. The Company may elect to redeem the Series G preferred stock and related depositary shares for common stock on or after July 15, 1997, until October 15, 1997. The total number of common shares issuable upon redemption between July 15, 1997, and September 15, 1997, is determined by dividing \$21.225 by a defined then-current average market price for the Company's common stock and multiplying the result by the 8,625,000 depositary shares. For the period on or after September 15, 1997, through October 14, 1997, the numerator in the preceding calculation is reduced from \$21.225 to \$21.125. In the event the market price of the Company's common stock exceeds \$26.375 upon an announced redemption, it is anticipated that the holders of the Series G depositary shares would elect to convert their depositary shares to common stock. Upon conversion, which is permitted at any time prior to redemption, .801 share of common stock (subject to adjustment in certain events) would be issuable for each Series G depositary share so converted.

Examples of common stock issuances upon redemptions of the Series E and G preferred stock are as follows:

| Series E Preferred Stock<br>(Subsequent to November 15, 1994) |  | Series G Preferred Stock<br>(Subsequent to September 15, 1997) |  |
|---|--|--|--|
| Common Stock<br>Market Price<br>at Time of<br>Redemption      | Common Shares<br>Expected to be<br>Issued Upon<br>Redemption | Common Stock<br>Market Price<br>at Time of<br>Redemption       | Common Shares<br>Expected to be<br>Issued Upon<br>Redemption |
| \$0-\$30.88 (1)   | 8,625,000  | \$0-\$21.125 (1)   | 8,625,000  |
| \$32.50   | 8,195,076  | \$22.50  | 8,097,916  |
| \$35.00   | 7,609,714  | \$25.00  | 7,288,125  |
| \$37.50   | 7,102,400  | \$26.375 (2)   | 6,908,175  |
| \$40.00 (2)   | 6,658,500  |  |  |

(1) Call price.

(2) The total number of common shares issuable will continue to decline at common stock market prices above \$40.

(1) Call price.

(2) The total number of common shares issuable at this market price are equal to shares issuable upon exercise of the Series G preferred stock conversion rights.

The remaining authorized but unissued preferred shares may be issued with such voting rights, dividend rates, conversion privileges, sinking fund requirements, and redemption prices as the board of directors may determine, without action by the shareholders.

COMMON STOCK. The Company is authorized to issue 200,000,000 shares of common stock, of which 37,987,529 shares were issued and outstanding at December 31, 1993. Of the unissued shares, a total of 30,628,175 shares were reserved for the following:

|  |           |
|--|-----------|
| Conversion of Series D ESOP preferred stock          | 5,138,868 |
| Conversion of Series E preferred stock               | 8,625,000 |
| Conversion of Series G preferred stock               | 8,625,000 |
| Conversion of 7% convertible subordinated debentures | 1,756,716 |
| Issuance under Key Executive Stock Option Plan       | 6,382,591 |
| Issuance under Director Stock Option Plan            | 100,000   |

Pursuant to the shareholder rights plan adopted in December 1988 and as 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 the Company's 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. If a person acquires 15% or more of the Company's outstanding voting securities, on the tenth day thereafter, unless this time period is extended by the board of directors, each right would, subject to certain adjustments and alternatives, entitle the rightholder to purchase common stock of the Company or the acquiring company having a market value of twice the \$175 exercise price of the right (except that the acquiring person or group and other related holders would not be able to purchase common stock of the Company on these terms). The rights are nonvoting, may be redeemed by the Company at a price of 1 cent per right at any time prior to the tenth day after an individual or group acquires 15% of the Company's voting stock, unless extended, and expire in 1998. Additional details are set forth in the Amended and Restated Rights Agreement filed with the Securities and Exchange Commission on September 26, 1990.

The Key Executive Stock Option Plan provides for the granting of options to purchase shares of the Company's common stock. The exercise price is equal to the fair market value of the Company's common stock on the date the options were granted.

Additional information relating to the Key Executive Stock Option Plan is as follows:

|                                  | Year Ended December 31 |                  |                  |
|----------------------------------|------------------------|------------------|------------------|
|                                  | 1993                   | 1992             | 1991             |
| Balance at beginning of the year | 4,131,952              | 3,692,357        | 2,806,502        |
| Options granted                  | 919,200                | 622,600          | 1,016,050        |
| Options exercised                | (50,067)               | -                | -                |
| Options canceled                 | (292,703)              | (183,005)        | (130,195)        |
| Balance at end of the year       | <u>4,708,382(1)</u>    | <u>4,131,952</u> | <u>3,692,357</u> |
| Price range of:                  |                        |                  |                  |
| Options granted                  | \$21                   | \$18-\$21        | \$20-\$27        |
| Options exercised                | \$18-\$25              | -                | -                |
| Options outstanding              | \$18-\$47              | \$18-\$47        | \$20-\$47        |

(1) At December 31, 1993, options for 3,795,482 shares were exercisable.

The Director Stock Option Plan, which is only available to nonemployee directors, provides for granting options to purchase shares of the Company's common stock. The difference between the \$2.50 per share exercise price and the market value of the common stock subject to option is intended to offset certain compensation that participating directors have elected not to receive in cash. A total of 10,194 options were granted with respect to cash compensation not taken and dividends accrued during 1993, compared with 6,322 options granted for cash compensation not taken in 1992. All of these options were outstanding at December 31, 1993.

During 1993, the Company purchased 2,850 shares of its common stock under a program approved by the board of directors and, at December 31, 1993, was authorized to purchase up to 5,424,845 additional shares. In 1992 and 1991, 4,413 and 3,786 shares were purchased.

7. LITIGATION AND LEGAL MATTERS

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

8. SEGMENT INFORMATION

Boise Cascade Corporation is an integrated paper and forest products company headquartered in Boise, Idaho, with operations located in the United States and Canada. The Company manufactures and distributes paper and paper products, office products, and building products and owns and manages timberland to support these operations.

No single customer accounts for 10% of consolidated trade sales. Export sales to foreign unaffiliated customers are immaterial. During 1993, the Company's Canadian paper operations made sales of \$37,292,000 to Company paper operations in the U.S., and similar sales in 1992 and 1991 were \$40,643,000 and \$32,788,000.

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

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

An analysis of the Company's operations by segment and by geographic area is as follows:

|   | Trade              | Sales<br>Inter-<br>segment | Total              | Operating<br>Income<br>(Loss)(1) | Depreciation<br>and Cost of<br>Company<br>Timber<br>Harvested | Capital<br>Expendi-<br>tures | Assets             |
|---|--------------------|----------------------------|--------------------|----------------------------------|---|------------------------------|--------------------|
| Year Ended December 31, 1993                |                    |                            |                    |                                  |   |                              |                    |
| Paper and paper products                    |                    |                            |                    |                                  |   |                              |                    |
| United States                               | \$1,548,788        | \$ 125,007                 | \$1,673,795        | \$ (124,865)                     | \$ 181,060  | \$ 144,062                   | \$2,700,246        |
| Canada                                      | 246,855            | 3                          | 246,858            | (12,905)                         | 29,095  | 34,962                       | 452,739            |
|   | <u>1,795,643</u>   | <u>125,010</u>             | <u>1,920,653</u>   | <u>(137,770)</u>                 | <u>210,155</u>  | <u>179,024</u>               | <u>3,152,985</u>   |
| Office products                             | 681,654            | 1,165                      | 682,819            | 35,631                           | 10,100  | 2,907                        | 234,751            |
| Building products                           | 1,468,724          | 62,100                     | 1,530,824          | 158,773                          | 38,477  | 28,534                       | 447,831            |
| Other operations                            | 12,279             | 57,524                     | 69,803             | 3,136                            | 5,618   | 5,301                        | 71,994             |
| Total                                       | <u>3,958,300</u>   | <u>245,799</u>             | <u>4,204,099</u>   | <u>59,770</u>                    | <u>264,350</u>  | <u>215,766</u>               | <u>3,907,561</u>   |
| Intersegment eliminations                   | -                  | (245,799)                  | (245,799)          | (935)                            | -   | -                            | (24,144)           |
| Timber, timberlands, and<br>timber deposits | -                  | -                          | -                  | -                                | -   | 4,663                        | 366,054            |
| Corporate and other                         | -                  | -                          | -                  | (38,193)                         | 3,360   | 1,052                        | 263,502            |
| Consolidated totals                         | <u>\$3,958,300</u> | <u>\$ -</u>                | <u>\$3,958,300</u> | <u>\$ 20,642</u>                 | <u>\$ 267,710</u>   | <u>\$ 221,481</u>            | <u>\$4,512,973</u> |
| Year Ended December 31, 1992                |                    |                            |                    |                                  |   |                              |                    |
| Paper and paper products                    |                    |                            |                    |                                  |   |                              |                    |
| United States                               | \$1,575,837        | \$ 105,394                 | \$1,681,231        | \$ (157,651)                     | \$ 178,569  | \$ 210,262                   | \$2,733,037        |
| Canada                                      | 249,009            | 3                          | 249,012            | (28,886)                         | 27,832  | 28,420                       | 451,835            |
|   | <u>1,824,846</u>   | <u>105,397</u>             | <u>1,930,243</u>   | <u>(186,537)</u>                 | <u>206,401</u>  | <u>238,682</u>               | <u>3,184,872</u>   |
| Office products                             | 671,164            | 1,056                      | 672,220            | 18,847                           | 11,989  | 5,537                        | 245,483            |
| Building products                           | 1,207,799          | 61,666                     | 1,269,465          | 114,891                          | 37,462  | 27,239                       | 415,287            |
| Other operations                            | 11,781             | 54,278                     | 66,059             | 1,989                            | 6,385   | 3,079                        | 68,535             |
| Total                                       | <u>3,715,590</u>   | <u>222,397</u>             | <u>3,937,987</u>   | <u>(50,810)</u>                  | <u>262,237</u>  | <u>274,537</u>               | <u>3,914,177</u>   |
| Intersegment eliminations                   | -                  | (222,397)                  | (222,397)          | (742)                            | -   | -                            | (22,350)           |
| Timber, timberlands, and<br>timber deposits | -                  | -                          | -                  | -                                | -   | 7,537                        | 385,955            |
| Corporate and other                         | -                  | -                          | -                  | (41,669)                         | 3,553   | 877                          | 281,924            |
| Consolidated totals                         | <u>\$3,715,590</u> | <u>\$ -</u>                | <u>\$3,715,590</u> | <u>\$ (93,221)</u>               | <u>\$ 265,790</u>   | <u>\$ 282,951</u>            | <u>\$4,559,706</u> |
| Year Ended December 31, 1991                |                    |                            |                    |                                  |   |                              |                    |
| Paper and paper products                    |                    |                            |                    |                                  |   |                              |                    |
| United States                               | \$1,663,639        | \$ 113,649                 | \$1,777,288        | \$ (102,295)                     | \$ 159,565  | \$ 222,874                   | \$2,802,981        |
| Canada                                      | 293,265            | 2                          | 293,267            | 10,374                           | 25,810  | 31,797                       | 454,842            |
|   | <u>1,956,904</u>   | <u>113,651</u>             | <u>2,070,555</u>   | <u>(91,921)</u>                  | <u>185,375</u>  | <u>254,671</u>               | <u>3,257,823</u>   |
| Office products                             | 1,037,484          | 1,320                      | 1,038,804          | 34,608                           | 16,030  | 4,324                        | 384,456            |
| Building products                           | 943,337            | 57,482                     | 1,000,819          | 103,866                          | 33,277  | 29,389                       | 379,602            |
| Other operations                            | 12,765             | 53,282                     | 66,047             | 5,163                            | 6,951   | 4,602                        | 89,620             |
| Total                                       | <u>3,950,490</u>   | <u>225,735</u>             | <u>4,176,225</u>   | <u>51,716</u>                    | <u>241,633</u>  | <u>292,986</u>               | <u>4,111,501</u>   |
| Intersegment eliminations                   | -                  | (225,735)                  | (225,735)          | 67                               | -   | -                            | (20,381)           |
| Timber, timberlands, and<br>timber deposits | -                  | -                          | -                  | -                                | -   | 5,065                        | 389,454            |
| Corporate and other                         | -                  | -                          | -                  | (5,975)                          | 3,637   | 623                          | 248,592            |
| Consolidated totals                         | <u>\$3,950,490</u> | <u>\$ -</u>                | <u>\$3,950,490</u> | <u>\$ 45,808</u>                 | <u>\$ 245,270</u>   | <u>\$ 298,674</u>            | <u>\$4,729,166</u> |

(1) Operating income (loss) includes gains from sales and dispositions (see Note 1). In addition, interest income has been allocated to the Company's segments in the amounts of \$862,000 for 1993, \$1,259,000 for 1992, and \$3,618,000 for 1991.



Quarterly Results of Operations (unaudited)

|  | 1993        |             |             |             | 1992(5)  |           |             |           |
|--|-------------|-------------|-------------|-------------|----------|-----------|-------------|-----------|
|  | 4th Qtr.(1) | 3rd Qtr.(2) | 2nd Qtr.(3) | 1st Qtr.(4) | 4th Qtr. | 3rd Qtr.  | 2nd Qtr.(6) | 1st Qtr.  |
| (expressed in millions, except per-common-share amounts) |             |             |             |             |          |           |             |           |
| Net sales  | \$ 997      | \$1,003     | \$ 974      | \$ 984      | \$ 905   | \$ 935    | \$ 922      | \$ 954    |
| Gross profit   | 76          | 76          | 77          | 88          | 74       | 52        | 41          | 59        |
| Loss before income taxes                                 | \$ (40)     | \$ (30)     | \$ (36)     | \$ (19)     | \$ (49)  | \$ (59)   | \$ (75)     | \$ (70)   |
| Income tax benefit                                       | (16)        | (6)         | (19)        | (7)         | (19)     | (23)      | (30)        | (27)      |
| Loss before accounting change                            | (24)        | (24)        | (17)        | (12)        | (30)     | (36)      | (45)        | (43)      |
| Cumulative effect of accounting change, net              | -           | -           | -           | -           | -        | -         | -           | (73)      |
| Net loss   | \$ (24)     | \$ (24)     | \$ (17)     | \$ (12)     | \$ (30)  | \$ (36)   | \$ (45)     | \$ (116)  |
| Net loss per share                                       |             |             |             |             |          |           |             |           |
| Primary and fully diluted(7)                             |             |             |             |             |          |           |             |           |
| Loss before accounting change                            | \$ (.98)    | \$ (.91)    | \$ (.72)    | \$ (.56)    | \$ (.97) | \$ (1.13) | \$ (1.39)   | \$ (1.30) |
| Cumulative effect of accounting change, net              | -           | -           | -           | -           | -        | -         | -           | (1.94)    |
| Net loss per share                                       | \$ (.98)    | \$ (.91)    | \$ (.72)    | \$ (.56)    | \$ (.97) | \$ (1.13) | \$ (1.39)   | \$ (3.24) |

(1)In the fourth quarter of 1993, the Company adopted Financial Accounting Standards Board requirements to accrue certain severance, disability, and other benefits provided to former or inactive employees. Adoption of these requirements did not have a material effect on the fourth-quarter loss.

(2)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 for the quarter have been decreased by \$7,120,000, or 19 cents per fully diluted common share, as a result of adjusting net deferred tax liabilities for the change in rates. Also included in the third quarter of 1993 was a net pretax gain of \$5,300,000, or 9 cents per fully diluted common share after tax, which was primarily attributable to an asset sale.

(3)In the second quarter of 1993, the Canadian federal government reduced the statutory tax rate applicable to the Company. 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 for the quarter have been increased by \$5,020,000, or 13 cents per fully diluted common share, as a result of adjusting net Canadian deferred tax liabilities for the changes in rates.

(4)During the first quarter of 1993, the Company sold its interest in a specialty paper producer at a pretax gain of \$8,644,000, or 14 cents per fully diluted common share after taxes.

(5)The Company adopted Financial Accounting Standards Board requirements applicable to accounting for postretirement benefits other than pensions effective as of January 1, 1992. The "Cumulative effect of accounting change, net" represents the cumulative present value of postretirement health care costs payable in the future that were attributable to employee service prior to January 1, 1992. The Company's 1992 retiree health care costs increased by \$3,000,000 before taxes, or 5 cents per fully diluted common share after taxes, as a result of adoption of the new requirements. Net loss reported for each of the first three quarters of 1992 has been restated to include a proportionate share of these costs.

(6)At the end of the second quarter of 1992, the Company completed the sale of 11 corrugated container plants. The pretax gain of \$25,020,000, or 41 cents per fully diluted common share after taxes, from that sale was largely offset by the write-off of certain pulp and paper mill start-up costs that had been capitalized prior to 1987.

(7)The computation of fully diluted net loss per common share was antidilutive in the periods shown; therefore, primary and fully diluted net loss per share are the same.

See Notes to Financial Statements for additional information.

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, 1993, 1992 and 1991, and the related statements of income (loss), cash flows, and shareholders' equity for the years then ended. 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, 1993, 1992 and 1991, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 5 to the financial statements, effective January 1, 1992, the Company changed its method of accounting for postretirement benefits other than pensions in accordance with Standard No. 106 of the Financial Accounting Standards Board.

Boise, Idaho  
January 26, 1994

Arthur Andersen & Co.

## 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.

The Company's Internal Audit staff monitors the Company's financial reporting system and the related internal accounting controls, which are also selectively tested by Arthur Andersen & Co., Boise Cascade's independent public accountants, for purposes of planning and performing their audit of the Company's financial statements.

The Audit Committee of the board of directors, which is composed solely of nonemployee directors, meets periodically with management, representatives of the Company's Internal Audit Department, and Arthur Andersen & Co. 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.

## Discussion and Analysis

The following discussion and analysis of operations for 1992, compared with 1991 and 1990, should be read in conjunction with the discussion and analysis of operations for 1993, compared with 1992, contained in the "Financial Review" section of this annual report and with the financial statements and accompanying notes.

Boise Cascade reported a net loss of \$227 million, or \$6.73 per fully diluted share, in 1992. This compares with a net loss of \$79 million, or \$2.46 per fully diluted common share, in 1991 and net income of \$75 million, or \$1.62 per fully diluted share, in 1990.

The 1992 loss includes a charge of \$73 million after tax, or \$1.94 per share, for the adoption of Financial Accounting Standards Board requirements to accrue the cost of postretirement benefits other than pensions. In addition, the Company reported a pretax gain of approximately \$25 million on the sale of 11 corrugated container plants, which was largely offset by the write-off of certain pulp and paper mill start-up costs that had been capitalized prior to 1987. In 1991, the Company sold its 50 percent interest in a European corrugated container joint venture for \$50 million.

Sales in 1992 were \$3.7 billion, compared with \$4.0 billion in 1991 and \$4.2 billion in 1990. Sales declined because of the divestiture of the Company's wholesale office products distribution operations, the sale of certain nonstrategic corrugated container facilities, and falling paper prices.

Our paper and paper products segment had an operating loss of \$187 million in 1992, compared with a loss of \$92 million in 1991 and income of \$187 million in 1990. The decline was due to progressively weakening prices for most grades of pulp and paper that we manufacture. For example, the weighted average price per ton for all of Boise Cascade's tons of paper sold in 1992 was down nearly 10 percent from 1991 levels, after declining 14 percent in 1991 and 6 percent in 1990. Additionally, new uncoated free sheet and newsprint capacity came on stream over the three-year period in the face of a U.S. recession, causing a sharp imbalance between supply and demand.

Offsetting the effect of weakening prices was the impact of the Company's cost-reduction efforts. Through process improvement, process elimination, and previous capital investment, the Company's pulp and paper manufacturing costs per ton, excluding depreciation, have declined. Additionally, unit sales volume grew to 3.5 million tons in 1992 from 3.4 million tons in 1991 and from 3.3 million tons in 1990. The increase is primarily because of tonnage from the new business and printing paper machine in International Falls, Minnesota.

Operating income for Boise Cascade's office products segment was \$19 million in 1992, compared with \$35 million in 1991 and \$58 million in 1990. Sales volume and profitability declined due to the divestiture of the wholesale portion of that business early in 1992, as the Company prepared for accelerated growth in the commercial distribution channel. The decline in profitability over the three-year period was also a reflection of a generally weak economy as well as increased competition.

Income for the Company's building products segment was \$115 million in 1992, compared with \$104 million in 1991, which included a pretax gain of \$63 million from the sale of nonstrategic western Oregon timberland. After adjusting for that sale and for reserves taken during 1991, income in 1992 was sharply higher than in 1991 on a 27 percent increase in sales. Income for 1991, as adjusted, was up from \$42 million in 1990. The improvement in operating income over the periods reflected rising lumber and plywood prices. Higher prices resulted from moderately stronger demand, the constrained supply of timber available for commercial harvest in the Pacific Northwest, and unusual events, such as hurricanes in the South and in Hawaii, which exacerbated an already tight supply-demand balance. The cost of logs delivered to our wood products operations in the Pacific Northwest continued to increase, as preservationist-inspired efforts led to constraints on available timber supply.

## STATEMENTS OF INCOME (LOSS) (UNAUDITED) Boise Cascade Corporation and Subsidiaries

|  | THREE MONTHS ENDED DECEMBER 31 |             | YEAR ENDED DECEMBER 31 |              |
|--|--------------------------------|-------------|------------------------|--------------|
|  | 1993                           | 1992        | 1993                   | 1992         |
|  | (EXPRESSED IN THOUSANDS)       |             |                        |              |
| REVENUES   |                                |             |                        |              |
| Sales  | \$ 996,900                     | \$ 904,960  | \$ 3,958,300           | \$ 3,715,590 |
| Other income (expense), net                        | (410)                          | (3,470)     | 24,140                 | 14,800       |
|  | 996,490                        | 901,490     | 3,982,440              | 3,730,390    |
| COSTS AND EXPENSES                                 |                                |             |                        |              |
| Materials, labor, and other operating expenses     | 853,800                        | 761,370     | 3,373,300              | 3,223,910    |
| Depreciation and cost of company timber harvested  | 67,190                         | 69,340      | 267,710                | 265,790      |
| Selling and administrative expenses                | 79,810                         | 80,560      | 321,650                | 335,170      |
|  | 1,000,800                      | 911,270     | 3,962,660              | 3,824,870    |
| INCOME (LOSS) FROM OPERATIONS                      | (4,310)                        | (9,780)     | 19,780                 | (94,480)     |
| Interest expense                                   | (35,590)                       | (40,600)    | (148,310)              | (166,450)    |
| Interest income                                    | 330                            | 370         | 1,330                  | 1,830        |
| Foreign exchange gain (loss)                       | (420)                          | 1,490       | 1,610                  | 6,590        |
|  | (35,680)                       | (38,740)    | (145,370)              | (158,030)    |
| LOSS BEFORE INCOME TAXES                           | (39,990)                       | (48,520)    | (125,590)              | (252,510)    |
| Income tax benefit                                 | (16,310)                       | (18,920)    | (48,450)               | (98,480)     |
| LOSS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE | (23,680)                       | (29,600)    | (77,140)               | (154,030)    |
| CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAX | --                             | --          | --                     | (73,450)     |
| NET LOSS   | \$ (23,680)                    | \$ (29,600) | \$ (77,140)            | \$ (227,480) |
| NET LOSS PER COMMON SHARE                          |                                |             |                        |              |
| Primary  |                                |             |                        |              |
| Loss before cumulative effect of accounting change | \$ (.98)                       | \$ (.97)    | \$ (3.17)              | \$ (4.79)    |
| Cumulative effect of accounting change, net of tax | --                             | --          | --                     | (1.94)       |
| Net loss per share                                 | \$ (.98)                       | \$ (.97)    | \$ (3.17)              | \$ (6.73)    |
| Fully diluted                                      |                                |             |                        |              |
| Loss before cumulative effect of accounting change | \$ (.98)                       | \$ (.97)    | \$ (3.17)              | \$ (4.79)    |
| Cumulative effect of accounting change, net of tax | --                             | --          | --                     | (1.94)       |
| Net loss per share                                 | \$ (.98)                       | \$ (.97)    | \$ (3.17)              | \$ (6.73)    |
| SEGMENT INFORMATION                                |                                |             |                        |              |
| SEGMENT SALES                                      |                                |             |                        |              |
| Paper and paper products                           | \$ 476,323                     | \$ 463,397  | \$ 1,920,653           | \$ 1,930,243 |
| Office products                                    | 179,888                        | 162,077     | 682,819                | 672,220      |
| Building products                                  | 388,278                        | 316,076     | 1,530,824              | 1,269,465    |
| Intersegment eliminations and other                | (47,589)                       | (36,590)    | (175,996)              | (156,338)    |
|  | \$ 996,900                     | \$ 904,960  | \$ 3,958,300           | \$ 3,715,590 |
| SEGMENT OPERATING INCOME (LOSS)                    |                                |             |                        |              |
| Paper and paper products                           | \$ (34,169)                    | \$ (33,722) | \$ (137,770)           | \$ (186,537) |
| Office products                                    | 7,710                          | 4,562       | 35,631                 | 18,847       |
| Building products                                  | 32,540                         | 30,821      | 158,773                | 114,891      |
| Joint ventures, corporate, and other               | (10,391)                       | (11,441)    | (36,854)               | (41,681)     |
| INCOME (LOSS) FROM OPERATIONS                      | \$ (4,310)                     | \$ (9,780)  | \$ 19,780              | \$ (94,480)  |

## BALANCE SHEETS (Unaudited) Boise Cascade Corporation and Subsidiaries

|  | DECEMBER 31              |              |
|--|--------------------------|--------------|
|  | 1993                     | 1992         |
|  | (EXPRESSED IN THOUSANDS) |              |
| ASSETS   |                          |              |
| CURRENT  |                          |              |
| Cash and cash items  | \$ 14,860                | \$ 12,588    |
| Short-term investments at cost,<br>which approximates market   | 7,569                    | 7,744        |
|  | 22,429                   | 20,332       |
| Receivables, less allowances of<br>\$1,264,000 and \$1,757,000 | 366,187                  | 366,891      |
| Inventories  | 446,609                  | 415,930      |
| Deferred income tax benefits                                   | 38,831                   | 49,518       |
| Other  | 13,397                   | 12,993       |
|  | 887,453                  | 865,664      |
| PROPERTY   |                          |              |
| Property and equipment   |                          |              |
| Land and land improvements                                     | 56,871                   | 56,601       |
| Buildings and improvements                                     | 571,712                  | 556,266      |
| Machinery and equipment  | 4,642,434                | 4,498,287    |
|  | 5,271,017                | 5,111,154    |
| Accumulated depreciation                                       | (2,261,360)              | (2,044,189)  |
|  | 3,009,657                | 3,066,965    |
| Timber, timberlands, and timber<br>deposits                    | 366,054                  | 385,955      |
|  | 3,375,711                | 3,452,920    |
| OTHER ASSETS   | 249,809                  | 241,122      |
| TOTAL ASSETS   | \$ 4,512,973             | \$ 4,559,706 |

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT

|                                   |           |          |
|-----------------------------------|-----------|----------|
| Notes payable                     | \$ 31,000 | \$ 4,000 |
| Current portion of long-term debt | 145,185   | 243,723  |
| Accounts payable                  | 288,300   | 268,962  |
| Accrued liabilities               |           |          |
| Compensation and benefits         | 103,188   | 107,007  |
| Interest payable                  | 32,194    | 42,847   |
| Other                             | 88,568    | 83,192   |
|                                   | 688,435   | 749,731  |

DEBT

|                                      |           |           |
|--------------------------------------|-----------|-----------|
| Long-term debt, less current portion | 1,593,348 | 1,680,183 |
| Guarantee of ESOP debt               | 246,856   | 261,695   |
|                                      | 1,840,204 | 1,941,878 |

OTHER

|                             |         |         |
|-----------------------------|---------|---------|
| Deferred income taxes       | 222,464 | 279,011 |
| Other long-term liabilities | 257,346 | 231,490 |
|                             | 479,810 | 510,501 |

SHAREHOLDERS' EQUITY

|  |           |           |
|--|-----------|-----------|
| Preferred stock -- no par value;<br>10,000,000 shares authorized;<br>Series D ESOP: \$.01 stated<br>value; 6,395,047 and<br>6,475,198 shares outstanding | 287,777   | 291,384   |
| Deferred ESOP benefit  | (246,856) | (261,695) |
| Series E: \$.01 stated value;<br>862,500 shares outstanding in<br>each period  | 191,466   | 191,471   |
| Series F: \$.01 stated value;<br>115,000 shares outstanding in<br>1993   | 111,043   | --        |
| Series G: \$.01 stated value;<br>862,500 shares outstanding in<br>1993   | 176,404   | --        |
| Common stock -- \$2.50 par value;<br>200,000,000 shares authorized;<br>37,987,529 and 37,940,312 shares<br>outstanding                                   | 94,969    | 94,851    |
| Retained earnings  | 889,721   | 1,041,585 |
| Total shareholders' equity   | 1,504,524 | 1,357,596 |

TOTAL LIABILITIES AND SHAREHOLDERS'  
EQUITY

|  |              |              |
|--|--------------|--------------|
|  | \$ 4,512,973 | \$ 4,559,706 |
|--|--------------|--------------|

SHAREHOLDERS' EQUITY PER COMMON SHARE

|  |         |         |
|--|---------|---------|
|  | \$25.92 | \$29.95 |
|--|---------|---------|

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

|  | YEAR ENDED DECEMBER 31   |              |
|--|--------------------------|--------------|
|  | 1993                     | 1992         |
|  | (EXPRESSED IN THOUSANDS) |              |
| CASH PROVIDED BY (USED FOR) OPERATIONS                 |                          |              |
| Net loss   | \$ (77,140)              | \$ (227,480) |
| Items in loss not using (providing) cash               |                          |              |
| Cumulative effect of accounting change, net of tax     | --                       | 73,450       |
| Depreciation and cost of company timber harvested      | 267,710                  | 265,790      |
| Deferred income tax benefit                            | (46,243)                 | (59,815)     |
| Amortization and other                                 | 11,547                   | 28,549       |
| Gain on sales of operating assets                      | (8,300)                  | (25,020)     |
| Receivables  | (116)                    | (46,322)     |
| Inventories  | (30,679)                 | (3,319)      |
| Accounts payable and accrued liabilities               | 15,696                   | 9,216        |
| Current and deferred income taxes                      | 13,137                   | 53,572       |
| Other  | (14,391)                 | (1,947)      |
| Cash provided by operations                            | 131,221                  | 66,674       |
| CASH PROVIDED BY (USED FOR) INVESTMENT                 |                          |              |
| Expenditures for property and equipment                | (216,818)                | (275,414)    |
| Expenditures for timber and timberlands                | (4,663)                  | (7,537)      |
| Sales of operating assets                              | 23,992                   | 202,156      |
| Other  | 8,867                    | (31,387)     |
| Cash used for investment                               | (188,622)                | (112,182)    |
| CASH PROVIDED BY (USED FOR) FINANCING                  |                          |              |
| Cash dividends paid                                    |                          |              |
| Common stock   | (22,772)                 | (22,765)     |
| Preferred stock  | (44,731)                 | (32,712)     |
|  | (67,503)                 | (55,477)     |
| Notes payable  | 27,000                   | (54,000)     |
| Additions to long-term debt                            | 83,807                   | 130,937      |
| Payments of long-term debt                             | (269,180)                | (164,380)    |
| Issuance of preferred stock                            | 287,442                  | 191,471      |
| Other  | (2,068)                  | (4,722)      |
| Cash provided by financing                             | 59,498                   | 43,829       |
| INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS |                          |              |
|  | 2,097                    | (1,679)      |
| BALANCE AT BEGINNING OF YEAR                           | 20,332                   | 22,011       |
| BALANCE AT END OF YEAR                                 | \$ 22,429                | \$ 20,332    |

Operating Highlights. These statements are unaudited statements which do not include all Notes to Financial Statements and should be read in conjunction with the 1993 Annual Report of the Company. The 1993 Annual Report will be available in March 1994. The net loss for the three months ended December 31, 1993 and 1992, was subject to seasonal variations and necessarily involved adjustments to estimates made at interim periods for accruals and allocations.

In the fourth quarter of 1993, the Company adopted Financial Accounting Standards Board requirements to accrue certain severance, disability, and other benefits provided to former or inactive employees. Adoption of these requirements did not have a material effect on the Company's fourth-quarter loss.

Results for the third quarter of 1993 included a net pretax gain of \$5,300,000, or 9 cents per fully diluted common share after tax, which was primarily attributable to an asset sale.

Late in the third quarter of 1993, the Company issued 862,500 Series G conversion preferred shares for \$176,404,000, net of issuance costs. Unless previously redeemed or converted, these shares will automatically convert to 8,625,000 shares of the Company's common stock in 1997.

Early in the first quarter of 1993, the Company issued \$111,043,000, net of issuance costs, of 9.4% nonconvertible Series F preferred stock.

During the first quarter of 1993, the Company sold its interest in a specialty paper producer at a pretax gain of \$8,644,000, or 14 cents per fully diluted common share after taxes.

Effective as of January 1, 1993, the Company adopted new Financial Accounting Standards Board requirements that govern the way deferred taxes are calculated and reported. Adoption of these requirements entailed a one-time adjustment that had no effect on the Company's first quarter 1993 net loss. Financial statements for prior periods have not been restated.

In the second quarter of 1993, the Canadian federal government reduced the statutory tax rate applicable to the Company. 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. 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. In accordance with the provisions of the newly adopted accounting standard, net deferred tax liabilities are adjusted when rate changes are adopted. The one-time second-quarter adjustment resulted in a benefit of \$5,020,000, or 13 cents per fully diluted common share, and the third-quarter adjustment resulted in a charge of \$7,120,000, or 19 cents per fully diluted common share.

The effective tax rate for 1993, exclusive of the impact of the adjustments to deferred taxes, was 40.3%, compared with a rate of 39% in 1992.

During the fourth quarter of 1992, the Company adopted, effective as of January 1, 1992, the Financial Accounting Standards Board requirements applicable to accounting for postretirement benefits other than pensions. The Company's retiree health care costs that had previously been recorded when paid are now accrued. The cumulative present value of costs payable in the future that are attributable to employee service prior to January 1, 1992, is shown on the Company's Statements of Income (Loss) under the caption "Cumulative effect of accounting change, net of tax." The Company's 1992 retiree health care costs increased by \$3,000,000 before taxes, or 5 cents per fully diluted common share after taxes, as a result of adoption of the new requirements. Net loss reported for each of the first three quarters of 1992 has been restated to include a proportionate share of these costs.

At the end of the second quarter of 1992, the Company completed the sale of 11 corrugated container plants. The pretax gain of \$25,020,000, or 41 cents per fully diluted common share after taxes, from that sale was largely offset by the write-off of certain pulp and paper mill start-up costs that had been capitalized prior to 1987. The write-off reflects a change in the estimated period benefited by such expenditures.

Early in the first quarter of 1992, the Company completed the sale of essentially all of its wholesale office products distribution operations.

Net Loss Per Common Share. Net loss per common share was determined by dividing net loss, as adjusted below, by applicable shares outstanding.

YEAR ENDED DECEMBER 31  
1993                      1992  
(EXPRESSED IN THOUSANDS)



|                                      |             |              |
|--------------------------------------|-------------|--------------|
| Net loss as reported                 | \$ (77,140) | \$ (227,480) |
| Preferred dividends                  | (43,076)    | (27,711)     |
| Primary loss                         | (120,216)   | (255,191)    |
| Assumed conversions:                 |             |              |
| Preferred dividends eliminated       | 33,407      | 27,711       |
| Interest on 7% debentures eliminated | 3,644       | 4,108        |
| Supplemental ESOP contribution       | (12,381)    | (10,285)     |
| Fully diluted loss                   | \$ (95,546) | \$ (233,657) |
| Average number of common shares      |             |              |
| Primary                              | 37,958      | 37,942       |
| Fully diluted                        | 55,825      | 53,283       |

NOTES TO QUARTERLY FINANCIAL STATEMENTS Boise Cascade Corporation  
and Subsidiaries

The computation of fully diluted net loss per share was antidilutive in each of the periods presented; therefore, the amounts reported for primary and fully diluted loss are the same.

For 1993 and 1992, primary average shares include only common shares outstanding. For these years, common stock equivalents attributable to stock options, Series E conversion preferred stock subsequent to issuance in January 1992, and Series G conversion preferred stock subsequent to issuance in September 1993 were excluded because they were antidilutive. Excluded common equivalent shares were 10,840,000 at December 31, 1993, compared with 7,998,000 shares at the same date in the prior year. In addition to common and common equivalent shares, fully diluted average shares include common shares that would be issuable upon conversion of the Company's other convertible securities.

Primary loss includes the aggregate amount of dividends on the Company's preferred stock. The dividend attributable to the Company's Series D convertible preferred stock held by the Company's ESOP (employee stock ownership plan) is net of a tax benefit. To determine the fully diluted loss, dividends and interest, net of any applicable taxes, have been added back to primary loss to reflect assumed conversions. The fully diluted loss was increased by the after-tax amount of additional contributions that the Company would be required to make to its ESOP if the Series D ESOP preferred shares were converted to common stock.

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The significant subsidiaries of the Company are as follows:

|                           | State or Other<br>Jurisdiction<br>of Incorporation<br>or Organization | Percentage of<br>Voting Securities<br>Owned |
|---------------------------|---|---|
| Boise Cascade Canada Ltd. | Canada  | 100.00                                      |
| Oxford Paper Company      | Delaware  | 100.00                                      |