OFFICEMAX INC
Form DEF 14A
March 04, 2009

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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 ý

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))**

ý 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)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice and
Proxy Statement

OfficeMax Incorporated
Annual Meeting of Stockholders

Naperville, Illinois
Wednesday, April 15, 2009

OFFICEMAX INCORPORATED

NOTICE OF ANNUAL MEETING

Wednesday, April 15, 2009
2:00 p.m., Central Daylight Time

Holiday Inn Select
1801 N. Naper Blvd.
Naperville, Illinois 60563

March 4, 2009

Dear Stockholder:

On behalf of the board of directors, it is my pleasure to invite you to our 2009 annual meeting of stockholders to:

- elect eight directors;
- approve the appointment of KPMG LLP as our independent registered public accounting firm for 2009; and
- conduct other business properly brought before the meeting.

Stockholders who owned stock at the close of business on February 17, 2009 can vote at the meeting.

Your vote is important regardless of the number of shares of stock you own. Whether you plan to attend or not, please review our proxy materials and request a proxy card to sign, date, and return or submit your voting instructions by telephone or through the Internet. Instructions for each type of voting are included in the Notice of Internet Availability of Proxy Materials that you received and in this proxy statement. If you attend the meeting and prefer to vote at that time, you may do so.

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

OfficeMax Incorporated ("OfficeMax," the "company," or "we") 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, government offices and consumers. Our customers are served by approximately 33,000 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 of our stock. We have provided this proxy statement in connection with the solicitation of proxies by our board of directors for the 2009 annual meeting of stockholders. We will begin mailing notice of the availability of these proxy materials on or about March 4, 2009.

Voting

You can vote your shares of stock in advance of our annual meeting by requesting a proxy card to sign, date, and return or by submitting your voting instructions by telephone or through the Internet. Please see the Notice of Internet Availability of Proxy Materials we sent to you or this proxy statement for specific instructions on how to cast your vote by any of these methods.

If your shares of stock are registered directly in your name, you are considered a stockholder of record and will receive your Notice of Internet Availability of Proxy Materials directly from us. If you hold your shares of stock through a broker, bank, or other financial institution, you are considered the beneficial owner of stock held in street name and will receive your notice from your broker, bank or other institution.

For stockholders of record, voting instructions submitted via mail, telephone or the Internet must be received by Broadridge, our independent tabulator, by 11:59 p.m. Eastern Time on April 14, 2009. Submitting your voting instructions prior to the annual meeting will not affect your right to vote in person should you decide to attend the meeting.

The Internet and telephone voting procedures available to you are designed to authenticate stockholders' identities, to allow stockholders to submit voting instructions and to confirm that stockholders' voting 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. Stockholders voting via the Internet or telephone should understand that there may be costs associated with voting in this manner, such as usage charges from Internet access providers and telephone companies, which must be borne by the stockholder.

Stockholders of record can vote by:

- requesting and returning a completed proxy card by mail to our independent tabulator, Broadridge, by 11:59 p.m. Eastern Time on April 14, 2009;
- submitting voting instructions via the Internet or telephone by 11:59 p.m. Eastern Time on April 14, 2009; or
- completing a ballot and returning it to the inspector of election during the annual meeting.

If you hold your stock in street name, you can vote by submitting a voting instruction card to your broker or other institution that sent your Notice of Internet Availability of Proxy Materials to you in accordance with their procedures.

Please see the next section "Employees Who Are Stockholders" for information regarding voting shares of stock held in our Employee Stock Ownership Plan fund or the OfficeMax common stock fund in the OfficeMax Savings Plan.

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

- election of the eight nominees to serve on our board of directors; and

- appointment of KPMG LLP as our independent registered public accounting firm for 2009.

You also give the proxies discretionary authority to vote on any other matters that may properly be presented at the meeting.

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

- subsequently submit a new proxy card or voting instructions to the independent tabulator by mail, telephone or through the Internet prior to 11:59 p.m. Eastern Time on April 14, 2009; or

- attend the annual meeting and vote in person by ballot.

If you hold your stock 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 February 17, 2009 (the record date for determining stockholders entitled to vote at the meeting), we had the following shares of stock outstanding and entitled to vote:

Type/Series of Stock	**Number of Shares Outstanding**
Common stock	76,287,724
Convertible preferred stock, Series D (ESOP)	921,013

Employees Who Are Stockholders; Voting Shares in Certain Benefit Plans

If you are a current or former employee of OfficeMax or one of its subsidiaries and you own shares of OfficeMax's Series D Convertible Preferred stock in the Employee Stock Ownership Plan ("ESOP") fund or allocate funds to the OfficeMax common stock fund in the OfficeMax Savings Plan ("Savings Plan"), you may instruct Vanguard Fiduciary Trust Company, the plans' trustee, how to vote the shares of stock allocated to you under these plans. You can instruct the voting of your stock by requesting a proxy card to sign, date, and return or by submitting your voting instructions by telephone or through the Internet. Please see the Notice of Internet Availability of Proxy Materials we sent to you or this proxy statement for specific instructions on how to provide voting instructions by any of these methods. Please note that your voting instructions for stock you hold in the ESOP fund or the Savings Plan must be returned by 11:59 p.m. Eastern Time on April 9, 2009.

The plans' trustee will vote any shares in the plans for which instructions are not received or that are not allocated to an account in the same proportion as shares of stock voted by the plan participants generally, subject to the Trustee's fiduciary obligations under applicable law.

Proxies

When you vote in advance of the annual meeting, you appoint Ms. Susan Wagner-Fleming, our Corporate Secretary, Mr. Matthew R. Broad, our General Counsel and Mr. Tony Giuliano, our Treasurer and Vice President, Investor Relations as proxies, each with the power to appoint a substitute. They are directed to vote all of the shares of stock you held on the record date at the annual meeting and at any adjournment or postponement of that meeting. The proxies are also given discretionary authority to vote on any other matters that may properly be presented at the meeting.

Confidential Voting Policy

We have a confidential voting policy. Stockholders' 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 stockholders holding a majority of the shares of stock issued and outstanding and entitled to vote at the meeting are present in person or by proxy. The election inspector will treat abstentions, withholds and "broker non-votes" as shares of stock 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 stock 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. Brokers will have discretionary voting power with respect to each of the proposals. Abstentions and broker non-votes, do not count as votes cast either for or against any of the proposals. A "withhold" vote with respect to any director nominee will have the effect of a vote against such nominee.

A nominee will be elected to the board if the number of votes cast "for" his or her election exceed the number of votes "withheld" from or cast "against" his or her election.

The proposal for appointing KPMG LLP as our independent registered public accounting firm for 2009 will be approved if holders of a majority of the stock present in person at the meeting or represented by proxy (excluding any shares where the holder has expressly indicated that the holder is abstaining from voting) vote in favor of the appointment.

Proxy Solicitation

We pay the expenses of soliciting proxies. OfficeMax has retained D.F. King & Company ("D.F. King") to assist in the solicitation of proxies. D.F. King will receive an aggregate fee of $20,000, plus out-of-pocket expenses. OfficeMax has agreed to indemnify D.F. King against certain liabilities arising out of or in connection with this engagement. 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 directors, officers and employees will not receive additional compensation for these activities. Brokerage houses and other custodians, nominees and fiduciaries will be requested to forward solicitation material to the beneficial owners of stock.

Householding of Annual Meeting Materials

Some banks, brokers and other record holders may be participating in the practice of "householding" proxy statements, annual reports and Notices of Internet Availability of Proxy Materials. If you have requested paper copies of the proxy materials, this means that only one copy of our proxy statement, annual report or Notice of Internet Availability of Proxy Materials may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of these documents to you if you write to the Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or call Broadridge toll free: 1-800-542-1061. If you have requested paper copies of the proxy materials and want to receive separate copies of the proxy statement, annual report or notice of Internet availability of proxy materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other record holder, or you may contact Broadridge at the address and phone number above.

Items You May Vote On

1. Election of Directors

The members of our board of directors are elected for a term of office to expire at the next annual meeting (subject to the election and qualification of their successors or the earlier of their death, resignation or removal). If you submit valid voting instructions, the proxies will vote your shares of stock for the election of each of the eight nominees, unless you indicate that you wish to vote against a nominee or withhold your vote on a nominee.

Our board of directors has proposed eight nominees for election as directors: Dorrit J. Bern, Warren F. Bryant, Joseph M. DePinto, Sam K. Duncan, Rakesh Gangwal, Francesca Ruiz de Luzuriaga, William J. Montgoris and David M. Szymanski. Detailed information on all the nominees is provided beginning on page 7. 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 our 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.

Under our by-laws, in uncontested elections, our directors are elected if the votes withheld from or cast "for" the director's election exceed the votes cast "against" the director's election. The company has a director resignation policy which states that the board will only nominate candidates who agree to tender, promptly following the annual meeting at which they are elected, a resignation that will be effective upon (i) the failure of the director to receive the required vote at any annual meeting at which they are nominated for re-election and (ii) acceptance by the board of such resignation. If a director fails to receive a majority vote in favor of his or her election, the Governance and Nominating Committee of our board, excluding the director whose resignation is under consideration, will promptly consider the resignation and make a recommendation to the board as to whether to accept or reject the tendered resignation or whether other action should be taken. The board, excluding the director whose resignation is under consideration, will act on the Governance and Nominating Committee's recommendation within ninety days from the date of the certification of the election results. The board will publicly disclose its decision regarding the tendered resignation. If an incumbent director's resignation is not accepted by the board, the director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation is accepted by the board of directors, the board, in its sole discretion, may decide whether to fill such vacancy or reduce the size of the board.

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 2009, subject to stockholder 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 2007 and 2008. The Audit Committee pre-approved all of these services.

Annual Fees for 2007 and 2008

Description	Amounts 2008	2007
Audit Fees (1)	$3,581,000	$3,757,365
Audit-Related Fees (2)	$ 212,590	$ 250,339
Tax Fees (3)	$ 122,560	$ 9,168

(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, and 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 stockholder approval, our independent registered public accounting firm. Should stockholders 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 2009. The Audit Committee, however, would take the lack of stockholder approval into account when recommending an independent registered public accounting firm for 2010.

Our board of directors unanimously recommends a vote "FOR" the approval of KPMG LLP as our independent registered public accounting firm for 2009.

3. 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 as proxies will vote your properly submitted proxy according to their judgment on those matters.

Board of Directors

Structure

Upon the Governance and Nominating Committee's recommendation, the board nominates eight directors for election in 2009, each to hold office until the annual meeting of stockholders in 2010 (subject to the election and qualification of their successors or the earlier of their death, resignation or removal). Stockholders have previously elected all of these nominees to the board.

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

Dorrit J. Bern, 58, joined our board of directors in 2006. From 1997 through 2008, Ms. Bern served as chairman, president and chief executive officer of Charming Shoppes, Inc., a multichannel specialty women's apparel retailer.

Warren F. Bryant, 63, joined our board of directors in 2004. From 2002 to 2008, Mr. Bryant served as 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. From 2003 to 2008 he served as the chairman of the board of Longs Drug Stores. 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 Dillon Companies, Inc., a retail grocery chain and subsidiary of The Kroger Co. Mr. Bryant also served as a director of The National Association of Chain Drug Stores from 2003 to 2008 and as Chairman of the Association during 2008.

Joseph M. DePinto, 46, 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. Mr. DePinto also serves as a director of Jo-Ann Stores.

Sam K. Duncan, 57, 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 and president 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. Mr. Duncan currently serves on the Board of Trustees of North Central College. He is also a director of Nash-Finch Company.

Rakesh Gangwal, 55, joined our board of directors in 1998. From June 2003 to August 2007, Mr. Gangwal was 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.

William J. Montgoris, 62, joined our board of directors in July 2007. Mr. Montgoris was the chief operating officer of The Bear Stearns Companies Inc., a leading global investment banking, securities trading and brokerage firm, from 1993 until his retirement in 1999. Prior to holding this position, he served Bear Stearns as its chief financial officer from 1987 to 1993 and as a senior managing director from 1985 to 1987. Mr. Montgoris currently serves on the Board of Trustees of The Reserve Funds, a family of money market mutual funds, and the Board of Trustees of Covenant House, Hackensack Medical Center, Colby College and St. John's University. He is also a director of Carters, Inc. and Stage Stores, Inc.

Francesca Ruiz de Luzuriaga, 54, 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, 52, 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 1987. 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.

None of the companies named in these biographies as current or previous employers of the nominees are affiliated with the company.

Director Independence

The board has determined that, except for Mr. Duncan, the nominees for election as directors are, and all members of the board in 2008 were, independent within the meaning of the rules of the 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 2008, a number of companies for which our directors also serve as officers or directors purchased office supplies from OfficeMax in the ordinary course of business. None of these sales accounted individually for more than the greater of $1 million or 2% of our revenues or the purchasing entity's revenues in 2008, and none of these sales were material to our business.

Additionally in 2008, 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 2008 to date, and none of these purchases were 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

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 Governance and Nominating 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 Governance and Nominating 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, Joseph M. DePinto, Rakesh Gangwal, William J. Montgoris and David M. Szymanski. In addition, the table also includes compensation information for Mr. Brian C. Cornell, who resigned from the board in February 2008, and Mr. Gary G. Michael, who did not stand for re-election in April 2008. Compensation for Mr. Sam K. Duncan, our Chief Executive Officer, is set forth in the "Summary Compensation Table" on page 42. Mr. Duncan does not receive compensation for service as a director.

DIRECTOR COMPENSATION
FOR FISCAL YEAR ENDED DECEMBER 27, 2008

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (3)	Total ($)
(a)	(b)	(c)	(f)	(h)
Dorrit J. Bern	$ 103,000	$ 74,993		$ 177,993
Warren F. Bryant	$ 112,000(1)	$ 74,993	$ 2,688	$ 189,681
Brian C. Cornell	$ 11,305(1)		$ 7,113	$ 18,418
Joseph M. DePinto	$ 99,000(1)	$ 74,993		$ 173,993
Rakesh Gangwal	$ 120,000(1)	$ 74,993		$ 194,993
Gary G. Michael	$ 31,750		$ 12,802	$ 44,552
William J. Montgoris	$ 111,000	$ 74,993		$ 185,993
Francesca Ruiz de Luzuriaga	$ 137,000	$ 74,993	$ 4,750	$ 216,743
David M. Szymanski	$ 126,000	$ 74,993		$ 200,993

(1) Messrs. Bryant, Cornell, DePinto, and Gangwal elected to receive a percentage of their cash fees in the form of restricted stock units ("RSUs") pursuant to the OfficeMax Incentive and Performance Plan ("OMIPP"). For each director, the number of RSUs issued in lieu of fees was determined by dividing the amount of cash fees foregone by $7.64, the closing price of our common stock as reported on the consolidated tape of the NYSE on the last trading day of the calendar year. On December 31, 2008, Mr. Bryant was issued 3,664 RSUs in lieu of $28,000 in fees; Mr. DePinto was issued 6,479 RSUs in lieu of $49,500 in fees; and Mr. Gangwal was issued 15,706 RSUs in lieu of $120,000 in fees. The difference between the fees foregone and the value of the RSUs issued was paid in cash in lieu of issuing fractional RSUs. Mr. Cornell resigned from the board prior to the first fee payment date in 2008. As a result, he was ineligible to receive RSUs in lieu of fees pursuant to OMIPP and his fees were paid in cash.

(2) The figures in this column represent the aggregate dollar amount of compensation cost recognized with respect to share based payments. Each non-employee director was granted 5,112 RSUs under the OMIPP on July 23, 2008. These RSUs vested on January 23, 2009. The RSUs 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 was $74,993. See Note 14 "Shareholders' Equity" to Notes to Consolidated Financial Statements in the

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company's Annual Report on Form 10-K for the year ended December 27, 2008 for a discussion of the assumptions used by the company to calculate share based compensation expense in accordance with the provisions of SFAS No. 123R, "Share Based Payment" ("SFAS No. 123R"). As of December 27, 2008, the directors had the following outstanding option and stock awards. As of January 23, 2009, all vesting requirements have been met with respect to these outstanding securities:

Name	Outstanding Option Awards (a)	Outstanding Stock Awards (b)
Dorrit J. Bern		8,692
Warren F. Bryant		11,293
Brian C. Cornell		
Joseph M. DePinto		8,692
Rakesh Gangwal	11,000	11,293
Gary G. Michael		
William J. Montgoris		7,341
Francesca Ruiz de Luzuriaga	11,000	11,293
David M. Szymanski		11,623

(a)
This column does not include options elected to be received by a director in lieu of cash fees.

(b)
This column does not include RSUs elected to be received by a director in lieu of cash fees.

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

Description of Director Compensation

Our current board members, except Mr. Duncan, receive compensation for board service. In 2008, 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:	$75,000 annually

Directors who serve on the board for a portion of a year receive a prorated portion of the annual retainer, attendance fees for the meetings they attend and an equity based compensation award as described below under "OfficeMax Incentive and Performance Plan."

In addition to the compensation described above, the chair of each committee of the board receives an additional retainer as compensation for his or her role as chair. In 2008, retainers for service as committee chairs were paid as follows:

Committee	Committee Chair Retainer	Chairman
Audit	$ 30,000	Ms. Ruiz de Luzuriaga
Executive Compensation	$ 20,000	Dr. Szymanski
Governance and Nominating	$ 10,000	Mr. Bryant
Outside Directors	$ 20,000	Messrs. Gangwal and Michael (1)

(1) Mr. Gangwal was appointed chairman of the Committee of Outside Directors (and Lead Director) beginning in April 2008. Prior to that, Mr. Michael was the chairman. Each of Mr. Gangwal and Mr. Michael received a pro rated portion of the retainer in the amount of $15,000 and $5,000, respectively.

For 2009, the Governance and Nominating Committee of the board reviewed the compensation received by our directors against the compensation received by directors of the same peer group companies listed herein under "Compensation Discussion and Analysis Peer Group" on page 24 and determined that no change in the compensation of board members should be recommended for board approval for 2009.

OfficeMax Incentive and Performance Plan

Through our stockholder-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 on the first business day after joining our board. In 2008, each non-employee director was to receive a grant of RSUs with a target fair market value of $75,000. On July 23, 2008, the grant date, the company's closing stock price was $14.67, which resulted in an actual grant of RSUs with a fair market value of $74,993 because fractional shares of stock are not issued. The RSUs vested 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). RSUs are paid in shares of our common stock. Directors holding RSUs are not entitled to any voting rights with respect to the RSUs, but are entitled to receive notional dividends on the RSUs. These notional dividends are accumulated and paid in cash at the time the RSUs are paid.

Additional Director Compensation Plans

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

- in cash;
- in cash deposited in the Director Deferred Compensation Plan; or
- in RSUs (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 52. One of the nine eligible non-employee directors, Mr. Bryant, participated in the plan in 2008 and none of the eligible non-employee directors have elected to participate in the plan in 2009.

Restricted Stock Units in lieu of cash compensation (awarded through the OfficeMax Incentive and Performance Plan)

Through our stockholder approved OMIPP, non-employee directors can elect to receive part or all of their cash compensation in RSUs. Under this plan, RSUs are granted to participating directors on the last trading day of each calendar year. The number of RSUs granted to a participating director is determined by dividing the amount of cash compensation he or she elected to receive in RSUs by the closing price of our common stock as reported on the consolidated tape of the NYSE on the last trading day of the calendar year. The RSUs are payable immediately after termination of a participating director's service on the board. RSUs are paid in shares of our common stock. Directors holding RSUs are not entitled to any voting rights with respect to the RSUs, but are entitled to receive notional dividends on the RSUs, which notional dividends are accumulated and paid in cash when the RSUs are paid. Four of the nine eligible directors, Messrs. Bryant, Cornell, DePinto and Gangwal, elected to receive all or a portion of their cash compensation in RSUs in 2008 and two of the seven eligible directors, Messrs. DePinto and Gangwal, have elected to receive a portion of their cash compensation in RSUs in 2009. Mr. Cornell resigned from the board prior to the first fee payment date in 2008. As a result, he was ineligible to receive RSUs in lieu of fees pursuant to OMIPP and his fees were paid in cash.

Director Stock Ownership Guidelines

In 2005, the Governance and Nominating Committee established stock ownership guidelines for directors. These guidelines are intended to increase the directors' stake in the company and more closely align their interests with those of the OfficeMax stockholders. These guidelines provide that over a four-year period directors should acquire and maintain stock ownership equal to three times the annual retainer amount. The amount of stock required to be held will adjust whenever the retainer for directors is adjusted. All shares of stock owned outright by a director, unvested restricted stock, and stock options with an exercise price of $2.50 per share issued under former director stock plans are taken into consideration in determining whether a director has met these guidelines. In April each year, the Governance and Nominating Committee of the board of directors will review the progress of each director towards achievement of the guidelines. The committee will apply OfficeMax's stock price on March 31st to each director's securities on that date to determine each director's level of compliance with the guidelines. Stock options will be valued at the excess of the market price of the underlying stock over the exercise price. Once a director has met these guidelines, he or she shall be deemed to continue to meet the guidelines and shall be exempt from review in future periods until such director reduces the number of securities he or she holds. Once a director reduces his or her holdings, such director will be subject to review each successive April for compliance with the guidelines.

Meetings of the Board

During 2008, our board of directors met 19 times. In addition to meetings of the full board, directors also attended meetings of board committees. Overall, our directors had an attendance rate of 94%. All of the directors attended at least 80% of the meetings of the board and the committees on which they served.

While we do not have a formal policy requiring them to do so, we encourage our directors to attend our annual meeting. Seven of our eight directors attended our 2008 annual meeting of stockholders.

The standing committees of the board of directors, with the membership indicated, are set forth in the table below. Mr. Duncan, as the only director who is not independent, does not serve on any committee of the board other than the executive committee.

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(C)
Joseph M. DePinto *	X	X	X	
Rakesh Gangwal *	X(C)	X		X
William J. Montgoris *	X	X	X	
Francesca Ruiz de Luzuriaga *	X		X(C)	X
David M. Szymanski *	X	X(C)		X
2008 Meetings	2	10	10	5

(*) Independent director within the definition used by the NYSE.

(C) Committee Chair. Mr. Gangwal was appointed chairman of the Committee of Outside Directors beginning in April 2008. Prior to that, Mr. Gary Michael was the chairman.

Committee of Outside Directors

The Committee of Outside Directors is comprised solely of our independent directors and meets outside the presence of Mr. Duncan (our only management director). The Committee of Outside Directors reviews and evaluates our chief executive officer's performance against his goals and strategies. The Committee of Outside Directors meets at least twice each year on a formal basis. The Committee of Outside Directors also meets on an ad hoc basis in conjunction with regularly scheduled board meetings.

The chair of our Committee of Outside Directors acts as the lead independent director for our board. Our lead independent director is responsible for:

- convening and presiding at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors;

- coordinating the activities of our independent directors;

facilitating communications between the chairman of the board and chief executive officer and other board members;

reviewing meeting agendas and schedules, as well as board materials, prior to board meetings;

consulting with the chairman of the board to assure that appropriate topics are being discussed with sufficient time allocated for each; and

reviewing the results of the chief executive officer's performance evaluation with the chief executive officer and with the chair of the Executive Compensation Committee.

When performing these duties, our lead independent director consults with the chairs of our other board committees, as needed, to avoid any dilution of their authority or responsibility.

You may contact our independent directors in the manner set forth under "Governance and Nominating Committee Communications with Directors" on page 18.

Executive Committee

In accordance with our Bylaws, the Executive Committee has and may exercise all powers the board may legally delegate. The committee is convened when circumstances do not allow the time, or when it is otherwise not practicable, for the entire board to meet. The committee consists of the chairman of the board and the chairs of the Audit Committee, Executive Compensation Committee, Governance and Nominating Committee, and the Committee of Outside Directors. In 2008, the Executive Committee met once.

Governance and Nominating Committee

The Governance and Nominating Committee, comprised entirely of directors meeting the independence requirements of the NYSE, is responsible for:

assisting the board in identifying and recommending qualified individuals for board membership;

recommending nominees for election at the annual meeting of stockholders;

reviewing the continued appropriateness of a director's board membership upon a change in the circumstances of a director;

reviewing the structure of each board committee and recommending the composition of each committee;

developing our corporate governance guidelines;

reviewing director compensation and benefits;

recommending responses to stockholder proposals;

overseeing the evaluation of our senior management, except our chief executive officer;

reviewing related person transactions; and

developing and recommending to the board an annual self-evaluation process of the board and its committees.

Qualifications for Directors

The Governance and Nominating Committee and the board have established qualifications for directors, including the ability to apply good and independent judgment in a business situation and the ability to represent the interests of all our stockholders and constituencies. A director also must be free from any conflicts of interest that would interfere with his or her loyalty to our stockholders and us. In evaluating board candidates, the Governance and Nominating Committee considers these qualifications as well as several other factors, including but not limited to:

- demonstrated maturity and experience;
- geographic balance;
- expertise in business areas relevant to OfficeMax;
- background as an educator in business, economics, or the sciences; and
- diversity.

The Governance and Nominating Committee identifies nominees by first evaluating the current members of the board willing to continue in service. Current members of the board with skills and experience relevant to our business and who are willing to continue in service are considered for re-nomination. If any member of the board does not wish to continue in service or if the Governance and Nominating Committee decides not to nominate a member for reelection, the committee will review the desired skills and experience of a new nominee in light of the criteria set forth above or may choose to recommend reduction in the number of board members.

The Governance and Nominating Committee relies on management and director recommendations and the use of independent search firms when identifying potential board candidates. We also consider director candidates recommended by our stockholders.

The Governance and Nominating Committee does not have a written policy regarding stockholder nominations for directors. In accordance with our Bylaws, however, the committee will consider stockholder nominations for directors (see "Other Information Stockholder Nominations for Directors" beginning on page 65). OfficeMax has not received any stockholder nominations or recommendations for director in connection with our 2009 annual meeting.

Governance Guidelines and Committee Charters

We maintain a corporate governance page on our website that includes key information about our corporate governance initiatives. That information includes our Corporate Governance Guidelines, Code of Ethics, and charters for our Audit, Executive Compensation, and Governance and Nominating Committees, as well as our Committee of Outside Directors. The corporate governance page can be found at *www.officemax.com* by clicking on "About Us," then "Investors," and then "Corporate Governance." You also may obtain copies of these policies and codes by contacting our Investor Relations Department, 263 Shuman Boulevard, Naperville, Illinois 60563, or by calling 630/864-6800.

Our policies and practices reflect corporate governance initiatives that comply with the NYSE listing requirements and the corporate governance requirements of the Sarbanes-Oxley Act, including:

- our board of directors adopted clear corporate governance policies, including standards for determining director independence;
- with the exception of Mr. Duncan, our chairman of the board and chief executive officer, OfficeMax's board has determined that all of our directors meet the independence requirements of the NYSE;
- all members of our Audit, Executive Compensation, and Governance and Nominating Committees are independent;

our board committee charters clearly establish their respective roles and responsibilities;

our non-management directors meet at least twice a year without management present, under the direction of our lead independent director;

we have a Code of Ethics that applies to all OfficeMax directors, officers, employees, and associates and to any company that we own or manage;

our internal audit function maintains critical oversight over the key areas of our business, financial processes, and controls, and reports regularly to the Audit Committee;

we have a toll-free reporting service available that permits employees to report violations of our Code of Ethics or other issues of significant concern on a confidential basis; and

callers on our toll-free reporting service may request that an issue be reported to the Audit Committee.

Communications with Directors

Stockholders and other interested parties may send correspondence to our board of directors or to any individual director through the following address: OfficeMax Incorporated, *Attention* Corporate Secretary, 263 Shuman Boulevard, Naperville, Illinois 60563. You also may correspond with our directors by email at *boardofdirectors@officemax.com*. We will forward all communications to the person(s) to whom they are addressed. All correspondence will also be referred to our lead director. While we do not screen these communications, copies also will be forwarded to our general counsel and our corporate secretary. You can direct concerns about accounting controls or auditing matters to the chair of the Audit Committee at the same address. We also have a tipline staffed by a live operator from an independent third party company 24 hours a day, seven days a week. Calls are free and confidential and may be made anonymously. You may request that your concern or issue be forwarded to the Audit Committee. The tipline number is 1-800-241-5689.

Audit Committee Report

The Audit Committee of the board of directors oversees our accounting and financial reporting processes, audits of OfficeMax's financial statements, the system of internal controls established by management related to accounting, financial reporting, disclosure, and ethics and the integrity of OfficeMax's financial statements. The Audit Committee also assists the board in the oversight of OfficeMax's compliance with legal and regulatory requirements; the evaluation of the independence, performance, and qualifications of the independent public accounting firm; and the performance of OfficeMax's internal audit function. It is comprised entirely of independent directors as required by the NYSE listing standards and by its own written charter. All of the Audit Committee members are "financially literate," and Ms. Ruiz de Luzuriaga, the committee chair, and Mr. Montgoris are "audit committee financial experts" as defined by the SEC. See "Board of Directors" for a description of the experience of each Audit Committee member.

The Audit Committee, formed in 1969, has had a charter since 1973. The Audit Committee periodically reviews and updates that charter based on changes in its responsibilities and changes in SEC regulations or NYSE listing standards.

Audit Committee Responsibilities

The Audit Committee's responsibilities include:

discussing with management and the independent registered public accounting firm OfficeMax's annual audited financial statements and unaudited quarterly financial statements, including matters required for review under applicable legal, regulatory, or NYSE requirements, and recommending to the board whether the annual audited financial statements should be included in OfficeMax's Annual Report on Form 10-K;

discussing with management and the independent registered public accounting firm, as appropriate, earnings press releases, analyst and rating agency guidance, and other financial information provided to the public;

recommending, for stockholder approval, the independent registered public accounting firm to examine OfficeMax's accounts, controls, and financial statements. The Audit Committee has the sole authority and responsibility to select, terminate, and determine the compensation of the independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee and the Audit Committee is directly responsible for oversight of the work of the independent registered public accounting firm, including resolution of disagreements between company management and the independent registered public accounting firm regarding financial reporting;

discussing with management and the independent registered public accounting firm, as appropriate, any audit problems or difficulties and management's response, as well as OfficeMax's risk assessment and risk management policies, including OfficeMax's major financial risk exposure and steps taken by management to monitor and mitigate such exposure;

reviewing OfficeMax's financial reporting and accounting standards and principles, significant changes in those standards or principles or in their application, and the key accounting decisions affecting OfficeMax's financial statements, including alternatives to, and the rationale for, the decisions made;

reviewing and approving OfficeMax's internal corporate audit staff functions, including (i) purpose, authority, and organizational reporting lines and (ii) annual audit plan, budget, and staffing;

reviewing, with the chief financial officer, the controller, the director of internal corporate audit functions, or such other persons as the Audit Committee deems appropriate, OfficeMax's internal system of audit, financial, and disclosure controls and the results of internal audits;

obtaining and reviewing at least annually a written report from the independent registered public accounting firm delineating: the accounting firm's internal quality control procedures; and any material issues raised within the preceding five years by the accounting firm's internal quality-control review, by peer reviews of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Audit Committee also reviews steps taken by the accounting firm to address any findings in any of the foregoing reviews;

assessing the external auditor's independence and the absence of conflicts of interest, by reviewing at least annually all relationships between the independent registered public accounting firm and OfficeMax;

preparing and publishing an annual committee report in OfficeMax's proxy statement;

setting policies for hiring employees or former employees of OfficeMax's independent registered public accounting firm;

reviewing and investigating matters pertaining to the integrity of management, including conflicts of interest or adherence to codes of ethics as required in OfficeMax's policies. In connection with these reviews, the Audit Committee will meet, as deemed appropriate, with the general counsel and other OfficeMax officers and employees; and

establishing procedures concerning the submission, receipt, retention, and treatment of complaints and concerns regarding accounting, internal accounting controls, or audit matters.

Audit, Audit-Related, and Other Nonaudit Services

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of KPMG LLP. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by KPMG LLP.

Prior to engagement of KPMG LLP for the next year's audit, management or KPMG LLP will submit to the Audit Committee for approval a list of services and related fees expected to be rendered during that year within each of four categories of services.

1. ***Audit*** services include audit work performed on the financial statements and internal control over financial reporting, as well as work that generally only KPMG LLP can reasonably be expected to provide, including comfort letters, statutory audits, and discussions surrounding the proper application of financial accounting and/or reporting standards.

2. ***Audit-Related*** services are for assurance and related services that are traditionally performed by KPMG LLP, including employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. ***Tax*** services include all services performed by KPMG LLP's tax personnel except those services specifically related to the audit of the financial statements, including tax analysis, assisting with the coordination of tax-related activities, supporting other tax-related regulatory requirements, and tax compliance and reporting.

4. ***All Other*** services are those services not captured in the audit, audit-related or tax categories. OfficeMax generally does not request such services from KPMG LLP.

Prior to engagement, the Audit Committee considers whether proposed services would impair KPMG LLP's independence before approving any services within each category. The fees are budgeted and the Audit Committee requires KPMG LLP and management to report actual fees versus the budget periodically throughout the year by category of service.

During the year, circumstances may arise when it becomes necessary to engage KPMG LLP for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engaging KPMG LLP. To ensure prompt handling of unexpected matters, the Audit Committee has delegated to its chair the authority to amend or modify the list of approved permissible audit and nonaudit services and fees. For informational purposes only, the chair reports any action taken pursuant to this authority at the next Audit Committee meeting. The Audit Committee believes this approach results in an effective procedure to pre-approve services to be performed by KPMG LLP.

OfficeMax did not use KPMG LLP for any of the following nonaudit services in 2008:

- bookkeeping or other services related to our accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;

broker or dealer, investment adviser, or investment banking services; or

legal services and expert services unrelated to the audit.

Based on its review, the Audit Committee believes that KPMG LLP's provision of nonaudit services is compatible with maintaining its independence.

Financial Statement Recommendation

The Audit Committee is responsible for recommending to the board that OfficeMax's audited financial statements be included in its Form 10-K. The Audit Committee took a number of steps in making this recommendation for 2008, including discussing with KPMG LLP the:

- conduct of the audit, including information regarding the scope and results of the audit, as required by the Statement on Auditing Standards No. 61, Communication with Audit Committees;

- auditors' independence, including receipt of a letter from KPMG LLP regarding its independence, as required under the applicable requirements of the Public Company Accounting Oversight Board; and

- audit of management's assessment of the effectiveness of internal control over financial reporting and KPMG LLP's own audit of the effectiveness of internal controls over financial reporting.

As the final step in this procedure, the Audit Committee reviewed and discussed with KPMG LLP and management OfficeMax's audited consolidated balance sheet at December 27, 2008, and its audited consolidated statements of income (loss), cash flows, and shareholders' equity for the year ended December 27, 2008.

Based on the discussions with OfficeMax's management regarding the audited financial statements and with KPMG LLP regarding its audit and independence, the Audit Committee recommended to the board that these financial statements be included in OfficeMax's 2008 Form 10-K.

Audit Committee of the Board of Directors

Francesca Ruiz de Luzuriaga, Chair
Dorrit J. Bern
Warren F. Bryant
Joseph M. DePinto
William J. Montgoris

Executive Compensation Committee Interlocks and Insider Participation

Ms. Bern and Messrs. Szymanski, DePinto, Gangwal, and Montgoris served on our Executive Compensation Committee during the last completed fiscal year. None of the members of our Executive Compensation Committee is now or was previously an officer or employee of the company. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or our Executive Compensation Committee.

Executive Compensation Committee Report

The Executive Compensation Committee of the board of directors (throughout this section, the "committee") operates under a written charter and is comprised entirely of directors meeting the independence requirements of the NYSE. The members of the committee are appointed by the board on the recommendation of the Governance and Nominating Committee and may be removed by the board in its discretion.

The board established the committee to discharge the board's responsibilities relating to compensation of the company's chief executive officer and each of the company's other executive officers. The committee has overall responsibility for decisions relating to all compensation plans, policies, and benefit programs as they affect the chief executive officer and other executive officers.

Committee Authority and Responsibilities

- The committee annually reviews and approves corporate goals and objectives relevant to chief executive officer compensation. Together with the board's Committee of Outside Directors, the committee annually evaluates the CEO's performance in light of those goals and objectives and determines and approves the CEO's overall compensation levels based on this evaluation.

- The committee annually reviews and approves the annual base salaries and annual incentive opportunities of the company's elected officers.

- Periodically and when appropriate, the committee reviews and approves the following as they affect the CEO and the company's elected officers:

  - All other incentive awards and opportunities including both cash-based and equity-based awards and opportunities;

  - Any employment agreements and severance arrangements;

  - Any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and

  - Any special or supplemental compensation and benefits.

- The committee receives periodic reports on the company's compensation programs as they affect all employees.

- The committee is responsible for producing a committee report for inclusion in the company's proxy statement.

- The committee reviews and discusses the Compensation Discussion and Analysis section of the proxy with management. Based on this review and discussion, the committee determines whether to recommend to the board that the section be included in the company's annual report or proxy statement.

- The committee periodically reviews executive succession plans for management.

Committee Procedure

The committee reviews and reassesses its Charter annually and recommends any proposed changes to the board.

The committee has at least three regularly scheduled meetings annually but will meet as often as necessary to carry out its responsibilities. The meetings may be called by the committee chair, the chairman of the board, or the CEO.

The committee keeps minutes and reports its activities to the board.

The committee annually reviews its own performance.

The committee has the sole authority to retain and terminate any compensation consultant to be used to assist it in the evaluation of CEO or elected officer compensation and has sole authority to approve the consultants' fees and the other terms and conditions of the consultants' retention. The committee also has authority to obtain advice and assistance from internal or external legal, accounting, or other advisors as it deems appropriate.

The committee may form and delegate authority to subcommittees.

The Executive Compensation Committee has reviewed and discussed the information appearing below under the heading "Compensation Discussion and Analysis", beginning on page 23, with management and, based on that review and discussion, has recommended to the board of directors that the "Compensation Discussion and Analysis" section be included in this proxy statement.

Executive Compensation Committee of the Board of Directors

David M. Szymanski, Chair
Dorrit J. Bern
Joseph M. DePinto
Rakesh Gangwal
William J. Montgoris

Compensation Discussion and Analysis

Overview

The Executive Compensation Committee (referred to as the committee in the remainder of this section) and management base their executive compensation policies and decisions with respect to our named executive officers on achievement of the following objectives:

- align compensation with our performance on both a short-term and long-term basis;
- attract, motivate, reward, and retain management talent critical to achieving our business goals; and
- encourage ownership of our common stock to create commonality of interest between executive officers and stockholders.

In order to achieve these objectives, the committee and management have implemented a compensation program that consists of the following material components:

- base salary;
- annual performance-based incentive compensation;
- long-term incentive compensation that is primarily performance-based; and
- limited other compensation and benefit plans, as well as certain perquisites.

In designing compensation programs, management and the committee place a heavy emphasis on performance, and consequently a substantial portion of each executive officer's total annual compensation is "at-risk" and tied to our annual and long-term financial performance, as well as to the enhancement of stockholder value.

We describe each of these components in more detail below, including their relationship to the objectives outlined above.

Independent Consultant to the Executive Compensation Committee

The committee has the authority under its charter to directly retain compensation consultants to assist the committee. In accordance with this authority, the committee engages Frederic W. Cook & Co. (referred to in the rest of this section as Cook) as its independent outside compensation consultant to advise it on matters related to chief executive officer and other executive compensation. The committee has the sole authority to retain and terminate Cook. Cook only interacts with management with the express permission of the committee. In its capacity as advisor to the committee, Cook is available to meet with the committee and management when requested and regularly attends the committee meetings. Representatives of Cook attended seven committee meetings in 2008. The services provided to the committee by Cook include, but are not limited to: reviewing proposals prepared by management; advising on the design of incentive plans, including the structure of the plans, the selection of performance metrics and the setting of performance goals; advising on the design of indirect elements of the total compensation program, such as change in control severance benefits, stock ownership policy and perquisites; assisting the committee in making changes to Mr. Duncan's compensation and in determining his annual payout, if any, under the annual incentive plan as well as his annual long-term incentive award; providing periodic updates on emerging trends and best practices with regard to compensation design and policy; assisting with preparation of the annual proxy statement and other matters related to disclosure of executive compensation; reviewing an annual competitive analysis, if one is prepared for the company, of compensation rates for the company's executive officers; conducting an annual competitive analysis of aggregate equity compensation expense for the company as a whole; and recommending an annual equity compensation budget based on both stock usage and economic cost.

Management Consultant

The executive vice president and senior vice president of human resources engage consultants as needed in order to provide executive compensation recommendations, market data and calculations. To provide a market-based foundation for executive compensation decisions, management engaged a consultant in 2008 to conduct a survey of compensation paid by a peer group of companies (referred to in the rest of this section as the compensation survey). The compensation survey provided information on base salaries, short-term incentives, annual targeted total cash compensation, long-term incentives, and annual targeted total direct compensation paid by the peer group. This information was used by management to benchmark the compensation recommendations that management provided to the committee. Cook reviewed management's recommendations and provided feedback to the committee on those recommendations. In 2008, the compensation survey was produced by the Hay Group (referred to in the rest of this section as Hay). In 2009, management decided to forgo a full compensation survey to reduce expense, because no base salary increases or changes in annual short-term incentive targets were recommended for elected officers and because short-term affordability was expected to impact compensation decisions in 2009 more than peer comparability. Instead, for 2009, management obtained general advice from Hay regarding long-term incentives established by companies given current macroeconomic conditions.

Peer Group

The peer group is reviewed and approved annually by the committee. Management, together with Hay, initially proposes a peer group of companies drawn from Hay's Retail Industry Total Remuneration Survey. The peer group is finalized after discussions with the committee chair and the committee. The committee also consults with Cook on the composition of the peer group.

The peer group includes competitors, leading retailers, and business to business distributors that have submitted their compensation data to the consultant producing the compensation survey. Because consultant databases are limited in the number of same-sized companies participating in their surveys, companies that are smaller or larger than us are included in the peer group so that a reasonable number of companies is available for statistical analysis. The compensation data is then adjusted for company size to control for compensation differences that would arise from company size differences alone. The committee has approved the criteria set forth below to use in evaluating the companies to include in the peer group:

- peer competes with OfficeMax for business;
- peer has a similar business model to OfficeMax;
- peer competes with OfficeMax for talent;
- peer recruits talent from OfficeMax;
- peer sets compensation trends in OfficeMax's hiring market; and
- peer has similar revenues to OfficeMax.

The 2008 peer group included the following 26 companies:

Ace Hardware Corporation	Kohl's Corporation
Advance Auto Parts, Inc.	Limited Brands, Inc.
Auto Zone, Inc.	Linens'n Things, Inc.
Big Lots, Inc.	Meijer, Inc.
Blockbuster Inc.	Office Depot, Inc.
The Bon-Ton Stores, Inc.	Payless ShoeSource
Borders Group Inc.	PetSmart, Inc.
Crate & Barrel	RadioShack Corporation
Dollar General Corporation	ShopKo Stores, Inc.
Dollar Tree Stores Inc.	Staples, Inc.
Family Dollar Stores, Inc.	TJX Companies, Inc.
FedEx Kinko's Office and Print Center	Williams-Sonoma, Inc.
Gap Inc.	Winn-Dixie Stores, Inc.

The committee approved the following peer group for 2009 (although the decision was subsequently made not to use peer data in 2009 compensation decisions):

Ace Hardware Corporation	Gap Inc.
Advance Auto Parts, Inc.	Kohl's Corporation
AutoZone, Inc.	Limited Brands, Inc.
Blockbuster Inc.	Meijer, Inc.
The Bon-Ton Stores, Inc.	Office Depot, Inc.
Collective Brands (Payless ShoeSource)	PetSmart, Inc.
Crate & Barrel	RadioShack Corporation
Dollar General Corporation	Shopko Stores, Inc.
Dollar Tree Stores Inc.	Staples, Inc.
Family Dollar Stores, Inc.	TJX Companies, Inc.
FedEx Kinko's Office and Print Center	Williams Sonoma

The 2009 peer group includes four fewer companies (Big Lots, Inc., Borders Group Inc., Linens'n Things, and Winn-Dixie Stores, Inc. did not participate in Hay's Retail Industry Total Remuneration Survey or are no longer in business).

Base Salary

Overview

The committee and management believe that competitive base salaries are necessary to attract and retain management talent critical to achieving our business goals. The committee and management annually review the salary range and salary grades for all elected officer positions, referring to the compensation survey (in years in which one is completed) to provide insight into appropriate levels. Cook reviews this analysis on behalf of the committee and provides independent data as requested by the committee. The target salary for officers in a salary grade is the midpoint of the range. The midpoint represents the approximate median salary for equivalent positions at the peer group companies after adjusting for differences in job content, including company size, business complexity and responsibilities of the roles compared to similar jobs in the market. The committee and management also make comparisons to similar OfficeMax positions in circumstances where the executive position does not exist in the peer group or when no data is gathered on the peer group. The midpoint, or median, is targeted because it enables the company to attract high quality talent without creating an above-market fixed cost structure, which would occur under an above-median strategy, or encouraging management to assume an inordinate amount of risk in its strategic business plan, which could occur if salaries were insufficiently low to enable a comparable standard of living relative to that offered by our competitors.

Process

Annually, the executive vice president and senior vice president of human resources recommend a salary for each elected officer (except for the chief executive officer). With respect to elected officers reporting directly to the chief executive officer, the compensation survey information (in years in which one is completed) and recommended salaries are presented to the chief executive officer. With respect to elected officers not reporting directly to the chief executive officer the process is the same, except the supervising elected officer reviews and provides input to the executive vice president of human resources prior to the presentation of the recommended salaries to the chief executive officer. After reviewing this information, the chief executive officer may make modifications based on his own assessment of individual performance and then makes salary recommendations to the committee. Cook is present at the committee meeting to provide input on the recommendations. The committee approves the base salary for each of the named executive officers and all other elected officers. In establishing base salaries, the committee may consider some or all of the following: compensation survey data, the executive's length of employment, individual performance and experience, expertise, skill, leadership qualities, level of responsibility, placement within company succession planning, overall value to the company and considerations of fairness and comparability within the company. The committee also reviews and may adjust salaries at the time of promotions or other significant increases in executive responsibilities based on the considerations described above.

Mr. Duncan's target base salary is established in the same way as it is for other elected officers, except that no recommendation is made by management with respect to his compensation. In addition, annually, Mr. Duncan provides the committee and the Committee of Outside Directors with his goals and priorities or strategies for the upcoming fiscal year. The Committee of Outside Directors provides Mr. Duncan with a performance review each year, which includes consideration of the financial performance of the company for the year as well as Mr. Duncan's performance. The committee joins the Committee of Outside Directors when it conducts this review so that it can take the results into consideration when it sets Mr. Duncan's compensation for the year.

NEO Salaries

The base salaries for all named executive officers other than the chief executive officer were established following the procedures described above and are set forth in the "Summary Compensation Table" on page 42.

In February 2008, following a discussion of Mr. Duncan's then current salary, as well as the other items of compensation that have been granted to Mr. Duncan, the committee approved an increase in Mr. Duncan's salary to $1,030,000, effective March 30, 2008, in recognition of his accomplishments in continuing to drive the company's turnaround plan. The base salary approved was lower than the midpoint of the applicable salary range and below the compensation survey median for Mr. Duncan's position. Although the procedure to set Mr. Duncan's salary differs from the procedure to set the other named executive officer salaries (in that no recommendation is made to the committee by management with respect to his salary), his target salary is benchmarked in the same way as the other named executive officers, and that benchmark information is provided to the committee. In addition, Cook provided assistance to the committee in considering Mr. Duncan's salary and other compensation based on market data prepared by Hay.

In February 2008, the committee also reviewed the 2007 performance of the following elected officers. The increased base salary of each officer in recognition of his performance and the relationship of each such salary to the midpoint of the salary range and the compensation survey median is set forth below.

Officer	2008 Salary	Relationship to Midpoint of Salary Range and 2008 Compensation Survey Median
Don Civgin	$ 546,000	Lower
Sam Martin	$ 640,000	Lower
Phillip DePaul	$ 327,600	Above midpoint, below survey median
Ryan Vero	$ 533,540	Lower

Mr. Civgin and Mr. DePaul terminated employment with the company in August 2008 and April 2008, respectively to pursue other opportunities.

Our chief accounting officer, Ms. O'Connor, was elected a senior vice president of the company on July 8, 2008, effective July 15, 2008, at which time her base salary was set at $300,000. The committee approved this base salary because of Ms. O'Connor's prior experience and the responsibilities she would take on as chief accounting officer. The base salary approved was above the midpoint of the applicable salary range but below the compensation survey median for Ms. O'Connor's position.

In 2009, the committee made the decision not to provide salary increases to any of the company's executive officers as a result of the company's 2008 financial performance, current and forecasted macroeconomic conditions, and the current status of the office products industry.

Annual Incentive Compensation (Bonus)

Overview

The committee establishes annual incentive compensation in the form of cash bonuses in order to tie a significant portion of annual compensation to our annual financial performance. Each year the committee establishes objective performance criteria that must be met by the company in order for bonuses to be paid (establishing minimum, target and maximum payout levels for each type of performance criteria), a bonus target for each executive officer that is expressed as a percentage of salary, and other terms and conditions of awards under the bonus program. Each of these components is described below. The committee typically approves annual incentive bonus criteria in February, in order to comply with the provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended (referred to in the rest of this section as Section 162(m)), which requires that performance metrics be set within 90 days of the commencement of the performance period. Compliance with Section 162(m) enables the awards to qualify as "performance-based" compensation and allows the awards granted to the CEO and other named executive officers employed at the end of our fiscal year (other than our chief financial officer whose compensation is not subject to the deduction limitations of Section 162(m)) to be tax deductible by us if the compensation to any named executive officer exceeds $1 million for any fiscal year. To receive an award, participants must be employed by the company at the time of award payment, subject to certain exceptions. In addition, no award will be earned or paid if the company does not have net income for the award period or the participant is performing at an unsatisfactory performance level.

Performance criteria that must be met before bonuses are paid

In February 2008, the committee approved the performance criteria for the 2008 annual incentive compensation plan. The performance criteria and weighting chosen were: company EBIT dollars (50%), return on sales (30%) and same location sales growth (20%). In order to achieve a payment at target, the company had to achieve EBIT Dollars of $356 million, return on sales of 3.8% and same location sales growth of 0%. These were the same performance criteria applied in 2007, but the weightings and target amounts were changed (the criteria were weighted equally in 2007). The new weightings and amounts reflected the continuing importance of these criteria in the company's strategic plan but the increasing difficulty of attaining sales targets given macro-economic conditions. These measures and the weightings were selected by the committee to ensure an appropriate focus on growth and profitability, with EBIT Dollars weighted most heavily because it was most indicative of our success in executing our strategic plan and reinforced the objective of increasing our overall profitability. Return on sales measures the efficiency of our execution and sales growth promotes positive marketplace expansion of the business, each of which are critical to achieving sustained and profitable growth as well as the efficient use of capital. The performance criteria and the weighting of and targets for those criteria were intended to motivate and reward eligible officers to strive for continued financial improvement for the company, consistent with increasing stockholder value. In general, the committee strives to establish targets with a level of difficulty that it expects at the time the targets are set will result in a 60% likelihood of achievement of the target by the company. It is accepted that the company's actual results might vary based on a number of factors, including the impact of domestic and foreign economic conditions. Achievement of the 2008 targets was dependent on the successful completion of numerous initiatives designed to increase efficiency, reduce costs, and offset the effect of economic conditions. In 2008, no named executive officer's annual incentive required accomplishment of individual performance measures. The committee may decide whether to include special one-time or extraordinary gains or losses in the calculation of the performance criteria when determining whether the criteria have been met.

Target bonus opportunities

The committee establishes a target bonus for each executive officer. Target bonus amounts are specified as a percentage of the elected officer's base salary. In 2008, target bonus amounts for our named executive officers ranged from 45% to 100% of base salary, depending on position, and were payable in cash. The Executive Vice President of Human Resources and the Senior Vice President of Human Resources recommended a target bonus for each executive officer to the committee which was aligned with the median rate for equivalent positions at peer group companies shown in the compensation survey. Depending on the achievement of the objective performance criteria, an elected officer's actual payout is typically either above or below the targeted amount. The maximum potential award for any participant, including the named executive officers, was 225% of base salary. See the table "Grants of Plan-Based Awards for Fiscal Year

Ended December 27, 2008" on page 45 for the threshold, target and maximum awards for each of our named executive officers under the program. The committee also has the discretion to reduce or eliminate an award regardless of whether the performance goals applicable to the elected officer's bonus have been achieved. The committee did not exercise this discretion in 2008.

Mr. Duncan's annual incentive compensation is determined in the same manner as all other named executive officers, except that, under his employment agreement, his annual bonus target must be at least 100% of his annual base salary in effect at the beginning of the applicable fiscal year. In 2008, Mr. Duncan's target bonus amount was 100% of base salary.

Mr. Civgin's annual target bonus is required to equal at least 55% of his annual base salary in effect at the beginning of the applicable fiscal year pursuant to the terms of his initial offer letter and remained at that level in 2008.

Mr. Martin's annual target bonus is required to equal at least 70% of his annual base salary in effect at the beginning of the applicable fiscal year pursuant to the terms of his initial offer letter and remained at that level in 2008.

For 2008, Ms. O'Connor received a guaranteed bonus equal to 45% of her 2008 annualized base salary, pro-rated based on her start date, pursuant to the terms of her initial offer letter. The guaranteed minimum bonus was provided to encourage Ms. O'Connor to accept the company's offer of employment.

The 2008 annual target bonuses for Messrs. Vero (55% of base salary) and DePaul (50% of base salary) were established based on the median short-term award granted by our peers as reflected in the compensation survey.

Actual payments made under plan

In 2008, we did not achieve the minimum target return on sales goal, EBIT Dollar goal or same location sales growth goal, so bonuses were not earned by the named executive officers under the annual incentive plan, with the exception of Ms. O'Connor, who received a bonus in the amount of $61,566 due to the terms of her initial offer letter, described above.

2009

On February 12, 2009, the committee approved the 2009 Annual Short-Term Incentive Program. The committee chose to use company 2009 pre-tax, pre-interest earnings from operations, adjusted for 2009 short-term and long-term incentive expenses ("Adjusted EBIT") as the sole performance criteria for the annual incentive plan. The level of difficulty of attaining this target is significantly higher than in previous years in order to ensure that the performance required to reach the threshold payout ensures funds are available to fund the payout. The likelihood of attaining these targets is substantially less than the 60% likelihood targeted in prior years.

If the company's financial performance exceeds target Adjusted EBIT, the resulting payout to an officer may be larger than such officer's target percentage, up to a maximum of 2.25 times target. To receive an award, participants must be employed by the company for a minimum of 90 days in 2009, must be employed by the company at the time of award payment, subject to certain exceptions, and must not be performing at an unsatisfactory performance level. In addition, payment of the award is conditioned on the company having positive net income applicable to common shareholders. Previously approved annual incentive targets will apply in 2009 for our executive officers in the following amounts, which represent a percentage of such officer's base salary: Sam Duncan, 100%; Bruce Besanko (our newly-hired Chief Financial Officer) 55%, Sam Martin, 70%; Deborah O'Connor, 45% and Ryan Vero, 55%. The targets approved are the same as the targets approved in 2008 and were in line with and in some instances below the median rate for equivalent positions at peer group companies in the 2008 compensation survey.

The chart below sets forth the historical achievement of the short-term incentive goals over the previous three years.

	EBIT Dollars		Return on Sales		Same Location Sales Growth	
Year	**Goal**	**Actual**	**Goal**	**Actual**	**Goal**	**Actual**
2006	$185,000,000	$308,700,000(2)	2.0%	3.4%	3.9%	1.0%
2007	$379,200,000	$344,200,000	4.0%	3.8%	4.1%	0.9%
2008	$356,000,000	$191,900,000(1)	3.8%	2.3%	0.0%	(10.7)%

(1) EBIT Dollars in 2008 excludes the effect of certain non-cash impairment charges, and a charge related to certain field/corporate reductions in force and certain store and site leases. Including all such charges, actual EBIT Dollars would have been approximately ($1,936,200,000)

(2) EBIT Dollars in 2006 excludes the effect of certain charges relating to the closing of underperforming retail stores, the consolidation of our corporate headquarters and the reorganization of our contract segment.

Long-Term Incentive Compensation (Equity Awards)

Overview

The committee provides long-term incentives in the form of various types of equity awards, in order to serve several compensation objectives. First, the committee believes that equity awards, in tandem with our executive stock ownership guidelines described below, encourage ownership of our common stock by elected officers, which aligns the interest of those officers with our stockholders. In addition, the vesting provisions applicable to the awards help retain eligible officers and reward the achievement of long-term business objectives that benefit our stockholders. The committee believes that performance metrics applicable to long-term incentive awards are particularly critical to encourage forward planning for our success. The committee intends to continue to align the metrics for future long-term incentive compensation programs with our strategic goals as they evolve.

These awards are issued under the OMIPP, which was approved by our stockholders. The OMIPP permits the grant of annual incentive awards, stock, restricted stock, RSUs, performance stock, performance units, stock appreciation rights (SARs), traditional stock options, and a variety of performance-based stock options which allows the committee to choose awards they believe will provide competitive long-term incentive compensation.

Annually, the committee approves the plan design of the long-term incentive program for the upcoming year. Management discusses the initial program elements prior to presenting them to our chief executive officer for further review and recommendation to the committee for approval. This includes the type of equity award to be granted as well as the size of the award for elected officers. In determining the type and aggregate size of awards to be provided, as well as the performance metrics that may apply, the committee considers the strategic goals of the company, trends in corporate governance, accounting impact, tax-deductibility, cashflow considerations, the impact on the company's earnings per share and the number of shares of stock that would be required to be allocated for the award. Throughout the process, Cook is informed and provides ongoing feedback to the committee and management (at the committee's request).

After consideration of the long-term incentive award data presented in the compensation survey (in years in which one is completed) or general information on long-term incentives issued by companies provided by Hay, the committee approves long-term incentive award targets for the elected officers for the upcoming fiscal year, expressed as a percentage of salary. Historically the committee has generally attempted to align the award target for each elected officer with the median rate for equivalent positions at peer group companies. The salary multiple was then applied to the elected officer's base salary to determine the size of the award. If peer data is available, the committee considers whether the awards are comparable to similar awards provided by the peer group as well as similar awards previously offered by the company, each of which are important criteria in ensuring a competitive program that supports attraction and retention objectives and also results in a reasonable and sustainable level of potential share dilution and cost. Generally, on the date on which the awards are granted, each elected officer receives that number of the securities that have been selected for issuance under the long-term incentive program equal to his or her salary multiplied by his or her award target percentage divided by the closing price of company stock on the date of grant. No action may be taken by the officer with respect to the securities underlying the award until the securities vest. The number of securities that actually vest may depend on achievement of objective performance criteria established by the committee. An elected officer's actual vested number of shares of company stock is likely to be either above or below the targeted amount if the award is performance-based.

In general, the committee grants long-term incentive compensation awards one time per year, typically in February, in order to comply with the provisions of Section 162(m), which requires that performance metrics be set within 90 days of the commencement of the performance period. Compliance with Section 162(m) enables the awards to qualify as "performance-based" compensation and thereby allow awards granted to the CEO and other named executive officers that are subject to performance criteria to be tax deductible by us.

Type of equity granted and performance metrics

For 2008, management recommended and the committee approved a grant of performance-based RSUs requiring achievement of a two-year cumulative EBIT Dollar measure and Economic Value Added ("EVA")®(1) Improvement and a grant of time-based RSUs. The performance-based grant was designed to support the company's strategic plan and reward elected officers if our financial performance improved over a two-year period. In addition, the performance-based RSUs support our financial efficiency objectives as they are tax deductible under Section 162(m) and their cost is variable and only incurred to the extent operating goals are achieved. EVA® Improvement, described below, is a new performance metric for the company chosen to emphasize the company's focus on value creation for its stockholders. Because of the uncertainty inherent in new and complex performance metrics, and to increase the retention value of the award, the committee chose to structure one half of the award in RSUs that vest solely upon the elapsing of a time period.

Performance based award

Receipt of the RSUs under the awards is based on the company's achievement of a two-year cumulative EBIT Dollar measure for fiscal years 2008 and 2009. If the minimum EBIT Dollar measure is achieved, then the final amounts received will be adjusted as follows: one half will be adjusted based on EVA® Improvement for fiscal year 2008 and one half will be adjusted based on EVA® Improvement for fiscal year 2009. EVA® Improvement means improvement in the dollar value of the EVA® for the most recently completed fiscal year compared to the dollar value of the EVA® for the next preceding fiscal year. The company defines EVA® to mean operating profit less a charge for capital used. The committee chose targets which required an improvement in our operating results in excess of our 2007 results, and which the committee believed would increase stockholder value when met, while taking into account that further year over year incremental improvement in operating results becomes more difficult as operating results improve. Achievement of the 2008 targets was dependent on the successful completion of numerous initiatives designed

(1) EVA® is a registered trademark of Stern Stewart & Co.

to increase efficiency, reduce costs, and deliver a better customer experience. In 2008, no named executive officer's long-term incentive required accomplishment of individual performance measures.

If the RSUs are earned, one half of the award will be paid in February 2010, and the remaining half of the award will be paid in February 2011. Awards are paid in shares of company common stock.

Awards of performance-based RSUs were approved in the following amounts for the following executive officers of the company: Sam Duncan, 63,210 RSUs; Don Civgin, 13,700 RSUs; Phillip DePaul, 5,290 RSUs; Sam Martin, 19,600 RSUs; and Ryan Vero, 13,640 RSUs. The number of RSUs was determined using the method described below under "Determination of Award Size" based on the closing price of company common stock on February 20, 2008.

Time-based award

The time-based RSUs granted to elected officers will vest and be paid on the third anniversary of the grant date in shares of company common stock. This vesting schedule was selected to retain management talent and be consistent with reasonably competitive practice.

Awards of time-based RSUs were approved in the following amounts for the following executive officers of the company: Sam Duncan, 63,210 RSUs; Don Civgin, 13,700 RSUs; Phillip DePaul, 5,290 RSUs; Sam Martin, 19,600 RSUs; and Ryan Vero, 13,640 RSUs. The number of RSUs was determined using the method described below under "Determination of Award Size" based on the closing price of company common stock on February 20, 2008. Upon joining the company in July 2008, Ms. O'Connor received an award of 21,310 time-based RSUs valued at 80% of her 2008 annualized base salary with the same terms as all other executive officers.

Both types of awards

The award agreements signed by recipients provide that participants must be employed by the company in order for the RSUs to vest (subject to exceptions in certain circumstances including involuntary termination, death, disability or retirement, in which case a pro rata amount of units will vest and be paid after financial results are determined, if applicable, on the schedule set forth in the agreement if the participant was employed with the company for a minimum of six months during fiscal years 2008 or 2009). RSUs may not be sold or transferred prior to vesting. In addition, recipients of the RSUs do not receive dividends and do not have voting rights until the units vest. In the event of a change in control, as defined in the award agreement, the vesting of the RSUs may accelerate under certain circumstances described in the agreement. The award agreement includes a non-solicitation and non-compete clause that states that, beginning on the award date and ending one year after terminating employment with the company, the award recipient will not (i) directly employ or solicit for employment any person who is, or was within six months prior to the officer's termination date, an employee of the company or (ii) commence employment or consult (in a substantially similar capacity to any position held with the company during the last 12 months of employment) with any competitor engaged in the sale or distribution of products, or in the provision of services, in competition with the products sold or distributed or services provided by the company.

Determination of Award Size

The committee establishes a target long-term incentive award for each executive officer. In 2008, target long-term incentive amounts were established as a percentage of the elected officer's base salary. The Executive Vice President of Human Resources and the Senior Vice President of Human Resources recommend a target long-term incentive award for each executive officer to the committee that is aligned with the median rate for equivalent positions at peer group companies shown in the compensation survey (in years in which one is completed). In 2006 and 2007, target long-term incentive awards for our executive officers ranged from 100% to 350% of base salary. In 2008, the target value of long-term incentive awards was decreased from the prior year by an average of 22% for our named executive officers to align with the median rate for equivalent positions at peer group companies and ranged from 80% to 300%.

The executive's actual payout can vary from the targeted amount depending on achievement of any objective performance goals applied to the awards, as well as changes in the value of the shares of stock underlying the grant that occur between the grant date and payout. The maximum potential award for any participant, including the named executive officers, was 150% of the target award.

Mr. Duncan's long-term incentive compensation is determined in the same manner as all other named executive officers, except that under his employment agreement, we are annually required to grant a long-term incentive compensation award with a present value (as determined by the committee) approximately equal to 350% of Mr. Duncan's then-current annual base salary. In 2008, Mr. Duncan voluntarily reduced his percentage of salary for this grant to 300% from 350%, despite contractual entitlement to the larger amount, in order to receive a reduction in award commensurate with the other executive officers. The committee believes these awards appropriately emphasize the importance of long-term performance and align Mr. Duncan's interests with those of our stockholders, while taking into account the other elements of his compensation.

In 2008, awards of RSUs were approved at the following percentage of salary for the following named executive officers of the company: Sam Duncan, 300% of salary; Don Civgin, 125% of salary; Phillip DePaul, 80% of salary; Sam Martin, 150% of salary; and Ryan Vero, 125% of salary. The target awards were based on the compensation survey data and took the company's turnaround status into consideration.

Shortly after joining the company in July 2008, Ms. O'Connor received an award of 21,310 time-based RSUs valued at 80% of her 2008 annualized base salary with the same terms as all other executive officers.

For each of our named executive officers, see the table "Grants of Plan-Based Awards for Fiscal Year Ended December 27, 2008" on page 45 for the threshold, target and maximum awards for the performance based RSUs.

2006 Long-Term Incentive Plan Actual Results

The chart below sets forth the historical achievement of the long-term incentive goals for the company's 2006 long-term incentive plan.

Goal	**Target**		**Actual**	
	2006	**2007**	**2006**	**2007**
EBIT Dollars	$477,000,000		$652,900,000 (1)	
Return on Net Assets	2.9%	2.9%	5.56%	5.75%
Return on Sales	2.25%	3.25%	3.48%	3.79%

(1) EBIT Dollars in 2006 excludes the effect of certain charges relating to the closing of underperforming retail stores, the consolidation of our corporate headquarters and the reorganization of our contract segment.

The 2006 and 2007 financial results of the company exceeded the long-term incentive plan targets and resulted in a payout at 150% of target.

2007

The performance targets for the 2007 long-term incentive plan were not met and all RSUs awarded were forfeited.

2009

On February 12, 2009, the committee approved the 2009 Long-Term Incentive Program. For 2009, each officer will receive an award that is comprised 40% of performance based restricted stock units ("RSUs") and 60% of nonqualified stock options. All elected officers in a certain salary grade will receive an award with an identical value. Long-term incentive awards were approved in the following aggregate values for the executive officers of the company: Sam Duncan, $1,504,000 (146% of base salary); Bruce Besanko, $764,700 (139% of base salary); Sam Martin, $460,000 (72% of base salary); Deb O'Connor, $105,000 (35% of base salary) and Ryan Vero, $321,000 (60% of base salary). The value of the long-term incentive awards is less than the awards granted in 2008 because of fluctuations in the stock price, the uncertainty of current macroeconomic conditions and because the company has a limited number of shares available for grant under the OMIPP because of the company's reduced stock price. The target value of the long-term incentive award decreased by more than 50% compared to 2008. On February 12, 2009, Mr. Duncan waived his right to receive a long-term incentive program award under his Employment Agreement dated April 14, 2005 in the amount of 350% of his base salary. Instead, Mr. Duncan agreed to receive an award in the amount of approximately 146% of his base salary in order to receive a reduction in award commensurate with the other executive officers.

Performance-Based RSUs

Forty percent of the long-term incentive award for each elected officer will consist of performance-based RSUs. In order for any portion of the RSUs to vest, the sum of the company's 2009 pre-tax, pre-interest earnings from operations ("EBIT") and 2010 EBIT must equal a threshold value and the company must have positive net income applicable to common shareholders in 2009 and 2010. Subject to these conditions, one half of Messrs. Duncan, Martin, Vero and Ms. O'Connor's award will vest on February 12, 2011 and one half of Mr. Besanko's award will vest on February 16, 2011. The percentage of the target award that vests will depend on the company's 2009 EBIT adjusted for short-term and long-term incentive expense for 2009. The remaining half of Messrs. Duncan, Martin, Vero and Ms. O'Connor's award will vest on February 12, 2012 and the remaining half of Mr. Besanko's award will vest on February 16, 2012. The percentage of the target award that vests will depend on the company's 2010 EBIT adjusted for short-term and long-term incentive expense for 2010. The maximum potential award for any participant, including the named executive officers, is 150% of the target award. Awards are paid in shares of company common stock.

Awards of performance based RSUs were approved in the following amounts for the following executive officers of the company: Sam Duncan, 120,000 RSUs; Bruce Besanko, 50,000, Sam Martin, 36,700 RSUs, Deb O'Connor, 8,000 RSUs and Ryan Vero, 26,000 RSUs. The number of RSUs was determined based on the salary grade of each officer. The closing price of company common stock on February 12, 2009, the grant date for Messrs. Duncan, Martin, Vero and Ms. O'Connor's awards, was $4.80. The closing price of company common stock on February 13, 2009, the grant date for Mr. Besanko's award and the last business day prior to the effective date of his employment with the company, was $4.49.

The form of the award agreement provides that participants must be employed by the company in order for the units to vest (subject to exceptions in certain circumstances including involuntary termination, death, disability or retirement, if the participant was employed with the company and eligible for participation in the plan for a minimum of six months during fiscal years 2009 and/or 2010, in which case a pro rata amount of units will vest and be paid at the time specified in the agreement). Units may not be sold or transferred prior to vesting. In addition, recipients of the units do not receive dividends and do not have voting rights until the units vest. In the event of a change in control, as defined in the award agreement, the vesting of the RSUs may accelerate under certain circumstances described in the agreement. The award agreement includes a non-solicitation and non-compete clause that states that, beginning on the award date and ending one year after terminating employment with the company, the award recipient will not (i) employ or solicit for employment any person who is, or was within six months prior to the officer's termination date, an employee of the company or (ii) commence employment or consult (in a substantially similar capacity to any position held with the company and with responsibility over the same geographic areas over which an officer had responsibility during the last 12 months of employment) with any competitor engaged in the sale or distribution of products, or in the provision of services, in competition with the products sold or distributed or services provided by the company.

Options

Sixty percent of the long-term incentive award for elected officers will consist of an option to purchase shares of our common stock. For Messrs. Duncan, Martin, and Vero and Ms. O'Connor, the exercise price of the options will be $4.80, the closing price of our common stock on February 12, 2009. For Mr. Besanko, the exercise price of the options will be $4.49, the closing price of our common stock on February 13, 2009, the last business day prior to the effective date of his employment with the company. One third of each option will vest on each anniversary of the grant date for those officers who are employed with the company on the vest date and each option will expire in seven years.

Awards of options were approved in the following amounts for the following executive officers of the company: Sam Duncan, option to purchase 352,900 shares; Bruce Besanko, option to purchase 200,000 shares; Sam Martin option to purchase 107,800 shares; Deb O'Connor, option to purchase 25,000 shares; and Ryan Vero, option to purchase 74,500 shares. For Messrs. Duncan, Martin, Vero and Ms. O'Connor, the number of shares underlying the option grant was determined based on the salary grade of each officer. For Mr. Besanko, the number of shares underlying the option grant was agreed at the time of his hire.

Pursuant to the terms of the option agreements, if an officer terminates employment with the company prior to the third anniversary of the grant date, any unvested options will be forfeited and, if an officer is terminated for disciplinary reasons, as defined in our severance policy, the option, including any vested portion, will immediately be cancelled. The option, to the extent vested, must be exercised on or before the earliest of the seventh anniversary of the grant date; one year after a participant terminates employment as a result of retirement, death, or disability; and three months after termination for any other reason. The exercise price may be paid through cashless exercise, transfer of existing stock, or cash. In the event of a change in control, as defined in the option agreement, the vesting of the options may accelerate under certain circumstances described in the agreement. The option agreement includes a non-solicitation and non-compete clause that states that, beginning on the award date and ending one year after terminating employment with the company, the award recipient will not (i) employ or solicit for employment any person who is, or was within six months prior to the officer's termination date, an employee of the company or (ii) commence employment or consult (in a substantially similar capacity to any position held with the company and with responsibility over the same geographic areas over which an officer had responsibility during the last 12 months of employment) with any competitor engaged in the sale or distribution of products, or in the provision of services, in competition with the products sold or distributed or services provided by the company.

Other Compensation Arrangements

On February 12, 2009, a one-time, discretionary cash bonus was granted to certain company associates, including Mr. Martin ($224,000), Mr. Vero ($146,723) and Ms. O'Connor ($38,434).

On April 14, 2005, we entered into an employment agreement with Mr. Duncan, who became our chief executive officer on April 18, 2005. Mr. Duncan was subsequently appointed chairman of our board of directors on June 30, 2005. Mr. Duncan was hired at a time when the company was experiencing a number of challenges. In December 2003, Boise Cascade Corporation (the company's former name) completed its purchase of OfficeMax, Inc. Prior to December 2003, the company sold and distributed office products to businesses as one of its lines of business but had no retail presence. In November 2004, the company sold all lines of business other than its office products distribution businesses and changed its name to OfficeMax Incorporated. As a result, the company went through a major restructuring, including adding many new executives to the management team. In December 2004, the company commenced an internal investigation into claims by a vendor to its retail business that certain employees acted inappropriately in requesting promotional payments and in falsifying supporting documentation. In January 2005 the president of the company's retail business and its chief financial officer resigned. In February 2005, the company's chief executive officer resigned and the company announced a restatement arising from its internal investigation. In April 2005, as the company was finalizing its employment arrangements with Mr. Duncan, it was threatened with a proxy contest. As a result of all the challenges and uncertainty with respect to the company, it was crucial to chief executive officer recruitment efforts to be able to offer a competitive package that provided some certainty to the candidate. The committee believed that Mr. Duncan's initial overall compensation, as well as each element of his compensation, was reasonable when compared to relevant benchmark data, taking into account the circumstances of his recruitment and his relevant experience. Most of the aspects of Mr. Duncan's compensation that are different than those paid to other named executive officers stem from the initial terms of his employment agreement, which were critical to Mr. Duncan's decision to join the company. The other named executive officers do not have employment agreements. You can read more about Mr. Duncan's agreement throughout "Compensation Discussion and Analysis" beginning on page 23 and under "Estimated Termination Benefits Mr. Duncan" beginning on page 55.

On September 12, 2007, we entered into an offer letter with Mr. Martin effective September 17, 2007, to serve as our executive vice president and chief operating officer. You can read more about Mr. Martin's offer letter throughout "Compensation Discussion and Analysis" beginning on page 23 and under "Estimated Termination Benefits Mr. Martin" beginning on page 58.

On July 8, 2008, we entered into an offer letter with Ms. O'Connor effective July 15, 2008 to serve as our senior vice president, finance and chief accounting officer. You can read more about Ms. O'Connor's offer letter throughout "Compensation Discussion and Analysis" beginning on page 23 and under "Estimated Termination Benefits Ms. O'Connor" beginning on page 59.

In 2005, the committee awarded Mr. Duncan 50,000 RSUs and stock options to purchase 250,000 shares of our common stock. Also in 2005, the committee awarded Mr. Civgin 38,000 RSUs and stock options to purchase 50,200 shares of our common stock. In 2007, the committee awarded Mr. Martin 11,150 RSUs and stock options to purchase 35,000 shares of our common stock. Each of these awards was made pursuant to the officer's agreement or offer letter with us. These additional items of compensation were part of the packages offered to these officers before they joined the company. The terms applicable to these RSUs and stock options are discussed under "Outstanding Equity Awards" beginning on page 47.

Bruce Besanko, newly-hired Chief Financial Officer

Bruce Besanko was elected Chief Financial Officer effective February 16, 2009. Mr. Besanko's initial base salary will be $550,000 per annum. In addition, he will receive a sign-on bonus in the amount of $150,000, 50% of which will be paid 30 days after he commences employment and 50% of which will be paid 180 days after he commences employment. Mr. Besanko will be eligible to participate in the Company's annual incentive plan on the same terms as all other plan participants. The Company has agreed that in each year in which there is an annual incentive plan, Mr. Besanko's annual target cash incentive will equal at least 55% of his annual base salary in effect at the beginning of the applicable fiscal year. Mr. Besanko will be guaranteed a 2009 annual incentive bonus, at not less than 50% of his target bonus percentage, which will be pro-rated based on his start date. Mr. Besanko will be eligible to participate in the Company's long-term incentive plan on the same terms as all other plan participants.

Other Perquisites and Benefit Programs

We provide our elected officers with limited perquisites and other benefits. The committee believes that these programs are competitive within our industry and that the expense of these programs is offset by their attraction and retention value.

Officers with the title of senior vice president and certain elected officers are eligible to participate in our Executive Life Insurance Program, which was adopted by the committee in February 2005. Participants receive a life insurance policy with an insurance amount equal to two times their base salary from a designated insurance carrier (or three times base salary, in the case of the chief executive officer). In 2008, the premiums due on the policies were paid by the company. On February 12, 2009, the Executive Compensation Committee voted to eliminate company payment of the premium due under these policies, except an initial premium contribution for newly-eligible participants and payment of the premium in certain instances if the cash surrender value is not sufficient to pay the premiums. Policy premiums must otherwise be paid from the cash surrender value of a participant's policy or directly by the officer. Upon termination of the participant's employment, the policy remains in force until the end of the current policy period but we will not renew the policy on the next anniversary date.

Officers with the title of senior vice president or higher and certain elected officers participate in the Officer Annual Physical Program, which was adopted by the committee in 2005. Under the current program, we reimburse participating officers for the costs of an annual physical examination. Reimbursements are treated as taxable income to the officer but are grossed up for applicable taxes. The tax gross-up is provided to encourage the executives to use the benefit, which is supportive of the company's succession planning and management continuity objectives.

Officers with the title of senior vice president or higher and certain elected officers were eligible in 2008 to participate in our Financial Counseling Program, which the committee adopted in 2005. Under the program, we reimbursed participating officers for investment planning, tax preparation, tax planning and compliance, and estate planning. Participants could be reimbursed up to a maximum of $5,000 each calendar year. Unused amounts up to $5,000 could be carried forward from year to year. Reimbursements were treated as taxable income to the officer and were grossed up for applicable taxes (subject to the $5,000 overall annual maximum). Officers with the title of senior vice president or higher are eligible to participate in our Financial Counseling Program. On February 12, 2009, the Executive Compensation Committee voted to eliminate this program effective immediately.

Officer Stock Ownership Guidelines

The committee has established stock ownership guidelines for certain officers. The guidelines are intended to increase the stake these officers hold in us and to more closely align their interests with those of our stockholders. The guidelines provide that:

- the chief executive officer should acquire and maintain stock ownership equal in value to five times his base salary;
- each executive vice president should acquire and maintain stock ownership equal in value to three times his or her base salary;
- each senior vice president should acquire and maintain stock ownership equal in value to twice his or her base salary; and
- each vice president should acquire and maintain stock ownership equal in value to his or her base salary.

In determining the appropriate stock ownership levels in 2005, the committee consulted market studies by Hewitt Associates (referred to in the rest of this section as Hewitt) and Cook detailing best practices among a peer group and general industry practices regarding stock ownership guidelines. Stock held directly, vested restricted stock, and stock units held indirectly through our Savings Plan and under our deferred compensation plan are taken into consideration when calculating whether an officer has met his or her stock ownership guidelines. Unvested RSUs and stock options are not included in determining ownership levels. Annually, management provides a report to the committee regarding the number and value of the shares of stock held by each officer subject to the guidelines. All of the officers subject to the guidelines are making progress toward satisfying the applicable guideline. Following the vesting of RSUs or the exercise of options, officers subject to the guidelines who have not met the guidelines are expected to retain at least 50% of the net value of shares of stock received (after payment of income tax withholding and, if applicable, exercise price). This policy applies to grants made in 2005 and later for named executive officers. As of December 27, 2008, Mr. Duncan held 69.8% of his salary, Mr. Martin held 3.0% of his salary, Ms. O'Connor held 0% of her salary and Mr. Vero held 68.2% of his salary.

Speculative Stock Transactions

The company considers it inappropriate for any director, officer, or other employee to enter into speculative transactions in OfficeMax securities. Therefore, the company's insider trading policy also prohibits the purchase or sale of puts, calls, options, or other derivative securities based on the company's securities. This prohibition also includes hedging or monetization transactions, such as forward sale contracts, in which the stockholder continues to own the underlying security without all the risks or rewards of ownership. Finally, directors, officers, and other employees may not purchase OfficeMax securities on margin, or borrow against any account in which company securities are held (except for employee loans from OfficeMax Savings Plan accounts).

Deferral Plan

Our 2005 Deferred Compensation Plan is described beginning on page 51. The purpose of this plan is to permit participants to defer amounts that would otherwise be payable in cash and taxable on an immediate basis that are not permissible under our Qualified Savings Plan as a result of Internal Revenue Code limits. The plan thereby supports retention objectives by providing a competitive benefit that is tax-efficient to the participant. The plan also supports our succession planning strategy by enabling participants to accumulate sufficient retirement savings, thereby promoting an orderly succession of management talent.

Pension Provisions

As described on page 52, Mr. Duncan's employment agreement provides that if he is employed by us on the fifth anniversary of his first day of employment, his supplemental pension benefit will vest. His benefit will generally equal a percentage of his average cash compensation (salary and bonus) over the five years prior to termination of employment. The percentage will be equal to two percent for every full year of employment. This special arrangement was negotiated at the time Mr. Duncan was hired, and in approving this benefit, the committee determined that this was an appropriate replacement for a similar benefit from his previous employer that Mr. Duncan forfeited when he joined us.

For more information, see "Other Compensation and Benefit Plans Pension Benefits" on page 52.

Change in Control Agreements

Mr. Duncan and each of the other named executive officers are parties to change in control agreements with us, the principal terms of which are described beginning on page 52. Under the change in control agreements, the officer will receive the benefits provided under the agreement if, after a change in control (or within 12 months prior to a change in control), the officer's employment is terminated other than as a result of his or her death or disability (as defined in the agreement), by the company for cause (as defined in the agreement) or by the officer other than for good reason (as defined in the agreement).

The committee's overall objective in implementing the change in control policy in 2005 was to encourage the company's most senior executives to review and consider possible change in control transactions in an independent and objective manner without the influence of self-interest or fear of economic loss associated with the possible loss of their positions. In support of this objective, the policy is intended to provide reasonable and competitive severance benefits to executives who lose their jobs as a result of a change in control and to avoid windfall payments associated with completing a transaction. For this reason, benefits under the policy are provided only upon the occurrence of a "double trigger" event, which is defined as completion of a change in control followed by a qualifying termination of employment. In the absence of a reasonable change in control policy, an incentive may exist for senior executives to oppose transactions that are in stockholders' best interests, and conversely, an inappropriately designed program that provides benefits without loss of employment could incent management to pursue transactions that are not necessarily in stockholders' best interests. The committee believes the amounts to be paid upon termination following a change in control are market competitive and have an aggregate potential cost that falls within reasonable competitive parameters. In reaching this conclusion, the committee drew on input received from Cook, including Cook's review of the proposed agreement and analysis of potential change in control costs for the executives covered by the agreements. Cook advised the committee that the overall cost of the program was reasonable in relation to the company's market capitalization at the time of approval and that the specific design provisions supported the objectives described above and were consistent with best practice at the time of implementation. In addition to governance and peer group trends, the committee considered the specific competitive circumstances of the company and its industry in approving these agreements. In approving these payments, the committee also reviewed data from Hewitt regarding the average characteristics of change in control agreements among Fortune 200 companies.

Severance

The desire to provide reasonable and competitive severance benefits to executives who lose their jobs also affected the decision to include the severance provisions reflected in our executive severance policy and in Mr. Duncan's employment agreement, which is described throughout

"Compensation Discussion and Analysis" beginning on page 23. The severance arising from his agreement is described in the section entitled "Estimated Termination Benefits Mr. Duncan" on page 55. The severance provisions in Mr. Duncan's agreement were an important factor in his recruitment to the company.

Our executive officer severance policy applies to all elected officers (unless they have a superseding individual agreement) and provides, among other things, for payment of an amount equal to 12 months' salary if the officer's employment is terminated involuntarily without a disciplinary reason. We may also, at our discretion, continue health, vision and dental group insurance coverage at the associate rate for up to twelve months following the officer's date of termination. An officer is not eligible for benefits under the policy if the officer's employment is terminated as a result of documented unacceptable job performance where at least two corrective action notices have been issued to the officer in the twelve months preceding the termination of employment. We believe this severance policy is similar to policies of many of the other companies with which we compete for management talent, and is therefore a valuable recruiting tool that also helps us to retain management.

We recognize that our severance provisions and change in control provisions can at times overlap. Therefore all agreements or policies providing for such payments require that payments under one type of provision be appropriately adjusted downward if payments are made under a similar provision of another agreement or policy.

Relationship Among the Different Components of Compensation

In order to ensure that named executive officers are held most accountable for our performance and changes in stockholder value, management and the committee generally allocate total compensation such that the portion of compensation attributable to fixed elements, such as salary and benefits, decreases with increasingly higher levels of responsibility, and the portion attributable to variable, performance-based elements increases.

As described above, the compensation survey provides data on the annual targeted total cash compensation and the annual targeted total direct compensation paid by the companies in the compensation survey. Management and the committee generally allocate annual compensation for each executive officer among the components described above on a basis consistent with the results of the compensation survey, although the total compensation paid to an elected officer may be above or below the median based on the survey for that individual's position, based on his or her level of responsibility, performance against annual performance goals, years of experience, and considerations of fairness and comparability within the company. In 2009, when no compensation survey was completed, the committee focused less on the comparability of compensation levels and more on the overall cost of compensation in the short-term. The majority of named executive officers have aggregate targeted compensation that is below the targeted median benchmark rate for that executive's position. No named executive officer's aggregate targeted compensation exceeds the targeted median for that executive's position by more than 16%.

The committee consults with Cook to ensure the resulting outcome supports strategic objectives related to attraction and retention of critical talent, alignment of management interests with those of stockholders, and overall affordability from cost and share dilution perspectives. In addition to the considerations described in the description of each component above, management and the committee are also guided by the compensation survey, in years in which one is completed, in deciding between the types of awards available in our annual and long-term incentive compensation programs. We believe that each component of our compensation program serves an important role, and that together these components combine to enable us to attract and retain talented management, provide management with appropriate incentives to continuously improve the company's performance, and to reward improvement when it occurs.

We believe our base salaries are competitive and our bonus plans emphasize performance-based compensation. We provide our executives the opportunity to significantly increase their annual cash compensation through our bonus program by improving the company's performance in each of the relevant financial areas on an annual basis. We also expect that as those improvements are maintained and built upon, the company's stock price will reflect these improvements, and we therefore use equity awards to reward the long-term efforts of management. These equity awards serve the additional purpose of increasing the ownership stake of our management in the company, further aligning their interests with those of our other stockholders.

In summary, we are confident that the total compensation components provided to each of our named executive officers are competitive with the market and are aligned with the strategic goals of the company.

Recapture Policy

On July 26, 2007, the committee approved a policy that provides that the board shall take such action as it deems necessary against any officer with a title of executive vice president or higher whose misconduct contributes to a financial restatement. The board may (a) require reimbursement of any bonus or incentive compensation awarded to such officer after July 26, 2007, (b) cancel any stock awards granted to such officer after July 26, 2007, and/or (c) require the repayment of stock proceeds.

Tax Impact and Financial Implications

Under Section 162(m), certain items of compensation paid to the chief executive officer and to each of the named executive officers, other than Mr. Civgin, the former Chief Financial Officer ("Covered Employees") in excess of $1,000,000 annually are not deductible for federal income tax purposes unless the compensation is awarded under a performance-based plan approved by the stockholders. The committee believes that it is in our best interest to preserve maximum tax deductibility for compensation paid to the Covered Employees under Section 162(m), although, to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the committee has not adopted a policy that all compensation must be deductible. The compensation plans reflect the committee's intent and general practice to pay compensation that we can deduct for federal income tax purposes. Executive compensation decisions, however, are multifaceted. The committee reserves the right to pay amounts that are not tax deductible to meet the design goals of our executive compensation program. In 2008, Mr. Duncan's salary and perquisites were his only items of compensation that were not performance based. His compensation exceeded, by approximately $22,000, the $1,000,000 non-performance based compensation threshold for 2008. In order to preserve deductibility, Mr. Duncan was required to defer receipt of certain of his shares of stock that vested. See the "Stock Vested Table for Fiscal Year Ended December 27, 2008" on page 50.

The committee also considers other financial implications when developing and implementing the company's compensation program, including tax and accounting effects, the impact on our financial statements and tax returns, cash flow impact, potential share dilution and the risk arising from fluctuations in the value of the compensation.

Recommendation

As set forth in the "Executive Compensation Committee Report" on page 23, the committee has reviewed this Compensation Discussion and Analysis, and recommended its inclusion in this proxy statement.

Summary Compensation Table

The following tables present compensation information for Mr. Duncan, Mr. Civgin (our former Chief Financial Officer), Ms. O'Connor, Messrs. Martin and Vero, our three next most highly compensated executive officers serving on December 27, 2008 and Mr. DePaul, who departed from the company in April 2008.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (1) (d)	Stock Awards ($) (2) (e)	Option Awards ($) (3) (f)	Non-Equity Incentive Plan Compensation ($) (4) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (5) (h)	All Other Compensation ($) (6) (i)	Total ($) (j)
Sam K. Duncan									
Chairman of the Board and Chief Executive Officer	2008	$1,022,615		$ 503,514	$191,219		$ 89,770	$ 79,868	$1,886,986
	2007	$ 975,000		$2,871,840	$359,178	$ 473,000	$ 315,739	$ 114,853	$5,109,610
	2006	$ 887,500		$2,128,235	$598,235	$ 1,404,000	$ 426,817	$ 127,554	$5,572,341
Don Civgin			&nbs						