

OFFICEMAX INC
Form DEF 14A
March 15, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

OfficeMax Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- x No fee required.
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(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
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(1)	Amount Previously Paid:
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(3)	Filing Party:
(4)	Date Filed:

Notice and Proxy Statement

OfficeMax Incorporated
Annual Meeting of Shareholders
Lisle, Illinois
Wednesday, April 25, 2007

OFFICEMAX INCORPORATED

NOTICE OF ANNUAL MEETING

Wednesday, April 25, 2007

1:00 p.m., Central Daylight Time

Wyndham Lisle-Chicago Hotel & Executive Meeting Center

3000 Warrenville Road

Lisle, Illinois 60532

March 15, 2007

Dear Shareholder:

On behalf of the board of directors, it is my pleasure to invite you to our 2007 annual meeting of shareholders to:

- elect nine directors;
- approve the appointment of KPMG LLP as our independent registered public accounting firm for 2007;
- approve an amendment to our Restated Certificate of Incorporation, as amended, to remove the supermajority voting requirements;
- consider and act upon a shareholder proposal; and
- conduct other business properly brought before the meeting.

Shareholders who owned stock at the close of business on March 7, 2007 can vote at the meeting.

Your vote is important regardless of the number of shares you own. Whether you plan to attend or not, please review the enclosed materials and sign, date, and return the enclosed proxy card in the envelope provided. If you attend the meeting and prefer to vote at that time, you may do so. We have also made provisions for you to submit your proxy through the internet or by telephone.

Thank you for your ongoing support of and continued interest in OfficeMax.

Sincerely yours,

Sam K. Duncan
Chairman of the Board
and Chief Executive Officer

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OfficeMax Incorporated

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OfficeMax Incorporated (OfficeMax, the company or we), which was formerly known as Boise Cascade Corporation, is a leader in both business-to-business and retail office products distribution. We provide office supplies and paper, print and document services, technology products and solutions and furniture to large, medium and small businesses and consumers. Our customers are serviced by approximately 35,000 associates through direct sales, catalogs, the Internet and a network of retail stores located throughout the United States, Canada, Australia, New Zealand and Mexico. Our common stock is traded on the New York Stock Exchange (NYSE) under the ticker symbol OMX. Our corporate headquarters is located at 263 Shuman Boulevard, Naperville, Illinois 60563, and our website address is www.officemax.com.

Annual Meeting Information

Proxy Statement

This proxy statement summarizes information we must provide to you under the rules of the Securities and Exchange Commission (SEC). It is designed to assist you in voting your shares. We have sent you this proxy statement in connection with the solicitation of proxies by our board of directors for the 2007 annual meeting of shareholders. We will begin mailing these proxy materials on or about March 15, 2007.

Voting

You can vote your shares by executing and returning the enclosed proxy card, or providing voting instructions through the Internet or by telephone. Please see the proxy card or voting instruction card accompanying this Proxy Statement for specific instructions on how to cast your vote by any of these methods.

If your shares are registered directly in your name, you are considered a shareholder of record and will receive your proxy materials directly from us. If you hold your shares through a broker, bank, or other financial institution, you are considered the beneficial owner of shares held in street name and will receive your proxy materials from your broker, bank or other institution.

For shareholders of record, voting instructions submitted via mail, via the Internet or by telephone must be received by Corporate Election Services, Inc., our independent tabulator, by 5:00 a.m. Central Daylight Time on April 25, 2007. Submitting your vote via mail, the Internet or by telephone will not affect your right to vote in person should you decide to attend the annual meeting.

The Internet and telephone voting procedures available to you are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions and to confirm that shareholders' instructions have been recorded properly. We have been advised that the Internet and telephone voting procedures that have been made available to you are consistent with the requirements of applicable law. Shareholders voting via the Internet and by telephone should understand that there may be costs associated with voting in these manners, such as usage charges from Internet access providers and telephone companies, that must be borne by the shareholder.

Shareholders of record can vote by:

- returning a completed proxy card by mail to our independent tabulator, Corporate Election Services, Inc. by 5:00 a.m. Central Daylight Time on April 25, 2007;
-

- delivering a completed proxy card to Corporate Election Services, Inc., our inspector of election, prior to the annual meeting;
- submitting voting instructions via the Internet or by telephone by 5:00 a.m. Central Daylight Time on April 25, 2007; or
- completing a ballot and returning it to the inspector of election during the annual meeting.

If you hold your shares in street name, you can vote by submitting a voting instruction card to your broker or other institution that sent your proxy materials to you in accordance with their procedures.

If you submit a valid proxy card or validly vote your proxy via the telephone or Internet, and you do not subsequently revoke your proxy, the individuals named on the card, as your proxies, will vote your shares in accordance with your instructions. If you do not indicate instructions, your shares will be voted *for* the:

- election of the nine nominees to serve on our board of directors;
- appointment of KPMG LLP as our independent registered public accounting firm for 2007; and
- approval of an amendment to our Restated Certificate of Incorporation, as amended, to remove the supermajority voting requirements;

and *against* the shareholder proposal to:

- establish an engagement process with proponents of a shareholder proposal that is approved by a specified vote at an annual meeting.

If you are a shareholder of record, you may revoke or change your proxy instructions at any time prior to the vote at the annual meeting. To do so:

- subsequently submit new voting instructions to the independent tabulator by mail, through the Internet or by telephone prior to 5:00 a.m., Central Daylight Time, on April 25, 2007;
- deliver a new proxy to the inspector of elections, prior to the annual meeting; or
- attend the annual meeting and vote in person by ballot.

If you hold your shares in street name, you may revoke or change your proxy instructions at any time prior to the vote at the annual meeting by submitting new voting instructions to your broker or other institution in accordance with their procedures.

Each share of OfficeMax stock is entitled to one vote. As of March 7, 2007 (the record date for determining shareholders entitled to vote at the meeting), we had the following shares outstanding and entitled to vote:

Type/Series of Stock	Number of Shares Outstanding
Common stock	75,016,206
Convertible preferred stock, Series D (ESOP)	1,104,186

Employees Who Are Shareholders

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If you are a current or former employee of OfficeMax or one of its subsidiaries and you participate in the Employee Stock Ownership Plan (ESOP) fund or the OfficeMax common stock fund in the OfficeMax Savings Plan, you will receive a voting instruction card for the shares you hold in these plans. ESOP participants may instruct the plan s trustee how to vote the shares allocated to their accounts, as well as a proportionate amount of unallocated and unvoted shares. Participants in the

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OfficeMax common stock fund in the OfficeMax Savings Plan may instruct the plan's trustee how to vote the shares allocated to their accounts. If you do not provide instructions, the plan provides that the trustee will vote your shares in the same proportion as shares for which other participants have provided voting instructions.

Confidential Voting Policy

We have a confidential voting policy. Shareholders' votes will not be disclosed to us other than in limited situations. The tabulator will collect, tabulate, and retain all proxies and will forward any comments written on the proxy cards or otherwise received by the tabulator to management. Our confidential voting policy will not apply in the event of a contested solicitation.

Votes Necessary for Action to be Taken

A quorum is necessary to hold a valid meeting. A quorum will exist if shareholders holding a majority of the shares issued and outstanding and entitled to vote at the meeting are present in person or by proxy. The election inspector will treat abstentions and broker non-votes as shares that are present and entitled to vote for purposes of determining the presence of a quorum. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

We have been informed by the New York Stock Exchange, Inc. that brokers will have discretionary voting power with respect to the proposal to amend our Restated Certificate of Incorporation, as amended, to remove the supermajority voting requirements. Brokers will not have discretionary voting power with respect to the shareholder proposal. Abstentions and withheld votes, including broker non-votes, do not count as votes cast either for or against the election of directors, the appointment of our independent registered public accounting firm, or the approval of the shareholder proposal. Both abstentions and broker non-votes will count as votes cast against the proposal to amend our Restated Certificate of Incorporation, as amended, to remove the supermajority voting requirements.

The nine nominees who receive the greatest number of votes at the annual meeting will be elected as directors.

The proposal for appointing KPMG LLP as our independent registered public accounting firm for 2007 will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.

The proposal to amend our Restated Certificate of Incorporation, as amended, to remove the supermajority voting requirements requires approval of the holders of at least 80% of our outstanding shares entitled to vote.

The shareholder proposal will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal. The approval of the shareholder proposal does not mean that its requested actions automatically go into effect. Our board of directors will make the final decision on whether to adopt and take the actions requested by the shareholder proposal.

Proxy Solicitation

We pay the expenses of soliciting proxies. OfficeMax has retained D.F. King & Company (D.F. King) to assist in the distribution and solicitation of proxies. D.F. King will receive an aggregate fee of \$17,500, plus out-of-pocket expenses. In addition to the solicitation of proxies by use of the

mail, employees of D.F. King, and our directors, officers and regular employees, may solicit the return of proxies by personal interview, mail, electronic mail, facsimile, telecopy, telegram, telephone, and internet. Our officers and employees will not receive additional compensation. Brokerage houses and other custodians, nominees and fiduciaries will be requested to forward solicitation material to the beneficial owners of stock. OfficeMax has agreed to indemnify D.F. King against certain liabilities arising out of or in connection with this engagement.

Items You May Vote On

1. Election of Directors

Each member of our board of directors is elected each year for a one year term.

The persons named in the enclosed proxy intend to vote the proxy for the election of each of the nine nominees, unless you indicate on the proxy card that your vote should be withheld from any of the nominees.

Our board of directors has proposed nine nominees for election as directors with terms expiring in 2008 at the annual meeting: Dorrit J. Bern, Warren F. Bryant, Brian C. Cornell, Joseph M. DePinto, Sam K. Duncan, Rakesh Gangwal, Gary G. Michael, Francesca Ruiz de Luzuriaga and David M. Szymanski. Detailed information on all the nominees is provided beginning on page 9. We expect that all nominees will be able to serve if elected. If any nominee is not able to serve, either we will vote the proxies for another nominee recommended by the Governance and Nominating Committee and nominated by the board of directors or the board may reduce the number of directors to be elected at the meeting.

Each nominee elected as a director will continue in office until his successor has been elected and qualified, or until earlier termination of his or her service.

Our board of directors unanimously recommends a vote FOR each of these nominees.

2. Appointment of Independent Registered Public Accounting Firm

Our Audit Committee appointed KPMG LLP to serve as our independent registered public accounting firm for 2007, subject to shareholder approval. Representatives of KPMG LLP will be present at the annual meeting to answer questions. They will also have the opportunity to make a statement if they desire to do so.

The following table sets out the various fees for services provided by KPMG LLP in 2005 and 2006. The Audit Committee pre-approved all of these services.

Annual Fees for 2005 and 2006

Description	Amounts	
	2005	2006
Audit Fees (1)	\$ 4,370,900	\$ 3,971,635
Audit-Related Fees (2)	342,200	262,000
Tax Fees (3)	329,550	60,930
All Other Fees		

(1) Audit fees relate to professional services rendered in conjunction with the audit of our annual financial statements, the review of our quarterly financial statements, the audit of our internal controls over financial reporting, statutory filings and other services pertaining to SEC matters.

(2) Audit-related fees relate to attestation and other services traditionally performed by companies' independent accountants, such as audits of our employee benefit plans, special procedures required to meet certain regulatory requirements and other miscellaneous assurance services.

(3) Tax fees relate to tax compliance services surrounding transactions that have already occurred. We use these services to document, compute, and obtain government approval for amounts to be included in tax filings.

KPMG LLP's full-time, permanent employees conducted the services described in the chart above. Leased personnel were not employed with respect to the domestic audit engagement.

The Audit Committee is responsible for recommending, for shareholder approval, the independent registered public accounting firm. Should shareholders fail to approve the appointment of KPMG LLP, the Audit Committee would undertake the task of reviewing the appointment. Nevertheless, given the difficulty and expense of changing independent accountants mid-way through the year, there is no assurance that a firm other than KPMG LLP could be secured to deliver any or all of the company's independent auditing services required in 2007. The Audit Committee, however, would take the lack of shareholder approval into account when recommending an independent registered public accounting firm for 2008.

Our board of directors unanimously recommends a vote FOR the approval of KPMG LLP as our independent registered public accounting firm for 2007.

3. Amendment to Our Restated Certificate of Incorporation, As Amended, to Remove the Supermajority Voting Requirements

The board of directors recommends that our Restated Certificate of Incorporation, as amended (the Charter), be amended to remove all supermajority voting requirements. Our Charter currently requires an 80% supermajority vote of outstanding shares of our common stock for the following actions:

- Removing a director;
- Amending Article Ninth of the Charter, which contains provisions regarding the composition of the board of directors, the manner of nomination and election of directors, the filling of vacancies on the board, removal of directors, and certain powers of the board; and
- Amending Article Twelfth of the Charter, which establishes the stockholder vote required for approval of certain transactions involving an interested stockholder.

Supermajority vote provisions are generally intended to encourage a person making an unsolicited bid for a company to negotiate with the board to reach terms that are fair and provide the best results for all stockholders. Without such provisions it may be possible for the holders of a majority of the shares represented at a meeting to take actions that would give them effective control of the company without negotiating with the board to achieve the best results for other stockholders. However, many investors and others have begun to view these provisions as conflicting with principles of good corporate governance. While these measures can be beneficial, the board recognizes there are also compelling arguments for having a lower threshold for stockholder votes. The requirement of a supermajority vote can limit the ability of stockholders to effect change by essentially providing a veto to a large minority stockholder or group of stockholders. In addition, a lower threshold for stockholder votes can increase stockholders ability to effectively participate in corporate governance. Although these protective measures are beneficial, the board believes they can be eliminated without posing unacceptable risks to the stockholders.

The board has considered carefully the advantages and disadvantages of the supermajority vote requirements in our Charter. After this review, the board has proposed the elimination of these requirements. Accordingly, the board has approved and recommends that our stockholders approve certain amendments to Sections 9.4, 9.6 and 12.8 of our Charter. Attached to this proxy statement as *Appendix A* is a marked version of Articles Ninth and Twelfth of our Charter, which reflects the proposed changes (the Amendments).

Removal of Directors

Section 9.4 of our Charter currently requires the affirmative vote of the holders of at least 80% of our outstanding securities entitled to vote in the election of directors to remove a director from office. Additionally, Section 9.4 permits the removal of directors only for cause. The Amendments would eliminate the supermajority voting requirement in Section 9.4, require the affirmative vote of the holders of at least a majority of our outstanding securities entitled to vote in the election of directors to remove a director from office and allow the stockholders to remove directors from office with or without cause.

Provisions Applicable to the Board

Article Ninth of our Charter currently requires the affirmative vote of the holders of at least 80% of our outstanding securities entitled to vote in the election of directors in order to amend the Charter for the purpose of amending or adopting any provision inconsistent with the provisions of Article Ninth. Article Ninth contains provisions regarding the composition of the board of directors, the manner of nomination and election of directors, the filling of vacancies on the board, removal of directors and certain powers of the board. The Amendments would eliminate the supermajority voting requirement in Article Ninth and would require the affirmative vote of the holders of at least a majority of our outstanding securities entitled to vote in the election of directors to adopt amendments to Article Ninth or provisions inconsistent with Article Ninth.

Interested Stockholder Transaction Provision

Article Twelfth of our Charter establishes the stockholder vote required for approval of certain transactions involving an interested stockholder and contains the procedure and other provisions applicable to such transactions. Article Twelfth currently requires the affirmative vote of the holders of at least 80% of our outstanding securities entitled to vote on the matter to amend the Charter for the purpose of amending or adopting a provision inconsistent with the provisions of Article Twelfth.

The Amendments would eliminate the supermajority voting requirements in Article Twelfth and require the affirmative vote of a majority of shares entitled to vote on the matter to adopt amendments to Article Twelfth or provisions inconsistent with Article Twelfth.

Vote Required for Approval

The affirmative vote of at least 80% of our outstanding securities entitled to vote will be required to approve the Amendments. Abstentions and broker non-votes will have the same effect as votes against the proposal.

If approved by our stockholders, the Amendments will become effective upon the execution, acknowledgement and filing of the Amendments with the Delaware Secretary of State, which the company intends to undertake promptly following stockholder approval of the Amendments.

Our board of directors unanimously recommends a vote FOR this proposal

4. Shareholder Proposal to Establish an Engagement Process with Proponents of a Shareholder Proposal that is Approved by a Specified Vote at an Annual Meeting

In October 2006, we received a proposal from the International Brotherhood of Electrical Workers Pension Benefit Fund (Fund), 900 Seventh Street, NW, Washington, DC, 20001, owner of 25,808 shares of our common stock as of October 2006, requesting that our board adopt a policy establishing an engagement process with the proponents of shareholder proposals that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting.

Proposal

The Board of Trustees for the Fund has given us notice that it intends to present the following proposal at the annual meeting:

RESOLVED: That the shareholders request the Board of Directors of OfficeMax, Inc. to adopt a policy establishing an engagement process with the proponents of shareholder proposals, that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting.

This proposal requests the OfficeMax Board of Directors take the following steps if a proposal, submitted by a shareholder for a vote pursuant to Rule 14a-8 of the Securities and Exchange Commission, receives a majority of the votes cast:

- Within four months after the annual meeting, an independent board committee should schedule a meeting (which may be held telephonically) with the proponent of the proposal, to obtain any additional information to provide to the Board of Directors for its reconsideration of the proposal. The meeting with the proponent should be coordinated with the timing of a regularly scheduled board meeting.
- Following the meeting with the proponent, the independent board committee should present the proposal with the committee's recommendation, and information relevant to the proposal, to the full Board of Directors, for action consistent with the company's charter and by-laws, which should necessarily include a consideration of the interest of the shareholders.

In adopting such a policy, the board would have the authority to abolish the committee under the following circumstances: (1) the board takes the action requested in the proposal; or (2) the proposal's proponent notifies the board that organization does not object to the abolition of the committee.

Statement by Shareholder in Support of the Proposal

The purpose of this proposal is to create a mechanism by which shareholders can communicate with their representatives, the Board of Directors. In our opinion, the various reforms enacted by the U.S. Congress, the U.S. Securities and Exchange Commission, and stock exchanges in the wake of the Enron/WorldCom/Tyco wave of scandals have certainly been a step in the right direction to restore public trust and confidence in the capital markets, but they have not adequately addressed shareholder rights and the accountability of directors of corporate boards to the shareholders who elect them.

In 2006, the shareholders at our Company voted 53% in favor and 47% against this same proposal. We are concerned, in particular, that boards of directors are still able to ignore shareholder

proposals on important corporate governance reforms even if those proposals are supported by clear majorities of shareholder votes cast at annual meetings.

Therefore, we are submitting this proposal requesting that the Company adopt a formal policy establishing an engagement process with the proponents of shareholder proposals that are supported by a majority of the votes cast, excluding abstentions and broker non-votes, at any annual meeting.

We urge stockholders to vote for this proposal.

Statement by Board of Directors Against this Proposal

Each year, the Governance and Nominating Committee of our board discusses the shareholder proposals that have received a favorable vote by our shareholders. The committee then recommends a course of action to the board based upon the status of the company at that time, which may include discussing the proposal with its proponent. The board believes that this flexibility to take the actions it believes are most appropriate with respect to shareholder proposals is more beneficial to the company than being required to adhere to a rigid engagement process.

***Our board of directors unanimously recommends a vote AGAINST
this proposal.***

5. *Other Matters to be Presented at the Meeting*

We do not know of any other matters to be voted on at the meeting. If, however, other matters are presented for a vote at the meeting, the persons named on the enclosed proxy card will vote your properly executed proxy according to their judgment on those matters.

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Board of Directors

Structure

Upon the Governance and Nominating Committee's recommendation, the board recommends nine directors for election in 2007, each to hold office until the annual meeting of shareholders in 2008 or until the earlier termination of his or her service. Shareholders have previously elected Messrs. Bryant, Cornell, Gangwal, Michael, Szymanski and Ms. Ruiz de Luzuriaga to the board of directors. Dorrit J. Bern and Joseph M. DePinto, appointed by the board as directors in 2006, and Sam Duncan, appointed by the board as a director in 2005, have not previously been elected by shareholders.

We prepared the following director summaries using information furnished to us by the nominees:

Dorrit J. Bern, 56, joined our board of directors in 2006. Ms. Bern has been the chairman, president and chief executive officer of Charming Shoppes, Inc., a multichannel specialty women's apparel retailer, since 1997. Ms. Bern also serves as a member of the board of directors of Southern Company, an electric energy producer.

Warren F. Bryant, 61, joined our board of directors in 2004. In 2002, Mr. Bryant became a director and the president and chief executive officer of Longs Drug Stores Corporation, a retail drug store chain on the West Coast and in Hawaii. He became the chairman of the board of Longs Drug Stores in 2003. Mr. Bryant served as senior vice president of The Kroger Co., a retail grocery chain, from 1999 to 2002. From 1996 to 1999, he served as president and chief executive officer of Dillan Companies, Inc., a retail grocery chain and subsidiary of The Kroger Co.

Brian C. Cornell, 48, joined our board of directors in 2004. In 2004, Mr. Cornell became the executive vice president and chief marketing officer of Safeway Inc., a food and drug retailer in North America. From 1998 to 2004, he held several senior executive positions with PepsiCo Inc., a food and beverage company, including president of Pepsi-Cola North America's (PCNA) Food Services Division; senior vice president of sales for PCNA; region president, Europe, for PepsiCo Beverages International; and president of Tropicana International.

Joseph M. DePinto, 44, joined our board of directors in 2006. Mr. DePinto has been the president and chief executive officer of 7-Eleven, Inc., a convenience retailer, since December 2005. Prior to joining 7-Eleven, Inc., Mr. DePinto served as the president of GameStop Corp., a video game and entertainment software retailer, beginning in March 2005. Mr. DePinto was the vice president of operations of 7-Eleven from March 2002 until he joined GameStop Corp. in March 2005. Prior to March 2002, Mr. DePinto was senior vice president and chief operating officer of Thornton Quick Café & Market.

Sam K. Duncan, 54, joined our board of directors in 2005. Mr. Duncan became the chairman and chief executive officer of the company in 2005. Prior to his election as chief executive officer of the company, Mr. Duncan was president and chief executive officer of ShopKo Stores, Inc., a multi-department retailer, from October 2002 to April 2005. From 1992 to 2002, Mr. Duncan held various merchandising and executive positions with Fred Meyer, Inc. (a division of The Kroger Co.) a grocery retailer, including: president of Fred Meyer from February 2001 to October 2002 and president of Ralph's Supermarkets from 1998 to 2001. Mr. Duncan began his retail career in the supermarket industry in 1969 with Albertson's, Inc., where he held various merchandising positions until 1992.

Rakesh Gangwal, 53, joined our board of directors in 1998. In 2003, Mr. Gangwal became the chairman, president, and chief executive officer of Worldspan Technologies, Inc., a provider of travel technology and information services to the travel and transportation industry. From 2002 to 2003, Mr. Gangwal was involved in various personal business endeavors, including private equity projects and consulting projects. He was the president and chief executive officer of US Airways Group, Inc., the parent corporation for US Airways' mainline jet and express divisions as well as several related companies, from 1998 until his resignation in 2001. Mr. Gangwal was also the president and chief executive officer of US Airways, Inc., the main operating arm of US Airways Group, from 1998 until his resignation. He was the president and chief operating officer of US Airways Group, Inc., and US Airways, Inc., from 1996 to 1998. On August 11, 2002, US Airways Group, Inc., and its seven domestic subsidiaries, including its principal operating subsidiary, US Airways, Inc., filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia. US Airways Group, Inc., and its subsidiaries emerged from bankruptcy protection under the First Amended Joint Plan of Reorganization of US Airways Group, Inc., and Affiliated Debtors and Debtors-in-Possession, as Modified, which became effective on March 31, 2003. Mr. Gangwal is also a director of PetSmart, Inc.

Gary G. Michael, 66, joined our board of directors in 1997. He was the chairman of the board and chief executive officer of Albertsons, Inc., a retail food and drug company, from 1991 until his retirement in 2001. From 2003 to 2004, Mr. Michael left his retirement to serve in a volunteer capacity as the interim president of the University of Idaho. Mr. Michael is also a director of Harrah's Entertainment Inc., IDACORP, Inc., Questar Corporation, and The Clorox Company and former chairman of the Federal Reserve Bank of San Francisco.

Francesca Ruiz de Luzuriaga, 52, joined our board of directors in 1998. From 1999 to 2000, Ms. Luzuriaga served as the chief operating officer of Mattel Interactive, a business unit of Mattel, Inc., one of the major toy manufacturers in the world. Prior to holding this position, she served Mattel as its executive vice president, worldwide business planning and resources, from 1997 to 1999 and as its chief financial officer from 1995 to 1997. Since leaving Mattel in 2000, Ms. Luzuriaga has been working as an independent business development consultant. Until October 2005 she was also a director of Providian Financial Corporation.

David M. Szymanski, 50, joined our board of directors in 2004. Dr. Szymanski is the JCPenney Chair of Retailing Studies at Texas A&M University, where he has served since 2003. Dr. Szymanski served as the Director of the Center for Retailing Studies at Texas A&M University from 2000 to 2006. He has held senior positions at the University since 1987. Dr. Szymanski is also a director of Zale Corporation and is the founder and chief executive officer of the Retailing Hall of Fame™.

Director Independence

The board has determined that, except for Mr. Duncan, the nominees for election as directors are independent within the meaning of the rules of the New York Stock Exchange (NYSE).

For a director to be considered independent under the NYSE rules, our board must determine that he or she does not have any material relationship with OfficeMax. To assist in making this determination, our board adopted the NYSE s independence standards. For purposes of these standards, an immediate family member includes a spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the director s home.

The board will presume a director is independent if, during the last three years, he or she has **not**:

- been an OfficeMax employee or an immediate family member of an executive officer of OfficeMax, other than in the capacity as a former interim chairman, chief executive officer or other executive officer;
- been affiliated with or employed by (or is an immediate family member of a person who is affiliated with or employed in a professional capacity by) the present or former internal or external auditor of OfficeMax;
- been employed (or had an immediate family member employed) as an executive officer by another company whose compensation committee includes one or more current executives of OfficeMax;
- received (or had an immediate family member who has received) more than \$100,000 per year in direct compensation from OfficeMax other than director and committee fees or pension or other deferred compensation for prior services; and
- been an executive officer or an employee of, or an immediate family member of a person who is an executive officer of, a company that makes payments to or receives payments from OfficeMax for property or services, which, in any fiscal year, exceeded the greater of \$1 million or 2% of the other company s consolidated gross revenues.

In addition, our board will consider a director independent for purposes of serving on our Audit Committee only if he or she:

- has not accepted, directly or indirectly, any consulting, advisory, or other compensatory fees from OfficeMax, other than compensation for service as a director; and
- is not an affiliated person of OfficeMax or any of its subsidiaries, as that term is defined by the SEC.

Our board will determine the independence of any director who has any other relationship with OfficeMax that is not covered by these standards. In particular, the board has considered the following relationships:

In 2006, a number of companies for which our directors also serve as officers or directors purchased office supplies from OfficeMax. None of these sales accounted individually for more than the greater of \$1 million or 2% of our revenues or the purchasing entity s revenue in 2006.

Additionally in 2006, we purchased a variety of goods and services from companies for which our directors also serve as officers or directors. These purchases were made in the ordinary course of business. None of these purchases accounted for more than the greater of \$1 million or 2% of our revenues or the selling entity s revenues in 2006, and none of these purchases are material to our business.

All of the transactions described above were entered into in the ordinary course of business and involved the purchase or provision of goods or services on a non-exclusive basis and at arms-length negotiated rates. Our board has determined that these transactions are not material relationships under the NYSE's Corporate Governance Listing Standards and do not otherwise impair the independence of our directors.

Related Transactions

In addition, our Governance and Nominating Committee is required by its charter to review all related person transactions required to be disclosed by SEC rules on an ongoing basis, and all such transactions must be approved or ratified by the committee. In conducting its review, the committee's charter states that the committee will consider the following factors: the nature of the related person's interest in the transaction; whether the transaction involves standard prices, rates or charges or is otherwise on terms consistent with arms-length dealings with unrelated third parties; the materiality of the transaction to each party; the reasons for the company entering into the transaction with the related person (such as the absence of a similarly qualified unrelated party); whether the transaction might affect the status of a director as independent under the independence standards of the NYSE; and any other factors the committee may deem relevant with respect to the particular transaction. Any member of the committee who is a related person with respect to a transaction is recused from the review of the transaction.

Our board of directors unanimously recommends a vote FOR the election of the Board's nominees identified above.

Director Compensation

The following table presents compensation information for the current independent members of our board of directors: Ms. Dorrit J. Bern and Ms. Francesca Ruiz de Luzuriaga, and Messrs.

Warren F. Bryant, Brian C. Cornell, Joseph M. DePinto, Rakesh Gangwal, Gary G. Michael, and David M. Szymanski. In addition, the table also includes compensation information for Mr. Monte R. Haymon, who resigned from the board in January 2007, and Mr. Edward E. Hagenlocker, Mr. A. William Reynolds, Ms. Jane E. Shaw and Ms. Carolyn M. Ticknor, who retired from the board or otherwise terminated board service in April 2006. Compensation for Mr. Sam K. Duncan is set forth in the Summary Compensation Table on page 37. Mr. Duncan does not receive compensation for service as a director.

DIRECTOR COMPENSATION FOR FISCAL YEAR ENDED DECEMBER 30, 2006

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (2) (c)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (3) (f)	Total (\$) (h)
Dorrit J. Bern (1)	\$ 47,500	\$ 54,986		\$ 102,486
Warren F. Bryant	\$ 98,000	\$ 54,986	\$ 1,435	\$ 154,421
Brian C. Cornell	\$ 95,000	\$ 54,986	\$ 3,276	\$ 153,262
Joseph M. DePinto (1)	\$ 45,500	\$ 54,986		\$ 100,486
Rakesh Gangwal	\$ 95,000	\$ 54,986		\$ 149,986
Edward E. Hagenlocker (1)	\$ 23,750		\$ 1,041	\$ 24,791
Monte R. Haymon (1)	\$ 100,000	\$ 54,986 (4)		\$ 154,986
Gary G. Michael	\$ 112,000	\$ 54,986	\$ 6,314	\$ 173,300
A. William Reynolds (1)	\$ 22,750		\$ 12,586	\$ 35,336
Francesca Ruiz de Luzuriaga	\$ 124,000	\$ 54,986	\$ 2,376	\$ 181,362
Jane E. Shaw (1)	\$ 20,250		\$ 3,340	\$ 23,590
David M. Szymanski	\$ 97,500	\$ 54,986		\$ 152,486
Carolyn M. Ticknor (1)	\$ 21,750		\$ 6,367	\$ 28,117

(1) Dorrit J. Bern and Joseph M. DePinto joined the board in July 2006. Edward E. Hagenlocker, A. William Reynolds, Jane E. Shaw and Carolyn M. Ticknor retired from the board or otherwise terminated board service in April 2006. Monte R. Haymon resigned from the board in January 2007.

(2) The figures in this column represent the aggregate dollar amount of compensation cost recognized with respect to the share based payments. Each non-employee director was granted 1,351 restricted stock units under the OfficeMax Incentive and Performance Plan on July 28, 2006. The restricted stock units (RSUs) vested on January 28, 2007 and are payable in common stock six months following a director's date of termination of board service for any reason. The grant date fair value of each award is \$54,986. See Note 16 Shareholders' Equity to Notes to Consolidated Financial Statements for a discussion of the assumptions used by the

company to calculate share based employee compensation expense as outlined in SFAS No. 123R in the company's Annual Report on Form 10-K for the year ended December 30, 2006. As of December 30, 2006, the directors had the following outstanding equity awards. All vesting requirements have been met with respect to these outstanding securities:

Name	Outstanding Options	Outstanding RSUs
Dorrit J. Bern		2,307
Warren F. Bryant	387	3,952
Brian C. Cornell		4,282
Joseph M. DePinto		1,351
Rakesh Gangwal	19,287	3,952
Edward E. Hagenlocker	12,572	
Monte R. Haymon		1,516
Gary G. Michael	11,981	3,952
A. William Reynolds		
Francesca Ruiz de Luzuriaga	16,497	3,952
Jane E. Shaw		
David M. Szymanski		4,282
Carolyn M. Ticknor	—	—

(3) The figures in this column represent above market interest earned by directors who had balances in the Director Deferred Compensation Plan.

(4) Mr. Haymon resigned from the board shortly prior to January 28, 2007, the vesting date of these restricted stock units. In February 2007, the executive compensation committee of the board granted Mr. Haymon a cash bonus of \$60,225.26, which was approximately equal to the pro rata value of his forfeited restricted stock units.

Description of Director Compensation

Our current board members, except Mr. Duncan (who is an OfficeMax full-time employee), receive compensation for board service. In 2006, that compensation included:

Annual Retainer:	\$51,000
Attendance Fees:	\$2,000 for each board meeting \$1,000 for each committee meeting Expenses related to attendance
Equity Based Compensation Award:	\$55,000 annually

Directors who provided service for a portion of 2006 received a prorated portion of the annual retainer, attendance fees for the meetings they attended and an equity based compensation award as described below under OfficeMax Incentive and Performance Plan.

In addition to the compensation listed above, the chair of each committee of the board receives an additional retainer as compensation for his or her role as chair. In 2006, retainers for service as committee chairs were paid as follows: Ms. Ruiz de Luzuriaga, Audit Committee Chair, \$30,000;

Mr. Michael, Lead Director and Committee of Outside Directors Chair, \$20,000; Dr. Szymanski, Executive Compensation Committee Chair, \$10,000; and Mr. Gangwal, Governance and Nominating Committee Chair, \$10,000.

For 2007, the governance and nominating committee of the board recommended, and the board approved, an increase in the equity based compensation award from \$55,000 annually to \$75,000 annually and increased the retainer for the Chair of the Executive Compensation Committee to \$20,000.

OfficeMax Incentive and Performance Plan

Through our shareholder-approved OfficeMax Incentive and Performance Plan (OMIPP), each non-employee director annually receives a form of long-term equity compensation approved by our Governance and Nominating Committee. Individuals who are non-employee directors at the time of the board meeting held in July receive the award on the regular grant date. Non-employee directors appointed between the July Board meeting and December 31 receive the full grant shortly after joining our board. In 2006, each non-employee director was to receive a grant of restricted stock units with a target fair market value of \$55,000. On July 28, 2006, the grant date, the company's closing stock price was \$40.70, which resulted in an actual grant of restricted stock units with a fair market value of \$54,986 because fractional shares are not issued. The restricted stock units vest six months after the date of grant and are payable six months following the date of termination of board service for any reason (or immediately upon death or disability). Restricted stock units are paid in shares of our common stock. Directors holding restricted stock units are not entitled to any voting rights with respect to the restricted stock units, but are entitled to receive notional dividends on the restricted stock units. These notional dividends are accumulated and paid in cash at the time the restricted stock units are paid.

Additional Director Compensation Plans

Our non-employee directors may choose to receive their meeting and retainer cash compensation in one of the following four ways:

- A. in cash;
- B. under the Director Deferred Compensation Plan;
- C. in stock options (awarded through the Director Stock Compensation Plan); or
- D. in restricted stock units (awarded through the OMIPP).

Non-employee directors must specify by December 31 of each year how much of their cash compensation for the following year they wish to receive in each available payment form.

Director Deferred Compensation Plan

Our Director Deferred Compensation Plan allows each non-employee director to defer all or a portion of the cash compensation he or she receives for services as a director. Non-employee directors may defer from a minimum of \$5,000 to a maximum of 100% of their cash compensation in a calendar year. Amounts deferred under this plan are credited with interest at a rate equal to 130% of Moody's Composite Average of Yields on Corporate Bonds. Participants elect the form and timing of distributions of their deferred compensation balances under this plan at the time the decision to defer compensation under the plan is made. Participants will receive payment in cash, in a lump sum or in annual installments, following the termination of their service on the board. In the event of a change in control of the company, as defined in the plan, a trust may pay our obligations under the Director

Deferred Compensation Plan. For more information on this trust, see *Other Compensation and Benefit Plans* *Deferred Compensation - Deferred Compensation and Benefits Trust* beginning on page 46. Four of the thirteen eligible non-employee directors, Messrs. Cornell, Michael, Reynolds and Ms. Ticknor, participated in the Director Deferred Compensation Plan in 2006, and one of the eight eligible directors, Mr. Michael, has elected to participate in this plan in 2007. In 2006, following his retirement from the board, Mr. Reynolds received \$9,572 in distributions under the Director Deferred Compensation Plan.

Stock Options (awarded through the Director Stock Compensation Plan)

Through our shareholder-approved Director Stock Compensation Plan, non-employee directors could elect in 2006 to receive part or all of their cash compensation in the form of stock options rather than cash. None of the thirteen eligible non-employee directors participated in the Director Stock Compensation Plan in 2006, and none of the eight eligible directors elected to participate in this plan in 2007. As a result of an amendment to the plan approved at the meeting of the executive compensation committee in February 2007 no further stock options grants will be made under the plan.

Restricted Stock Units (awarded through the OfficeMax Incentive and Performance Plan)

Through our shareholder approved OMIPP, non-employee directors can elect to receive part or all of their cash compensation in restricted stock units. Under this plan, restricted stock units are granted to participating directors on the last trading day of each calendar year. The number of restricted stock units granted to a participating director is determined by dividing the amount of cash compensation he or she elected to receive in restricted stock units by the closing price of our common stock as reported by the consolidated tape of the New York Stock Exchange on the last trading day of the calendar year. The restricted stock units vest six months after the date of grant and are payable six months after termination of a participating director's service on the board. Restricted stock units are paid in shares of our common stock. Directors holding restricted stock units are not entitled to any voting rights with respect to the restricted stock units, but are entitled to receive notional dividends on the restricted stock units, which notional dividends are accumulated and paid in cash when the restricted stock units are paid. One of the thirteen eligible directors, Ms. Bern, elected to receive her cash compensation in restricted stock units under the OfficeMax Incentive and Performance Plan in 2006, and five of the eight eligible directors, Ms. Bern and Messrs. Bryant, Cornell, DePinto and Gangwal have elected to receive their cash compensation in restricted stock units in 2007.

Meetings of the Board

During 2006, our board of directors met thirteen times. In addition to meetings of the full board, directors also attended meetings of board committees. Overall, our directors had an attendance rate of 93%. All of the directors attended at least 84% of the meetings of the board and the committees on which they served, except Ms. Ticknor, who attended 70%, and Ms. Shaw, who attended 50%. Both Ms. Shaw and Ms. Ticknor retired from the board in April 2006.

While we do not have a formal policy requiring them to do so, we encourage our directors to attend our annual meeting. All of our directors, with the exception of Mr. Haymon, attended our 2006 annual meeting of shareholders.

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The standing committees of the board of directors, with the membership indicated, are set forth in the table below.

The Board of Directors and Committee Membership

Director	Committee of Outside Directors		Executive Compensation Committee		Audit Committee		Governance and Nominating Committee	
Dorrit J. Bern *	X		X		X			
Warren F. Bryant *	X		X		X			
Brian C. Cornell *	X				X		X	
Joseph M. DePinto *	X				X		X	
Sam K. Duncan								
Rakesh Gangwal *	X		X				X	**
Gary G. Michael *	X	**	X				X	
Francesca Ruiz de Luzuriaga *								