BOISE CASCADE CORP
Form 424B5
October 09, 2003

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Subject to Completion. Dated October 8, 2003.

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Prospectus Supplement to Prospectus dated April 23, 2002.

$500,000,000

Boise Cascade Corporation

% Senior Notes due 2010
% Senior Notes due 2013

We will issue $ million principal amount of the 2010 notes and $ million principal amount of the 2013 notes. The 2010 notes will mature on October , 2010, and the 2013 notes will mature on October , 2013. We will pay interest on the notes semiannually on April and October , beginning on April , 2004. The notes will be issued in denominations of $1,000 and integral multiples of $1,000.

We may redeem all or part of the 2010 notes at any time and the 2013 notes at any time before October , 2008, in each case at a price equal to 100% of their principal amount plus a make-whole premium. On or after October , 2008, we may redeem all or part of the 2013 notes at the applicable redemption prices. In addition, on or before October , 2006, we may, on one or more occasions, use the net proceeds from one or more equity offerings to redeem up to 35% of the 2010 notes and the 2013 notes at the applicable redemption prices.

If we undergo certain changes of control, you may require us to repurchase all or part of the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the repurchase date. If we sell our assets under certain circumstances, we will offer to repurchase the notes at a price equal to 100% of their principal amount plus accrued and unpaid interest to the repurchase date. If we complete a spin-off of all or some portion of one or more business units, the newly created company will offer to exchange the notes for substantially similar notes of the new company and we will offer to repurchase all of the notes at a price equal to 100% of their principal amount plus accrued and unpaid interest to the repurchase date.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. Currently, there is no public market for the notes.

See "Risk Factors" beginning on page S-15 of this prospectus supplement to read about some of the factors you should consider before buying the notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per 2010 Note	Per 2013 Note	Total
Initial public offering price	%	%	$
Underwriting discount	%	%	$
Proceeds, before expenses, to us	%	%	$

The initial public offering prices set forth above do not include accrued interest, if any. Interest on the notes will accrue from October , 2003 and must be paid by the purchaser if the notes are delivered after October , 2003.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on or about October , 2003.

Sole Book-Running Manager

Goldman, Sachs & Co.

Joint Lead Managers

Banc of America Securities LLC **Wachovia Securities** **U.S. Bancorp Piper Jaffray**

Senior Co-Managers

ABN AMRO Incorporated **Harris Nesbitt** **TD Securities**

Co-Managers

Wells Fargo Institutional Brokerage and Sales **ING Financial Markets**
Utendahl Capital Partners, L.P. **Daiwa Securities SMBC Europe**

Prospectus Supplement dated October , 2003.

PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary together with the more detailed information and financial statements and notes to the financial statements appearing elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. You should, in particular, read and consider the risk factors described in "Risk Factors" beginning on page S-15 of this prospectus supplement.

Except as specified in the section below entitled "Description of Notes," when we refer to "Boise," "we," "us" or "our" in this prospectus supplement, we are referring to Boise Cascade Corporation and all of its subsidiaries. When we refer to "OfficeMax" in this prospectus supplement, we are referring to OfficeMax, Inc. and all of its subsidiaries. We describe below pro forma effects of our proposed acquisition of OfficeMax. There can be no assurance that the acquisition will be completed.

This prospectus supplement is part of and should be read together with the accompanying prospectus. The information we present in this prospectus supplement may add, update or change information included in the accompanying prospectus. If information in this prospectus supplement or the information incorporated by reference in this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement or the information incorporated by reference in this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

Our Company

We are one of the largest distributors of office products and building materials in North America and a major integrated manufacturer of paper, packaging and wood products. With our proposed acquisition of OfficeMax, we would become one of the largest operators of retail office products stores in the U.S. and one of the leading integrated suppliers of office products to both small and large customers. For the twelve months ended June 30, 2003 our consolidated sales were $7.5 billion, 88% of which originated in the U.S., EBITDA was $417.7 million and net loss was $16.8 million. On a pro forma basis giving effect to the proposed acquisition of OfficeMax, for the twelve months ended June 30, 2003,

our sales would have been $12.4 billion, EBITDA would have been $546 million and net loss would have been $37.1 million. See Note 1 under "Prospectus Supplement Summary Summary Historical Financial Data of Boise" beginning on page S-11 and Note 1 under "Prospectus Supplement Summary Summary Pro Forma Financial Data" beginning on page S-13 of this prospectus supplement for a definition and discussion of EBITDA and a reconciliation of net income (loss) to EBITDA.

As of June 30, 2003, we employed approximately 24,000 people at 244 facilities in the U.S., Canada, Australia and New Zealand. We also own or control approximately 2.4 million acres of timberland in the U.S. As of April 3, 2003, OfficeMax employed approximately 31,000 people and operated 968 superstores in the U.S., Puerto Rico, the U.S. Virgin Islands and Mexico.

We operate our business through three business segments: Boise Office Solutions, Boise Building Solutions and Boise Paper Solutions. Boise Office Solutions markets and sells office supplies, paper, technology products and office furniture. Boise Building Solutions manufactures, markets and distributes various products that are used for construction. Boise Paper Solutions manufactures, markets and distributes uncoated free sheet papers, containerboard, corrugated containers, newsprint and market pulp.

Our Businesses

Boise Office Solutions

We distribute a broad line of products for the office, including office supplies and paper, technology products and office furniture, through our Boise Office Solutions segment. Substantially all products sold by this segment are sourced from outside manufacturers or from industry wholesalers, except office papers, which are provided primarily by Boise Paper Solutions. Boise Office Solutions sells these office products directly to large corporate, government and small and medium-sized offices in the U.S., Canada, Mexico, Australia and New Zealand. Boise Office Solutions' sales for the twelve months ended June 30, 2003 were $3.6 billion.

We expect the purchase of OfficeMax to continue our strategic shift away from being a manufacturing company and toward being a distribution company. We believe this shift will offset the earnings volatility of our manufacturing operations. Additionally, given the continuing consolidation in the office products industry, we believe it will be important to have size, scale and channel diversity in order to compete effectively with the larger industry participants. We believe combining with OfficeMax will help achieve that critical mass.

Boise Office Solutions seeks to grow its business by offering a wide range of office products, further expanding its reach into related sectors, such as small to medium-sized businesses, and increasing operational efficiencies by leveraging its nationwide distribution network. As a result of winning new customers by focusing on these initiatives and maintaining its relationships with existing accounts by continuing to provide excellent customer service, Boise Office Solutions was the fourth largest contract stationer in North America based on 2002 sales.

At September 15, 2003, Boise Office Solutions operated 63 office products distribution centers, two outbound sales centers, four customer service centers, and five wholesale distribution facilities, as well as 100 retail office products stores in Canada, Hawaii, Australia and New Zealand.

Boise Building Solutions

We are a major manufacturer, marketer and distributor of various products that are used for construction. These products include structural panels, including plywood and oriented strand board, and particleboard, representing 31% of 2002 sales, engineered wood products, representing 14% of 2002 sales, lumber, representing 31% of 2002 sales, and other building supplies, representing 24% of 2002 sales. Most of these products are sold to independent wholesalers and dealers and through our wholesale building materials distribution outlets. Boise Building Solutions' sales for the twelve months ended June 30, 2003 were $2.5 billion.

Boise Building Solutions has successfully launched a plan to improve its business mix by growing the distribution business and emphasizing value-added products such as engineered wood products. Currently, Boise Building Solutions is the second largest producer of engineered wood products in North America, based on 2002 manufacturing capacity, and the third largest full-line wholesale distributor of building products in North America, based on 2002 sales.

We operate 26 building products manufacturing facilities that produce wood products used primarily in housing, industrial construction and a variety of manufactured products. We specialize in engineered wood products consisting of laminated veneer lumber, which is a high-strength

engineered structural lumber product, wood I-joists and laminated beams. In the second quarter of 2003, we started up a facility where we manufacture a siding product made from integrated wood-polymer building materials, which we call HomePlate .

We operate 28 wholesale building materials distribution facilities. We market a wide range of building materials from these facilities, including lumber, plywood, oriented strand board,

particleboard, decking, engineered wood products, paneling, drywall, builders' hardware and metal products. These products are distributed to retail lumber dealers, home centers specializing in the do-it-yourself market and industrial customers. Approximately 30% of the lumber, panels and engineered wood products sold by our distribution operations is provided by our manufacturing facilities and the balance is purchased from outside sources.

Boise Paper Solutions

Through Boise Paper Solutions, we manufacture and sell:

- uncoated free sheet papers consisting of office papers, printing grades, forms bond, envelope papers and value-added papers;
- containerboard;
- corrugated containers;
- newsprint; and
- market pulp.

This segment of our business is focused primarily on uncoated free sheet papers and containerboard and corrugated containers. Boise Paper Solutions' sales for the twelve months ended June 30, 2003 were $1.9 billion. Based on 2002 manufacturing capacity, Boise Paper Solutions was the fourth largest producer of uncoated free sheet papers in North America. Boise Paper Solutions is seeking to grow a targeted number of value-added paper businesses by streamlining its paper operations and maximizing the benefits of its integration with Boise Office Solutions. Boise Office Solutions is the single largest customer of Boise Paper Solutions. For the six months ended June 30, 2003, approximately 41% of the uncoated free sheet we produced, including approximately 77% of our office papers, was sold through Boise Office Solutions, and the equivalent of 57% of our containerboard production was consumed by our corrugated container plants.

Our paper and containerboard are manufactured at five mills in the United States. These mills had an annual capacity of 2.9 million short tons at September 15, 2003. With the exception of our newsprint, our products are sold to distributors and industrial customers primarily by our sales personnel. Our newsprint is marketed by Abitibi-Consolidated, Inc. Our corrugated containers are manufactured at five plants in the U.S., which have an aggregate annual capacity of approximately 6.5 billion square feet. The containers produced at our plants are used to package fresh fruit and vegetables, processed food, beverages and many other industrial and consumer products. We sell our corrugated containers primarily through our sales personnel.

Our paper mills are supplied with pulp primarily from our integrated pulp mills. Wood residuals are provided by our sawmills and panel plants in the northwestern U.S. and, to a lesser extent, in the southern U.S., and the remainder is purchased from outside sources.

Timber Resources

We own or control approximately 2.4 million acres of timberland in the U.S. Our timberlands are managed as part of Boise Building Solutions and Boise Paper Solutions. The amount of timber we harvest each year from our timber resources, compared with the amount we purchase from outside sources, varies according to the price and supply of timber for sale on the open market and according to what we deem to be in the interest of sound management of our timberlands.

Our Strategies

We have focused our growth on the distribution of office products and building materials. We believe shifting our business mix to distribution will lower our capital requirements relative to the more capital-intensive manufacturing side of our business, generate more consistent earnings and provide an opportunity for us to take our manufactured products closer to the end user.

In our distribution businesses, key components of our strategy include combining excellent customer service and a nationwide distribution network to serve large national accounts that rely on us to deliver consistent products and services at competitive prices to multiple locations. We believe acquiring OfficeMax will provide us with a major retail presence in the office products market.

In our manufacturing businesses, we emphasize value-added product lines that yield higher profit margins and seek to maximize opportunities where we can be a low-cost producer.

Specifically, it is our intention to:

Continue to emphasize and grow our distribution businesses. We are shifting our business focus to distribution to enhance our growth and improve our financial performance. Acquiring OfficeMax will be a step in our execution of this strategy. We have also narrowed the focus of our manufacturing businesses to improve our competitive position in the building products and paper markets. Accordingly, we are currently evaluating strategic alternatives for our building products and paper businesses. We expect to take additional appropriate steps over the 12 to 18 months following the close of the OfficeMax acquisition to continue developing and implementing this strategy.

Continue to develop value-added products and services. We have developed value-added products and services in all our businesses. By reducing the emphasis on commodity products, we believe we have the opportunity, over time, to generate higher returns and, more importantly, to compete on business parameters other than price. We intend to continue to mitigate price volatility in our businesses through our focus on value-added products such as engineered wood products.

Further improve the competitive position of each business. We have focused our paper business on fewer grades and facilities to reduce our capital commitments, achieve stronger market positions and leverage the advantages of our competitive cost position. We have worked to improve the competitive cost position of all of our businesses by reducing costs, ensuring consistent quality, adjusting our product mix and sourcing and increasing the value of our offerings to customers. We are committed to optimizing our businesses in light of strategic opportunities for growth and efficient management of assets.

Our Strengths

The strengths of our business include:

Demonstrated strength in distribution. We had approximately $3.5 billion in office products sales and $1.7 billion in building materials distribution sales in 2002. The acquisition of OfficeMax will significantly increase the percentage of our revenue derived from distribution, which will serve to offset the volatility of our manufacturing operations. As of September 15, 2003, our distribution network consisted of:

in office products, 63 office products distribution centers, two outbound sales centers, four customer service centers, and five wholesale distribution facilities;

with OfficeMax, multiple integrated distribution channels to every type and size of customer;

in building materials, 28 wholesale distribution facilities; and

in e-commerce, approximately $1.5 billion of annualized revenue.

Strong cash flow generation and prudent balance sheet management. Despite significant price fluctuations for many of our products, we have demonstrated strong cash flows from operations because of our balanced business portfolio. Our strong performance is also attributable to our attention to cost reduction. Managing capital expenditures allows us to enhance our cash flow. Additionally, we have been willing to finance our growth, including acquisitions, using equity capital. In the case of the proposed OfficeMax acquisition, for example, we will pay 60% of the merger consideration in Boise common stock. This use of equity has strengthened our balance sheet and enabled us to have financial flexibility to react to downturns in the commodity forest products markets.

Significant scale and geographic diversity. Our scale enables us to gain significant efficiencies that result from high-volume production runs and to employ and implement best practices and process improvements developed at one facility across other locations. We believe our geographic diversity allows us to be more efficient with respect to shipping and distribution of finished products. Our scale also enables us to serve large national customers, as well as small to medium-sized businesses, retail consumers, wholesale distribution companies, and industrial manufacturers. We believe that our ability to provide high quality service on a national scale to each of these customer classes is a significant competitive advantage.

Modern facilities and low ongoing capital requirements. We have made meaningful capital investments in each of our business segments. We believe these investments have enabled us to be a cost-competitive distributor of office products and producer of paper and building products and will result in a lower level of capital expenditures for facility upgrades in the future. Consequently, we expect to have the ability to generate substantial cash flow during periods when commodity prices are favorable.

Attractive North American asset base. Our capital investment, selective acquisitions and prudent restructurings over previous years have made us, in North America, based on sales or manufacturing capacity in 2002:

upon consummation of the proposed acquisition of OfficeMax, the third largest operator of retail office products stores;

the fourth largest contract stationer;

the fourth largest producer of uncoated free sheet;

the fourth largest producer of plywood;

the second largest producer of engineered wood products;

the third largest full-line wholesale distributor of building products; and

the holder of 2.4 million acres of timberland in the U.S.

Experienced management team with strong strategic vision. Our management team places a high level of focus on profitability, growth, cash flow generation and maintaining a strong

balance sheet. Led by our Chief Executive Officer, George Harad, our senior management team has a proven track record of:

- focusing on the expansion of our distribution business;
- successfully integrating acquisitions;
- divesting non-core assets;
- generating additional revenues through product innovation and applied technologies;
- targeting capital investments on projects designed to enhance yields and improve cost; and
- enhancing performance during both favorable and challenging markets.

Proposed OfficeMax Acquisition

On July 13, 2003, we agreed to acquire OfficeMax. The consideration we will issue in the transaction will consist of 60% Boise common stock and 40% cash. Based on the average price of the Boise common stock as of September 18, 2003 of $28.21 per share and the number of outstanding OfficeMax common shares on that date, we estimate that the cash portion of the total consideration will be $478 million and that we will incur estimated transaction costs of $25 million. The actual amount of the cash consideration will be dependent upon the average Boise stock price and the number of outstanding OfficeMax common shares at the time the acquisition becomes effective and could be more or less than $478 million.

Completion of the acquisition, which we expect to occur in the fourth quarter of 2003, is subject to a number of conditions, including approval by our stockholders and by the shareholders of OfficeMax. There can be no assurance that the acquisition of OfficeMax will be completed. See "Proposed Acquisition of OfficeMax" beginning on page S-43 of this prospectus supplement.

OfficeMax

OfficeMax operates a chain of high-volume office products superstores. As of April 3, 2003, OfficeMax owned and operated 968 superstores in 49 states, Puerto Rico, the U.S. Virgin Islands and, through a majority-owned subsidiary, in Mexico.

In addition to offering office products, business-machines and related items, OfficeMax superstores also feature CopyMax® and FurnitureMax®, in-store modules devoted exclusively to print-for-pay services and office furniture.

OfficeMax also reaches customers with an offering of over 40,000 items through its e-commerce site, OfficeMax.com®, its direct-mail catalogs and its outside sales force, all of which are serviced by its three PowerMax distribution facilities, 17 delivery centers and two national customer call and contact centers.

Over the last three years, OfficeMax has made major investments in developing and implementing a multi-pronged strategy, which included the development and installation of a state-of-the-art supply chain management network backed by a new integrated computer system, significant enhancements to overall store-level execution and focused marketing efforts.

Third Quarter Results

We recently announced that our earnings for the third quarter of 2003 will likely range between 40 and 44 cents per diluted share.

Third quarter sales and earnings in Boise Office Solutions strengthened from second quarter levels, and same location sales growth in that business continued the positive trend seen in recent quarters. We expect fourth quarter earnings in Boise Office Solutions to be similar to those in the third quarter, with same location sales exceeding those of fourth quarter 2002.

Boise Building Solutions' earnings were sharply higher in the third quarter than in the second quarter as the building season peaked. We expect building products markets to weaken seasonally as winter approaches, resulting in lower earnings in the fourth quarter than in the third quarter.

In Boise Paper Solutions, market conditions continued to be soft. Unit sales volumes were higher and unit costs for the quarter were lower; however, average paper prices decreased during the quarter. We expect fourth quarter paper markets to remain soft.

Risk Factors

You should consider carefully prior to investing in the notes all of the information set forth in this prospectus supplement and, in particular, the information under the heading "Risk Factors" beginning on page S-15 of this prospectus supplement.

The Offering

The following summary of the terms of the notes is not complete. For a more detailed description of the notes, see "Description of Notes." Capitalized terms used in this summary are defined under "Description of Notes Definitions."

Issuer	Boise Cascade Corporation.
Notes Offered	$ principal amount of % Senior Notes due 2010 and $ principal amount of % Senior Notes due 2013.
Maturity Dates	The 2010 notes mature on October , 2010 and the 2013 notes mature on October , 2013.
Interest Payment Dates	April and October , beginning April , 2004.
Optional Redemption	We may redeem all or part of the 2010 notes at any time and the 2013 notes at any time before October , 2008, in each case at a price equal to 100% of their principal amount plus a make-whole premium stated under "Description of Notes Optional Redemption." On or after October , 2008, we may redeem all or part of the 2013 notes at the applicable redemption prices stated under "Description of Notes Optional Redemption." In addition, on or before October , 2006, we may, on one or more occasions, use the net proceeds from one or more equity offerings to redeem up to 35% of the 2010 notes and the 2013 notes at a price equal to % and % of their principal amount, respectively, plus accrued and unpaid interest to the redemption date.
Offer to Repurchase	If we undergo a change of control, as defined in "Description of Notes Definitions" beginning on page S-74 of this prospectus supplement, you may require us to repurchase all or part of the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the repurchase date.
	If we sell a portion, but less than all or substantially all, of our assets under certain circumstances, we will use the cash proceeds of such asset sale remaining after other permitted uses to offer to repurchase the notes at a price equal to 100% of their principal amount plus accrued and unpaid interest to the

	repurchase date. After a fall away event, as described below, these note repurchase obligations no longer apply.
Permitted Spin-Off Transaction	The indenture governing the notes will permit a spin-off, split-up, split-off or other transaction involving the dividend, distribution or transfer by us of all or some portion of one or more of our business units. To make this dividend, distribution or transfer:

- the company created by the spin-off must complete a registered exchange offer in which it offers holders of the notes the opportunity to exchange their notes for notes of the new company with terms substantially identical to those of the notes;

- the company created by the spin-off must be able to incur at least $1.00 of additional debt pursuant to the fixed charge coverage ratio test set forth under "Description of Notes Covenants Incurrence of Indebtedness and Issuance of Preferred Stock" after giving pro forma effect to the spin-off transaction;
- each series of new notes issued in the exchange offer has ratings at least as high as the highest ratings given to the corresponding series of the notes in the one-year period immediately prior to the consummation of the spin-off transaction;
- immediately after such transaction, no default or event of default exists;
- the company created by the spin-off assumes all obligations of Boise under the notes and the indenture pursuant to agreements reasonably satisfactory to the trustee, whereupon Boise's obligation in respect of the notes exchanged for such notes of the new company shall be fully satisfied and discharged; and
- we must offer to repurchase all of the notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest to the repurchase date.

Covenants	Unless and until the notes receive an investment grade rating from two or more nationally recognized statistical rating organizations and other conditions are satisfied, which we refer to as a fall away event, the indenture will, among other things, limit our ability and the ability of our restricted subsidiaries to:

- pay dividends on our stock or repurchase our stock;
- make investments;
- borrow money and issue preferred stock;
- create liens;
- restrict the ability of our restricted subsidiaries to pay dividends or make other transfers to us;
- consolidate or merge with another person or sell all or substantially all of our assets and our restricted subsidiaries' assets to another person;
- engage in certain transactions with affiliates;
- enter into sale and leaseback transactions; and
- expand into unrelated businesses.

After a fall away event, some of the above limitations will no longer apply to either series of notes. The indenture will, however, among other things, limit our ability to:

- borrow money by restricted subsidiaries;

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- create liens on principal properties held by us or our restricted subsidiaries;
- consolidate or merge with another person or sell all or substantially all of our assets and our restricted subsidiaries' assets to another person; and
- enter into sale and leaseback transactions affecting principal properties held by us or our restricted subsidiaries.

These covenants are subject to important exceptions. For more detail, see "Description of Notes Covenants."

Use of Proceeds	We intend to use the net proceeds of this offering to repay borrowings under our revolving credit agreement, to provide cash necessary for the OfficeMax transaction and for other general corporate purposes.

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Summary Historical Financial Data of Boise

The following is a summary of consolidated financial data of Boise for the year ended December 31, 2002 and the six months ended June 30, 2002 and 2003. The information with respect to the year ended December 31, 2002 is derived from the audited financial statements of Boise contained in our Annual Report on Form 10-K for the year ended December 31, 2002. The information with respect to the six months ended June 30, 2002 and 2003 is derived from the unaudited consolidated financial statements of Boise contained in our Quarterly Report on Form 10-Q for the period ended June 30, 2003. These unaudited financial statements, in the opinion of management, have been prepared on the same basis as the audited financial statements and reflect all adjustments necessary for a fair presentation of Boise's results of operations and financial position. Results for the six months ended June 30, 2003 are not necessarily indicative of results that may be expected for the entire year. This summary should be read together with the consolidated financial statements, the accompanying notes and management's discussion and analysis of the operating and financial condition of Boise contained in our reports referred to above.

	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
	(in millions)		
Statements of income (loss) data:			
Sales	$ 7,412	$ 3,676	$ 3,782
Costs and expenses	7,294	3,646	3,758
Income from operations	118	30	24
Interest expense	(118)	(60)	(57)
Other	1	1	4
Income (loss) before income taxes, minority interest, and cumulative effect of accounting changes	1	(29)	(29)
Income tax benefit	18	30	10
Minority interest, net of income tax	(8)	(4)	(4)
Income (loss) before cumulative effect of accounting changes	11	(3)	(23)

	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
Cumulative effect of accounting changes, net of income tax			(9)
Net income (loss)	$ 11	$ (3)	$ (32)
Balance sheet data:			
Cash and cash equivalents	$ 65	$ 79	$ 98
Working capital	242	356	354
Property and equipment, net	2,542	2,573	2,531
Total assets	4,947	4,960	4,990
Total debt	1,592	1,606	1,611
Shareholders' equity	1,400	1,581	1,384
Other financial data:			
Depreciation and amortization	$ 307	$ 151	$ 149
Capital expenditures	266	105	118
EBITDA(1)	427	183	173

			Pro Forma For This Offering
	Year Ended December 31, 2002	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2003
Ratio of total debt to EBITDA	3.7x	3.9x	4.2x
Ratio of EBITDA to interest expense	3.6	3.6	2.9

(1)
EBITDA is not an alternative measure of operating results or cash flows from operations, as determined in accordance with generally accepted accounting principles, but we include it because we believe it permits a more comprehensive analysis of our operating performance relative to other companies and is a widely accepted indicator of our ability to incur and service debt and make capital expenditures. EBITDA as presented here may not be comparable to similarly titled measures reported by other companies. The reconciliation from net income (loss) to EBITDA is presented below.

	Historical				Pro Forma For This Offering
	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Twelve Months Ended June 30, 2003	Twelve Months Ended June 30, 2003
	(in millions)				
Net income (loss)	$ 11	$ (3)	$ (32)	$ (17)	$ (45)
Add (deduct):					
			9	9	9

	Historical				Pro Forma For This Offering
Cumulative effect of accounting changes, net of income tax					
Minority interest, net of income tax	8	4	4	8	8
Income tax provision (benefit)	(18)	(30)	(10)	1	1
Interest expense	118	60	57	115	143
Interest income	(2)	(1)		(1)	(1)
Foreign exchange (gain) loss	1		(3)	(2)	(2)
Equity in net (income) loss of affiliates	2	2	(1)		
Depreciation and amortization	307	151	149	305	305
EBITDA	$ 427	$ 183	$ 173	$ 418	$ 418

Below is a table of charges included in our historical operating results. We present these items because we believe they provide investors with helpful information to assess our ongoing performance. These items are discussed in more detail in footnotes 5 and 6 on page S-30 under "Selected Historical Financial Data of Boise."

	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
		(in millions)	
Restructuring activities	$	$	$ 10
Loss on sale or write-down of assets	24	24	
	$ 24	$ 24	$ 10

Summary Pro Forma Financial Data

The following summary unaudited pro forma condensed combined financial data of Boise and OfficeMax are derived from the unaudited pro forma condensed combined financial statements of Boise and OfficeMax included in this prospectus supplement. You should read the information below together with such financial statements and the accompanying notes.

	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
		(in millions)	
Pro forma condensed combined statements of loss data:			
Sales	$ 12,188	$ 5,861	$ 6,055
Costs and expenses	12,058	5,860	6,051
Income from operations	130	1	4
Interest expense	(170)	(86)	(81)

	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
Other	1	1	3
Loss before income taxes, minority interest, and cumulative effect of accounting changes	(39)	(84)	(74)
Income tax benefit	34	51	28
Minority interest, net of income tax	(10)	(5)	(5)
Net income (loss) before cumulative effect of accounting changes	$ (15)	$ (38)	$ (51)
Pro forma condensed combined balance sheet data:			
Cash and cash equivalents			$ 152
Working capital			740
Property and equipment, net			2,910
Total assets			7,353
Total debt			2,282
Shareholders' equity			2,150
Other financial data:			
Depreciation and amortization	$ 414	$ 204	$ 202
Capital expenditures	315	129	156
EBITDA[1]	546	206	206

	Pro Forma For This Offering And OfficeMax
	Twelve Months Ended June 30, 2003
Ratio of total debt to EBITDA	4.2x
Ratio of EBITDA to interest expense	3.3

(1) EBITDA is not an alternative measure of operating results or cash flows from operations, as determined in accordance with generally accepted accounting principles, but we include it because we believe it permits a more comprehensive analysis of our operating performance relative to other companies and is a widely accepted indicator of our ability to incur and service

debt and make capital expenditures. EBITDA as presented here may not be comparable to similarly titled measures reported by other companies. The reconciliation from net income (loss) to EBITDA is presented below.

Pro Forma For OfficeMax			Pro Forma For This Offering And OfficeMax
Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Twelve Months Ended June 30, 2003

	Pro Forma For OfficeMax			Pro Forma For This Offering And OfficeMax
	(in millions)			(in millions)
Net loss	$ (15)	$ (38)	$ (60)	$ (37)
Add (deduct):				
Cumulative effect of accounting changes, net of income tax			9	9
Minority interest, net of income tax	10	5	5	11
Income tax provision (benefit)	(34)	(51)	(28)	(10)
Interest expense	170	86	81	165
Interest income	(1)	(2)		(2)
Foreign exchange (gain) loss			(3)	(2)
Equity in net (income) loss of affiliates	2	2		
Depreciation and amortization	414	204	202	412
EBITDA	$ 546	$ 206	$ 206	$ 546

Below is a table of charges included in our historical operating results. We present these items because we believe they provide investors with helpful information to assess the ongoing performance of the combined businesses. These items are discussed in more detail in footnotes 5 and 6 on page S-30 under "Selected Historical Financial Data of Boise."

	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003
	(in millions)		
Restructuring activities	$	$	$ 10
Loss on sale or write-down of assets	24	24	
	$ 24	$ 24	$ 10

RISK FACTORS

You should read carefully this prospectus supplement and accompanying prospectus and the other documents attached to or incorporated by reference in this prospectus supplement and accompanying prospectus. You should, in particular, read and consider the risk factors specified below and elsewhere in this prospectus supplement. Additional risks and uncertainties not currently known to or deemed significant by us also may adversely affect us.

Risks Relating to Our Operations

The prices we charge for our paper and building products are subject to cyclical market pressures

Our paper and building products businesses are subject to cyclical market pressures. Historical prices for our products have been volatile, and we have limited direct influence over the timing and extent of price changes for our products. Product pricing is significantly affected by the relationship between supply and demand in the forest products industry. Demand for building products is driven mainly by factors outside of our control, such as the construction, repair and remodeling and industrial markets and weather. The supply of paper and building products fluctuates based on available manufacturing capacity, and excess capacity in the industry, both domestically and abroad, can result in significant

declines in market prices for those products. Prolonged periods of weak demand or excess supply in any of our businesses could negatively impact our market share, seriously reduce our margins and harm our liquidity, financial condition or results of operations.

Intense competition in our markets could harm our ability to achieve or maintain profitability

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

Office Products. The business-to-business office products market is highly competitive. Purchasers of office products have many options when purchasing office supplies and paper, technology products, and office furniture. We compete with worldwide contract stationers, large retail office products suppliers, direct-mail distributors, discount retailers, drugstores, supermarkets, and thousands of local and regional contract stationers, many of whom have long-standing customer relationships. Increased competition in the office products industry, together with increased advertising, has heightened price awareness among end users. Such heightened price awareness has led to margin pressure on office products. Besides price, competition is also based on customer service.

Building Products. The building products markets in which we compete are very large and highly fragmented, with fewer than ten national producers but hundreds of local and regional manufacturers and distributors. Most of our competitors are located in the United States and Canada, although we have seen increasing competition from outside North America. We compete not only with manufacturers and distributors of similar building products but also with products made from alternative resources, such as steel and plastic. Many factors influence competition in the building products markets, chiefly price, quality, and service.

Paper Products. Our major paper products are uncoated free sheet, containerboard, and newsprint, all of which are globally traded commodities with numerous worldwide manufacturers. About a dozen major manufacturers compete in the North American paper market. Price, quality, and service are important competitive determinants across paper markets. All of our paper manufacturing facilities are located in the United States, and we compete largely in the domestic arena. We do, however, face competition from foreign producers. The level of this competition

varies depending on the level of demand abroad and the relative rates of currency exchange. Our paper products also compete with electronic transmission and document storage alternatives. As trends toward these alternatives continue, we may see variances in the demand overall for paper products or shifts from one type of paper to another. For example, demand for newsprint grades may decline, and demand for office papers may increase, as newspapers are replaced with electronic media that can be downloaded and printed by the reader.

Some of our competitors in each business are larger than we are and have greater financial and other resources available to them, and there can be no assurance that we can continue to compete successfully with them. Some of our competitors are also currently lower-cost producers than we are and may be better able to withstand price declines. In addition, if we do not continue to provide excellent customer service and quality products in each of our businesses, our profitability from each business and our overall profitability could be harmed.

Our operations require substantial capital, and we may not have adequate capital resources to provide for all of our cash requirements

Our businesses are highly capital intensive, including our need to incur capital expenditures for expansion or replacement of existing equipment and to comply with environmental laws. We currently anticipate that our available cash resources and cash anticipated to be generated from operations will be sufficient to fund our operating needs and capital expenditures for at least the next year. At some point in the future, however, we may be required to obtain additional financing to fund capital expenditures. If we need to obtain additional funds, we may not be able to do so on favorable terms, or at all. If any such financing is not available when required or is not available on acceptable terms, we may not be able to fund capital expenditures necessary to keep us competitive.

Our results of operations may be harmed by increases in wood fiber costs

The percentage of our wood fiber requirements obtained from our timberlands will fluctuate based on a variety of factors, including changes in our timber harvest levels and changes in our manufacturing capacity. Our timberlands provided approximately 43% of our requirements over the past five calendar years. The cost of various types of wood fiber that we purchase in the market has at times fluctuated greatly because of economic or industry conditions. Selling prices of our products have not always increased in response to wood fiber price increases. On occasion, our results of operations have been and may in the future be seriously harmed if we are unable to pass wood fiber price increases through to our customers.

We are subject to significant environmental regulation and environmental compliance expenditures

Our businesses are subject to a wide range of general and industry-specific environmental laws and regulations, particularly with respect to air emissions, wastewater discharges, solid and hazardous waste management, site remediation, forestry operations and endangered species. Compliance with these laws and regulations is a significant factor in our business. We, as well as our domestic competitors, are expected to and will continue to incur significant capital and operating expenditures to maintain compliance with applicable environmental laws and regulations. Our failure to comply with applicable environmental laws and regulations and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial actions.

As an owner and operator of real estate, we may be liable under environmental laws for cleanup and other costs and damages, including tort liability, resulting from past or present spills or releases of hazardous or toxic substances on or from our properties. Liability under these laws may be imposed without regard to whether we knew of, or were responsible for, the presence of such substances on our property, and, in some cases, may not be limited to the value of the property. We have been notified that we are a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or similar federal and state laws, or have received a claim from a private party, with respect to 19 active sites where hazardous substances or contaminants are located.

Unanticipated situations could give rise to material environmental liabilities. Enactment of new environmental laws or regulations or changes in existing laws or regulations might require significant expenditures. We may be unable to generate funds or other sources of liquidity and capital to fund unforeseen environmental liabilities or expenditures.

We do not maintain insurance for losses to our standing timber from natural disasters or other causes

The volume and value of timber that can be harvested from our lands may be limited by natural disasters such as fire, insect infestation, disease, ice storms, wind storms, flooding and other weather conditions and other causes. We do not maintain insurance for any loss to our standing timber from natural disasters or other causes.

Our business and financial performance may be harmed by labor disruptions

As of June 30, 2003, approximately 6,978 employees, or 29% of our workforce, were covered under collective bargaining agreements. As a result, there is a risk of work stoppage due to strikes or walkouts. Any significant work stoppage could cause a material disruption to our business, financial condition and results of operations.

Our operations may be harmed by decreases in the availability of public timber

Over the past several years, the amount of timber available for commercial harvest from public lands in the United States has declined significantly due to environmental litigation and changes in government policy. In 2001, we closed our plywood and lumber operations in Emmett, Idaho and our sawmill in Cascade, Idaho, due to the significant decline in federal timber offered for sale. Further constraints on timber supply, both on public and private lands, that would disadvantage our remaining facilities may be imposed in the future. Additional curtailments or closures of our wood products manufacturing facilities are possible.

Our former independent public accountant, Arthur Andersen LLP, has ceased operations, and our security holders may be unable to exercise effective remedies against it in any legal action

Our former independent public accountant, Arthur Andersen LLP, provided us with auditing services for fiscal periods through December 31, 2001, including issuing an audit report with respect to our audited consolidated financial statements as of and for fiscal 2001 and 2000 that are incorporated by reference into this prospectus supplement. In 2002 Arthur Andersen was found guilty of a federal obstruction of justice charge and ceased practicing before the SEC.

Arthur Andersen has not reissued its audit report with respect to the audited consolidated financial statements incorporated by reference in this prospectus supplement. Furthermore, Arthur Andersen has not consented to the incorporation by reference of its audit report in this prospectus supplement. The absence of this consent may limit recovery by our security holders against Arthur Andersen on claims in connection with a material misstatement or omission in our audited

consolidated financial statements as of and for fiscal 2001 and 2000. In addition, if Arthur Andersen has limited or no assets available for creditors, our security holders may not be able to recover against Arthur Andersen for any claims that they may have as a result of Arthur Andersen's role as our independent public accountants and as author of the audit report for the audited consolidated financial statements as of and for fiscal 2001 and 2000 incorporated by reference into this prospectus supplement.

Risks Relating to the OfficeMax Acquisition

There is no assurance that the acquisition of OfficeMax will be completed

On July 13, 2003, we agreed to acquire OfficeMax. While we expect to complete the acquisition during the fourth quarter of 2003, its consummation is subject to a number of conditions which must either be satisfied or, in certain cases, waived. Among other such conditions, the transaction must be approved by our stockholders and by the shareholders of OfficeMax, no material adverse change in our business or in the business of OfficeMax shall have occurred since the execution of the acquisition agreement, and no court order or other legal restraint shall be in effect which restrains or enjoins consummation of the transaction. We cannot assure you that all such conditions will be satisfied or waived on a timely basis or that, accordingly, the acquisition will be completed.

In addition, we or OfficeMax may terminate the acquisition agreement in certain circumstances related to the receipt of a takeover proposal from a third party. Such termination may require, however, the payment of a termination fee of $45 million to the other party.

On August 6, 2003, a complaint was filed against OfficeMax and some of its directors in the Court of Common Pleas, Cuyahoga County, Ohio. The complaint purports to be brought as a class action on behalf of OfficeMax's shareholders. The complaint alleges that OfficeMax and its board of directors breached their fiduciary duties by approving the terms of the proposed acquisition. The complaint seeks an order preventing OfficeMax from proceeding with the transaction, along with other injunctive relief. OfficeMax believes the complaint is without merit and intends to vigorously contest the action.

Successful integration of the businesses is not assured

If our proposed acquisition is completed, OfficeMax will become part of Boise Office Solutions. Integrating and coordinating our operations and personnel with those of OfficeMax will involve complex operational and personnel-related challenges. This process will be time-consuming and expensive and may disrupt the business of either or both companies and may not result in the full benefits we currently expect. The difficulties, costs and delays that could be encountered include:

- unanticipated issues in integrating information, communications and other systems;
- negative impacts on employee morale and performance as a result of job changes and reassignments;
- difficulties attracting and retaining key personnel;
- loss of customers;
- unanticipated incompatibility of purchasing, logistics, marketing, paper sales and administration methods; and
- unanticipated costs of terminating or relocating facilities and operations.

Risks Relating to OfficeMax's Operations

Upon completion of our acquisition of OfficeMax, which is expected to occur in the fourth quarter of 2003, OfficeMax will be our wholly owned subsidiary. Therefore, following the acquisition, we will face the risks relating to OfficeMax's operations discussed below.

OfficeMax faces a variety of competitors in the highly competitive office products industry

The domestic and international office products industries, which include superstore chains, "e-tailers" and numerous other competitors, are highly competitive. Businesses in the office products industry compete on the basis of pricing, product selection, convenience, customer service and ancillary business offerings.

As a result of consolidation in the office products superstore industry, OfficeMax currently has only two direct domestic superstore-type competitors, Office Depot and Staples, which are similar to OfficeMax in terms of store format, pricing strategy and product selection. OfficeMax's other competitors include traditional office products retailers and direct mail operators. During recent years, OfficeMax has experienced increased competition from computer and electronics superstore retailers, mass merchandisers, Internet merchandisers and wholesale clubs. In particular, mass merchandisers like Wal-Mart and wholesale clubs have increased their assortment of office products in order to attract home office customers and individual consumers.

Further, various other retailers that have not historically competed with OfficeMax, such as drug stores and grocery chains, have begun carrying at least a limited assortment of paper products and other basic office supplies. This trend towards a proliferation of retailers offering a limited assortment of office supplies is expected to continue. OfficeMax may be subject to increasing competition from Internet merchandisers that have minimal barriers to entry. These competitors include traditional retailers that sell through the Internet, Internet sites that target the small business market with a full line of business products or service offerings and Internet sites that sell or resell office products and business services. It is also anticipated that OfficeMax will face increasing competition from its office supply superstore competitors in the print-for-pay business, which has historically been a key differentiator for OfficeMax, and such increased competition could adversely affect OfficeMax's results of operation and profit margins.

Some of OfficeMax's competitors may have greater financial resources and distribution capabilities than OfficeMax. Increased competition may have an adverse effect on OfficeMax's financial position or the results of its operations.

OfficeMax's quarterly operating results have fluctuated significantly in the past and may continue to do so in the future

OfficeMax's business is seasonal with sales and operating income generally higher in its third and fourth fiscal quarters, which include the back-to-school period and the holiday selling season, respectively, followed by the traditional new year office supply restocking month of January. Sales in OfficeMax's second quarter summer months are historically the slowest of the year primarily because of lower office supply consumption during the summer period, as people spend more time on outdoor activities and vacations. Fluctuations in OfficeMax's quarterly operating results have occurred in the past and may occur in the future. In addition to the effects of seasonality, there are a number of other factors that have contributed to these quarter-to-quarter fluctuations and may continue to contribute to such fluctuations in the future, including:

- new store openings and their related pre-opening expenses;
- the extent to which new stores are less profitable as they commence operations;

- the effect new stores have on the sales of existing stores in more mature markets;
- the pricing activity of competitors in OfficeMax's markets;
- changes in OfficeMax's product pricing, product selection and quality and customer service;
- increases and decreases in advertising and promotional expenses; and

- the acquisition of contract stationers and stores of competitors.

In order to achieve and maintain expected profitability levels, OfficeMax must continue to grow its business while maintaining the product pricing, product selection and quality and customer service necessary to retain existing customers. OfficeMax's failure to continue to maintain these factors could put it at a competitive disadvantage relative to competitors.

Risks Related to Our Indebtedness and the Notes

We will have more indebtedness after the merger, which could adversely affect our cash flows, business and ability to fulfill our obligations under the notes

We have a substantial amount of debt and will incur more debt in connection with this offering and the acquisition of OfficeMax. On a pro forma basis, giving effect to this offering and the acquisition of OfficeMax, our total debt as of June 30, 2003 would have been approximately $2.3 billion. The increased levels of debt could, among other things:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes;
- increase the cost and reduce the availability of funds from commercial lenders, debt financing transactions and other sources;
- increase our vulnerability to, and limit our flexibility in planning for, adverse economic and industry conditions;
- create competitive disadvantages compared to other companies with lower debt levels; and
- make it more difficult to satisfy our obligations with respect to the notes, including preventing us from raising the funds necessary to repurchase all notes tendered to us upon the occurrence of certain changes of control or asset sales.

In addition, our credit rating was recently downgraded by Standard & Poor's Rating Group and by Moody's Investors Service, Inc. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Changes to our business and additional indebtedness in the future could cause a further downgrading of our credit rating, which could affect our cost of and ability to raise debt and the trading prices of the notes.

Restrictions imposed by the indenture governing the notes, our revolving credit facility and our other outstanding indebtedness may limit our ability to operate our business and to finance our future operations or capital needs or to engage in other business activities

The indenture governing the notes will contain various covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to:

- pay dividends on our stock or repurchase our stock;
- make investments;

- borrow money and issue preferred stock;
- create liens;

- restrict the ability of our restricted subsidiaries to pay dividends or make other transfers to us;
- consolidate or merge with another person or sell all or substantially all of our assets or our restricted subsidiaries' assets to another person;
- engage in certain transactions with affiliates;
- enter into sale and leaseback transactions; and
- expand into unrelated businesses.

Some of the agreements governing our outstanding debt require us to maintain compliance with certain financial ratios. Our ability to comply with such ratios may be affected by events beyond our control. In the event of a default under any of these agreements, the lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable. If the debt under these agreements or the notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay such debt in full. In particular, noteholders will be paid only if we have assets remaining after we pay amounts due on our secured debt.

Claims of creditors of our subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over holders of the notes

None of our subsidiaries will guarantee the notes, although our revolving credit facility is guaranteed by our principal domestic subsidiary, Boise Cascade Office Products Corporation. Claims of creditors of our subsidiaries, including trade creditors and lenders under our revolving credit facility, generally will have priority with respect to the assets and earnings of such subsidiaries over our claims or those of our creditors, including holders of the notes. As of June 30, 2003, after giving effect to this offering and the acquisition of OfficeMax, our subsidiaries would have had $321.6 million of indebtedness and $1.9 billion of other liabilities outstanding, including trade payable and deferred income tax liabilities.

We and our subsidiaries may be able to incur substantially more debt, including secured debt

Subject to the restrictions in our revolving credit facility, the indenture governing the notes and our other outstanding indebtedness, we and our subsidiaries may incur significant additional debt, including secured debt that would be effectively senior to the notes. Although the terms of these facilities and the indenture governing the notes contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of important exceptions, and debt incurred in compliance with these restrictions could be substantial. If we and our restricted subsidiaries incur significant additional debt, the related risks that we face could intensify.

Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate the cash required to service our debt

Our ability to make payments on and refinance our indebtedness, including the notes, and to fund our operations will depend on our ability to generate cash in the future. Our historical financial results have been, and our future financial results are expected to be, subject to substantial fluctuations, and will depend upon general economic conditions and financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to meet our debt service obligations or fund our other liquidity needs, we may need to refinance all or a portion of our debt, including the notes, before maturity, seek additional equity capital or sell assets. We cannot assure you that we will be able to pay our debt or refinance it on commercially reasonable terms, or at all, or to fund our liquidity needs.

If for any reason we are unable to meet our debt service obligations, we would be in default under the terms of our agreements governing our outstanding debt. If such a default were to occur, the lenders could elect to declare all amounts outstanding under the facility immediately due and payable, and the lenders would not be obligated to continue to advance funds under the revolving credit facility. If the amounts outstanding under these agreements are accelerated, we cannot assure you that our assets will be sufficient to repay in full the money owed to the banks or to our debt holders, including holders of notes.

FORWARD-LOOKING STATEMENTS

Certain statements and assumptions in this prospectus supplement or the accompanying prospectus contain or are based on "forward looking" information and involve risks and uncertainties. We believe that such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include those that may predict, forecast, indicate or imply future results, performance or achievements. These statements are subject to numerous assumptions and uncertainties, many of which are outside of our control, and involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. Actual outcomes are dependent upon many factors. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, among others, the "Risk Factors" set forth above as well as the following factors:

- factors related to our acquisition of OfficeMax, including, without limitation:
  - the possibility that the merger may not occur,
  - the possibility that the companies will be unable to fully realize the benefits they anticipate from the merger,
  - the possibility that the companies will incur costs or difficulties related to the integration of the businesses greater than expected,
  - each company's ability to retain and motivate key employees,
  - the difficulty of keeping expenses and integration costs at modest levels while increasing revenues,
  - the challenges of integration and restructuring associated with the merger, and
  - the challenges of achieving anticipated synergies;
- the timing and success of the evaluation of strategic alternatives for our paper and building products businesses;
- our continued ability to execute our business strategy and achieve cost structure improvements;
- market demand for products which may be tied to the relative strength of various business segments, the level of white collar employment and the long-term effect of electronic media;
- the activity of competitors and the impact of such activity on production capacity and customer demand across pulp, paper and wood products markets and the office products market;
- changes in foreign economies and competition, which tend to affect the level of imports and exports of paper and wood products;

- changes in the price or availability of raw materials, including energy and wood fiber;
- the performance of manufacturing operations and the amount of capital required to maintain these operations;
- changes in general economic conditions both domestically and abroad including, without limitation, the levels of interest rates, which affect the level of housing starts, remodeling, and other building activity;
- fluctuations in foreign currency exchange rates;

- the effect of forestry, land use, environmental and other governmental laws and regulations, and the impact of these regulations on cost structure;
- the effect of various product liability, consumer, environmental and other litigation that arise from time to time in the ordinary course of business;
- the impact of increasing environmental activism on our business;
- changes in the banking and capital markets, which can affect the cost of financing activities;
- the impact of weather and the occurrence of natural disasters such as fires, floods and other catastrophic events and natural disasters; and
- acts of war or terrorist activities.

Words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "hopes," "targets" or similar expressions are intended to identify forward-looking statements, which speak only as of the date of this prospectus supplement, and in the case of documents incorporated by reference, as of the date of those documents. We operate in an unpredictable and competitive environment. It is not possible for management to predict all risk factors or to estimate the impact of these factors on our business. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of future results. In addition, we disclaim any obligation to update any forward-looking statements to reflect events or circumstance that occur after the date of this prospectus supplement.

USE OF PROCEEDS

We expect the net proceeds from the sale of the notes offered by this prospectus supplement to be approximately $ million, after deducting estimated underwriting discounts and commissions and estimated offering expenses we will pay. We intend to use the net proceeds of this offering to repay borrowings under our revolving credit agreement, to provide cash necessary for the OfficeMax transaction and for other general corporate purposes.

The amount outstanding under our revolving credit facility as of September 30, 2003 was approximately $340 million. The facility has a total capacity of $560 million. At September 30, 2003, our borrowing rate under the revolving credit facility was 2.1%. We have entered into interest rate swaps related to $100 million of these borrowings, which give us an effective interest rate for this portion of the borrowings under

the revolving credit facility of 3.1% at September 30, 2003. We used the funds borrowed under this revolving credit facility for general corporate purposes.

Based on the average price of the Boise common stock as of September 18, 2003 of $28.21 per share and the number of outstanding OfficeMax common shares on that date, we estimate that the cash portion of the total consideration payable by Boise to OfficeMax shareholders in the OfficeMax acquisition will be $478 million and that we will also incur transaction costs estimated to be $25 million. The actual amount of the cash consideration will be dependent upon the average Boise stock price and the number of outstanding OfficeMax common shares at the time the acquisition becomes effective and could be more or less than $478 million. See "Proposed Acquisition of OfficeMax."

RATIO OF EARNINGS TO FIXED CHARGES

Boise's Ratio of Earnings to Fixed Charges

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
Ratio of earnings to fixed charges[1]		2.95	2.59				

(1) Earnings before fixed charges were inadequate to cover total fixed charges by $29,099,000 in 1998, $50,249,000 in 2001, and $6,902,000 in 2002 and by $32,795,000 and $31,807,000 for the six months ended June 30, 2002 and 2003.

For further information on the Ratio of Earnings to Fixed Charges, please see Exhibit 12.1 to each of our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

Pro Forma Ratio of Earnings to Fixed Charges (Boise and OfficeMax combined)

	Year Ended December 31, 2002	Six Months Ended June 30, 2003
Pro forma ratio of earnings to fixed charges[2]		

(2) The pro forma ratio of earnings to fixed charges gives pro forma effect to our proposed acquisition of OfficeMax and was calculated using the same methodology used to compute our historical ratio of earnings to fixed charges included in Exhibit 12.1 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003. For purposes of calculating the pro forma ratio of earnings to fixed charges, earnings consist of the pro forma loss from operations before income taxes plus fixed charges and fixed charges consist of interest expense plus the interest components of rent and amortization of capitalized expenses related to indebtedness. Pro forma earnings before fixed charges were inadequate to cover pro forma fixed charges by $46,494,000 in 2002 and by $76,551,000 for the six months ended June 30, 2003.

CAPITALIZATION

The following table sets forth as of June 30, 2003:

our actual cash and cash equivalents and capitalization;

our pro forma cash and cash equivalents and capitalization, giving effect to this offering and the application of the net proceeds as described in "Use of Proceeds;" and

our pro forma cash and cash equivalents and capitalization, giving effect to this offering and the acquisition of OfficeMax.

The table should be read together with our financial statements, the pro forma financial statements and the other financial information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2003		
	Actual	**Pro Forma For This Offering**	**Pro Forma For This Offering And OfficeMax**
		(in millions)	
Cash and cash equivalents	$ 98	$ 224	$ 152
Debt:			
Revolving credit and other loan facility borrowings	$ 365	$	$ 456
7.05% notes, due in 2005	153	153	153
7.50% notes, due in 2008	150	150	150
9.45% debentures, due in 2009	150	150	150
7.35% debentures, due in 2016	125	125	125
Medium-term notes Series A[(1)]	323	323	323
Revenue bonds and other indebtedness	327	326	407
American & Foreign Power Company Inc. 5% debentures, due in 2030	18	18	18
Senior Notes offered hereby		500	500
Total debt	1,611	1,745	2,282
Company-obligated mandatorily redeemable securities of subsidiary trust holding solely debentures of parent[(2)]	173	173	173
Shareholders' equity	1,384	1,384	2,150
Total capitalization	$ 3,168	$ 3,302	$ 4,605

(1) On August 11, 2003, we issued $50 million of 8-year, 7.45% medium-term notes in addition to the medium-term notes disclosed above. We used the proceeds from the issuance of these notes for general corporate purposes.

(2) As a result of a recently issued accounting standard, on July 1, 2003, we reclassified this item to debt on our balance sheet and will recognize distributions on these securities as interest expense rather than minority interest, net of tax in our statement of income (loss).

SELECTED HISTORICAL FINANCIAL DATA OF BOISE

The following is our selected consolidated financial data for each of the years in the five-year period ended December 31, 2002 and for the six-month periods ended June 30, 2002 and 2003. The information with respect to the years ended December 31, 1998 through December 31, 2002 is derived from audited financial statements contained in our Annual Reports on Form 10-K for the years ended December 31, 2000, 2001 and 2002. The information with respect to the six-month periods ended June 30, 2002 and 2003 is derived from unaudited consolidated financial statements contained in our Quarterly Report on Form 10-Q for the period ended June 30, 2003. These unaudited financial statements, in the opinion of management, have been prepared on the same basis as the audited financial statements and reflect all adjustments necessary for a fair presentation of our results of operations and financial position. Results for the six months ended June 30, 2003 are not necessarily indicative of results that may be expected for the entire year. This summary should be read together with the consolidated financial statements, the accompanying notes and our management's discussion and analysis of financial condition and results of operations contained in our reports referred to above. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations of Boise."

	Year Ended December 31,					Six Months Ended June 30,	
	1998[1]	**1999[2]**	**2000[3]**	**2001[4]**	**2002[5]**	**2002[5]**	**2003[6]**
	(in millions)						
Statements of income (loss) data:							
Sales	$ 6,355	$ 7,148	$ 7,807	$ 7,422	$ 7,412	$ 3,676	$ 3,782
Costs and expenses	6,214	6,650	7,363	7,341	7,294	3,646	3,758
Income from operations	141	498	444	81	118	30	24
Interest expense	(160)	(145)	(151)	(128)	(118)	(60)	(57)
Other	2	3	5	(1)	1	1	4
Income (loss) before income taxes, minority interest and cumulative effect of accounting changes	(17)	356	298	(48)	1	(29)	(29)
Income tax (provision) benefit	1	(142)	(116)	5	18	30	10
Minority interest, net of income tax	(9)	(14)	(3)		(8)	(4)	(4)
Income (loss) before cumulative effect of accounting changes	(25)	200	179	(43)	11	(3)	(23)
Cumulative effective of	(9)						(9)

	Year Ended December 31,					Six Months Ended June 30,	
accounting changes, net of income tax							
Net income (loss)	$ (34)	$ 200	$ 179	$ (43)	$ 11	$ (3)	$ (32)

Balance sheet data:							
Assets							
Current assets	$ 1,368	$ 1,531	$ 1,577	$ 1,245	$ 1,296	$ 1,317	$ 1,354
Property and equipment, net	2,571	2,557	2,582	2,608	2,542	2,573	2,531
Timber, timberlands and timber deposits	271	295	291	322	329	315	321
Goodwill	498	480	397	385	401	402	422
Other	263	275	420	374	379	353	362
	$ 4,971	$ 5,138	$ 5,267	$ 4,934	$ 4,947	$ 4,960	$ 4,990
Liabilities and shareholders' equity							
Current liabilities	$ 1,130	$ 1,125	$ 1,014	$ 1,266	$ 1,054	$ 961	$ 1,000
Long-term debt, less current portion	1,578	1,585	1,715	1,063	1,387	1,414	1,494
Guarantee of ESOP debt	156	133	108	81	51	71	41
Other	559	550	664	773	882	760	898
Minority interest:							
Company-obligated mandatorily redeemable securities of subsidiary trust holding solely debentures of parent				173	173	173	173
Other minority interest	117	131	9				
Shareholders' equity	1,431	1,614	1,757	1,578	1,400	1,581	1,384
	$ 4,971	$ 5,138	$ 5,267	$ 4,934	$ 4,947	$ 4,960	$ 4,990
Other financial data:							
Depreciation and amortization	$ 283	$ 289	$ 298	$ 296	$ 307	$ 151	$ 149
Capital expenditures	339	355	486	380	266	105	118
EBITDA[8]	429	781	740	385	427	183	173

(1) 1998 included a pretax charge of $38.0 million for a company wide cost-reduction initiative and the restructuring of operations.

1998 included a pretax gain of $45.0 million related to an insurance settlement for Boise's Medford, Oregon, plywood plant, which was severely damaged by fire.

1998 included a pretax charge of $61.9 million for the restructuring of Boise's wood products manufacturing business and a pretax charge of $19.0 million for the revaluation of paper-related assets.

1998 included a net-of-tax charge of $8.6 million for the adoption of AICPA Statement of Position 98-5, Reporting on the Costs of Start-Up Activities.

1998 net loss per common share included a negative 7 cents related to the redemption of Boise's Series F Preferred Stock.

(2) 1999 included a pretax gain of $47.0 million for the sale of 56,000 acres of timberland in central Washington.

1999 included pretax gains of $35.5 million, $4.0 million, $2.3 million and $0.4 million for the reversal of previously recorded restructuring charges in Boise Building Solutions, Boise Office Solutions, Boise Paper Solutions and Corporate and Other segments.

1999 included a pretax loss of $4.4 million related to early retirements in Boise's Corporate and Other segment.

(3) 2000 included a pretax gain of $98.6 million on the sale of Boise's European office products operations.

(4) 2001 included a pretax charge of $54.0 million for the closure of Boise's plywood and lumber operations in Emmett, Idaho and Boise's sawmill in Cascade, Idaho and a $4.9 million charge for the write-off of Boise's assets in Chile.

2001 included a pretax charge of $10.9 million to accrue for a one-time liability related to postretirement benefits for Boise's Northwest hourly paperworkers.

2001 included a pretax charge of $54.3 million and $4.6 million of tax benefits for the write-down to fair value of an equity method investment.

2001 included $5.0 million of pretax income for the reversal of unneeded reserves for potential claims arising from the sale in 2000 of Boise's European office products operations.

(5) 2002 and the six months ended June 30, 2002 included a pretax charge of $23.6 million to record the sale of all stock of Boise's wholly owned subsidiary that held its investment in IdentityNow, Inc. Boise also recorded $27.6 million of tax benefits associated with this sale and its 2001 write down of its equity investment (see note (4) above).

(6) The six months ended June 30, 2003 included a pretax charge of $10.1 million for employee-related costs incurred in connection with Boise's 2003 cost-reduction program.

The six months ended June 30, 2003 included an $8.8 million net-of-tax charge for the adoption of new accounting standards. The charge consisted of $4.1 million, or 7 cents per share, for the adoption of Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, and $4.7 million, or 8 cents per share, for the adoption of Emerging Issues Task Force 02-16, Accounting by a Reseller for Cash Consideration Received From a Vendor.

(7) The computation of diluted net loss per common share was antidilutive in the years 1998, 2001 and 2002, and for the six months ended June 30, 2002 and 2003; therefore, the amounts reported for basic and diluted loss per share are the same.

(8) EBITDA is not an alternative measure of operating results or cash flows from operations, as determined in accordance with generally accepted accounting principles, but we include it because we believe it permits a more comprehensive analysis of our operating performance relative to other companies and is a widely accepted indicator of our ability to incur and service debt and make capital expenditures. EBITDA as presented here may not be comparable to similarly titled measures reported by other companies. The reconciliation from net income (loss) to EBITDA is presented below.

	Years Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(in millions)						
Net income (loss)	$ (34)	$ 200	$ 179	$ (43)	$ 11	$ (3)	$ (32)

	Years Ended December 31,					Six Months Ended June 30,	
Add (deduct):							
Cumulative effect of accounting changes, net of income tax	9						9
Minority interest, net of income tax	9	14	3		8	4	4
Income tax provision (benefit)	(1)	142	116	(5)	(18)	(30)	(10)
Interest expense	160	145	151	128	118	60	57
Interest income	(1)	(3)	(6)	(2)	(2)	(2)	
Foreign exchange (gain) loss			1	3	1		(3)
Equity in net (income) loss of affiliates	4	(6)	(2)	8	2	2	(1)
Depreciation and amortization	283	289	298	296	307	152	149
EBITDA	$ 429	$ 781	$ 740	$ 385	$ 427	$ 183	$ 173

Below is a table of gains and losses included in our historical operating results. We present these items because we believe they provide investors with helpful information to assess our ongoing performance. These items are discussed in more detail in footnotes 1 through 7 above.

	Years Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
				(in millions)			
Restructuring activities	$ 100	$ (38)	$	$ 54	$	$	$ 10
(Gain) loss on sale or write-down of assets	19	(47)	(99)	54	24	24	
Insurance settlement gain	(45)						
Liability for postretirement benefits				11			
	$ 74	$ (85)	$ (99)	$ 119	$ 24	$ 24	$ 10

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF BOISE

The following discussion and analysis should be read together with our unaudited consolidated financial statements and the notes to those statements included in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2003 and our consolidated financial statements and the notes to those statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Forward-Looking Statements" and elsewhere in this prospectus supplement, including under the section entitled "Risk Factors."

We operate our business using four reportable segments: Boise Office Solutions, Boise Building Solutions, Boise Paper Solutions, and Corporate and Other. Boise Office Solutions markets and sells office supplies, paper, technology products, and office furniture. Boise Building Solutions manufactures, markets, and distributes various products that are used for construction, while Boise Paper Solutions manufactures, markets, and distributes uncoated free sheet papers, containerboard, corrugated containers, newsprint, and market pulp. Corporate and Other includes support staff services and related assets and liabilities. The segments' profits and losses are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items, and cumulative effect of accounting changes.

Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Sales	$ 1.9 billion	$ 1.9 billion	$ 3.8 billion	$ 3.7 billion
Income (loss) before cumulative effect of accounting changes	$ (3.9) million	$ 3.2 million	$ (22.7) million	$ (3.4) million
Cumulative effect of accounting changes, net of income tax	$	$	$ (8.8) million	$
Net income (loss)	$ (3.9) million	$ 3.2 million	$ (31.5) million	$ (3.4) million
Diluted income (loss) per common share				
Diluted before cumulative effect of accounting changes	$ (0.12)	$ 0.00	$ (0.50)	$ (0.17)
Cumulative effect of accounting changes			(0.15)	
Diluted	$ (0.12)	$ 0.00	$ (0.65)	$ (0.17)
	(percentage of sales)			
Materials, labor, and other operating expenses	81.8%	81.6%	81.8%	81.6%
Selling and distribution expenses	11.3%	10.3%	11.4%	10.5%
General and administrative expenses	1.8%	2.2%	1.9%	2.1%

Operating Results

For the three and six months ended June 30, 2003, total sales increased 2% and 3%, compared with the same periods a year ago. In both periods, Boise Office Solutions total sales and same-location sales increased 6% because of favorable exchange rates (about half of the increase), sales to new customers, and increased sales to existing customers. For both the three and six months ended June 30, 2003, Boise Building Solutions sales increased 3%, primarily because of stronger sales in engineered wood products and building materials distribution, while Boise Paper Solutions sales decreased, primarily because of a decrease in sales volume.

For the three and six months ended June 30, 2003, materials, labor, and other operating expenses increased 0.2% as a percentage of sales, compared with the same periods a year ago. Effective January 1, 2003, we adopted an accounting change for vendor allowances to comply with the guidelines issued by the Financial Accounting Standards Board's Emerging Issues Task Force (EITF) 02-16, Accounting by a Reseller for Cash Consideration Received From a Vendor. Under EITF 02-16, consideration received from a vendor is presumed to be a reduction of the cost of the vendor's products or services unless it is for a specific incremental cost to sell the product. As a result, for the three and six months ended June 30, 2003, approximately $11 million and $21 million of vendor allowances reduced "Materials, labor, and other operating expenses" that would have previously been recognized primarily as a reduction of "Selling and distribution expenses." In accordance with the provisions of EITF 02-16, prior-period financial statements have not been reclassified to conform to the current year's presentation. Before the accounting change, for the three and six months ended June 30, 2003, materials, labor, and other operating expenses increased 0.8% and 0.7% as a percentage of sales. These percentages increased because of an increased proportion of sales of lower-margin products in Boise Office Solutions and increased manufacturing costs in Boise Paper Solutions, partially offset by favorable wood costs in Boise Building Solutions.

For the three and six months ended June 30, 2003, selling and distribution expenses increased about 1%, compared with the same periods a year ago. Before the accounting change, selling and distribution expenses increased only about 0.5%, primarily due to higher payroll and benefit-related costs.

Due to cost controls, general and administrative expenses decreased in both the three and six months ended June 30, 2003, in spite of higher pension expenses.

"Other (income) expense, net" decreased to $1.8 million from $25.7 million in second quarter 2002. Second quarter 2002 "Other (income) expense, net" included a $23.6 million pretax loss for the sale of the stock of our wholly owned subsidiary that held our investment in IdentityNow. Before this item, "Other (income) expense, net" in second quarter 2003 was relatively unchanged from second quarter 2002.

For the six months ended June 30, 2003, "Other (income) expense, net" decreased to $13.0 million from $29.3 million in the same period a year ago. The six months ended June 30, 2002, included the $23.6 million pretax loss discussed above. In 2003, approximately $10.1 million of the $13.0 million of "Other (income) expense, net" resulted from implementation of our cost-reduction program, which was announced in March 2003. As part of this program, we will reduce 2003 operating costs by approximately $45 million, net of severance costs, and hold capital spending to approximately $245 million, before acquisitions. We took these actions because of continued economic weakness, higher pension costs, higher energy costs, business disruptions from severe winter weather in the eastern United States, and global political uncertainty. We are reducing operating costs by freezing salaries, severely restricting hiring, reducing discretionary spending at all levels of the company, and eliminating about 700 job positions. We will eliminate these positions by terminating approximately 550 employees and leaving vacant positions unfilled.

At June 30, 2003, we had terminated about 370 employees, and we expect most of the remaining employees to be terminated during the second half of 2003.

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

The reserve liability for the cost-reduction program is included in "Accrued liabilities, other." Reserve liability activity related to the 2003 charge is as follows:

	Employee-Related Costs
	(millions)
2003 expense recorded	$ 10.1
Charges against reserve	(4.7)
Balance at June 30, 2003	$ 5.4

Equity in net income (loss) of affiliates was $0.5 million and $(0.5) million for the three months ended June 30, 2003 and 2002, and $0.4 million and $(2.1) million for the six months ended June 30, 2003 and 2002. The variances were due to increased equity in earnings of Voyageur Panel, in which we have a 47% interest and for which we account under the equity method, and the fact that we recognized no losses in 2003 from our investment in IdentityNow, which we sold in May 2002.

Interest expense was $27.8 million and $30.0 million for the three months ended June 30, 2003 and 2002, and $56.6 million and $60.1 million for the six months ended June 30, 2003 and 2002. The variances were primarily due to lower 2003 interest rates on our variable-rate debt in a recessionary economy.

Our estimated tax benefit rate for the six months ended June 30, 2003, was 35.7%, compared with an effective tax benefit rate of 102.2% for the six months ended June 30, 2002. Before recording the $10.1 million pretax charge for the 2003 cost-reduction program and the $23.6 million pretax loss for the sale of the stock of our wholly owned subsidiary that held our investment in IdentityNow, our estimated tax benefit rates for the six months ended June 30, 2003 and 2002, were 34% and 37.5%. The difference between the estimated tax benefit rates, before these items, was due to the sensitivity of the rate to changing income levels and the mix of domestic and foreign sources of income.

The $8.8 million recorded in "Cumulative effect of accounting changes, net of income tax" consisted of an after-tax charge of $4.1 million, or 7 cents per share, for the adoption of SFAS No. 143, Accounting for Asset Retirement Obligations, which affects the way we account for landfill closure costs. This statement requires us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. We also recorded an after-tax charge of $4.7 million, or 8 cents per share, for the adoption of EITF 02-16. EITF 02-16 requires that vendor allowances reside in inventory with the product and be recognized when the product is sold, changing the

timing of our recognition of these items and creating a one-time, noncash, cumulative-effect adjustment.

Boise Office Solutions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
	(millions)			
Sales	$ 904.9	$ 855.5	$ 1,843.2	$ 1,740.0
Segment income	$ 23.9	$ 23.4	$ 44.6	$ 60.8
Sales by Product Line				
Office supplies and paper	$ 539.1	$ 533.3	$ 1,106.3	$ 1,085.6
Technology products	274.7	240.1	552.1	486.1
Office furniture	91.1	82.1	184.8	168.3
Sales by Geography				
United States	$ 682.5	$ 664.6	$ 1,391.3	$ 1,351.0
International	222.4	190.9	451.9	389.0
Sales growth	6%	(1)%	6%	(5)%
Same-location sales growth	6%	(1)%	6%	(5)%
	(percentage of sales)			
Gross profit margin	23.8%	23.1%	23.8%	23.3%
Operating expenses	21.1%	20.3%	21.4%	19.9%
Operating profit	2.6%	2.7%	2.4%	3.5%

Operating Results. Total sales and same-location sales increased 6% for the three and six months ended June 30, 2003, because of foreign exchange gains (about half of the increase), sales to new customers, and increased sales to existing customers, compared with the same periods a year ago. In both periods, most of Boise Office Solutions' sales growth occurred in technology products. For the three and six months ended June 30, 2003, sales of technology products, which represent 30% of total segment sales, increased 14%. Furniture sales, which represent 10% of total segment sales, grew about 11% in second quarter 2003, compared with second quarter 2002, and grew about 10% in the first half of 2003, compared with the first half of 2002. For both the three and six months ended June 30, 2003, sales of combined office supplies and paper, our largest category, grew only slightly. Within this category, paper sales grew while office supplies sales continued to decline modestly. The increase in paper sales was primarily the result of the strong integration of our paper and office products businesses. For the three and six months ended June 30, 2003, the volumes (in tons) of Boise office paper sold through Boise Office Solutions increased 6% and 7%, respectively.

Our reported gross margin for the three and six months ended June 30, 2003, was 23.8%, which increased 0.7% and 0.5%, compared with the same periods a year ago. However, the 2003 gross margin percentages reflect the effect of EITF 02-16 (discussed above). Before the adoption of EITF 02-16, our gross margin declined 0.5% from second quarter last year and 0.7% from the gross margin reported for the six months ended June 30, 2002. The declines continue to reflect the further shift in our sales mix toward lower-margin paper and technology products.

For the three and six months ended June 30, 2003, our operating expenses were 21.1% and 21.4% of sales, compared with 20.3% and 19.9% for the three and six months ended June 30,

2002. In the second quarter, operating expenses included $9.1 million for the change in the classification of our vendor allowances under EITF 02-16. For the six months ended June 30, 2003, operating expenses included about $19.1 million for the vendor allowance classification change and $9.2 million of employee-related costs for our cost-reduction program. Before these items, our operating expenses decreased 0.2% and 0.1% in spite of higher pension and healthcare expenses. This expense reduction reflects our cost-reduction efforts announced in March, which led to the first-quarter severance charge.

Segment income in the second quarter was $23.9 million, up 2%, compared with $23.4 million a year ago. Segment income increased due to cost controls and the positive trend in year-over-year total segment sales growth (partly due to favorable foreign exchange rates). For the six months ended June 30, 2003, segment income decreased 27%, compared with the same period a year ago. Before the employee-related charge for our cost-reduction program, segment income declined 12%. This decline was primarily attributable to a decline in gross margin rates, which was partly offset by the decline in operating expenses as a percentage of sales.

Boise Building Solutions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Sales	$ 692.8 million	$ 669.9 million	$ 1,267.5 million	$ 1,230.0 million
Segment income	$ 9.8 million	$ 14.0 million	$ 1.4 million	$ 22.8 million
Sales Volumes				
Plywood (1,000 sq ft) (3/8" basis)	476,896	462,648	943,433	903,173
OSB (1,000 sq ft) (3/8" basis)[a]	112,652	98,273	219,233	198,434
Particleboard (1,000 sq ft) (3/4" basis)	38,609	51,182	79,801	100,931
Lumber (1,000 board feet)	93,113	108,455	186,637	204,366
LVL (100 cubic feet)	25,063	20,844	45,748	38,739
I-joists (1,000 equivalent lineal feet)	53,271	47,102	93,805	82,097
Engineered wood products (sales dollars)	$ 85.0 million	$ 76.3 million	$ 152.5 million	$ 136.2 million
Building materials distribution (sales dollars)	$ 504.6 million	$ 463.9 million	$ 896.0 million	$ 839.2 million
Average Net Selling Prices				
Plywood (1,000 sq ft) (3/8" basis)	$ 228	$ 238	$ 224	$ 234
OSB (1,000 sq ft) (3/8" basis)	165	136	153	133
Particleboard (1,000 sq ft) (3/4" basis)	230	248	224	239
Lumber (1,000 board feet)	400	465	406	473
LVL (100 cubic feet)	1,447	1,485	1,450	1,488
I-joists (1,000 equivalent lineal feet)	861	886	864	890

(a)

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

Operating Results. Sales for the three and six months ended June 30, 2003 increased 3%, compared with the same periods a year ago. In both periods, sales increased because of a 12% increase in engineered wood product sales and growth in building materials distribution, which grew 9% and 7% (due to an increase in physical sales volume) during the three and six months ended June 30, 2003. During the three and six months ended June 30, 2003, more than one-fourth of building materials distribution's lumber, panel, and engineered wood product sales were from products manufactured by Boise.

After a long, wet, and cold spring, especially in the eastern United States, the building season finally got underway in the second quarter, led by strengthening oriented strand board (OSB) markets. Relative to the three and six months ended June 30, 2002, average OSB unit sales volumes increased 15% and 11%, and average OSB prices increased 21% and 15%. Housing starts have been higher than a year ago. Most OSB production is used for residential construction, which explains why OSB prices strengthened during these periods. In contrast, average lumber and plywood prices declined 14% and 4% in both the second quarter and the first half of 2003, compared with the same periods a year ago. Plywood prices declined due to reduced nonresidential and repair-and-remodel demand and lumber prices declined because of generally oversupplied wood products markets. Lumber unit sales volumes declined 14% and 9% during the three and six months ended June 30, 2003, while plywood sales volumes rose slightly. Plywood markets began to improve in late May and June. However, the building season improved too late to yield consistently positive price comparisons for most of Boise's products.

In second quarter 2003, we started production at our new exterior siding plant in Elma, Washington. The plant produces exterior siding marketed under the name *HomePlate* siding. The siding is manufactured from recycled plastic and urban wood. We are building inventory and we began shipping product in third quarter 2003. Compared with the three and six months ended June 30, 2002, segment results included $4.6 million and $8.8 million of additional business organization costs, including plant commissioning and start-up expenses, for the plant.

Segment income declined relative to the three and six months ended June 30, 2002, primarily due to selling price declines, start-up costs, and higher pension expense, partially offset by favorable wood costs.

Boise Paper Solutions

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Sales	$ 459.4 million	$ 481.6 million	$ 927.6 million	$ 937.5 million
Segment income (loss)	$ 1.0 million	$ 8.8 million	$ 0.3 million	$ (2.0) million
		(short tons)		
Sales Volumes				
Uncoated free sheet	351,000	370,000	704,000	725,000
Containerboard	154,000	167,000	312,000	327,000
Newsprint	89,000	111,000	195,000	195,000
Other	31,000	62,000	64,000	111,000
	625,000	710,000	1,275,000	1,358,000
Average Net Selling Prices (per short ton)				
Uncoated free sheet	$ 734	$ 712	$ 741	$ 712
Containerboard	347	332	344	329
Newsprint	399	349	385	357

Operating Results. Sales for the three and six months ended June 30, 2003, decreased, compared with the same periods a year ago. In both periods, sales decreased primarily because of a decrease in sales volume. For the three and six months ended June 30, 2003, sales volume decreased despite 6% and 7% increases in the volume of Boise office paper sold through Boise Office Solutions. The decrease in sales volume

was primarily due to continued weak industry demand. Sales volume declined 12% from second quarter a year ago, mostly because of 67,000 tons of market-related curtailment and 35,000 tons of maintenance downtime, compared with 22,000 tons of market-related curtailment and 2,000 tons of maintenance downtime in second quarter 2002. Sales volume declined 6% for the six months ended June 30, 2003. We took 151,000 tons of market-related and maintenance downtime during the six months ended June 30, 2003, compared with 106,000 tons during the same period a year ago.

Second quarter 2003 segment results were lower than those of a year ago because a 5% increase in average paper prices was more than offset by lower sales volume and higher manufacturing costs per ton. Uncoated free sheet prices increased 3%, containerboard prices were up 5%, and newsprint prices rose 14%. Relative to second quarter a year ago, unit manufacturing costs rose 9%. The increase was primarily the result of lower sales volumes and combined energy and chemical unit costs that were more than 10% higher than a year ago. Fiber costs also increased in the second quarter due to continued wet weather in the South.

For the six months ended June 30, 2003, segment results improved $2.3 million because of a 5% increase in average paper prices and an increase in sales of value-added papers produced on our smaller machines. Uncoated free sheet prices increased 4%, containerboard prices were up 5%, and newsprint prices rose 8%. Sales volume for value-added papers produced on our smaller machines was up 4% during the first half of 2003 to nearly 355,000 tons annualized. Increased paper prices and sales of value-added papers were partially offset by a 6% decrease in sales volume and a 4% increase in total manufacturing costs.

Financial Condition and Liquidity

Operating Activities

For the first six months of 2003, operations provided $148.8 million in cash, compared with $146.2 million for the same period in 2002. For the six months ended June 30, 2003, items included in net income (loss) provided $144.5 million of cash, and favorable changes in working capital items provided $4.3 million. For the first six months of 2002, items in net income (loss) provided $156.3 million of cash, and unfavorable changes in working capital items used $10.1 million.

Most of our U.S. employees are covered by noncontributory defined benefit pension plans. The assets of the pension plans are invested primarily in common stocks, fixed-income securities, and cash equivalents. The market performance of these investments affects our recorded pension obligations, expense, and cash contributions. Pension and other postretirement benefits expenses for the six months ended June 30, 2003, were about $41.1 million, compared with $18.6 million in the same period a year ago. These are noncash charges in our consolidated financial statements. In 2003, the required minimum contribution to our pension plans is $26 million. As of June 30, 2003, we have contributed $20 million and expect to contribute another $40 million to $80 million during the second half of 2003.

Our ratio of current assets to current liabilities was 1.35:1 at June 30, 2003, compared with 1.37:1 at June 30, 2002, and 1.23:1 at December 31, 2002.

Investment Activities

Cash used for investment was $115.6 million for the six months ended June 30, 2003, and $126.6 million for the same period in 2002. Cash expenditures for property and equipment, timber and timberlands, and the purchase of facilities totaled $112.3 million and $102.0 million during the six months ended June 30, 2003 and 2002. In both years, our property and equipment expenditures primarily reflected the cost of facility improvements, facility and equipment modernization, energy and cost-saving projects, and environmental compliance.

As a result of our cost-reduction program, we expect capital investment in 2003 to be approximately $245 million, excluding acquisitions. These amounts include approximately $16 million for our environmental compliance program. In 2001, we began construction of a new facility near Elma, Washington, to manufacture integrated wood-polymer building materials. The plant is currently building inventory, and we began shipping product in third quarter 2003. The total cost of this facility is expected to be approximately $93 million. We have spent $90.5 million to date. The remainder will be spent in the second half of 2003.

The balance of our capital spending will be for quality and efficiency projects, replacement, and modest purchases of timber and timberlands.

Financing Activities

Cash used for financing was $0.1 million for the first six months of 2003. Cash provided by financing was $2.7 million for the first six months of 2002. Dividend payments totaled $24.5 million and $24.8 million for the first six months of 2003 and 2002. In both years, our quarterly dividend was 15 cents per common share.

Changes in short-term borrowings represent net changes in notes payable. Additions to long-term debt for the six months ended June 30, 2003, included $115.0 million under our revolving credit agreement and $32.3 million for the sale-leaseback of equipment at our *HomePlate* siding facility near Elma, Washington, that was accounted for as a financing arrangement. Payments of long-term debt in this period included $90.0 million of medium-term notes. Additions to long-term debt for the six months ended June 30, 2002, included $149.8 million of 7.5% notes due in 2008, a $20.0 million floating-rate term loan, and $62.0 million in medium-term notes. Payments of long-term debt in this period included $125.0 million of 9.85% notes, $32.5 million for industrial revenue bonds, $10.0 million under our revolving credit agreement, and repayment of $15.5 million of bank debt for our Australian operations.

On July 14, 2003, we announced that we had reached a definitive agreement to acquire OfficeMax, Inc. Subsequent to our announcement to acquire OfficeMax, Standard and Poor's Rating Services and Moody's Investors Service, Inc. placed their ratings of our debt under review for possible downgrade. Both of these credit rating agencies recently downgraded our credit rating, citing a variety of factors relating to our acquisition of OfficeMax and our increased level of indebtedness that will result from this offering of notes. A downgrade in our credit ratings could make interest rates on future debt issuances more expensive.

At June 30, 2003 and 2002, and December 31, 2002, we had $1.6 billion of debt outstanding. Our debt-to-equity ratio was 1.16:1 and 1.02:1 at June 30, 2003 and 2002, and 1.14:1 at December 31, 2002. Even though our debt for the six months ended June 30, 2003, remained relatively flat, compared with the same quarter a year ago, our debt-to-equity ratio rose due to recording a $188.0 million decrease in shareholders' equity in December 2002 for additional minimum pension liability. As a result of a recently issued accounting standard, on July 1, 2003, we reclassified $172.5 million of "Company-obligated mandatorily redeemable securities of subsidiary trust holding solely debentures of parent" from "Minority interest" to "Debt" in our Consolidated

Balance Sheet. We will prospectively recognize distributions on these securities as "Interest expense" rather than "Minority interest, net of income tax" in our Consolidated Statement of Income (Loss). There will be no net effect on earnings. As a result of the change, our debt-to-equity ratio will increase, and we will recognize about $3.2 million of additional interest expense each quarter and no minority interest, net of income tax. The reclassification of these securities to debt did not affect our financial covenants discussed below. For more information about the accounting change, see "Recently Issued Accounting Standards Not Yet Adopted" below.

In March 2002, we entered into a three-year, unsecured revolving credit agreement with 14 major financial institutions. The agreement permits us to borrow as much as $560 million at variable interest rates based on either the London Interbank Offered Rate (LIBOR) or the prime rate. The borrowing capacity under the agreement can be expanded to a maximum of $600 million. Borrowings under the agreement were $365 million at June 30, 2003. At June 30, 2003, our borrowing rate under the agreement was 2.1%. We have entered into interest rate swaps related to $100 million of these borrowings, which gave us an effective interest rate for outstanding borrowings under the revolving credit agreement of 3.0% at June 30, 2003. The revolving credit agreement contains customary conditions to borrowing, including compliance with financial covenants relating to minimum net worth, minimum interest coverage ratio, and ceiling ratio of debt to capitalization. At June 30, 2003, we were in compliance with these covenants. Under this agreement, the payment of dividends depends on the existence and amount of net worth in excess of the defined minimum. Our net worth at June 30, 2003, exceeded the defined minimum by $97.7 million. When the agreement expires in June 2005, any amount outstanding will be due and payable.

In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converts $50 million of fixed-rate $150 million 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. The effective interest rates at June 30, 2003 and 2002, were 3.5% and 4.3%. This swap expires in May 2005.

At June 30, 2003 and 2002, we had $1.0 million and $30.7 million of short-term borrowings outstanding. The minimum and maximum amounts of combined short-term borrowings outstanding during the six months ended June 30, 2003, were $0 and $117.4 million and during the six months ended June 30, 2002, were $0 and $304.5 million. The average amounts of short-term borrowings outstanding during the six months ended June 30, 2003 and 2002 were $52.0 million and $61.0 million. The average interest rates for these borrowings were 2.1% for 2003 and 2.5% for 2002.

At June 30, 2003, we had $193 million of unused borrowing capacity registered with the SEC for additional debt securities. In August 2003, we completed a $50 million, 8-year, 7.45% medium-term note offering that was issued under this shelf capacity. In addition, at June 30, 2003, we had $500 million in universal shelf capacity registered with the SEC. Under this registration statement, we may offer and sell

in one or more offerings common stock, preferred stock, debt securities, warrants, and/or purchase contracts. We are making this offering under that shelf registration.

Our cash requirements for both short-term and long-term needs will be funded through a combination of cash flow from operations, borrowings under our existing credit facilities, issuance of new debt or equity securities, and possible sales of assets.

We believe inflation has not had a material effect on our financial condition or results of operations; however, there can be no assurance that we will not be affected by inflation in the future. Declines in building activity that may occur during winter affect our building products businesses. In addition, some operating costs may increase at facilities affected by cold weather. Seasonal influences, however, are generally not significant.

Off-Balance-Sheet and Other Contractual Arrangements and Guarantees

For information on off-balance-sheet and other contractual arrangements and guarantees, see our Annual Report on Form 10-K for the year ended December 31, 2002, as filed on March 4, 2003. At June 30, 2003, there had been no material changes to our contractual obligations outside the ordinary course of business or material changes to the guarantees disclosed in our 2002 Annual Report on Form 10-K.

Timber Supply and Environmental Issues

For information on timber supply and environmental issues, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed on March 4, 2003.

Critical Accounting Estimates

For information on critical accounting estimates, see our Annual Report on Form 10-K for the year ended December 31, 2002, as filed on March 4, 2003, and the information described below.

Pensions

Most of our U.S. employees are covered by noncontributory defined benefit pension plans. We account for these costs in accordance with SFAS No. 87, Employer's Accounting for Pensions. This statement requires us to calculate our pension expense and liabilities using actuarial assumptions, including a discount rate assumption and a long-term asset return assumption. We base our discount rate assumption on the rates of return on high-quality bonds currently available and expected to be available during the period to maturity of the pension benefits. We base our long-term asset return assumption on the average rate of earnings expected on invested funds. We believe that the accounting estimate related to pensions is a critical accounting estimate because it is highly susceptible to change from period to period, based on the performance of plan assets, actuarial valuations, and changes in interest rates, and the effect on our financial position and results of operations could be material. The estimate for pensions is a critical accounting estimate for all of our segments.

At December 31, 2002, we set our 2003 discount rate assumption at 6.75% and our expected return on plan assets at 8.5%. Using these assumptions, we estimate that our 2003 pension expense will be approximately $75 million. If we decreased our discount rate assumption to 6.5%, our 2003 pension expense would be approximately $80 million, and if we increased our discount rate assumption to 7%, our 2003 pension expense would be approximately $70 million. If we decreased our expected return on plan assets to 8%, our 2003 pension expense would be approximately $80 million, and if we increased our expected return on plan assets to 9%, our 2003 pension expense would be approximately $70 million.

Plan contributions include required minimums and, in some years, additional discretionary amounts. In 2003, the required minimum contribution to our pension plans is $26 million. As of June 30, 2003, we have contributed $20 million and expect to contribute another $40 million to $80 million during the second half of 2003. We expect to make similar contributions in 2004. We anticipate having sufficient liquidity to meet our future pension contribution requirements.

The amount of minimum pension liability is determined based on the value of plan assets compared to the plans' accumulated benefit obligation. Because of negative returns on plan assets and a decrease in the discount rate in 2002, our minimum pension liability increased significantly, resulting in a decrease in 2002 of $188.0 million in shareholders' equity in "Accumulated other comprehensive loss." The change in the minimum pension liability that we will record on December 31, 2003, will be dependent on the actual market value of plan assets on that

date and

the discount rate assumption used to value the accumulated benefit obligation on that date. As of June 30, 2003, the market value of plan assets has increased, compared with the value at December 31, 2002. However, interest rates have declined, which may cause us to lower our discount rate assumption when we value the plans' accumulated benefit obligation as of December 31, 2003. This could result in another increase in our minimum pension liability and a decrease in shareholders' equity in "Accumulated other comprehensive loss." When recorded, the adjustments to the minimum pension liability are noncash and do not affect net income (loss).

Our revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratio, and ceiling ratio of debt to capitalization. Under this agreement, the payment of dividends depends on the existence and amount of net worth in excess of the defined minimum. Our net worth at June 30, 2003, exceeded the defined minimum by $97.7 million.

Long-Lived Asset Impairment

We review long-lived assets held and used by us for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. We account for the impairment of long-lived assets in all of our segments in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 requires that, for assets held and used, we use estimates of future cash flows to test the recoverability of long-lived assets. Long-lived assets classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell.

Long-lived asset impairment is a critical accounting estimate as it is highly susceptible to change from period to period. To measure future cash flows, we are required to make assumptions about future production volumes, future pricing of commodity products, and future expenses to be incurred. In addition, estimates of future cash flows may change based on the availability of timber, environmental requirements, capital spending, and other strategic management decisions.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets and the effects of changes in circumstances affecting these valuations (timber availability, environmental requirements, capital spending, and other management decisions), both the precision and reliability of the resulting estimates of the related impairment charges are subject to uncertainties, and as additional information becomes known, we may change our estimates.

Recently Issued Accounting Standards Not Yet Adopted

In May 2003, the FASB issued SFAS No. 150, Accounting For Certain Financial Instruments with Characteristics of Both Liabilities and Equity. SFAS No. 150 requires issuers to classify as liabilities (or assets in some circumstances) three classes of free-standing financial instruments that embody obligations for the issuer. The statement is effective for financial instruments entered into or modified after May 31, 2003, and is otherwise effective for existing financial instruments entered into before May 31, 2003, on July 1, 2003. We did not enter into any financial instruments within the scope of this statement during June 2003. Accordingly, we adopted the provisions of SFAS No. 150 on July 1, 2003. As a result of adopting the statement on July 1, 2003, we reclassified $172.5 million of "Company-obligated mandatorily redeemable securities of subsidiary trust holding solely debentures of parent" from "Minority interest" to "Debt" in our Consolidated Balance Sheet. We will prospectively recognize distributions on these securities as "Interest expense" rather than "Minority interest, net of income tax" in our Consolidated Statements of Income (Loss). There will be no net effect on earnings. As a result of the change, we will recognize about $3.2 million of additional interest expense each quarter and no minority interest, net of income tax.

PROPOSED ACQUISITION OF OFFICEMAX

On July 13, 2003, we agreed to acquire OfficeMax. Pursuant to the acquisition agreement, our subsidiary will merge with and into OfficeMax, with OfficeMax continuing as the surviving corporation and our wholly owned subsidiary. The aggregate consideration payable by Boise to OfficeMax shareholders will consist of 60% Boise common stock and 40% cash. At the effective time of the acquisition, each issued

and outstanding OfficeMax common share will be converted into the right to receive, at the election of the holder, and subject to proration as described below, either:

- a number of shares of Boise common stock equal to the exchange ratio; or

- $9.00 in cash, subject to increase or decrease as described below.

The exchange ratio will be determined by dividing $9.00 by the average closing sale prices for Boise common stock on the New York Stock Exchange Composite Transactions Tape for each of the ten consecutive trading days ending with the second complete trading day prior to the closing date of the merger. The exchange ratio is, however, subject to a collar. If the ten-day average price is greater than $25.77 per share, the exchange ratio will be 0.3492, and if the ten-day average price is less than $21.09 per share, the exchange ratio will be 0.4268. If the ten-day average price is greater or less than the collar, the $9.00 in cash will be increased or decreased by the product of (i) the amount by which the ten-day average price is greater than or less than the collar, (ii) the exchange ratio and (iii) 25%. Based on the average price of the Boise common stock as of September 18, 2003 of $28.21 per share and the number of outstanding OfficeMax common shares on that date, we estimate that the cash portion of the total consideration will be $478 million. We also estimate that we will incur transaction costs of $25 million. The actual amount of the cash consideration will be dependent upon the average Boise stock price and the number of outstanding OfficeMax common shares at the time the acquisition becomes effective and could be more or less than $478 million.

The acquisition agreement provides that if holders of more than or less than 60% of the outstanding OfficeMax common shares elect to receive Boise common stock, shareholder elections will be prorated pursuant to the acquisition agreement so that the number of OfficeMax common shares to be converted to Boise common stock will equal 60% of OfficeMax common shares outstanding immediately prior to the effective time of the acquisition.

We expect the acquisition to be completed in the fourth quarter of 2003. Consummation of the acquisition is subject, however, to a number of customary conditions, including, among others, the receipt of the approval of OfficeMax shareholders and of our stockholders. Either company may waive certain other conditions for the benefit of it or its stockholders, as applicable, and complete the transaction even though one or more of such conditions has not been met. The 30-day waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the transaction expired on August 29, 2003.

We and OfficeMax may mutually agree at any time before the effective time of the acquisition to terminate the acquisition agreement. Also, either company may terminate the acquisition agreement, without the consent of the other, before the effective time of the acquisition if:

- OfficeMax shareholders fail to approve and adopt the acquisition agreement at the OfficeMax special meeting of shareholders;

- our stockholders fail to approve and adopt the acquisition agreement at our special meeting of stockholders;

- the transaction is not consummated on or before January 31, 2004, unless extended to March 31, 2004 as provided in the acquisition agreement;

- any court or governmental entity prohibits the transaction;

- the other party breaches a covenant, agreement, representation or warranty contained in the acquisition agreement that would give rise to the failure of a condition set forth in the acquisition agreement; or

- any condition to the obligation of the other party to complete the transaction is not capable of being satisfied.

In addition, we or OfficeMax may terminate the acquisition agreement in certain circumstances related to the receipt of a takeover proposal from a third party. Such termination may require, however, the payment of a termination fee of $45 million to the other party.

On August 6, 2003, a complaint was filed against OfficeMax and some of its directors in the Court of Common Pleas, Cuyahoga County, Ohio. The complaint purports to be brought as a class action on behalf of OfficeMax's shareholders. The complaint alleges that OfficeMax and its board of directors breached their fiduciary duties by approving the terms of the proposed acquisition. The complaint seeks an order preventing OfficeMax from proceeding with the transaction, along with other injunctive relief. OfficeMax believes the complaint is without merit and intends to vigorously contest the action.

SELECTED HISTORICAL FINANCIAL DATA OF OFFICEMAX

The following is a summary of selected consolidated financial data of OfficeMax for each of the fiscal years in the five-year period ended January 25, 2003 and the 26-week periods ended July 27, 2002 and July 26, 2003. The operating results for the 26-week period ended July 26, 2003 are not necessarily indicative of results for the full fiscal year ending January 24, 2004. The information with respect to each of the fiscal years in the five-year period ended January 25, 2003 is based on the consolidated financial statements of OfficeMax contained in its Annual Reports on Form 10-K for the fiscal years ended January 27, 2001, January 26, 2002 and January 25, 2003. The information with respect to the 26-week periods ended July 27, 2002 and July 26, 2003 is derived from the unaudited consolidated financial statements of OfficeMax contained in its Quarterly Report on Form 10-Q for the period ended July 26, 2003. All of the information in this summary is qualified in its entirety by reference to such documents. This summary should be read together with the consolidated financial statements, the accompanying notes and OfficeMax's management's discussion and analysis of financial condition and results of operations of OfficeMax contained in the reports of OfficeMax referred to above.

OfficeMax Historical Financial Data

Fiscal Year Ended[6]