

BOISE CASCADE CORP  
Form S-3  
April 16, 2002

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As filed with the Securities and Exchange Commission on April 16, 2002

Registration No. 333-

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### FORM S-3

REGISTRATION STATEMENT

*Under The Securities Act of 1933*

**Boise Cascade Corporation  
Boise Cascade Trust II  
Boise Cascade Trust III**

(Exact name of registrants as  
specified in their charters)

**Delaware  
Delaware  
Delaware**

(State or other jurisdiction of  
incorporation or organization)

**82-0100960  
To Be Applied For  
To Be Applied For  
(I.R.S. Employer  
Identification Nos.)**

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**1111 West Jefferson Street  
P.O. Box 50  
Boise, Idaho 83728-0001  
(208) 384-6161**

(Address, including zip code, and telephone number, including area code,  
of registrants' principal executive offices)

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**JOHN W. HOLLERAN  
Senior Vice President and General Counsel  
Boise Cascade Corporation  
1111 West Jefferson Street  
P.O. Box 50  
Boise, Idaho 83728-0001  
(208) 384-7704**

(Name, address, including zip code, and telephone  
number, including area code, of agent for service)

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**Copies to:**

**J. Craig Walker  
Bell, Boyd & Lloyd LLC  
Three First National Plaza  
Chicago, IL 60602  
(312-807-4321)**

**Robert E. Buckholz, Jr.  
Sullivan & Cromwell  
125 Broad Street  
New York, NY 10004  
(212-558-3876)**

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: //

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: /x/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. //

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. //

*(Continued next page)*

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered (1)(2)</b>	<b>Proposed Maximum Offering Price Per Unit (1)(2)</b>	<b>Proposed Maximum Aggregate Offering Price (1)(2)</b>	<b>Amount of Registration Fee</b>
Boise Cascade Corporation Common Stock (and associated common stock purchase rights), \$2.50 par value(3)				
Boise Cascade Corporation Preferred Stock, no par value(3)				
Boise Cascade Corporation Debt Securities				
Boise Cascade Corporation Warrants				
Boise Cascade Corporation Purchase Contracts(4)				
Units(5)				
Boise Cascade Corporation Depositary Shares(6)				
Boise Cascade Trust II Preferred Securities(7)				
Boise Cascade Trust III Preferred Securities(7)				
Boise Cascade Corporation Guarantees of Preferred Securities of Boise Cascade Trust II and III(8)				
<b>Total</b>			\$500,000,000	\$46,000

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- (1) Such indeterminate number or amount of Common Stock, Preferred Stock, Debt Securities, Warrants, Purchase Contracts, Units, Depository Shares, and Guarantees of Boise Cascade Corporation ("Boise"), and Preferred Securities of Boise Cascade Trust II and III (the "Trusts") as may from time to time be issued at indeterminate prices. Debt Securities of Boise may be issued and sold to the Trusts, in which event the Debt Securities may later be distributed to the holders of Preferred Securities of the Trusts for no further consideration upon a dissolution of any such Trust and the distribution of the Trust's assets.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457. The aggregate public offering price of the securities registered hereby, and the exercise price of any securities issuable upon exercise of the Warrants registered hereby, will not exceed \$500,000,000.
- (3) Includes such indeterminate number of shares of Common Stock and Preferred Stock as may be issued upon conversion of or exchange for any Debt Securities, Preferred Stock or Preferred Securities registered hereunder that provide for conversion or exchange into other securities, and Boise Cascade Corporation Common Stock Purchase Rights relating to each share of Common Stock. No separate consideration will be received for the Common Stock or Preferred Stock issuable upon conversion of or in exchange for Debt Securities, Preferred Stock or Preferred Securities or for any Boise Cascade Corporation Common Stock Purchase Rights. Also consists of such currently indeterminate number of shares of Common Stock and Preferred Stock issuable upon exercise of the Warrants and issuable upon settlement of the Purchase Contracts of Boise.
- (4) Each Purchase Contract of Boise obligates Boise to sell, and the holder to purchase, a number of shares of Common Stock or Preferred Stock.
- (5) Any security registered under this registration statement may be offered as a Unit with any other security registered under this registration statement.
- (6) In the event Boise elects to offer to the public fractional interests in shares of Preferred Stock registered hereunder, Depository Shares, evidenced by depository receipts issued under a deposit agreement, will be distributed to those persons purchasing such fractional interests, and the shares of Preferred Stock will be issued to the depository under such agreement.
- (7) Each Preferred Security of Boise Cascade Trust II and III represents a preferred undivided beneficial ownership interest in the assets of Boise Cascade Trust II and III, respectively.
- (8) No separate consideration will be received for the Guarantees of Boise.

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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**Subject to Completion, Dated April 16, 2002**

**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Prospectus**

**\$500,000,000**

**Boise Cascade Corporation**

## Boise Cascade Trust II

## Boise Cascade Trust III

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### BOISE CASCADE CORPORATION

We may offer and sell the following securities separately or in combination, in one or more offerings:

common stock

preferred stock (which may be in the form of depositary or fractional shares)

debt securities

warrants

purchase contracts

preferred securities (through the Trusts)

The purchase contracts will require the purchaser to buy common or preferred stock, and may require fees to be paid by us to the purchaser or by the purchaser to us.

Boise Cascade Corporation's ("Boise") common shares are listed on the New York Stock Exchange under the symbol "BCC."

### THE TRUSTS

Each Trust is a Delaware business trust that may offer and sell preferred securities. Each Trust will use the proceeds of its security sales to buy debt securities of Boise. The Trust will receive cash payments from the debt securities and will distribute those payments to its security holders. Boise will guarantee the Trust's obligation to distribute cash to the holders of the preferred securities.

*We will provide the specific terms and the initial public offering price for each offering in a supplement to this prospectus. You should read this prospectus and the supplement carefully before you decide to invest. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is April , 2002

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## **FORWARD-LOOKING STATEMENTS**

Some statements made in this prospectus or incorporated by reference in this prospectus are forward-looking statements. Because these forward-looking statements include risks and uncertainties, actual results may differ materially from the results expressed in or implied by the statements. Factors that could cause actual results to differ include, among other things:

fluctuations in production capacity and demand across pulp, paper, and wood products markets;

changes in the U.S. and world economies and the effect of those changes on imports and exports of paper and wood products;

changes in the level of white-collar employment and the effect of those changes on the purchase of office products and paper;

the implementation of laws and regulations that affect timber supply and/or our expenditures for environmental compliance;

catastrophic events such as fire, windstorm, or terrorist activity;

changes in energy and energy-related costs;

the introduction of new technologies that reduce or replace the use of resource-based products; and

other factors included in our filings with the SEC.

## **ABOUT THIS PROSPECTUS**

This prospectus is part of a "shelf" registration statement that we filed with the SEC. By using a shelf registration statement, we may sell any combination of the securities described in this prospectus in one or more offerings at various times. The total dollar amount we raise through

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these offerings will not exceed \$500,000,000.

This prospectus provides you with only a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and the prospectus supplement, together with the additional information described under the heading "Where You Can Find More Information."

This prospectus does not contain separate financial statements for the Trusts because we do not believe investors would base investment decisions on the separate financial information of the Trusts. We believe investors would instead rely on the consolidated financial information that we file with the SEC under the Securities Exchange Act of 1934 (the "Exchange Act") for the following reasons:

each Trust is wholly owned by us;

the Trusts will not have any independent assets or operations other than issuing common and preferred securities and purchasing our debt securities; and

we will fully and unconditionally guarantee each Trust's obligations under the preferred securities it issues, and we will be the sole guarantor of those obligations.

You should rely only on the information contained or incorporated by reference in this prospectus and the prospectus supplement. Neither we nor the underwriters have authorized any other person to provide you with different information. Neither we nor the underwriters will make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the SEC and

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incorporated by reference, is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations, and prospects may have changed since that date.

### ABOUT BOISE

Boise is a major distributor of office products and building materials and an integrated manufacturer and distributor of paper and wood products. We also own or control over 2 million acres of timberland in the United States.

Boise is a Delaware corporation, and our principal executive office is located at 1111 West Jefferson Street, Boise, Idaho 83728-0001, telephone 208/384-6161. All references to "we," "us," or "Boise" in this prospectus mean, unless the context otherwise indicates, Boise Cascade Corporation and its consolidated subsidiaries.

### ABOUT THE TRUSTS

Each of the Trusts is a business trust formed under Delaware law by (i) a separate declaration of trust executed by Boise, as depositor, and the trustees for the trust, and (ii) a certificate of trust filed with the Delaware Secretary of State. When the securities of a Trust are issued the first time, the Trust's declaration will be amended and restated to set forth the substantive terms of the trust securities, substantially in the form filed as an exhibit to the registration statement, as of the date the securities are initially issued. Each amended declaration will be qualified as an indenture under the Trust Indenture Act of 1939. Any reference in this prospectus to the declaration means the amended declaration.

Each Trust exists solely for the purposes of:

issuing preferred and common securities representing undivided beneficial interests in the assets of that trust;

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investing the proceeds of those issuances in debt securities of Boise; and

engaging only in other incidental activities.

By selling debt securities to the Trusts rather than issuing preferred and common securities of its own, Boise expects to realize significant tax benefits.

Boise will own all of the common securities of each Trust. The common and preferred securities will generally have equal payment rights, and payments on both will be made pro rata. The holders of the preferred securities, however, will have primary payment rights if an event of default has occurred under the Trust's declaration as of the date of any distribution, liquidation, or redemption. The total liquidation amount of the common securities will equal approximately 3% of the total capital of each Trust, and the total liquidation amount of the preferred securities will equal approximately 97% of the total capital of each Trust.

Each Trust will last approximately 55 years, unless it is terminated earlier according to its amended declaration. Because Boise will hold all the common securities, it will be entitled to appoint, remove, or replace the trustees of each Trust without input from the holders of the trust preferred securities. The trustees will conduct the business and affairs of each Trust. The declaration will govern the duties and obligations of the trustees.

A majority of the trustees of each Trust will be employees, officers, or affiliates of Boise. One trustee of each Trust will be a financial institution not affiliated with Boise. This trustee will act as property trustee and as indenture trustee under the Trust Indenture Act, under the terms stated in the prospectus supplement. The property trustee will:

hold title to the debt securities for the benefit of the Trust's security holders;

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have the power to exercise all rights, powers, and privileges under the indenture related to the debt securities;

control a segregated non-interest bearing bank account which holds all payments received by the Trust in respect of the debt securities; and

make all payments to the Trust's security holders, including distributions and liquidation and redemption payments.

The security holders will have economic rights, rights to information, voting rights, and other rights, which are stated in the declaration of each Trust, the Delaware Business Trust Act, and the Trust Indenture Act. Boise will pay all fees and expenses related to the Trusts and the offering of trust securities. The Delaware office of the trustee for each Trust is currently Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890. The Trusts' principal place of business will be c/o Boise Cascade Corporation, 1111 West Jefferson Street, P.O. Box 50, Boise, Idaho 83728-0001.

### WHERE YOU CAN FIND MORE INFORMATION

Boise files reports, proxy statements, and other information with the Securities and Exchange Commission. Our filings are available over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at the SEC's public reference room at:

450 Fifth Street, N.W.  
Room 1024  
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for more information on the public reference room and their copy charges. You may also inspect the reports and other information we file with the SEC at:

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New York Stock Exchange  
20 Broad Street  
New York, NY 10005

We have filed a registration statement on Form S-3 with the SEC that covers the securities described in this prospectus. For further information on Boise, the Trusts and the securities, you should refer to our registration statement and its exhibits. In this prospectus, we have summarized material provisions of contracts and other documents. We have included copies of these documents as exhibits to our registration statement. The registration statement can be obtained from the SEC in the ways described above, or from Boise.

### INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information we file with them. This means that we can disclose important information to you by referring you to those documents. Any information we reference in this manner is considered part of this prospectus. Any information we file with the SEC after the date of this prospectus will automatically update and, to the extent information contained in these future SEC filings differs from or is not consistent with the information contained in this prospectus, supersede the information contained in this prospectus.

We incorporate by reference the following documents that we have filed with the SEC:

- (1) Annual Report on Form 10-K for the year ended December 31, 2001 (filed on March 18, 2002); and

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- (2) The portions of Boise's Proxy Statement on Schedule 14A for the annual meeting of shareholders held on April 18, 2002 (filed on March 11, 2002), that have been incorporated by reference into the 10-K for the year ended December 31, 2001.

We also incorporate by reference any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus but before the end of the offering of the securities made by this prospectus. Our SEC file number is 1-5057.

You may request a free copy of these filings by contacting us at:

Investor Relations Department  
Boise Cascade Corporation  
P.O. Box 50  
Boise, ID 83728-0001  
208/384-6390  
e-mail: [bcweb@bc.com](mailto:bcweb@bc.com)

### USE OF PROCEEDS

Unless we indicate otherwise in the prospectus supplement, we expect to use the net proceeds we receive from any offering of these securities for our general corporate purposes, including working capital, repayment or reduction of debt, and capital expenditures. We may also use proceeds to acquire new facilities or real property or other business enterprises. Each of the Trusts will use the net proceeds from the sale of its preferred securities to purchase debt securities from Boise. We also expect to use the net proceeds from the sale of those debt securities for the purposes described in this section.

### RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDEND REQUIREMENTS

Year Ended December 31



	1997	1998	1999	2000	2001
Ratio of earnings to fixed charges (1)			2.95	2.59	
Ratio of earnings to combined fixed charges and preferred dividend requirements (2)			2.88	2.52	

- (1) Earnings before fixed charges were inadequate to cover total fixed charges by \$50,666,000, \$29,099,000, and \$50,249,000 for the years ended December 31, 1997, 1998, and 2001.
- (2) Earnings before fixed charges were inadequate to cover combined fixed charges and preferred stock dividend requirements by \$79,011,000, \$34,368,000, and \$56,697,000 for the years ended December 31, 1997, 1998, and 2001.

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### DESCRIPTION OF THE SECURITIES WE MAY OFFER

Boise may issue separately or in combination, in one or more offerings:

common stock, par value \$2.50 per share;

preferred stock, no par value per share, which we may issue in the form of depositary shares representing fractions of shares of preferred stock;

debt securities, which may be subordinated or unsubordinated;

warrants to purchase other securities; and

purchase contracts.

The Trusts may issue trust preferred securities in one or more offerings at various times. Boise will unconditionally guarantee the trust preferred securities.

This prospectus summarizes the material and general terms of the various securities that we or the Trusts may offer, with a separate section below for each type of security. The prospectus supplement relating to any particular securities will describe the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. The prospectus supplement will also state the terms of the offering, the initial public offering price and the net proceeds to Boise. Where applicable, the prospectus supplement will describe any material United States federal income tax considerations relating to the offered securities and indicate whether the securities are or will be listed on any securities exchange.

The summaries in this prospectus and the prospectus supplement do not describe every aspect of the securities. When evaluating the offered securities, you should also refer to the provisions of other documents that relate to the offered securities, as described in the sections below. These other documents are filed as exhibits to, or are incorporated by reference in, the registration statement.

#### Book-Entry System for Global Securities

Boise or the Trusts may issue the securities contemplated by this prospectus in the form of one or more fully registered global securities, which represent offered securities. These global securities will be deposited with The Depository Trust Company ("DTC") and registered in the name of its nominee. The global securities are traded in units which are beneficial interests representing fractional portions of the global

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security. DTC (or its nominee) will hold each global security in book-entry form, as described below, for the benefit of institutions that have accounts with DTC ("participants").

DTC has advised us that it is:

A limited-purpose trust company organized under the laws of the state of New York;

A member of the Federal Reserve System;

A "clearing corporation" within the meaning of the New York Uniform Commercial Code; and

A "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions among its participants through electronic book-entry changes in participants' accounts. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations, some of whom (and/or their representatives) own DTC. Others, such as banks, brokers, dealers and trust companies that either directly or indirectly clear through or maintain a custodial relationship with a participant, also have access to DTC's book-entry system. DTC administers its book-entry system according to its rules and bylaws and legal requirements.

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When a global security representing offered securities is issued, DTC will credit (on its book-entry registration and transfer system) the principal amount to participants' accounts, in varying amounts as subscribed by the participants. DTC will maintain ownership records for participants' interests, and the participants will maintain ownership records for persons who purchase through them. Ownership interests may be transferred only through those records.

So long as DTC (or its nominee) is the registered holder of a global security, DTC (or its nominee) will be considered for all purposes the sole owner and holder of the related securities. Except as described below, you will not be entitled to:

have the securities registered in your name; or

receive physical delivery of your securities in definitive form.

The laws of some jurisdictions may require that purchasers take physical delivery of securities in definitive form. These laws may restrict or prevent the transfer of beneficial interests in a global security.

Each person owning a beneficial interest in a global security must rely on DTC's procedures (and, if that person holds through a participant, on the participant's procedures) to exercise any rights of a holder of offered securities under the global security or the indentures. The indentures provide that DTC may grant proxies and otherwise authorize participants to take any action which DTC is entitled to take under the indentures or the global security. We understand that under existing industry practice, if Boise or a Trust requests any action of holders or an owner of a beneficial interest in a global security desires to take any action that DTC (as the holder of the global security) is entitled to take, DTC would authorize the participants to take that action and the participants would authorize the beneficial owners to take the action or would otherwise act upon the instructions of the beneficial owners.

Boise or the Trusts will make payments to DTC. We expect that when DTC receives any payment, it will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests. We also expect that payments by participants to owners of beneficial interests in a global security held through them will be governed by standing instructions and customary practices (as is the case with securities held by brokers for customers' accounts in "street name"). The indentures may grant Boise or the Trusts the right to redeem any global security. In that case, Boise or the Trusts will notify DTC of the redemption and will make final payment to DTC. We expect that DTC and the participants will in turn notify the respective beneficial holders and distribute payment to them accordingly. Boise, the Trusts or any trustee will not be responsible or liable for:

any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global security for any securities;

the maintenance, supervision, or review of any records relating to any beneficial ownership interests;

any other aspect of the relationship between DTC and its participants; or

the relationship between the participants and the beneficial owners.

The global securities may not be transferred except as a whole between DTC and its nominee, unless they are exchanged for global securities of the same aggregate denomination to be registered in DTC's or its nominee's name, or unless they are exchanged in whole or in part for certificated securities in definitive form. The securities of any series represented by a global security may be exchanged for certificated securities in definitive form only if:

DTC notifies us that it is unwilling or unable to continue as depository for the global security or if at any time it ceases to be a clearing agency registered under the Securities Exchange Act of 1934;

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Boise notifies the Trustee that it has decided not to have the securities of that series represented by a global security; or

in the case of debt securities, an event of default has occurred and is continuing with respect to the debt securities.

If there is such an exchange, we will issue certificated securities in authorized denominations and registered in such names as DTC directs.

#### **Other Book-Entry Clearing and Settlement Systems**

We may choose any other domestic or foreign clearing system for a particular series of debt securities. The clearance and settlement procedures for the clearing system we choose will be described in the applicable prospectus supplement.

### **DESCRIPTION OF COMMON STOCK**

Boise's authorized capital stock consists of 200,000,000 shares of common stock and 10,000,000 shares of preferred stock. We describe the preferred stock under the heading "Description of Preferred Stock" below.

This section summarizes the material and general terms of the common stock. The prospectus supplement relating to the common stock offered will state the number of shares offered, the initial offering price and market price, dividend information and any other relevant information. The summaries in this section and the prospectus supplement do not describe every aspect of the common stock. When evaluating the common stock, you should also refer to all the provisions of Boise's Restated Certificate of Incorporation, Boise's bylaws and the Delaware General Corporation Law. The Restated Certificate of Incorporation and the bylaws are incorporated by reference in the registration statement.

#### **Terms of the Common Stock**

As of March 31, 2002, there were 58,195,175 shares of common stock issued and outstanding, and 18,295,985 shares reserved for issuance under Boise's stock option plans and under outstanding convertible securities.

The holders of common stock have one vote for each share held. Subject to the rights of holders of any outstanding preferred stock, holders of common stock are entitled to receive dividends declared by the Board of Directors from time to time out of funds legally available for dividends. If a liquidation (whether voluntary or involuntary) or reduction in Boise's capital results in any distribution of assets to stockholders, the holders of common stock are entitled to receive, pro rata according to the number of the shares held by each, all of the assets of Boise

remaining for distribution after creditors are paid and after the holders of any outstanding preferred stock receive the full preferential amounts to which they are entitled.

Holders of common stock do not have preemptive rights to subscribe for or purchase any new or additional issue of common stock or securities convertible into common stock. Shares of the common stock are not subject to redemption. All outstanding shares of common stock are, and all shares to be offered as described in a prospectus supplement will be, fully paid and nonassessable.

The outstanding shares of common stock (symbol BCC) are listed on the New York Stock Exchange. Boise and Wells Fargo Shareowner Services each maintain stock transfer records and act as transfer agents for the common stock. Wells Fargo Shareowner Services and U.S. Bank National Association are registrars of the common stock.

### **Shareholder Rights Plan**

Boise has had a shareholder rights plan since January 1986. The current plan took effect in December 1998. At that time, the rights under the previous plan expired and we distributed to our common stockholders one new right for each common share held. Rights will be issued with each share of common stock issued before the rights expire or become exercisable. The rights expire in December 2008. The rights become exercisable ten days after a person or group acquires 15% of Boise's outstanding voting securities or ten business days after a person or group commences or announces an intention to commence a tender or exchange offer that could result in the acquisition of 15% of the outstanding voting securities. If the rights become exercisable, each full right entitles the holder to purchase one share of common stock at a purchase price of \$175 per share, subject to adjustment. In addition, upon the occurrence of events involving a potential change in control that the Board of Directors has not approved, the rights may "flip in" and entitle holders to buy common stock, or "flip over" and entitle holders to buy common stock in an acquiring entity, in such an amount that the market value is equal to twice the purchase price. The rights are nonvoting and may be redeemed by Boise for one cent per right at any time before they become exercisable.

### **Provisions with Possible Anti-Takeover Effects**

Various provisions of Boise's Restated Certificate of Incorporation, bylaws, and shareholder rights plan and the Delaware General Corporation Law may hinder or delay any transaction involving Boise that might result in a change of control.

### ***Shareholder Rights Plan***

As discussed above, Boise has adopted a shareholder rights plan which provides stockholders with the right to purchase shares of common stock or securities of an acquiring company at half the market price under circumstances involving a potential change in control of Boise that the Board of Directors has not approved.

### ***Delaware General Corporation Law Section 203***

The Delaware General Corporation Law provides, among other things, that any beneficial owner of 15% or more of Boise's voting stock is prohibited, without the prior approval of the Board of Directors, from entering into any business combination with Boise for three years from the date that 15% ownership interest is acquired unless the combination otherwise satisfies Section 203 of the Delaware General Corporation Law.

### ***Fair Price Provisions***

The "fair price provisions" of the Restated Certificate of Incorporation require that proposed business combinations between Boise and an "interested party" (a beneficial owner of 10% or more of the voting power of Boise) must be approved by the holders of a majority of the voting power of Boise held by stockholders other than the interested party, unless fair price and procedural requirements are met or unless the directors of Boise who are not affiliated with the interested party approve the business combination. An affirmative vote of 80% of the shares entitled to vote is required to amend the fair price provisions of the Restated Certificate of Incorporation, unless the amendment is unanimously recommended by the Board of Directors, and none of the directors are affiliated with the interested party.

### ***Directors; Classified Board***

The Restated Certificate of Incorporation also classifies the Board of Directors into three classes. Vacancies on the Board of Directors may only be filled by a majority vote of the remaining directors,

and directors chosen in this manner hold office until the end of the full term of the class in which the vacancy occurred. A director may be removed from office only with cause and only by an affirmative vote of at least 80% of the shares entitled to vote. These provisions may only be amended by the affirmative vote of at least 80% of the shares entitled to vote.

#### ***Future Issuances of Preferred Stock***

Boise is not required to seek stockholder approval prior to designating any future series of preferred stock. The Board of Directors could issue preferred stock in one or more transactions with terms which might make the acquisition of a controlling interest in Boise more difficult or costly.

#### ***Shareholder Meetings***

The Restated Certificate of Incorporation and the bylaws also contain provisions to reduce surprise and disruptive tactics at shareholders' meetings. The Restated Certificate of Incorporation provides that no action may be taken by shareholders except at an annual meeting or special meeting, and the bylaws do not permit shareholders to directly call a special meeting of shareholders. A shareholder must give written notice to Boise of the intent to nominate a director for election at an annual meeting at least 30 days but not more than 60 days prior to the meeting, unless less than 35 days' notice of the date of the meeting is given to shareholders.

### **DESCRIPTION OF PREFERRED STOCK**

This section summarizes the material terms of the preferred stock that we may offer. The prospectus supplement relating to a particular series of preferred stock will describe the specific terms of that series, which may be in addition to or different from the general terms summarized in this section. The summaries in this section and the prospectus supplement do not describe every aspect of the preferred stock. When evaluating the preferred stock, you should also refer to all the provisions of Boise's Restated Certificate of Incorporation, the Certificate of Designation for the offered series of preferred stock, and the Delaware General Corporation Law. The Certificate of Designation will be filed as an exhibit to or incorporated by reference in the registration statement. All outstanding shares of preferred stock are, and all shares to be offered as described in a prospectus supplement will be, fully paid and nonassessable.

#### **Authority of the Board to Issue Preferred Stock**

Under the Restated Certificate of Incorporation, the Board has the authority, without further shareholder action, to issue up to 10,000,000 shares of preferred stock, in one or more series at various times, with such terms and for such consideration as the Board may fix. At this time the only outstanding preferred stock is the Convertible Preferred Stock, Series D, discussed below. The Board may authorize or create stock ranking prior to the preferred stock only in specified circumstances described in "Voting Rights" below.

The prospectus supplement relating to the particular series of preferred stock will describe the specific terms of the series, including:

the designation, stated value and liquidation preference of the series, the number of shares comprising the series and the number of shares offered;

the initial public offering price;

the dividend rate (or method of calculation), the dividend periods, the dates on which dividends shall be payable, and whether dividends shall be cumulative or noncumulative;

any redemption or sinking fund provisions;

any conversion or exchange provisions;

the procedures for any auction or remarketing of the series;

whether interests in the shares of the series will be represented by depositary shares;

the voting powers, if any, of the shares of the series (not to exceed one vote per share), in addition to those listed below; and

any additional dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions of the series.

As described under "Description of Depositary Shares," Boise may elect to offer depositary shares evidenced by depositary receipts, each representing a fraction (to be specified in the prospectus supplement) of a share of the particular series of the preferred stock, rather than offering full shares of that series of the preferred stock.

The preferred stock of each series shall rank equally with the preferred stock of every other series. The preferred stock shall rank senior to the common stock in priority of payment of dividends and in the distribution of assets in any liquidation, dissolution, or winding up of Boise, to the extent of the preferential amounts to which the preferred stock of the respective series is entitled.

Once issued, the shares of preferred stock will be fully paid and nonassessable. Holders of preferred stock have no preemptive rights. Shares of preferred stock redeemed, converted or otherwise reacquired by Boise shall resume the status of authorized and unissued shares of preferred stock, undesignated as to series, and may be reissued later.

#### **Dividends**

The holders of the preferred stock of each series will be entitled to receive only preferential dividends, when and as the Board declares dividends. Holders will receive declared dividends in cash payable at the rate, from the date, and on the specified dividend payment dates and, if cumulative, cumulative from the date, stated in the prospectus supplement relating to that series. Any arrearages in dividends on the preferred stock will not bear interest.

The preferred stock may limit our ability to pay dividends or distribute assets with respect to junior stock. As long as any of the preferred stock is outstanding, we may only pay or declare dividends (other than dividends payable in junior stock, together with cash in lieu of fractional shares), or make any other distribution, on any junior stock, if:

there are no arrearages in dividends on preferred stock for any past dividend period, and dividends in full for the current dividend period have been paid or declared on all preferred stock;

we have paid or set aside any amounts required to be paid or set aside for any purchase, retirement and sinking funds for the preferred stock of any series; and

we are not in default on any obligations to redeem any of the preferred stock.

In addition, so long as any of the preferred stock is outstanding, neither we nor any of our subsidiaries may purchase, redeem or otherwise acquire any shares of any junior stock (except in connection with a reclassification or exchange of any junior stock through the issuance of other junior stock, or the purchase, redemption or other acquisition of any junior stock with proceeds of a reasonably contemporaneous sale of other junior stock) nor may we make any sinking fund payment for the purchase or redemption of any junior stock, unless:

there are no arrearages in dividends on preferred stock for any past quarterly dividend period;

we have paid or set aside any amounts then required to be paid or set aside for any purchase, retirement and sinking funds for the preferred stock of any series; and

we are not in default on any of our obligations to redeem any of the preferred stock.

If these conditions are met, the Board of Directors may declare and pay dividends on the shares of any junior stock.

We may not declare or pay or set apart for payment dividends in full on any series of preferred stock unless:

there are no arrearages in dividends on preferred stock for any past quarterly dividend period; and

dividends in full for the current quarterly dividend period have been paid or declared on all preferred stock to the extent that such dividends are cumulative.

Any dividends paid or declared when those requirements are not met will be shared pro rata by the holders of all series of preferred stock in proportion to their respective arrearages and unpaid and undeclared current quarterly cumulative dividends.

#### **Liquidation**

If any voluntary or involuntary liquidation, dissolution, or winding up of Boise occurs, the holders of preferred stock of each series will be entitled to receive the full preferential amount set forth in the prospectus supplement relating to that series, including any arrearages in dividends on that series to the date fixed for the payment in liquidation, before any distribution will be made to the holders of any junior stock. After the holders of the preferred stock are paid in full, the remaining assets of Boise will then be distributed exclusively among the holders of any junior stock, according to their respective interests.

If Boise does not have sufficient assets to pay the full preferential amounts due to the preferred stock holders, then the assets available for distribution to preferred stock holders will be distributed pro rata to those holders in proportion to the full preferential amounts payable on the respective shares.

#### ***Merger or Sale of Assets***

A consolidation or merger of Boise with or into one or more other corporations or a sale of all or substantially all of the assets of Boise will not be deemed to be a voluntary or involuntary liquidation, dissolution, or winding up of Boise.

#### **Redemption**

The prospectus supplement for the preferred stock of any series will state redemption rights and redemption price(s) for that series. The Restated Certificate of Incorporation provides that Boise will not purchase or redeem less than all of the outstanding preferred stock unless either the full cumulative dividend on all outstanding shares of preferred stock has been paid or declared and set apart, or 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of preferred stock approve the purchase or redemption.

Unless the prospectus supplement states otherwise:

notice of redemption will be mailed to record holders at least 30 days but not more than 90 days prior to the date fixed for redemption; and

in case of a partial redemption, the shares to be redeemed will be selected pro rata or by lot or in such other manner as the Board of Directors may determine.

If we give notice of redemption, then on and after the redemption date, dividends on the shares called for redemption will cease to accumulate, unless we default in the payment of the redemption price. As of the redemption date, holders of the preferred stock called for redemption will have no further rights except the right to receive the redemption price when they surrender their certificates for redemption.

Shares of preferred stock of any series may also be subject to redemption, in the manner described above, through operation of any sinking or retirement fund created for that series, at the redemption prices and under the terms and provisions described in the prospectus supplement.

We are not required to register a transfer of any share of a series of preferred stock within 15 days preceding a selection for redemption of shares of that series or to register a transfer of any share which has been selected for redemption.

If we are obligated to retire shares of one or more series of preferred stock and if we do not pay the obligation in full, the number of shares of each series which are retired will be proportionate to the respective amounts which would have been payable for each series if we had paid in full.

### **Voting Rights**

The holders of the shares of each series of preferred stock will be entitled to the voting powers, if any (not to exceed one vote per share), stated in the prospectus supplement. Depositary shares will entitle the holders to the fractional vote specified in the prospectus supplement. The holders of preferred stock will be entitled to vote as a class only to the extent described in this section. The holders of each series of preferred stock will have all of the voting rights which are described in this section, as well as any other rights required by law.

### ***Holdings' Approval Required***

We will take the following actions only with the approval of the holders of 66<sup>2</sup>/<sub>3</sub>% of all the outstanding shares of preferred stock, voting as a single class, or if we provide for the redemption of all outstanding shares of preferred stock at or before the time when the amendment, issuance, or other event described below is to occur or take effect:

amend, alter, or repeal any of the provisions of our Restated Certificate of Incorporation or bylaws to adversely affect the powers, preferences, or rights of the holders of the preferred stock or to reduce the time for any notice to which only the holders of the preferred stock may be entitled. An amendment of the Restated Certificate of Incorporation to authorize or create, or to increase the authorized amount of common stock or other junior stock or any class ranking on a parity with the preferred stock will not be deemed to adversely affect the powers, preferences, or rights of the holders of the preferred stock;

authorize or create, or increase the authorized amount of, any stock of any class, or any security convertible into stock of any class, ranking prior to the preferred stock;

voluntarily dissolve, liquidate, or wind up the affairs of Boise or sell, lease, or convey all or substantially all its property and assets;

merge with or consolidate into any other corporation, unless each holder of preferred stock at the time of the merger or consolidation receives the same number of shares in the resulting corporation, with substantially the same rights and preferences as the preferred stock held prior to the merger or consolidation; or

purchase or redeem less than all of the outstanding preferred stock unless we have paid or declared and set apart sufficient money to pay the full cumulative dividend on all outstanding shares of preferred stock.

Unless the holders of at least 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of any series of preferred stock approve, we will not amend, alter, or repeal any of the provisions of our Restated Certificate of Incorporation or bylaws, or the provisions of the series, so as to affect adversely the powers,



preferences, or rights of the holders of the preferred stock of that series in a manner not equally applicable to all series of preferred stock.

Unless the holders of a majority of the outstanding shares of preferred stock, voting as a single class, approve, Boise will not: (1) increase the authorized amount of the preferred stock; (2) create any other class of stock ranking equally with the preferred stock, either as to dividends or upon liquidation; (3) create any stock or other security convertible into or exchangeable for or evidencing the right to purchase any stock ranking equally with the preferred stock; or (4) increase the authorized number of shares of any other class of stock or other security ranking equally with the preferred stock.

#### ***Holdings' Approval Not Required***

No approval by the holders of the preferred stock shall be required if, before the amendment, issuance, or other event described above occurs or takes effect, the redemption of all shares of preferred stock which would otherwise have to consent to the action is provided for.

#### ***Failure to Pay; Potential Conflicts***

Unless the prospectus supplement states otherwise, if we fail to pay the equivalent of six quarterly dividends on any series of preferred stock, the number of directors will be increased by three and the holders of all series of preferred stock, voting as a single class, will be entitled to elect the additional three directors. This right will last until we have paid or declared and set apart for payment either:

four consecutive quarterly dividends, if the shares of the series are non-cumulative; or

all dividends in arrears and dividends in full for the current quarterly period, if the shares of the series are cumulative.

If the terms of a series of preferred stock differ from the terms of other series of preferred stock (as to conversion rights, redemption or sinking fund provisions, or other material terms), the interests of the holders of the various series may differ or be perceived by the additional directors to differ.

#### **Conversion or Exchange Rights**

The prospectus supplement relating to a series of preferred stock that is convertible or exchangeable will state whether the shares are convertible or exchangeable into common stock, another series of preferred stock, or debt securities, and the terms on which shares of that series are convertible or exchangeable.

#### **Series D Preferred Stock**

The Series D preferred stock was sold by Boise in July 1989 to the trustee for Boise's Employee Stock Ownership Plan, a component of its Savings and Supplemental Retirement Plan. The Series D preferred stock is convertible into common stock at any time at the trustee's option at a conversion ratio of .80357 share of common stock for each share of Series D preferred stock and bears a cumulative annual dividend of \$3.31875 per share. Each share of Series D preferred stock is redeemable at Boise's option, and is entitled to one vote and to a preference of \$45 in liquidation. The Series D preferred stock has a minimum redemption value of \$45 per share. Currently, 6,745,347 shares of the Series D preferred stock are authorized and 4,420,113 shares are outstanding. The Series D preferred stock is restricted because it is not registered with the Commission. It may be held only by the trustee.

### **DESCRIPTION OF DEPOSITARY SHARES**

Boise may, at its option, elect to offer fractional shares, rather than full shares, of any series of preferred stock. Each fractional share of preferred stock will be represented by a depositary share according to the terms of a Deposit Agreement among Boise, a bank or trust company selected by Boise to act as Depositary, and all holders of depositary receipts issued under the Deposit Agreement. The depositary shares will be evidenced by depositary receipts. Subject to the terms of the Deposit Agreement, each owner of a depositary share will be entitled, proportionately, to all the rights, preferences and privileges of the fractional share of preferred stock represented by that depositary share (including dividend, voting and liquidation rights), and subject to all of the limitations of the fractional share of preferred stock. The prospectus

supplement will discuss United States federal income tax considerations which apply to the depositary shares.

This section summarizes the material terms of the depositary shares we may offer. The prospectus supplement relating to any particular depositary shares offered will describe the specific terms of the depositary shares and the specific terms of the preferred stock represented by the depositary shares. The specific terms may be in addition to or different from the general terms summarized in this section. The summaries in this section and the prospectus supplement do not describe every aspect of the depositary shares or the preferred stock represented by the depositary shares. When evaluating the depositary shares and the preferred stock represented by the depositary shares, you should also refer to all the provisions of the Deposit Agreement and the depositary receipt. The forms of the Deposit Agreement and the depositary receipt will be filed as exhibits to or incorporated by reference in the registration statement.

#### **Issuance of Depositary Receipts and Withdrawal of Preferred Stock from Deposit**

When the shares of any series of preferred stock represented by depositary shares are issued, Boise will deposit those shares of preferred stock with the Depositary, which will then issue and deliver the depositary receipts to Boise. Boise will, in turn, deliver the depositary receipts to the purchasers of the preferred stock. Depositary receipts will be issued only for whole depositary shares.

When the owner of the depositary shares surrenders the depositary receipts to the Depositary, he or she is entitled to receive certificates for the number of whole shares of preferred stock represented by the depositary receipts. If the depositary receipts show more depositary shares than the number of whole shares of preferred stock to be withdrawn, the holder will also receive a new depositary receipt showing the excess number of depositary shares. Boise does not expect that there will be any public trading market for the shares of preferred stock of the series except as represented by the depositary shares.

#### **Dividends and Other Distributions**

If Boise declares and pays a cash dividend or other cash distribution on the preferred stock, the Depositary will distribute the dividend or other distribution received to the record holders of the depositary shares in proportion to the numbers of depositary shares owned by those holders on the relevant record date. If Boise makes a distribution other than in cash, the Depositary will either distribute property received by it to the record holders of depositary shares entitled to the distribution or, if the Depositary determines that it is not feasible to make such a distribution and if Boise approves, sell the property and distribute the net proceeds from the sale to the holders.

#### **Redemption, Conversion or Exchange of Depositary Shares**

If the preferred stock underlying the depositary shares may be redeemed, converted, or exchanged, then the depositary shares will be either redeemed from the proceeds received by the Depositary from the redemption of the preferred stock held by the Depositary, or converted or exchanged for the

common stock or debt securities issued to the Depositary upon the conversion or exchange of the preferred stock. The redemption, conversion, or exchange price per depositary share will equal the fraction of the redemption price per share or the market value of common stock or debt securities per depositary share payable with respect to that series of the preferred stock. If less than all the depositary shares are to be redeemed, converted, or exchanged, the depositary shares to be redeemed, converted, or exchanged will be selected by lot or pro rata or by any other equitable method selected by Boise.

After the date fixed for redemption, conversion, or exchange (which will be the same as the redemption, conversion, or exchange date for the preferred stock), the depositary shares called for redemption, converted, or exchanged will no longer be deemed to be outstanding. Holders of the depositary shares will have no further rights, except the right to receive any money or other property to which they are entitled upon surrender to the Depositary of the depositary receipts.

#### **Voting**

When the Depositary receives notice of any meeting at which the holders of the preferred stock are entitled to vote, the Depositary will mail the information contained in the notice of meeting to the record holders of the depositary shares relating to the preferred stock. Each record holder of depositary shares on the record date (which will be the same date as the record date for the preferred stock) will have voting rights corresponding to the number of shares of preferred stock underlying his or her depositary shares. The holder will be entitled to instruct the Depositary how to vote his or her depositary shares. The Depositary will endeavor, to the extent practicable, to vote the appropriate number of shares of preferred stock according to the holder's instructions, and Boise will take all action which the Depositary deems necessary to enable the

Depository to do so. If the Depository does not receive specific instructions from a holder, the Depository will not vote the shares of preferred stock underlying that holder's depository shares.

**Amendment of the Deposit Agreement**

Boise and the Depository may agree at any time to amend the form of depository receipt evidencing the depository shares and/or any provision of the Deposit Agreement. However, any amendment which imposes or increases any fees, taxes, or other charges upon holders of depository receipts (other than taxes and other governmental charges, fees, and other expenses payable by the holders as stated under "Charges of Depository"), or which otherwise prejudices any substantial existing right of holders of depository receipts, will not apply to outstanding depository receipts until 30 days after notice of the amendment has been mailed to the record holders of outstanding depository receipts. Every holder of depository receipts at the time any amendment becomes effective shall be deemed to consent and agree to the amendment and to be bound by the Deposit Agreement as amended.

**Charges of Depository**

Boise will pay all transfer and other taxes and governmental charges that arise solely from the existence of the depository arrangements. Boise will pay the charges of the Depository in connection with the initial deposit of the preferred stock and any redemption or exchange of the preferred stock. Holders of depository shares will pay all other transfer and other taxes and governmental charges.

**Notice, Limitation on Obligations**

The Depository will forward to the holders of depository shares all reports and communications from Boise which Boise is required to furnish to the holders of the preferred stock.

Neither the Depository nor Boise will be liable if law or any circumstance beyond its control prevents or delays its performance under the Deposit Agreement. Boise and the Depository are obligated only to perform in good faith their duties under the Deposit Agreement. They will not be obligated to prosecute or defend any legal proceeding regarding any depository shares or preferred stock unless they receive a satisfactory indemnity. Boise and the Depository may rely upon written advice of counsel or accountants, or information provided by persons presenting preferred stock for deposit, holders of depository shares, or other persons believed to be competent, and on documents believed to be genuine.

**Resignation and Removal of Depository; Termination of the Deposit Agreement**

The Depository may resign at any time by delivering notice of its resignation to us, and we may remove the Depository at any time. Any resignation or removal will take effect once a successor is appointed and accepts the appointment. We will appoint a successor within 45 days after we receive the notice of resignation or removal. Either we or the Depository may terminate the Deposit Agreement if we do not appoint a successor within 45 days after receiving notice of the Depository's resignation. If the Deposit Agreement is terminated, the Depository will:

discontinue the transfer of depository receipts;

suspend the distribution of dividends to the holders of depository receipts;

continue to collect dividends and other distributions pertaining to the preferred stock;

continue to sell rights, preferences, or privileges as provided in the Deposit Agreement; and

continue to deliver preferred stock certificates, together with dividends and distributions and the net proceeds of any sales of rights, preferences, privileges, or other property, in exchange for surrendered depository receipts.

The Depositary will not give any further notices (other than notice of the termination) or perform any further acts under the Deposit Agreement. At any time at least two years after the date of termination, the Depositary may sell the preferred stock and hold the proceeds of the sale, without interest, for the benefit of the holders of depositary receipts who have not yet surrendered their depositary receipts. After selling the preferred stock, the Depositary will be discharged from all obligations under the Deposit Agreement except accounting for the sale proceeds. If the Deposit Agreement is terminated, Boise will use its best efforts to list the underlying shares of preferred stock on any stock exchange where the depositary shares were listed.

#### DESCRIPTION OF DEBT SECURITIES

The debt securities will be unsecured general obligations of Boise and may include:

senior debt securities, issued under the Senior Indenture;

subordinated debt securities, issued under the Subordinated Indenture; or

junior subordinated debt securities, issued under the Junior Subordinated Indenture.

Debt securities may be issued to one or more of the Trusts. The Trusts will purchase the debt securities with the proceeds from issuances of trust securities.

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This section summarizes the material terms of the debt securities we may offer. The prospectus supplement relating to any particular debt securities offered will indicate whether the debt securities are senior debt securities, subordinated debt securities, or junior subordinated debt securities, and will describe the specific terms of the debt securities, which may be in addition to or different from the general terms summarized in this section. The summaries in this section and the prospectus supplement do not describe every aspect of the Senior Indenture, Subordinated Indenture, or Junior Subordinated Indenture or the debt securities. When evaluating the debt securities, you should also refer to all the provisions of the applicable indenture and the debt securities. The forms of the Senior Indenture, Subordinated Indenture, and Junior Subordinated Indenture and the forms of the debt securities will be filed as exhibits to or incorporated by reference in the registration statement.

#### Provisions Applicable to All Debt Securities

The indentures do not limit the amount of debt securities which may be issued. The debt securities may be issued in various principal amounts as authorized from time to time, and in one or more series at various times. Unless the prospectus supplement states otherwise, the senior debt securities will be unsecured and will rank equally with all other unsecured and unsubordinated indebtedness of Boise. The subordinated debt securities and the junior subordinated debt securities will be unsecured and their payment rights will be subordinated to the payment in full of the Senior Indebtedness of Boise, as described below under "Subordination of Subordinated Debt Securities" and in the applicable prospectus supplement.

Each prospectus supplement will describe the following terms of the offered debt securities:

the title;

any limit on the aggregate principal amount;

the date(s) the principal is payable;

the interest rate(s), if any, and the date(s) from which the interest accrues;

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the dates on which the interest, if any, is payable and the regular record dates for the interest payment dates;

whether the offered debt securities are redeemable at our option and the redemption price(s) and other redemption terms and conditions;

whether we are obligated to redeem or purchase the offered debt securities according to any sinking fund or similar provision or at the holder's option and the price(s), period(s), and terms and conditions of that redemption or purchase obligation;

whether the offered debt securities are subordinated debt securities and the terms of subordination;

whether the offered debt securities are junior subordinated debt securities;

if other than the principal amount, the portion of the principal amount payable if the maturity of the offered debt securities is accelerated;

whether the provisions relating to Satisfaction, Discharge, and Defeasance described below apply;

if other than United States Dollars, the currency or currencies of payment of principal and any premium and interest (which may include the Euro);

if payments are based on an index, the manner in which the amount of principal payments and any premium and interest is to be determined;

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Boise's right, if any, to defer payment of interest and the maximum length of any deferral period;

if applicable, the terms of any right to convert or exchange the offered debt securities into common stock or other securities of Boise;

if other than denominations of \$1,000 and any integral multiple of \$1,000, the denominations in which offered debt securities of the series will be issuable;

whether the offered debt securities will be issued in whole or in part in the form of a global security; the terms and conditions, if any, upon which the global security may be exchanged in whole or in part for other definitive debt securities; and the depository for the global security, which must be a clearing agency registered under the Exchange Act;

any authenticating or paying agents, registrars, conversion agents or any other agents with respect to the offered debt securities; and

any other terms.

Debt securities may be issued and sold at a substantial discount below their principal amount. The prospectus supplement will describe any material United States federal income tax consequences and other considerations which apply to debt securities issued at a discount or to any

offered debt securities denominated or payable in a foreign currency or currency unit.

***Modification and Waiver***

Boise and the trustee may amend each indenture with the consent of the holders of at least 66<sup>2</sup>/<sub>3</sub>% in aggregate principal amount of the outstanding debt securities of each series issued under the indenture. Boise and the trustee may not, however, without the consent of the holder of each debt security affected:

change the stated maturity of the principal of, or any installment of the principal of, or any interest on, any such debt security;

reduce the principal amount of, the rate of any interest on, or any premium payable upon the redemption of, any such debt security;

reduce the principal amount due upon acceleration of the maturity of an original issue discount security;

change the place or currency of payment of principal of (or any premium or interest on) any such debt security;

impair the right to bring suit to enforce any payment on or after the stated maturity or redemption date of such debt security;

change the indenture to permit amendments with the consent of the holders of less than 66<sup>2</sup>/<sub>3</sub>% in principal amount of debt securities of any affected series; or

modify the above requirements or reduce the percentage of outstanding debt securities necessary to waive compliance with certain provisions of the indenture or to waive certain defaults and their consequences.

The holders of a majority in aggregate principal amount of the outstanding securities of any series may waive compliance by Boise with some of the restrictive provisions of the indenture solely with respect to that series.

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***Satisfaction, Discharge, and Defeasance Prior to Maturity or Redemption.***

***Defeasance of any Series.***

If Boise:

deposits with the Trustee, in trust, at or before maturity or redemption of the outstanding debt securities of any series, either money or direct obligations of the United States of America or obligations for which the United States of America has guaranteed principal and interest; and

obtains the opinion of a nationally recognized firm of independent public accountants that the proceeds of these obligations upon their maturity and/or interest payment dates will be sufficient to pay when due the principal of and any premium and interest on that series of outstanding debt securities;

then some terms of the indenture will no longer be binding on Boise. If Boise chooses not to comply with these terms, we refer to it as "defeasance." The material terms that will no longer be binding are those restricting the incurrence of secured debt, restricting sale and leaseback transactions, and prohibiting mergers in situations where an Event of Default exists or would exist. In addition to the material terms, some

procedural terms would also no longer be binding. Furthermore, the events of default described in clauses (3) and (6) under "Events of Default" below shall not apply.

***Satisfaction and Discharge of any Series.***

Boise may also choose not to pay the principal of and any premium and interest on a particular series of debt securities if Boise deposits money or securities as discussed in "Defeasance of any Series," above, and if Boise satisfies the other conditions below. Any events of default with respect to that series will not apply, and the holders of debt securities of that series will be entitled only to payment out of the money or securities deposited with the Trustee. The required conditions include among others:

1. Except in limited circumstances involving a deposit made within one year of maturity or redemption:
  - (i) no event of default or event that, with notice or lapse of time, would become an event of default exists at the date of deposit or on the 91st day thereafter; and
  - (ii) Boise delivers to the trustee an opinion of nationally recognized tax counsel that (a) holders of the debt securities of that series will not recognize income, gain, or loss for federal income tax purposes as a result of the deposit, and (b) holders will be subject to federal income tax in the same amounts, in the same manner, and at the same times as would have been the case if the deposit and defeasance had not occurred; and
2. Boise receives an opinion of counsel stating that satisfaction and discharge will not violate the rules of any nationally recognized securities exchange on which debt securities of that series are listed.

***Events of Default***

The indentures define an "event of default" with respect to debt securities of each series as one or more of the events described in clauses (1) through (5) below. The prospectus supplement for any series of debt securities may state different or additional events of default as well.

1. Failure to pay any interest on any debt security of that series for 30 days after becoming due.
2. Failure to pay the principal of or any premium on any security of that series when due.
3. Failure to perform, or breach of, any other covenant or warranty of Boise in the indenture for 90 days after notice.
4. Some events of bankruptcy, insolvency, or reorganization.
5. Any other Event of Default provided with respect to debt securities of that series issued under the indenture.

In addition, the following events are events of default under the Senior Indenture:

6. Involuntary acceleration of the maturity of indebtedness in excess of \$5,000,000 for money borrowed by Boise or any of its Restricted Subsidiaries, if the acceleration is not rescinded or annulled, or the indebtedness is not discharged, within 10 days after notice.
- 7.

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Entry of some types of court orders requiring Boise or any Restricted Subsidiary to make payments exceeding \$1,000,000, if the order is not satisfied or stayed within 60 days of entry.

If any Event of Default described in clauses (1), (2), or (5) shall occur and be continuing, then either the Trustee or the holders of at least 25% (or if the debt securities of the series are original issue discount securities, such portion of the principal amount as may be specified in the terms of that series) in principal amount of the outstanding securities of that series may accelerate the maturity of the securities of that series. If an event of default described in clauses (3), (4), (6), or (7) above shall occur and be continuing under an indenture, then either the Trustee or the holders of at least 25% (or if the debt securities are original issue discount securities, such portion of the principal amount as may be specified in the terms of that series) in principal amount of the outstanding debt securities issued under the indenture may accelerate the maturity of all outstanding debt securities. Original issue discount securities provide for an amount less than the principal amount to be due and payable upon acceleration of maturity and are typically sold for an amount less than the principal amount.

### ***Notice of Default; Trustee May Withhold Notice***

The indentures provide that the trustee, within 90 days after a default with respect to any series of debt securities, shall notify the holders of securities of that series of all uncured defaults known to it (the term default to mean the events specified above without grace periods). Nevertheless, except in the case of default in the payment of principal of, or any premium or interest on any debt security of that series, the trustee may withhold notice if it in good faith determines that withholding notice is in the interest of the holders of debt securities of that series.

Each indenture requires us to furnish to the trustee an annual statement that, to the best of our knowledge, we are not in default of any of our obligations under the indenture or, if there has been a default, specifying each default.

### ***Rights of Holders to Direct Proceedings***

The holders of a majority in principal amount of the outstanding debt securities of any series affected will have the right, subject to the limitations described in the following sentence, to direct the time, method, and place of conducting any proceeding for any remedy available to the trustee or

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exercising any right or power conferred on the trustee with respect to the securities of that series, and to waive events of default. In any event,

the holders' direction may not conflict with any rule or law or the indenture;

the trustee may decline to follow such direction if the direction would be unduly prejudicial to other holders or would involve the trustee in personal liability; and

the trustee may take other action it deems proper if it is not inconsistent with such direction.

The indentures provide that if a default occurs and is continuing, the trustee shall exercise the rights and powers under the indenture with the same degree of care and skill that a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs.

Subject to provisions of the indenture, the trustee will not be obligated to exercise any of its rights or powers at the request of any of the holders unless they have offered to the trustee reasonable security or indemnity against the costs, expenses, and liabilities which the trustee might incur in compliance with the request.

### ***Merger or Consolidation***

The indentures provide that no consolidation or merger of Boise with or into any other corporation and no conveyance or transfer of its property substantially as an entirety to another corporation may be made unless:



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the surviving corporation or acquiring entity is a corporation organized under the laws of a domestic jurisdiction, and will expressly assume Boise's payment and performance responsibilities with regard to the securities and the indenture;

immediately after giving effect to such transaction, no event of default, and no event which after notice or lapse of time would become an event of default, shall have happened and be continuing; and

Boise has delivered the required officers' certificate and opinion of counsel to the Trustee.

The rights, if any, of the holders of any series of debt securities in the event of a change in control of Boise will be described in the prospectus supplement for that series.

### ***Our Relationship with the Trustee***

U.S. Bank Trust National Association and BNY Western Trust Company are each trustees with respect to separate series of outstanding debt securities under the Senior Indenture. The prospectus supplements will specify the trustee for any future series of debt securities offered under the Senior Indenture, the Subordinated Indenture, or the Junior Subordinated Indenture. We maintain a deposit account and conduct other banking transactions with U.S. Bank Trust National Association in the normal course of business. U.S. Bank Trust National Association serves as trustee for some of our industria