BOISE CASCADE Co
Form 10-K
February 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-35805

Boise Cascade Company
(Exact name of registrant as specified in its charter)

Delaware	20-1496201
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1111 West Jefferson Street
Suite 300
Boise, Idaho 83702-5389
(Address of principal executive offices) (Zip Code)

(208) 384-6161
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, based on the last reported trading price of the registrant's common stock on the New York Stock Exchange was approximately $1,438,944,479.

There were 38,778,723 shares of the registrant's $0.01 par value common stock outstanding on February 19, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Proxy Statement for its 2016 annual meeting of stockholders are incorporated by reference into Part III of this Form 10-K.

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Cautionary Statement Concerning Forward-Looking Statements

Certain statements made in this Form 10-K contain forward-looking statements. Forward-looking statements are subject to risks and uncertainties that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, plans, goals, and objectives.

Statements preceded or followed by, or that otherwise include, the words "believes," "expects," "anticipates," "intends," "project," "estimates," "plans," "forecast," "is likely to," and similar expressions or future or conditional verbs such as "will," "may," "would," "should," and "could" are generally forward-looking in nature and not historical facts. Such statements are based upon the current beliefs and expectations of our management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements.

The following factors, among others, could cause our actual results, performance, or achievements to differ from those set forth in the forward-looking statements:

- The commodity nature of our products and their price movements, which are driven largely by capacity utilization rates, industry cycles that affect supply and demand, and net import and export activity;
- General economic conditions, including but not limited to housing starts, repair-and-remodeling activity, light commercial construction, inventory levels of new and existing homes for sale, foreclosure rates, interest rates, unemployment rates, household formation rates, and mortgage availability and pricing, as well as other consumer financing mechanisms, that ultimately affect demand for our products;
- The highly competitive nature of our industry;
- Material disruptions and/or major equipment failure at our manufacturing facilities;
- Concentration of our sales among a relatively small group of customers;
- Our ability to successfully and efficiently complete and integrate potential acquisitions;
- The need to successfully formulate and implement succession plans for certain members of our senior management team;
- Availability and affordability of raw materials, including wood fiber and glues and resins;
- Substantial ongoing capital investment costs, including those associated with recent acquisitions, and the difficulty in offsetting fixed costs related to those investments if the housing market does not recover further;
- Disruptions to information systems used to process and store customer, employee, and vendor information, as well as the technology that manages our operations and other business processes;
- The financial condition and creditworthiness of our customers;
- The cost and availability of third-party transportation services used to deliver the goods we manufacture and distribute, as well as our raw materials;

- Labor disruptions, shortages of skilled and technical labor, or increased labor costs;
- The impact of actuarial assumptions and regulatory activity on pension costs and pension funding requirements;
- Our indebtedness, including the possibility that we may not generate sufficient cash flows from operations or that future borrowings may not be available in amounts sufficient to fulfill our debt obligations and fund other liquidity needs;
- Declines in demand for our products due to competing technologies or materials, as well as changes in building code provisions;

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- Impairment of our long-lived assets, goodwill, and/or intangible assets;

- Cost of compliance with government regulations, in particular environmental regulations;

- Exposure to product liability, product warranty, casualty, construction defect, and other claims;

- Restrictive covenants contained in our debt agreements; and

- Fluctuations in the market for our equity.

Certain of these and other factors are discussed in more detail in "Item 1A. Risk Factors" of this Form 10-K. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Form 10-K. While we believe that our forecasts and assumptions are reasonable, we caution that actual results may differ materially. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Consequently, actual events and results may vary significantly from those included in or contemplated or implied by our forward-looking statements.

PART I

ITEM 1. BUSINESS

Boise Cascade is a large, vertically-integrated wood products manufacturer and building materials distributor with widespread operations throughout the United States. As used in this Form 10-K, the terms "Boise Cascade," "we," and "our" refer to Boise Cascade Company (formerly known as Boise Cascade, L.L.C.) and its consolidated subsidiaries. We are one of the largest producers of plywood and engineered wood products (EWP) in North America and a leading U.S. wholesale distributor of building products. Our broad line of products is used primarily in new residential construction, residential repair-and-remodeling projects, light commercial construction, and industrial applications. We have a broad base of more than 4,500 customers, which includes a diverse mix of retail lumberyards, home improvement centers, leading wholesalers, and industrial converters. We believe our large, vertically-integrated operations provide us with significant advantages over less integrated competitors and position us to optimally serve our customers. Our operations began on October 29, 2004, when we acquired the forest products assets of OfficeMax. We completed an initial public offering of our common stock on February 11, 2013.

Our Industry

The building products manufacturing and distribution industry in North America is highly competitive, with a number of producers manufacturing and selling a broad range of products. Demand for our products is principally influenced by new residential construction, residential repair-and-remodeling activity, light commercial construction, and industrial consumption in the United States. Demand drivers include new household formation, the age of the housing stock, availability of credit and other macroeconomic factors, such as GDP growth, population growth and migration, interest rates, employment, and consumer sentiment. Purchasing decisions made by the customers who buy our wood products are generally based on price, quality, and particularly with respect to EWP, customer service and product support.

Segments

We operate our business using three reportable segments: Wood Products, Building Materials Distribution, and Corporate and Other. We present information pertaining to our segments, including product sales, customer concentration, and the geographic areas in which we operate, in Note 15, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Wood Products

Products

We manufacture structural, appearance, and industrial plywood panels. In addition, we manufacture EWP, consisting of laminated veneer lumber (LVL), I-joists, and laminated beams, which are structural products used in applications where extra strength and consistent quality are required, such as headers and beams. LVL is also used in the manufacture of I-joists, which are assembled by combining a vertical web of oriented strand board (OSB) with top and bottom LVL or solid wood flanges. We also produce ponderosa pine lumber, studs, and particleboard.

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The following table sets forth the annual capacity and production of our principal products for the periods indicated:

	Year Ended December 31				
	2015	2014	2013	2012	2011
	(millions)				
Capacity (a)					
Plywood (sq. ft.) (3/8" basis) (b)	2,385	2,380	2,380	1,630	1,500
Laminated veneer lumber (LVL) (cubic feet) (c)	28.5	27.5	27.5	27.5	27.5
Lumber (board feet) (d)	270	270	255	235	200
Production					
Plywood (sq. ft.) (3/8" basis) (b)	1,951	1,973	1,647	1,482	1,240
Laminated veneer lumber (LVL) (cubic feet) (c)	20.1	20.1	17.2	14.2	10.7
I joists (equivalent lineal feet) (c)	198	201	178	149	112
Lumber (board feet) (d)	201	218	197	196	152

(a) Estimated annual capacity at the end of each year.

(b) In September 2013, we purchased two plywood manufacturing facilities, one in Chester, South Carolina, and one in Moncure, North Carolina.

Approximately 18%, 19%, 17%, 15%, and 12%, respectively, of the plywood we produced in 2015, 2014, 2013, 2012, and 2011 was utilized internally to produce LVL.

(c) During each of the years presented above, approximately one-third of the LVL we produced was utilized internally to produce I-joists. Capacity is based on LVL production only.

(d) In February 2012, we purchased a lumber facility in Arden, Washington.

The following table sets forth segment sales, segment income (loss), depreciation and amortization, and earnings before interest, taxes, depreciation, and amortization (EBITDA) for the periods indicated:

	Year Ended December 31				
	2015	2014	2013	2012	2011 (a)
	(millions)				
Segment sales (b)	$1,282.1	$1,317.0	$1,134.1	$943.3	$712.5
Segment income (loss)	$64.2	$108.4	$77.7	$55.8	$(15.1)
Segment depreciation and amortization	43.3	41.5	28.7	24.4	28.4
Segment EBITDA (c)	$107.5	$149.8	$106.3	$80.2	$13.3

(a) In 2011, segment loss included $2.6 million of expense related to the permanent closure of a laminated beam plant in Emmett, Idaho, and noncash asset write-downs.

(b) Segment sales are calculated before elimination of sales to our Building Materials Distribution segment.

(c) Segment EBITDA is calculated as segment income (loss) before depreciation and amortization. EBITDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance and to decide how to allocate resources to segments. See "Item 6. Selected Financial Data" of this Form 10-K for a description of our reasons for using EBITDA, for a discussion of the limitations of such a measure, and for a reconciliation of our consolidated net income (loss) to EBITDA.

Facilities

Our Wood Products segment operates nine plywood and veneer plants, six of which manufacture inputs used in our EWP facilities. In addition, our Wood Products segment operates four EWP facilities, the two most significant of which have a

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high degree of raw material and manufacturing integration with our plywood and veneer facilities. We also operate five sawmills and one particleboard plant.

Raw Materials and Input Costs

Wood fiber. The primary raw material in our Wood Products segment is wood fiber. For the year ended December 31, 2015, wood fiber accounted for approximately 42% of materials, labor, and other operating expenses (excluding depreciation) in our Wood Products segment. Our plywood and veneer facilities use Douglas fir, white woods, pine, and hardwood logs as raw materials. We use ponderosa pine, spruce, and white fir logs to manufacture various grades of lumber. Our EWP facilities use parallel-laminated veneer panels and veneer sheets produced by our facilities and purchased from third parties, as well as stress-rated lumber and OSB purchased from third parties, to manufacture LVL and I-joists. Our manufacturing facilities are located in close proximity to active wood markets. Logs comprised approximately 82% of our wood fiber costs during 2015, and we satisfy our log requirements through a combination of purchases under supply agreements, open-market purchases, and purchases pursuant to contracts awarded under public auctions.

We bid in auctions conducted by federal, state, and local authorities for the purchase of timber, generally at fixed prices, under contracts with terms of generally one to three years. In 2015, approximately 18% of our timber was supplied under government contracts. The remainder of our log supply in 2015 was supplied through private purchases directly from timber owners or through dealers.

Our log and fiber requirements and our access to supply, as well as the cost of obtaining logs, are subject to change based on, among other things, the effect of governmental laws and regulations, our manufacturing operations not operating in the normal course of business, log and fiber availability, and the status of environmental appeals. For a discussion of contractual commitments relating to fiber supply agreements, see "Contractual Obligations" in "Item 8. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

The cost of logs is strongly correlated with prevailing product prices for building materials and manufacturers' expectations for future product prices, with the increase in product prices driving increases in log costs. Because wood fiber is a commodity, prices have been historically cyclical in response to changes in domestic and foreign demand and supply. Demand for dimension lumber has a strong influence on pricing, as the dimension lumber industry is the largest consumer of logs. Generally, increases in the cost of logs lag product price increases, as improved manufacturer profitability often leads to increased demand for logs. In the future, we expect the level of foreign demand for log exports from the western U.S. to fluctuate based on economic activity in China and other Pacific Rim countries, currency exchange rates, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities.

Our aggregate cost of obtaining logs is also affected by fuel costs and the distance of the fiber source from our facilities, as we are often required to transport the logs we purchase from the source to our facilities.

Other raw materials and energy costs. We use a significant quantity of various resins and glues in our manufacturing processes. Resin and glue product costs are influenced by changes in the prices of raw material input costs, primarily fossil fuel products. We purchase resins and glues, other raw materials, and energy used to manufacture our products in both the open market and through supply contracts. The contracts are generally with regional suppliers who agree to supply all of our needs for a certain raw material or energy within the applicable region. These contracts have terms of various lengths and typically contain price adjustment mechanisms that take into account changes in market prices. Therefore, although our long-term contracts provide us with supplies of raw materials and energy that are more stable than open-market purchases, in many cases, they may not alleviate fluctuations in market prices.

Sales, Marketing, and Distribution

Sales of plywood, lumber, and particleboard are managed by product. Our EWP sales force is managed centrally through a main office that oversees regional sales teams. Our sales force spends a significant amount of time working with end customers who purchase our EWP. Our sales force provides a variety of technical support services, including integrated design, engineering, product specification software, distributor inventory management software, and job-pack preparation systems.

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In 2015, plywood, EWP, and lumber accounted for 40%, 40%, and 8%, respectively, of our Wood Products sales. The majority of our wood products are sold to leading wholesalers (including our Building Materials Distribution segment), home improvement centers, retail lumberyards, and industrial converters in North America. Our Building Materials Distribution segment is our Wood Products segment's largest customer, representing approximately 42% of our Wood Products segment's overall sales in 2015. In 2015, 26%, 66%, and 10% of our Wood Products segment's plywood, EWP, and lumber sales volumes, respectively, were to our Building Materials Distribution segment.
The following table lists sales volumes for our principal wood products for the periods indicated:

	Year Ended December 31				
	2015	2014	2013	2012	2011
	(millions)				
Plywood (sq. ft.) (3/8" basis) (a)	1,635	1,651	1,473	1,356	1,106
Laminated veneer lumber (LVL) (cubic feet) (b)	13.1	12.4	11.1	9.1	7.1
I-joists (equivalent lineal feet)	201	193	179	145	110
Lumber (board feet)	206	212	199	188	153

(a) Excludes plywood produced and used in the manufacture of LVL.

(b) Excludes LVL produced and used as flange stock in the manufacture of I-joists.

Segment Strategy

Grow Our Operations With a Focus on Expanding Our Capacity in EWP
We have expanded our market position in EWP by utilizing our large-scale manufacturing position, comprehensive customer service, design support capabilities, and efficient distribution network. We expect to see further increases in EWP demand as a result of the on-going recovery in housing construction and intend to take advantage of these increases by expanding our capacity through capital investments in low-cost, internal veneer manufacturing. We have also developed strategic relationships with third-party veneer suppliers to support additional EWP production as needed. Additionally, we have grown and intend to continue to grow our Wood Products business through strategic acquisitions, such as our pending acquisition of Georgia-Pacific LLC's engineered lumber production facilities. For further discussion, see Note 10, Acquisitions, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10 K.
Continue to Improve Our Competitiveness Through Operational Excellence
We use a disciplined cost management approach to maximize our competitiveness without sacrificing our ability to react to future growth opportunities. Additionally, we have made capital investments and process improvements in certain facilities. These capital investments and process improvements have decreased our production costs and allowed us to produce lower-cost, higher-quality veneers. Beginning in 2009, we adopted a data-driven process improvement program to further strengthen our manufacturing operations. Because of the gains we continue to see from this program, we believe there are opportunities to further apply this process improvement program in our manufacturing operations and apply similar techniques and methods to different functional areas (including sales and marketing) to realize efficiencies in those areas.

Building Materials Distribution

Products

We sell a broad line of building materials, including OSB, plywood, and lumber (collectively commodities), general line items such as siding, metal products, insulation, roofing, and composite decking, and EWP. Except for EWP and plywood, we purchase most of these building materials from a vendor base of more than 1,100 third-party suppliers ranging from large manufacturers, such as James Hardie Building Products, Trex Company, Huber Engineered Woods, Louisiana-Pacific, Georgia-Pacific, and West Fraser, to small regional producers. Substantially all of our EWP is sourced from our Wood Products segment. Our products are used in the construction of new residential housing, including single-family, multi-family, and manufactured homes, the repair and remodeling of existing housing, and the construction of light industrial and commercial buildings.

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The following table lists our product line sales mix for the periods indicated:

	Year Ended December 31				
	2015	2014	2013	2012	2011
	(percentage of Building Materials Distribution sales)				
Commodity	46.5 %	49.4 %	51.3 %	49.9 %	47.0 %
General line	35.9 %	33.6 %	33.0 %	36.3 %	40.6 %
Engineered wood products	17.6 %	17.0 %	15.7 %	13.8 %	12.4 %

The following table sets forth segment sales, segment income, depreciation and amortization, and EBITDA for the periods indicated:

	Year Ended December 31				
	2015	2014	2013	2012	2011
	(millions)				
Segment sales	$2,891.3	$2,786.7	$2,599.6	$2,190.2	$1,779.4
Segment income	$60.8	$56.7	$39.9	$24.0	$2.0
Segment depreciation and amortization	11.9	9.8	9.2	8.8	8.4
Segment EBITDA (a)	$72.7	$66.5	$49.2	$32.9	$10.4

(a) Segment EBITDA is calculated as segment income before depreciation and amortization. EBITDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance and to decide how to allocate resources to segments. See "Item 6. Selected Financial Data" of this Form 10-K for a description of our reasons for using EBITDA, for a discussion of the limitations of such a measure, and for a reconciliation of our consolidated net income (loss) to EBITDA.

Facilities

Our Building Materials Distribution segment operates a nationwide network of 32 building materials distribution facilities throughout the United States. Our Building Materials Distribution segment also operates a single truss manufacturing plant. Our broad geographic presence reduces our exposure to market factors in any single region.

Sales, Marketing, and Distribution

We market our building materials primarily to retail lumberyards and home improvement centers that then sell the products to end customers, who are typically professional builders, independent contractors, and homeowners engaged in residential construction and repair-and-remodeling projects. We also market our products to a wide variety of industrial accounts, which use our products to assemble cabinets, doors, agricultural bins, crating, and other products used in industrial and construction applications. We believe that our national presence and long-standing relationships with many of our key suppliers allow us to obtain favorable price and term arrangements and offer excellent customer service on top brands in the building materials industry. We also believe our broad product line provides our customers with an efficient, one-stop resource for their building materials needs. We also have expertise in special-order sourcing and merchandising support, which is a key service for our home improvement center customers that choose not to stock certain items in inventory.

Each of our distribution centers implements its own distribution and logistics model using centralized information systems. We use internal and external trucking resources to deliver materials on a regularly scheduled basis. Our highly efficient logistics system allows us to deliver superior customer service and assist our customers in optimizing their working capital.

We have a large, decentralized sales force to support our suppliers and customers. Our sales force and product managers have local product knowledge and decision-making authority, which we believe enables them to optimize stocking, pricing, and product assortment decisions. Our sales force has access to centralized information technology systems, an

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extensive vendor base, and corporate-level working capital support, which we believe complements our localized sales model. Our sales force is compensated, in part, based on branch-level performance.
We regularly evaluate opportunities to introduce new products. Broadening our product offering helps us serve as a one-stop resource for building materials, which we believe improves our customers' purchasing and operating efficiencies. The introduction of new products is primarily driven by customer demand or product extensions originating from our vendors. We believe our long-standing customer relationships allow us to respond to customer feedback and introduce new products more rapidly. Broadening our product offering also helps us drive additional products through our distribution system, thereby increasing our scale and efficiency.
Segment Strategy

Grow Market Share

We intend to grow our Building Materials Distribution business in existing markets by adding products and services to better serve our customers. We also plan to opportunistically expand our Building Materials Distribution business. Sales in our Building Materials Distribution segment are strongly correlated with new residential construction and residential improvements in the United States. We will continue to grow our Building Materials Distribution business by opportunistically acquiring facilities, adding new products, opening new locations, relocating and expanding capacity at existing facilities, and capturing local market share through our superior supply chain capabilities and customer service.

Further Differentiate Our Products and Services

We seek to continue to differentiate ourselves from our competitors by providing a broad line of high-quality products and superior customer service. Our highly efficient logistics system and decentralized sales force allow us to deliver superior customer service and assist our customers in optimizing their working capital. Our national distribution platform, coupled with the manufacturing capabilities of our Wood Products segment, differentiates us from most of our competitors and is critical to servicing retail lumberyards, home improvement centers, and industrial accounts locally, regionally, and nationally. Additionally, this system allows us to procure product more efficiently and to develop and maintain stronger relationships with our vendors. Because of these relationships and our national presence, we believe many of our vendors have offered us favorable pricing and provide us with enhanced product introductions and ongoing marketing support.

Corporate and Other

Our Corporate and Other segment includes corporate support staff services, related assets and liabilities, pension plan activity, and foreign currency exchange gains and losses. These support services include, but are not limited to, finance, accounting, legal, information technology, and human resource functions. We purchased many of these corporate staff services, particularly accounting, information technology, and human resource functions, under an Outsourcing Services Agreement from a wholly-owned subsidiary of Packaging Corporation of America (PCA). On November 17, 2014, we entered into the Fifth Amendment to Outsourcing Services Agreement (the “Amendment”) with PCA, which amended the Outsourcing Services Agreement, dated February 22, 2008 (the “Agreement”), to, among other things, provide expiration dates for the termination of substantially all administrative services provided by PCA to us pursuant to the Agreement. By the end of 2015, substantially all administrative services transitioned from PCA to us. Many of these services are being performed by newly hired employees, substantially all of whom transitioned from PCA to Boise Cascade upon termination of the Agreement. See Note 12, Outsourcing Services Agreement, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for more information.

Customers

We maintain relationships with a broad customer base across multiple market segments and various end markets. For the year ended December 31, 2015, our top ten customers represented approximately 29% of our sales, with our largest customer, Home Depot, accounting for approximately 8% of our sales. At December 31, 2015, receivables from Home Depot and Builders FirstSource each accounted for approximately 10% of total receivables. Sales to both Home Depot and Builders FirstSource were recorded in our Building Materials Distribution and Wood Products segments. For additional information related to customers of our Wood Products and Building Materials Distribution segments, see the "Sales, Marketing, and Distribution" sections above.

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Competition

The competitive environment in the U.S. continues to be challenging as new residential and light commercial construction activity remain below the 30-year average. Industry capacity in a number of product markets, including some of those in which we compete, exceeds the current level of demand. Our products and services compete with similar products manufactured and distributed by others. Many factors influence our competitive position in the markets in which we operate. Those factors include price, service, quality, product selection, and convenience of location.

Some of our competitors are larger than we are and have greater financial resources. These resources may afford those competitors greater purchasing power, increased financial flexibility, and more capital resources for expansion and improvement.

Wood Products. The wood products manufacturing markets in which we operate are large and highly competitive. In plywood, we compete with Georgia-Pacific, the largest manufacturer in North America, other large producers such as Roseburg Forest Products, foreign imports produced principally in South America, and several smaller domestic producers. We also compete against several major North American EWP producers, such as Weyerhaeuser Company and Louisiana-Pacific Corporation, as well as several other smaller firms. Our EWP products also face competition from numerous dimension lumber producers, because EWP may be substituted by dimension lumber in many building applications. We have leading market positions in the manufacture of plywood, EWP, and ponderosa pine lumber. We hold much smaller market positions in our other manufactured products. In the wood products manufacturing markets, we compete primarily on the basis of price, quality, and particularly with respect to EWP, levels of customer service. Most of our competitors are located in the United States (U.S.) and Canada, although we also compete with manufacturers in other countries, particularly when the U.S. dollar and economy are stronger relative to other countries, encouraging foreign producers to sell more of their plywood and lumber products into the U.S. Our competition includes not only manufacturers and distributors of similar building products but also manufacturers and distributors of products made from alternative materials, such as steel and plastic. Some of our competitors enjoy strong reputations for product quality and customer service, and these competitors may have strong relationships with certain distributors, making it more difficult for our products to gain additional market share. Some of our competitors in this segment are also vertically integrated and/or have access to internal sources of wood fiber, which may allow them to subsidize their base manufacturing business in periods of rising fiber prices.

Building Materials Distribution. The building materials distribution markets in which we operate are highly fragmented, and we compete in each of our geographic and product markets with national, regional, and local distributors. Our national wholesale distribution competitors include BlueLinx Holdings Inc. and Weyerhaeuser Company. Regional wholesale distribution competitors include Cedar Creek, OrePac, and U.S. Lumber Group. We also compete with wholesale brokers and certain buying cooperatives. We compete on the basis of pricing and availability of product, service and delivery capabilities, ability to assist customers with problem solving, extension of credit terms, customer relationships, geographic coverage, and breadth of product offerings. We also distribute products for some manufacturers that engage in direct sales. In recent years, there has been consolidation among retail lumberyards. As the customer base consolidates, this dynamic could affect our ability to maintain margins. Proximity to customers is an important factor in minimizing shipping costs and facilitating quick order turnaround and on-time delivery. We believe our ability to obtain quality materials, from both internal and external sources, the scale and efficiency of our national footprint, and our focus on customer service are our primary competitive advantages in this segment. Also, financial stability is important to suppliers and customers in choosing distributors and allows for more favorable terms on which we are able to obtain our products from our suppliers and sell our products to our customers.

Environmental

A discussion of general and industry-specific environmental laws and regulations is presented under the caption "Environmental" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 3. Legal Proceedings" of this Form 10-K.

Capital Investment

Information concerning our capital expenditures is presented in "Investment Activities" under "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

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Seasonal and Inflationary Influences

We are exposed to fluctuations in quarterly sales volumes and expenses due to seasonal factors. These seasonal factors are common in the building products industry. For further information, see "Seasonal and Inflationary Influences" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

Employees

As of February 14, 2016, we had approximately 5,910 employees. Approximately 26% of these employees work pursuant to nine collective bargaining agreements. Four agreements, covering approximately 643 employees at our Elgin plywood plant and sawmill, La Grande particleboard plant, Kettle Falls plywood plant, and Woodinville Building Materials Distribution (BMD) facility, are set to expire on May 31, 2016. For further discussion of risks related to labor disruptions and increased labor costs, refer to "Item 1A. Risk Factors" of this Form 10-K.

Trademarks

We maintain many trademarks for our manufactured wood products, particularly EWP. Our key registered trademarks include BOISE CASCADE® and the TREE-IN-A-CIRCLE® logo, which are perpetual in duration as long as we continue to timely file all post registration maintenance documents related thereto. We believe these key trademarks to be of significant importance to our business.

Available Information

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act) and therefore file periodic reports and other information with the Securities and Exchange Commission (SEC). These reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549, or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet website at www.sec.gov that contains reports, proxy information statements, and other information regarding issuers that file electronically.

Our filings under the Exchange Act, including annual reports on Form 10-K, quarterly reports on Form 10-Q, Registration Statements, current reports on Form 8-K, and all amendments to these reports, are also available free of charge on the investor relations portion of our website at www.bc.com. These reports are available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on the website, and the information contained on the website is not part of this document.

Executive Officers and Key Employees

Below is a list of names, ages, and a brief description of the business experience of our executive officers and key members of management, each as of February 19, 2016.

Name	Age	Position
Executive Officers:		
Thomas K. Corrick	60	Chief Executive Officer
Wayne M. Rancourt	53	Executive Vice President, Chief Financial Officer, and Treasurer
Daniel G. Hutchinson	64	Executive Vice President, Wood Products Manufacturing
Nick Stokes	58	Executive Vice President, Building Materials Distribution
John T. Sahlberg	62	Senior Vice President, Human Resources and General Counsel
Kelly E. Hibbs	49	Vice President and Controller

Key Management:		
Dennis R. Huston	63	Vice President of Sales and Marketing, Engineered Wood Products
Frank Elfering	49	Vice President of Purchasing, Building Materials Distribution
Rich Viola	58	Vice President of Sales and Marketing, Building Materials Distribution

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Thomas K. Corrick, Chief Executive Officer

Mr. Corrick became our chief executive officer on March 6, 2015. Prior to his election as CEO, Mr. Corrick held the following positions with the company:

- Chief Operating Officer, November 2014 - March 2015
- Executive Vice President, Wood Products, June 2014 - November 2014
- Sr. Vice President, Wood Products, August 2012 - June 2014
- Sr. Vice President, Engineered Wood Products, February 2011 - August 2012
- Vice President, Engineered Wood Products, January 2005 - February 2011
- General Manager, Engineered Wood Products, October 2004 - January 2005

Mr. Corrick received his bachelor's and master's degrees in business administration from Texas Christian University.

Wayne M. Rancourt, Executive Vice President, Chief Financial Officer, and Treasurer

Mr. Rancourt became our executive vice president, chief financial officer, and treasurer in November 2014. His previous positions with the company were:

- Senior Vice President, Chief Financial Officer, and Treasurer, August 2009 - November 2014
- Vice President, Treasurer and Investor Relations, February 2008 - August 2009
- Vice President and Treasurer, October 2004 - January 2008

Mr. Rancourt received a B.S. degree in accounting from Central Washington University.

Daniel G. Hutchinson, Executive Vice President, Wood Products Manufacturing

Mr. Hutchinson became our executive vice president, Wood Products Manufacturing, in November 2014. His previous positions with the company were:

- Vice President of Operations, Wood Products Manufacturing, August 2012 - November 2014
- General Manager of Operations, Engineered Wood Products, December 2008 - August 2012
- Engineered Products National Accounts Manager, February 2007 - December 2008

Mr. Hutchinson received bachelor's degrees in accounting and finance from the University of Idaho and an M.B.A. from Washington State University.

Nick Stokes, Executive Vice President, Building Materials Distribution

Mr. Stokes became our executive vice president, Building Materials Distribution, in March 2014. His previous positions with the company were:

- Senior Vice President, Building Materials Distribution, February 2011 - March 2014
- Vice President, Building Materials Distribution, October 2004 - February 2011

Mr. Stokes received a B.S. in management and a B.S. in marketing from the University of Utah.

John T. Sahlberg, Senior Vice President, Human Resources and General Counsel

Mr. Sahlberg became our senior vice president, Human Resources and General Counsel, effective August 2012. His previous positions with the company were:

- Vice President, Human Resources and General Counsel, January 2011 - August 2012
- Vice President, Human Resources, February 2008 - January 2011
- Director of Human Resources, February 2006 - February 2008
- Director of Labor Relations, October 2004 - February 2006

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Mr. Sahlberg received a bachelor's degree in economics from Harvard College and a J.D. from Georgetown University. He is a member of the Idaho State Bar. He is a member of the board of directors of US Ecology, Inc., which is traded publicly on NASDAQ.

Kelly E. Hibbs, Vice President and Controller

Mr. Hibbs became our vice president and controller in February 2011. His previous positions with the company were:

- Director of Strategic Planning and Internal Audit, February 2008 - February 2011
- Manager of Financial Forecasts and Projects, October 2004 - February 2008

Mr. Hibbs received a B.A. in accounting from Boise State University. He is a certified public accountant.

Dennis R. Huston, Vice President of Sales and Marketing, Engineered Wood Products

Mr. Huston became our vice president of sales and marketing, Engineered Wood Products, in August 2012. His previous position with the company was:

- Sales Manager of Engineered Wood Products, October 2004 - August 2012

Mr. Huston received a bachelor's degree in political science from the University of Dubuque in Iowa.

Frank Elfering, Vice President of Purchasing, Building Materials Distribution

Mr. Elfering became our vice president of purchasing, Building Materials Distribution, in October 2013. His previous positions with the company were:

- Purchasing Manager, Building Materials Distribution, July 2013 - October 2013
- Division Marketing Manager & West Region Sales Manager, Building Materials Distribution, 2008 - 2013

Mr. Elfering received a B.S. in marketing from Oregon State University.

Rich Viola, Vice President of Sales and Marketing, Building Materials Distribution

Mr. Viola became our vice president of sales and marketing, Building Materials Distribution, in October 2013. His previous positions with the company were:

- Division Sales and Marketing Manager, August 2013 - October 2013
- National Accounts Sales Manager & East Region Sales Manager, September 1999 - August 2013
- Senior Vice President, Sales and Marketing, Furman Lumber, Inc., March 1996 - September 1999 (position held prior to Boise Cascade's acquisition of Furman Lumber in 1999)

Mr. Viola received a B.S. in marketing from Northeastern University in Boston.

ITEM 1A. RISK FACTORS

Risks Relating to Our Business

Many of the products we manufacture or purchase and resell are commodities whose price is determined by the market's supply and demand for such products, and the markets in which we operate are cyclical and competitive.

Many of the building products we produce or distribute, including OSB, plywood, lumber, and particleboard, are commodities that are widely available from other manufacturers or distributors with prices and volumes determined frequently in an auction market based on participants' perceptions of short-term supply and demand factors. At times, the price for any one or more of the products we produce or distribute may fall below our cash production or purchase costs, requiring us to either incur short-term losses on product sales or cease production at one or more of our manufacturing facilities. Therefore, our profitability with respect to these commodity products depends, in significant part, on managing our cost structure, particularly raw materials and labor, which represent the largest components of our operating costs. Commodity wood product prices could

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be volatile in response to operating rates and inventory levels in various distribution channels. Commodity price volatility affects our distribution business, with falling price environments generally causing reduced revenues and margins, resulting in substantial declines in profitability.

Demand for the products we manufacture, as well as the products we purchase and distribute, is closely correlated with new residential construction in the United States and, to a lesser extent, light commercial construction and residential repair-and-remodeling activity. New residential construction activity remained below the 30-year average level during 2015 and so did demand for many of the products we manufacture and distribute. The timing and extent of a recovery in residential construction activity to average historical levels is uncertain. Demand for new residential construction is influenced by seasonal weather factors, mortgage availability and rates, unemployment levels, household formation rates, domestic population growth, immigration rates, residential vacancy and foreclosure rates, demand for second homes, existing home prices, consumer confidence, and other general economic factors.

Industry supply for the products we produce and distribute is influenced primarily by price-induced changes in the operating rates of existing facilities but is also influenced over time by the introduction of new product technologies, capacity additions and closures, restart of idled capacity, and log availability. The balance of supply and demand in the United States is also heavily influenced by imported products, principally from Canada and South America.

We have very limited control of the foregoing, and as a result, our profitability and cash flow may fluctuate materially in response to changes in the supply and demand balance for our primary products.

Our industry is highly competitive. If we are unable to compete effectively, our sales, operating results, and growth strategies could be negatively affected.

The markets for the products we manufacture in our Wood Products segment are highly competitive. Our competitors range from very large, fully integrated forest and building products firms to smaller firms that may manufacture only one or a few types of products. We also compete less directly with firms that manufacture substitutes for wood building products. Certain mills operated by our competitors may be lower-cost manufacturers than the mills operated by us.

The building products distribution industry that our Building Materials Distribution segment competes in is highly fragmented and competitive, and the barriers to entry for local competitors are relatively low. Competitive factors in our industry include pricing and availability of product, service and delivery capabilities, ability to assist customers with problem solving, extension of credit terms, customer relationships, geographic coverage, and breadth of product offerings. Also, financial stability is important to suppliers and customers in choosing distributors and allows for more favorable terms on which to obtain products from suppliers and sell products to customers. If our financial condition deteriorates in the future, our support from suppliers may be negatively affected.

Some of the businesses with which we compete are part of larger companies and therefore have access to greater financial and other resources than we do. These resources may afford those competitors greater purchasing power, increased financial flexibility, and more capital resources for expansion and improvement, which may enable those competitors to compete more effectively than we can. In addition, certain suppliers to our distribution business also sell and distribute their products directly to our customers. Additional manufacturers of products distributed by us may elect to sell and distribute directly to our retail customers in the future or enter into exclusive supply arrangements with other distributors. Finally, we may not be able to maintain our costs at a level sufficiently low for us to compete effectively. If we are unable to compete effectively, our net sales and net income will be reduced.

A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, including the demand from our Building Materials Distribution business, reduce our sales, and/or negatively affect our financial results.

Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including but not limited to:

- equipment failure, particularly a press at one of our major EWP production facilities;
- fires, floods, earthquakes, hurricanes, or other catastrophes;
- unscheduled maintenance outages;
- utility, information technology, telephonic, and transportation infrastructure disruptions;

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- labor difficulties;
- other operational problems; or
- ecoterrorism or threats of ecoterrorism.

Any downtime or facility damage could prevent us from meeting customer demand for our products and/or require us to make unplanned capital expenditures. If our machines or facilities were to incur significant downtime, our ability to satisfy customer requirements would be impaired, resulting in lower sales and net income.

Because approximately 42% of our Wood Products sales in 2015 were to our Building Materials Distribution business, a material disruption at our Wood Products facilities would also negatively affect our Building Materials Distribution business. We are therefore exposed to a larger extent to the risk of disruption to our Wood Products manufacturing facilities due to our vertical integration and the resulting impact on our Building Materials Distribution business.

In addition, a number of our suppliers are subject to the manufacturing facility disruption risks noted above. Our suppliers' inability to produce the necessary raw materials for our manufacturing processes or supply the finished goods that we distribute through our Building Materials Distribution segment may adversely affect our results of operations, cash flows, and financial position.

A significant portion of our sales are concentrated with a small number of customers.

For the year ended December 31, 2015, our top ten customers represented approximately 29% of our sales, with one customer accounting for approximately 8% of sales. At December 31, 2015, receivables from such customer accounted for approximately 10% of total receivables. In addition, several of our customers merged during 2015 which has resulted in further concentration of sales and receivables among a small number of customers. One of the mergers resulted in an additional customer accounting for approximately 10% of total receivables at December 31, 2015. Although we believe that our relationships with our customers are strong, the loss of one or more of these customers could have a material adverse effect on our operating results, cash flow, and liquidity. For more discussion regarding customer mergers, see "Industry Mergers and Acquisitions" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

Our strategy includes pursuing acquisitions. We may be unable to successfully complete potential acquisitions or efficiently integrate acquired operations.

We may be unable to successfully complete potential acquisitions (including our proposed acquisition of Georgia-Pacific LLC's (GP) engineered lumber production facilities) due to multiple factors, such as issues related to regulatory review of the proposed transactions. The GP transaction is conditioned upon the expiration or termination of the Hart-Scott-Rodino Act of 1976 waiting period and the absence of legal injunctions prohibiting the completion of the transaction, along with other facts. The process of satisfying these and other conditions could delay completion of the transaction. Failure to complete the transaction due to our inability to meet these conditions, could, in certain circumstances, require us to pay to GP a termination fee in the amount of $10 million.

Acquisitions involve significant risks and uncertainties, including uncertainties as to the future financial performance of the acquired business, difficulties integrating acquired personnel into our business, the potential loss of key employees, customers, or suppliers, difficulties in integrating different computer and accounting systems, exposure to unknown or unforeseen liabilities of acquired companies, and the diversion of management attention and resources from existing operations. We may also be required to incur additional debt in order to consummate acquisitions, which debt may be substantial and may limit our flexibility in using our cash flow from operations. We may not be able to integrate the operations of future acquired businesses in an efficient and cost-effective manner or without significant disruption to our existing operations or realize expected synergies. Our failure to integrate future acquired businesses effectively or to manage other consequences of our acquisitions could adversely affect our financial condition, operating results, and cash flows.

We may be unable to attract and retain key management and other key employees.

Our key managers are important to our success and may be difficult to replace because they have a significant amount of experience in forest products manufacturing and building materials distribution. While our senior management team has considerable experience, certain members of our management team are nearing or have reached normal retirement age. The failure to successfully formulate and implement succession plans could result in inadequate depth of institutional knowledge or inadequate skill sets, which could adversely affect our business.

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Our manufacturing operations may have difficulty obtaining wood fiber at favorable prices or at all.

Wood fiber is our principal raw material, which accounted for approximately 42% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2015. Wood fiber is a commodity, and prices have been historically cyclical in response to changes in domestic and foreign demand and supply. In the future, we expect the level of foreign demand for log exports from the western U.S. to fluctuate based on the economic activity in China and other Pacific Rim countries, currency exchange rates, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities.

In certain regions in which we operate, a substantial portion of our logs are purchased from governmental authorities, including federal, state, and local governments. As a result, existing and future governmental regulation can affect our access to, and the cost of, such timber. Future domestic or foreign legislation and litigation concerning the use of timberlands, timber harvest methodologies, forest road construction and maintenance, the protection of endangered species, forest-based carbon sequestration, the promotion of forest health, and the response to and prevention of catastrophic wildfires can affect log and fiber supply from both government and private lands. Availability of harvested logs and fiber may be further limited by fire, insect infestation, disease, ice storms, windstorms, hurricanes, flooding, and other natural and man-made causes, thereby reducing supply and increasing prices. If we are unable to negotiate purchases for our log requirements in a particular region to satisfy our log needs at satisfactory prices or at all, which could include private purchases, open-market purchases, and purchases from governmental sources, it could have an adverse effect on our results of operations.

We also purchase OSB, which is used as the vertical web to assemble I-joists, from third parties. OSB accounted for approximately 4% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2015. OSB is a commodity, and prices have been historically volatile in response to industry capacity restarts and operating rates, inventory levels in various distribution channels, and seasonal demand patterns. Sustained periods of high OSB costs may lead to significantly higher costs of our I-joist production.

Historically, availability of residual wood fiber for our particleboard operation has been negatively affected by significant mill closures and curtailments that have occurred among solid-wood product manufacturers, and future periods of low demand for solid-wood products could negatively affect availability. In addition, future development of wood cellulose biofuel or other new sources of wood fiber demand could interfere with our ability to source wood fiber or lead to significantly higher costs.

Our operations require substantial capital, and recent significant capital investments and acquisitions have increased fixed costs, which could negatively affect our profitability.

In recent years, we have completed a number of capital investments, including the replacement or rebuild of veneer dryers and log utilization centers (or improvements to other manufacturing equipment), increasing our outdoor storage acreage, and leasing additional warehouse space. These capital investments, along with recent acquisitions, have resulted in increased fixed costs, which could negatively affect our profitability if the housing market does not continue to recover and revenues do not improve to offset our incremental fixed costs. Capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. Although we maintain our production equipment with regular periodic and scheduled maintenance, we cannot assure you that key pieces of equipment in our various manufacturing facilities will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flow. If for any reason we are unable to provide for our operating needs, capital expenditures, and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations, and cash flows.

Cyber security risks related to the technology used in our operations and other business processes, as well as security breaches of company, customer, employee, and vendor information, could adversely affect our business.

We rely on various information technology systems to capture, process, store, and report data and interact with customers, vendors, and employees. Despite careful security and controls design, including independent third-party assessments, our information technology systems, and those of our third-party providers, could become subject to cyber attacks. Network, system, and data breaches could result in misappropriation of sensitive data or operational disruptions, including interruption to systems availability and denial of access to and misuse of applications required by our customers to

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conduct business with us. In addition, sophisticated hardware and operating system software and applications that we procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the systems. Misuse of internal applications; theft of intellectual property, trade secrets, or other corporate assets; and inappropriate disclosure of confidential information could stem from such incidents. Delayed sales, slowed production, or other repercussions resulting from these disruptions could result in lost sales, business delays, and negative publicity and could have a material adverse effect on our operations, financial condition, or cash flows.

Adverse housing market conditions may increase the credit risk from our customers.

Our Building Materials Distribution and Wood Products segments extend credit to numerous customers who are generally susceptible to the same economic business risks as we are. Unfavorable housing market conditions could result in financial failures of one or more of our significant customers. Furthermore, we may not necessarily be aware of any deterioration in our customers' financial position. If our customers' financial positions become impaired, it could impair our ability to fully collect receivables from such customers and negatively affect our operating results, cash flow, and liquidity.

We depend on third parties for transportation services and limited availability or increases in costs of transportation could adversely affect our business and operations.

Our business depends on the transportation of a large number of products, via railroad or truck. We rely primarily on third parties for transportation of the products we manufacture or distribute and for the delivery of our raw materials. In addition, we are subject to seasonal capacity constraints and weather related delays for both rail and truck transportation.

If any of our third-party transportation providers were to fail to deliver the goods we manufacture or distribute in a timely manner, we may be unable to sell those products at full value. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at reasonable cost.

Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, negatively affect our customer relationships, and have a material adverse effect on our operating results, cash flows, and financial condition.

In addition, an increase in transportation rates or fuel surcharges could adversely affect our sales, profitability, and cash flows.

Labor disruptions or increased labor costs could adversely affect our business.

As of February 14, 2016, we had approximately 5,910 employees. Approximately 26% of these employees work pursuant to collective bargaining agreements. As of February 14, 2016, we had nine collective bargaining agreements. Four agreements, covering approximately 643 employees at our Elgin plywood plant and sawmill, La Grande particleboard plant, Kettle Falls plywood plant, and Woodinville BMD facility, are set to expire on May 31, 2016. We could experience a material labor disruption, strike, or significantly increased labor costs at one or more of our facilities, either in the course of negotiations of a labor agreement or otherwise. Either of these situations could prevent us from meeting customer demands or result in increased costs, thereby reducing our sales and profitability.

Significant changes in discount rates, actual investment return on pension assets, and other factors could affect our earnings, equity, and pension contributions in future periods.

Our earnings may be negatively affected by the amount of income or expense we record for our pension plans. Generally accepted accounting principles (GAAP) require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions relating to financial market and other economic conditions. Changes in key economic indicators can change the assumptions. The most significant year-end assumptions used to estimate pension expense are the discount rate and the expected long-term rate of return on plan assets. In addition, we are required to make an annual measurement of plan assets and liabilities, which may result in a significant change to equity through a reduction or increase to "Accumulated other comprehensive loss." A decline in the market value of the pension assets will increase our funding requirements. Our pension plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the present value of our liabilities increase, potentially increasing pension expense and funding requirements. Changes in demographics, including increased numbers of retirements or changes in life expectancy assumptions, may also increase the funding requirements of the obligations related to the pension plans. At December 31, 2015, the net underfunded status of our defined benefit pension plans was $84.6 million. If the status of our defined benefit plans continues to be underfunded, we anticipate

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significant future funding obligations, reducing the cash available for our business. For more discussion regarding how our financial statements can be affected by pension plan estimates, see "Pensions" included in "Critical Accounting Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

Our ability to service our indebtedness or to fund our other liquidity needs is subject to various risks.

Our ability to make scheduled payments on our indebtedness and fund other liquidity needs depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business, and other factors, including the availability of financing in the banking and capital markets as well as the other risks described herein. In particular, demand for our products correlates to a significant degree to the level of residential construction activity in North America, which historically has been characterized by significant cyclicality. Over the last eight years, housing starts remained below the 30-year average. There can be no assurance as to when or if the housing market will rebound to historical levels.

We cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us at a cost or in an amount sufficient to enable us to service our debt or to fund our other liquidity needs. If we are unable to service our debt obligations or to fund our other liquidity needs, we could be forced to curtail our operations, reorganize our capital structure, or liquidate some or all of our assets.

Some of our products are vulnerable to declines in demand due to competing technologies or materials, as well as changes in building code provisions.

Our products may compete with nonfiber-based alternatives or with alternative products in certain market segments. For example, plastic, concrete, steel, wood/plastic or composite materials may be used by builders as alternatives to the products produced by our Wood Products segment such as plywood, EWP, and lumber. Changes in prices for oil, chemicals, and wood-based fiber can change the competitive position of our products relative to available alternatives and could increase substitution of those products for our products. As the use of these alternatives grows, demand for our products may decline.

Our principal manufactured products are also subject to substitution from other wood-based products, such as EWP facing competition from numerous dimension lumber producers and other strand based EWP that we don't produce or plywood losing further market share to OSB in residential and non-residential applications.

In addition, building code provisions have been implemented in certain jurisdictions to address concerns for fire fighter safety related to the collapse of floors during residential fires. The I-joists that we manufacture are subject to this code change. As local jurisdictions adopt the new code, I-joists will be competitively disadvantaged in houses that are built with ground floors over unfinished basements and could be subject to substitution by dimension lumber or other products. If we are unable to successfully develop solutions that meet the code requirements and gain acceptance in the marketplace, the demand for our I-joists could be materially affected, negatively impacting our financial condition, operating results, and cash flows.

If our long-lived assets, goodwill, and/or intangible assets become impaired, we may be required to record noncash impairment charges that could have a material impact on our results of operations.

We review the carrying value of long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We also test goodwill in each of our reporting units and intangible assets with indefinite lives for impairment annually in the fourth quarter or sooner if events or changes in circumstances indicate that the carrying value of the asset may exceed fair value. Should the markets for our products deteriorate or should we decide to invest capital differently than as expected, or should other cash flow assumptions change, it is possible that we will be required to record noncash impairment charges in the future with respect to the investments we have completed and expect to complete, which could have a material impact on our results of operations.

We are subject to environmental regulation and environmental compliance expenditures, as well as other potential environmental liabilities.

Our businesses are subject to a wide range of general and industry-specific environmental laws and regulations, particularly with respect to air emissions, wastewater discharges, solid and hazardous waste management, and site remediation. Enactment of new environmental laws or regulations, including those aimed at addressing greenhouse gas emissions, or changes in existing laws or regulations might require us to make significant expenditures or restrict operations.

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From time to time, legislative bodies and environmental regulatory agencies may promulgate new regulatory programs imposing significant incremental operating costs or capital costs on us. In December 2012, the Environmental Protection Agency (EPA) finalized a revised series of four regulations commonly referred to collectively as Boiler MACT, which are intended to regulate the emission of hazardous air pollutants from industrial boilers. Facilities in our Wood Products segment are subject to one or more of these regulations and were required to be in compliance with the applicable rules by January 31, 2016. Most of our Wood Products plants have installed the required controls and are in compliance. However, several of our facilities have received one-year compliance extensions, and those facilities are still implementing plans to achieve compliance. Even with the revised rules finalized, considerable uncertainty still exists, as there are legal challenges to the final rules from industry and environmental organizations that could cause us to incur additional expenses beyond those already anticipated. Based upon our current understanding of the regulations, we expect to spend approximately $5 million in capital over the next year to comply with the applicable rules.

As an owner and operator of real estate, we may be liable under environmental laws for the cleanup of past and present spills and releases of hazardous or toxic substances on or from our properties and operations. We could be found liable under these laws whether or not we knew of, or were responsible for, the presence of such substances. In some cases, this liability may exceed the value of the property itself.

We may be unable to generate funds or other sources of liquidity and capital to fund unforeseen environmental liabilities or expenditures to the extent we are not indemnified by third parties. For example, in connection with prior transactions, certain third parties are generally obligated to indemnify us for hazardous substance releases and other environmental violations that occurred prior to such transactions. However, these third parties may not have sufficient funds to fully satisfy their indemnification obligations when required, and in some cases, we may not be contractually entitled to indemnification by them. For additional information on how environmental regulation and compliance affects our business, see "Environmental" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

The nature of our business exposes us to product liability, product warranty, casualty, construction defect, and other claims.

We may be involved in product liability, product warranty, casualty, construction defect, and other claims relating to the products we manufacture and distribute, and services we provide that, if adversely determined, could adversely affect our financial condition, operating results, and cash flows. We rely on manufacturers and other suppliers to provide us with many of the products we sell and distribute. Because we do not have direct control over the quality of such products manufactured or supplied by such third-party suppliers, we are exposed to risks relating to the quality of such products. In addition, we are exposed to potential claims arising from the conduct of our employees, and homebuilders and their subcontractors, for which we may be contractually liable. Although we currently maintain what we believe to be suitable and adequate insurance in excess of our self-insured amounts, there can be no assurance that we will be able to maintain such insurance on acceptable terms or that such insurance will provide adequate protection against potential liabilities. Product liability, product warranty, casualty, construction defect, and other claims can be expensive to defend and can divert the attention of management and other personnel for significant periods, regardless of the ultimate outcome. Claims of this nature could also have a negative impact on customer confidence in our products and our company. We cannot assure you that any current or future claims will not adversely affect our financial condition, operating results, and cash flows.

The terms of our revolving credit facility and the indenture governing our senior notes restrict, and covenants contained in agreements governing indebtedness in the future may restrict, our ability to operate our business and to pursue our business strategies.

Our revolving credit facility and the indenture governing our senior notes contain, and any future indebtedness of ours may contain, a number of restrictive covenants that impose customary operating and financial restrictions on us. Our revolving credit facility and the indenture governing our senior notes limit our ability and the ability of our restricted subsidiaries, among other things, to:

- incur additional debt;

- declare or pay dividends, redeem stock, or make other distributions to stockholders;
- make investments;
- create liens or use assets as security in other transactions;
- merge or consolidate, or sell, transfer, lease, or dispose of substantially all of our assets;

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- enter into transactions with affiliates;
- sell or transfer certain assets; and
- make prepayments on our senior notes and subordinated indebtedness.

In addition, our revolving credit facility provides that if an event of default occurs or excess availability under our revolving credit facility drops below a threshold amount equal to the greater of 10% of the aggregate commitments under our revolving credit facility or $35 million (and until such time as excess availability for two consecutive fiscal months exceeds that threshold amount and no event of default has occurred and is continuing), we will be required to maintain a monthly minimum fixed charge coverage ratio of 1.0:1.0, determined on a trailing twelve-month basis. Our failure to comply with any of these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness.

Risks Relating to Ownership of Our Common Stock

The price of our common stock may fluctuate significantly.

Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for them. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, our other public announcements, and our filings with the Securities and Exchange Commission (SEC);
- changes in key personnel;
- strategic actions by us, our customers, or our competitors, such as acquisitions or restructurings;
- changes in, or failure to meet, earnings estimates or recommendations by research analysts who track our common stock or the stock of other companies in our industry;
- the failure of research analysts to cover our common stock;
- general economic, industry, and market conditions;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- material litigation or government investigations;
- changes in general conditions in the U.S. and global economies or financial markets, including those resulting from war, incidents of terrorism, or responses to such events;
- sales of common stock by us or members of our management team;
- the granting or exercise of employee stock options;
- volume of trading in our common stock (which may be impacted by future sales or repurchases of our common stock);
- changes in accounting standards, policies, guidance, interpretations, or principles; and
- the impact of the facts described elsewhere in "Item 1A. Risk Factors" of this Form 10-K.

In addition, the stock market has regularly experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price.

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We do not currently intend to pay dividends on our common stock.

We historically have not paid dividends on our common stock. In the future, the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend upon our financial condition, earnings, contractual obligations, applicable laws, and other factors that our board of directors may deem relevant. In addition, our existing indebtedness restricts, and we anticipate our future indebtedness may restrict, our ability to pay dividends. Therefore, you may not receive a return on your investment in our common stock by receiving a payment of dividends.

Certain provisions of our organizational documents and other contractual provisions may make it difficult for stockholders to change the composition of our board of directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial.

Certain provisions of our certificate of incorporation and bylaws may have the effect of delaying or preventing changes in control if our board of directors in exercising its duty of care determines that such changes in control are not in the best interests of the company and our stockholders. The provisions in our certificate of incorporation and bylaws include, among other things, the following:

- a classified board of directors with three-year staggered terms;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval;
- stockholder action can only be taken at a special or regular meeting and not by written consent;
- advance notice procedures for nominating candidates to our board of directors or presenting matters at stockholder meetings;
- removal of directors only for cause;
- allowing only our board of directors the ability to create additional director seats and fill vacancies on our board of directors; and
- super-majority voting requirements to amend our bylaws and certain provisions of our certificate of incorporation.

We have elected in our certificate of incorporation not to be subject to Section 203 of the General Corporation Law of the State of Delaware (DGCL), an antitakeover law. However, our certificate of incorporation contains provisions that have the same effect as Section 203. These provisions prohibit a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner.

While these provisions have the effect of encouraging persons seeking to acquire control of our company to negotiate with our board of directors, they could enable the board of directors to hinder or frustrate a transaction that some, or a majority, of the stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

We are subject to the SEC's rules implementing Section 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. In addition, we are required to disclose changes made in our internal controls and procedures on a quarterly basis, as well as perform an assessment of our internal control over financial

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reporting pursuant to Section 404 of the Sarbanes-Oxley Act. Testing and maintaining internal control could divert our management's attention from other matters that are important to the operation of our business.

Our independent registered public accounting firm attested to the effectiveness of our internal controls over financial reporting for the first time beginning with fiscal 2014. In the future, our independent registered public accounting firm may issue a report that is adverse, in the event it is not satisfied with the level at which our controls are documented, designed, or operating. If we are unable to conclude that we have effective internal control over financial reporting, our independent registered public accounting firm is unable to provide us with an unqualified report as required by Section 404 of the Sarbanes-Oxley Act, or we are required to restate our financial statements, we may fail to meet our public reporting obligations and investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved comments from the Commission staff.

ITEM 2. PROPERTIES

Our properties are well-maintained and are suitable for the operations for which they are used. Information concerning production capacity and the utilization of our manufacturing facilities is presented in "Item 1. Business" of this Form 10-K.

The following is a list of our facilities by segment as of February 19, 2016. We lease office space for our corporate headquarters in Boise, Idaho.

Wood Products

We own all of our Wood Products manufacturing facilities. The following table summarizes our Wood Products facilities as of February 19, 2016:

Facility Type	Number of Facilities	Locations
Plywood and veneer plants	9	Louisiana (2), North Carolina, Oregon (4), South Carolina, and Washington
LVL/I-joist/laminated beam plants	4	Louisiana, Oregon, Idaho, and Canada
Sawmills	5	Oregon (3) and Washington (2)
Particleboard plant	1	Oregon

Building Materials Distribution

We lease and own properties in our Building Materials Distribution business. Substantially all of our leases are noncancelable and accounted for as operating leases. These leases are not subject to early termination except for standard nonperformance clauses. The following table summarizes our 33 Building Materials Distribution facilities as of February 19, 2016:

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Location	Owned or Leased	Approximate Warehouse Square Footage
Phoenix, Arizona	Owned	33,000
Lathrop, California	Leased	164,000
Riverside, California	Leased	162,000
Denver, Colorado	Owned	230,000
Grand Junction, Colorado	Owned/Leased	97,000
Milton, Florida	Leased	87,000
Orlando, Florida	Owned	144,000
Pompano Beach, Florida	Leased	68,000
Atlanta, Georgia	Leased	214,000
Boise, Idaho	Owned/Leased	159,000
Idaho Falls, Idaho	Owned/Leased	69,000
Chicago, Illinois	Leased	170,000
Biddeford/Saco, Maine (a)	Leased	48,000
Baltimore, Maryland	Leased	205,000
Westfield, Massachusetts	Leased	134,000
Detroit, Michigan	Leased	108,000
Minneapolis, Minnesota	Leased	144,000
Kansas City, Missouri	Leased	24,000
Billings, Montana	Owned	81,000
Greenland, New Hampshire	Owned/Leased	166,000
Delanco, New Jersey	Owned/Leased	345,000
Albuquerque, New Mexico	Leased	68,000
Greensboro, North Carolina	Leased	157,000
Marion, Ohio	Leased	95,000
Tulsa, Oklahoma	Owned	129,000
Memphis, Tennessee	Owned	78,000
Dallas, Texas	Owned/Leased	233,000
Houston, Texas	Leased	150,000
Salt Lake City, Utah	Leased	126,000
Spokane, Washington	Owned/Leased	59,000
Vancouver, Washington	Leased	86,000
Woodinville, Washington	Owned/Leased	110,000
Yakima, Washington	Owned/Leased	44,000

(a) Truss manufacturing plant.

ITEM 3. LEGAL PROCEEDINGS

We are a party to routine legal proceedings that arise in the ordinary course of our business. We are not currently a party to any legal proceedings or environmental claims that we believe would, individually or in the aggregate, have a material adverse effect on our financial position, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of Our Common Stock

Our common stock began trading on the New York Stock Exchange (NYSE) under the symbol BCC on February 6, 2013. Prior to that, there was no public market for our common stock. The following table sets forth the high and low sales prices of our common stock for 2015 and 2014 as reported by the NYSE:

	High Sale Price	Low Sale Price
2015		
Fourth Quarter	$33.15	$24.40
Third Quarter	$37.97	$24.92
Second Quarter	$39.80	$34.35
First Quarter	$43.90	$34.60
2014		
Fourth Quarter	$37.99	$27.66
Third Quarter	$31.67	$25.72
Second Quarter	$29.60	$23.81
First Quarter	$31.86	$27.52

On February 19, 2016, there were 38,778,723 shares of our common stock outstanding, held by 14 stockholders of record, one of which was Cede & Co., which is the nominee of shares held through The Depository Trust Company. On February 19, 2016, the closing price of our common stock was $14.05.

Dividends

We did not declare or pay any cash dividends on our common stock during the years ended December 31, 2015 and 2014. We do not currently plan to pay a regular dividend on our common stock. In the future, the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend upon our financial condition, earnings, contractual obligations, restrictions imposed by our revolving credit facility and the indenture governing our senior notes, or applicable laws and other factors that our board of directors may deem relevant. See "Debt Structure" under "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for a description of the restrictions in our revolving credit facility and the indenture governing our senior notes, respectively, on our ability to pay dividends.

Performance Graph

The following graph compares the return on a $100 investment in our common stock on February 6, 2013 (the day we first began trading on the NYSE as Boise Cascade Company) with a $100 investment also made on February 6, 2013, in the S&P SmallCap 600 Index and our peer group. The companies included in our peer group are Louisiana-Pacific Corporation, BlueLinx Holdings Inc., Universal Forest Products, Inc., Builders FirstSource, Inc., and Norbord Inc. The information in the graph below and table above is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, except to the extent that we specifically incorporate such information by reference. The stock performance shown below is not necessarily indicative of future performance.

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(a) $100 invested in stock or index on February 6, 2013, including reinvestment of dividends in additional shares of the same class of equity securities.

Unregistered Sales of Equity Securities

On February 4, 2013, Boise Cascade, L.L.C., our predecessor and a Delaware limited liability company, converted into Boise Cascade Company in anticipation of our initial public offering. In connection with the conversion, the 1,000 common units of Boise Cascade, L.L.C., held by Boise Cascade Holdings L.L.C. (BC Holdings, former parent of Boise Cascade), were automatically exchanged into 29,700,000 shares of our common stock. BC Holdings did not pay any consideration for such shares of common stock.

Except as set forth above in the immediately preceding paragraph, we did not sell any unregistered securities from January 1, 2013, through December 31, 2015.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On February 25, 2015, our Board of Directors authorized a common stock repurchase program (Program), which allows us to purchase up to two million shares of our common stock, on an opportunistic basis, through open market transactions, privately negotiated transactions, or accelerated share repurchase transactions. As of December 31, 2015, there were 1,277,089 shares of common stock that may yet be purchased under the Program. We did not repurchase any shares of our common stock during the three months ended December 31, 2015. Subsequent to December 31, 2015, we repurchased 180,100 shares of our common stock at a cost of $2.6 million, or an average of $14.62 per share.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data for the periods indicated and should be read in conjunction with the disclosures in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

	Year Ended December 31				
	2015	2014	2013 (a)	2012	2011 (b)
	(millions, except per-share data)				
Consolidated statement of operations data					
Sales	$3,633	$3,574	$3,273	$2,779	$2,248
Net income (loss)	$52	$80	$117	$41	$(46)
Net income (loss) per common share – basic and diluted	$1.33	$2.03	$2.91	$1.40	$(1.56)
Earnings before interest, taxes, depreciation, and amortization (EBITDA) (c)	$158	$197	$136	$97	$9
Cash dividends declared per common share	$—	$—	$—	$—	$—
Balance sheet data (at end of year)					
Cash and cash equivalents	$184	$164	$118	$46	$176
Working capital, excluding cash and cash equivalents (d)	$342	$335	$312	$245	$241
Total assets (e)	$1,249	$1,213	$1,096	$820	$892
Total long-term debt (e)	$345	$294	$293	$267	$215

(a) In 2013, net income includes a $68.7 million income tax benefit associated with the recording of net deferred tax assets upon our conversion to a corporation. For more information, see Note 3, Income Taxes, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

At December 31, 2013, total assets include the acquisition of Wood Resources LLC Southeast Operations for an aggregate purchase price of $103.0 million.

(b) The following were included in 2011 net loss:

- $1.7 million of expense related to the permanent closure of a laminated beam plant in Emmett, Idaho; and
- $2.0 million of noncash asset write-downs.

(c) The following table reconciles net income (loss) to EBITDA for the periods indicated:

	Year Ended December 31				
	2015	2014	2013	2012	2011
	(millions)				
Net income (loss)	$52	$80	$117	$41	$(46)
Interest expense	23	22	20	22	19
Income tax provision (benefit)	29	43	(39)	—	—
Depreciation and amortization	56	51	38	33	37
EBITDA	$158	$197	$136	$97	$9

EBITDA is defined as income (loss) before interest (interest expense and interest income), income taxes, and depreciation and amortization. EBITDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance and to decide how to allocate resources to segments. We believe EBITDA is useful to investors because it provides a means to evaluate the operating performance of our segments and our company on an ongoing basis using criteria that are used by our internal decision makers and because it is frequently used by investors and other interested parties when comparing companies in our industry that have different financing and capital structures and/or tax rates. We believe EBITDA is a meaningful measure because it presents a transparent view of our recurring operating performance and allows management to readily view operating trends, perform analytical comparisons, and identify strategies to improve operating performance. EBITDA, however, is not a measure of our liquidity or financial performance under generally accepted accounting principles (GAAP) and should not be considered as an alternative to net income (loss), income (loss) from operations, or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity. The use of EBITDA instead of net income (loss) or segment income (loss) has limitations as an analytical tool, including the inability to determine profitability; the exclusion of interest expense, interest income, change in fair value of interest rate swaps, and associated significant cash requirements; and the exclusion of depreciation and amortization, which represent unavoidable operating costs. Management compensates for the limitations of EBITDA by relying on our GAAP results. Our measure of EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

(d) As of December 31, 2015, we retrospectively adopted Accounting Standards Update (ASU) 2015-17, Balance Sheet Classification of Deferred Taxes, by reclassifying previously reported current deferred tax assets as noncurrent on the balance sheet. This reclassification resulted in a reduction of working capital, as previously reported, of $20 million and $18 million as of December 31, 2014 and 2013, respectively. No reclassification was required as of December 31, 2012 and 2011 since we had no current deferred taxes recorded due to our tax status as a limited liability company. For more information regarding our adoption of ASU 2015-17, see Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

(e) As of December 31, 2015, we retrospectively adopted ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, by reclassifying previously reported deferred financing costs as a direct deduction from the related debt liability rather than as an asset. This reclassification resulted in a reduction of total assets and total long-term debt, as previously reported, of $7 million, $8 million, $8 million, and $5 million, respectively, as of December 31, 2014, 2013, 2012, and 2011. For more information regarding our adoption of ASU 2015-03, see Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Understanding Our Financial Information

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this Form 10-K. The following discussion includes statements that are forward-looking statements that are based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in the section entitled "Cautionary Statement Concerning Forward-Looking Statements" and in Item 1A. "Risk Factors." References to "fiscal year" or "fiscal" refer to our fiscal year ending on December 31 in each calendar year.

Overview

Company Background

Boise Cascade is a large, vertically-integrated wood products manufacturer and building materials distributor with 51 facilities (consisting of 19 manufacturing facilities and 32 distribution facilities) located throughout the United States and one manufacturing facility in Canada. We completed an initial public offering of our common stock on February 11, 2013. We have three reportable segments: (i) Wood Products, which manufactures plywood, engineered wood products (EWP), ponderosa pine lumber, studs, and particleboard; (ii) Building Materials Distribution, which is a wholesale distributor of building materials; and (iii) Corporate and Other, which includes corporate support staff services, related assets and liabilities, pension plan activity, and foreign currency exchange gains and losses. For more information, see Note 15, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" and "Item 1. Business" of this Form 10-K. Our broad line of products is used primarily in new residential construction, residential repair-and-remodeling projects, light commercial construction, and industrial applications. We have a broad base of more than 4,500 customers, which includes a diverse mix of retail lumberyards, home improvement centers, leading wholesalers, and industrial converters. Our Wood Products and Building Materials Distribution segments are vertically-integrated from wood procurement through distribution. During 2015, approximately 42% of our Wood Products segment sales were to our Building Materials Distribution segment. In 2015, approximately 26%, 66%, and 10% of our Wood Product segment's plywood, EWP, and lumber sales volumes, respectively, were to our Building Materials Distribution segment.

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Executive Summary

We recorded income from operations of $103.2 million during the year ended December 31, 2015, compared with $145.5 million during the same period in the prior year. In our Wood Products segment, income decreased by $44.2 million to $64.2 million for the year ended December 31, 2015, from $108.4 million in 2014. The decrease was due primarily to lower plywood and lumber sales prices, offset partially by improved pricing and sales volumes for EWP. In our Building Materials Distribution segment, income improved $4.1 million to $60.8 million for the year ended December 31, 2015, from $56.7 million for the year ended December 31, 2014, driven primarily by a higher gross margin of $18.4 million. This improvement was offset partially by increased selling and distribution expenses of $9.9 million, higher depreciation and amortization of $2.1 million, and lower other income of $1.7 million. These changes are discussed further in "Our Operating Results" below.

At December 31, 2015, we had $184.5 million of cash and cash equivalents and $258.6 million of unused committed bank line availability under our revolving credit facility. Cash increased $20.9 million during the year ended December 31, 2015, as cash provided by the issuance of a $50.0 million term loan and cash provided by operations (which is net of $54.3 million in pension contributions) was offset partially by $87.5 million of capital spending and $23.7 million of common stock repurchases, as discussed further in "Liquidity and Capital Resources" below.

On December 21, 2015, we announced that we and our wholly-owned subsidiary, Boise Cascade Wood Products, L.L.C., had entered into an Asset Purchase Agreement, dated December 18, 2015 (the "Agreement"), with Georgia-Pacific LLC and certain of its affiliates (collectively, "GP") to purchase GP's engineered lumber production facilities located at Thorsby, Alabama, and Roxboro, North Carolina (the "Acquisition"). The purchase price for the Acquisition is $215 million, including a closing date working capital target of $25 million. We plan to finance the acquisition and related expenses with approximately $90 million of cash on hand and $130 million in new borrowings. The transaction is expected to close in the first half of 2016.

The Thorsby facility produces laminated veneer lumber (LVL). The Roxboro facility currently produces I-joists. Roxboro’s LVL production assets are currently idled. We expect to invest capital and hire additional employees to increase production at these mills in 2016 and beyond to obtain significant logistics benefits as well as to meet expected growth in new residential construction. Subsequent to the capital investments we intend to make, we believe the addition of Thorsby and Roxboro will increase LVL billet capacity by 9 million cubic feet and I-joist capacity by 80 million lineal feet per year.

Factors That Affect Our Operating Results and Trends

Our results of operations and financial performance are influenced by a variety of factors, including: (i) the commodity nature of the products we manufacture and distribute; (ii) general economic and industry conditions affecting demand; and (iii) availability and affordability of raw materials, including wood fiber and glues and resins. These factors have historically produced cyclicality in our results of operations, and we expect this cyclicality to continue in future periods.

Commodity Nature of Our Products

Many of the building products we manufacture or distribute, including oriented strand board (OSB), plywood, lumber, and particleboard, are commodities that are widely available from other manufacturers or distributors with prices and volumes frequently determined based on buyers' and sellers' perceptions of short-term supply and demand factors. At times, the price for any one or more of the products we produce or distribute may fall below our cash production or purchase costs, requiring us to either incur short-term losses on product sales or cease production at one or more of our manufacturing facilities. As a result, our profitability with respect to these commodity products depends, in significant part, on managing our cost structure, particularly raw materials and labor, which represent the largest components of our operating costs, as well as the margin to which we can resell the commodities we distribute. Composite structural panel and lumber prices have been historically volatile and are well below prior year levels. Future commodity product prices could be volatile in response to industry operating rates, net import and export activity, inventory levels in various distribution channels, and seasonal demand patterns.

The following table provides changes in the average composite panel (a composite calculation based on index prices for OSB and plywood) and average composite lumber prices as reflected by Random Lengths, an industry publication, for the periods noted below:

	Year Ended December 31		
	2015 versus 2014	2014 versus 2013	2013 versus 2012
Increase (decrease) in panel prices	(5)%	(10)%	11%
Increase (decrease) in lumber prices	(14)%	0%	19%

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Periods of increasing prices provide the opportunity for higher sales and increased margins, while declining price environments may result in declines in sales and profitability. For further discussion of the impact of commodity prices on historical periods, see "Our Operating Results" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

In our Wood Products segment, our plan is to continue to respond to market conditions by actively managing our production facilities to balance supply with demand, which will likely result in operating some of our facilities below their capacity, as we did in 2015. In addition, we have expanded our market position in EWP in recent years and expect to see further increases in EWP demand as a result of the on-going recovery in housing construction. We expect margins for EWP over time will be higher and more stable than those for most wood products and are focused on leveraging our manufacturing position, comprehensive customer service offering, design support capabilities, and efficient distribution network.

General Economic and Industry Conditions Affecting Demand

The level of housing starts is especially important to our results of operations. As of February 2016, the Blue Chip Economic Indicators consensus forecast for 2016 single- and multi-family housing starts in the U.S. was approximately 1.25 million units, compared with actual housing starts of 1.11 million in 2015 and 1.00 million in 2014, as reported by the U.S. Census Bureau. While still below long-term historical average levels of 1.4 million units per year over the 30 years prior to 2015, annual housing starts increased 11% and 8%, respectively, during 2015 and 2014. We believe that, over the long term, demographics in the U.S. support a return to long-term historical average levels of residential construction.

We believe continued employment growth, wage growth, prospective home buyers' access to financing, improved consumer confidence, as well as other factors, will be necessary to increase household formation rates. Improved household formation rates in turn will help stimulate new construction. Demand for new residential construction is also influenced by several other economic conditions, including domestic population growth, immigration rates, residential vacancy and foreclosure rates, demand for second homes, and existing home prices.

Industry supply for the products we produce and distribute is influenced primarily by price-induced changes in the operating rates of existing facilities but is also influenced over time by the introduction of new product technologies, capacity additions and closures, restart of idled capacity, and log availability. The balance of supply and demand in the United States is also heavily influenced by imported products, principally from Canada and South America, particularly when the U.S. dollar and economy are stronger relative to other countries, encouraging foreign producers to sell more of their plywood and lumber products into the U.S.

We believe that our product line diversification provides us some protection from declines in new residential construction. Our products are used not only in new residential construction, but also in residential repair-and-remodeling projects. We believe the overall age of the U.S. housing stock, resales of existing homes, increased focus on making homes more energy efficient, rising home prices, and availability of consumer loans at low interest rates will continue to support long-term growth in repair-and-remodeling expenditures and increased demand through home improvement centers and our other customers that service professional contractors.

Availability and Affordability of Raw Materials

Our principal raw material is wood fiber, which accounted for approximately 42% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation), for our Wood Products segment in 2015. Logs comprise approximately 82% of our wood fiber costs, and we satisfy our log requirements through a combination of purchases under supply agreements, open-market purchases, and purchases pursuant to contracts awarded under public auctions conducted by federal, state, and local authorities.

The following table provides changes in our average per-unit log costs for the periods noted below:

	Year Ended December 31		
	2015 versus 2014	2014 versus 2013	2013 versus 2012
Increase in per-unit log costs	1%	2%	10%

The cost of logs is strongly correlated with prevailing product prices for building materials and manufacturers' expectations for future product prices, with an increase in product prices driving increases in log costs. Because wood fiber is a

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commodity, prices have been historically cyclical in response to changes in domestic and foreign demand and supply. Demand for dimension lumber has a strong influence on pricing, as the dimension lumber industry is the largest consumer of logs. We anticipate that wood fiber costs will fluctuate in the future as building material product prices fluctuate. Generally, increases in the cost of logs lag product price increases, as improved manufacturer profitability often leads to increased demand for logs.

In the future, we expect the level of foreign demand for log exports from the western U.S. to fluctuate based on economic activity in China and other Pacific Rim countries, currency exchange rates, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities.

Our aggregate cost of obtaining logs is also affected by fuel costs and the distance of the fiber source from our facilities, as we are often required to transport the logs we purchase from the source to our facilities.

We also use various resins and glues in our manufacturing processes, which accounted for approximately 6% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2015. The costs of resins and glues are influenced by changes in the prices of raw material input costs, primarily fossil fuel products. We purchase many of our raw materials through long-term contracts that contain price adjustment mechanisms that take into account changes in market prices. Therefore, although our long-term contracts provide us with supplies of raw materials and energy that are more stable than open-market purchases, in many cases, they may not alleviate fluctuations in market prices.

We also purchase OSB, which is used as the vertical web to assemble I-joists, from third parties. OSB accounted for approximately 4% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2015.

The following table provides the annual average of weekly OSB composite prices as reflected by Random Lengths for the years noted below:

	Year Ended December 31		
	2015	2014	2013
OSB composite prices	$225	$245	$357

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Our Operating Results

The following tables set forth our operating results in dollars and as a percentage of sales for the years ended December 31, 2015, 2014, and 2013:

	Year Ended December 31		
	2015	2014	2013
	(millions)		
Sales	$3,633.4	$3,573.7	$3,273.5
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	3,153.5	3,065.7	2,846.6
Depreciation and amortization	55.6	51.4	38.0
Selling and distribution expenses	273.3	264.2	245.3
General and administrative expenses	49.4	48.5	45.5
Other (income) expense, net	(1.6)	(1.6)	(0.7)
	3,530.2	3,428.2	3,174.7
Income from operations	$103.2	$145.5	$98.8
	(percentage of sales)		
Sales	100.0 %	100.0 %	100.0 %
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	86.8 %	85.8 %	87.0 %
Depreciation and amortization	1.5	1.4	1.2
Selling and distribution expenses	7.5	7.4	7.5
General and administrative expenses	1.4	1.4	1.4
Other (income) expense, net	—	—	—
	97.2 %	95.9 %	97.0 %
Income from operations	2.8 %	4.1 %	3.0 %

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Sales Volumes and Prices

Set forth below are historical U.S. housing starts data, segment sales volumes and average net selling prices for the principal products sold by our Wood Products segment, and sales mix and gross margin information for our Building Materials Distribution segment for the years ended December 31, 2015, 2014, and 2013.

	Year Ended December 31		
	2015	2014	2013
	(thousands)		
U.S. Housing Starts (a)			
Single-family	714.6	647.9	617.6
Multi-family	396.6	355.4	307.3
	1,111.2	1,003.3	924.9
	(millions)		
Segment Sales			
Wood Products	$1,282.1	$1,317.0	$1,134.1
Building Materials Distribution	2,891.3	2,786.7	2,599.6
Intersegment eliminations	(540.0)	(529.9)	(460.2)
	$3,633.4	$3,573.7	$3,273.5
	(millions)		
Wood Products			
Sales Volumes			
Plywood (sq. ft.) (3/8" basis)	1,635	1,651	1,473
Laminated veneer lumber (LVL) (cubic feet)	13.1	12.4	11.1
I-joists (equivalent lineal feet)	201	193	179
Lumber (board feet)	206	212	199
	(dollars per unit)		
Wood Products			
Average Net Selling Prices			
Plywood (1,000 sq. ft.) (3/8" basis)	$291	$314	$316
Laminated veneer lumber (LVL) (cubic foot)	16.44	16.32	15.68
I-joists (1,000 equivalent lineal feet)	1,107	1,070	1,000
Lumber (1,000 board feet)	482	558	509
	(percentage of Building Materials Distribution sales)		
Building Materials Distribution			
Product Line Sales			
Commodity	46.5%	49.4%	51.3%
General line	35.9%	33.6%	33.0%
Engineered wood products	17.6%	17.0%	15.7%
Gross margin percentage (b)	11.6%	11.4%	10.9%

(a) Actual U.S. housing starts as reported by the U.S. Census Bureau.

(b) We define gross margin as "Sales" less "Materials, labor, and other operating expenses (excluding depreciation)." Substantially all costs included in "Materials, labor, and other operating expenses (excluding depreciation)" for our Building Materials Distribution segment are for inventory purchased for resale. Gross margin percentage is gross margin as a percentage of segment sales.

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2015 Compared With 2014

Sales

For the year ended December 31, 2015, total sales increased $59.7 million, or 2%, to $3,633.4 million from $3,573.7 million during the year ended December 31, 2014, driven primarily by increases in sales volumes for many of the products we manufacture and distribute with single-family residential construction activity being the key demand driver to our sales. During 2015, U.S. housing starts increased 11%, with single-family starts up 10%, compared with 2014. Single-family housing starts are the primary driver of our sales and typically result in higher building product utilization per start than multi-family units. For the year ended December 31, 2015, average composite lumber and average composite panel prices were down 14% and 5%, respectively, compared with the same period in the prior year, as reflected by Random Lengths composite lumber and panel pricing.

Wood Products. During the year ended December 31, 2015, sales, including sales to our Building Materials Distribution segment, decreased $34.9 million, or 3%, to $1,282.1 million from $1,317.0 million in 2014. Plywood and lumber sales prices decreased 7% and 14%, respectively, contributing $37.8 million and $15.7 million, respectively, to the decrease in sales. In addition, sales volume decreases of 1% and 3%, respectively, in plywood and lumber resulted in sales decreases of $5.2 million and $3.3 million, respectively. These decreases were offset partially by sales volume increases of 6% in laminated veneer lumber (LVL) and 4% in I-joists which resulted in sales increases of $11.6 million and $8.8 million, respectively. In addition, sales price increases of 3% in I-joists resulted in sales increases of $7.4 million. LVL sales prices were relatively flat compared with the year ended December 31, 2014.

Building Materials Distribution. During the year ended December 31, 2015, sales increased $104.6 million, or 4%, to $2,891.3 million from $2,786.7 million for the prior year. Compared with the prior year, the overall increase in sales was driven by sales volume increases of 7%, offset partially by a decrease in sales prices of 3%. By product line, commodity sales decreased 2%, or $32.8 million; general line product sales increased 11%, or $100.5 million; and sales of EWP (substantially all of which is sourced through our Wood Products segment) increased 8%, or $36.9 million.

Costs and Expenses

Materials, labor, and other operating expenses (excluding depreciation) increased $87.8 million, or 3%, to $3,153.5 million for the year ended December 31, 2015, compared with $3,065.7 million during the prior year. In our Wood Products segment, the increase in materials, labor, and other operating expenses was primarily driven by higher sales volumes of EWP, compared with the prior year, offset partially by lower per-unit costs of OSB of 9%. However, the Materials, labor, and other operating expenses as a percentage of sales (MLO rate) rate in our Wood Products segment increased by 310 basis points. The increase in the MLO rate was primarily the result of lower plywood and lumber sales prices which resulted in higher labor and other manufacturing costs as a percent of sales. In our Building Materials Distribution segment, the increase in materials, labor, and other operating expenses was driven by higher purchased materials costs as a result of higher sales volumes, compared with the prior year. However, the Building Materials Distribution segment MLO rate improved 20 basis points compared with 2014 as a decrease in commodity product margins was more than offset by improved sales of general line products and EWP, which typically carry higher product margins than commodity products.

Depreciation and amortization expenses increased $4.1 million, or 8%, to $55.6 million for the year ended December 31, 2015, compared with $51.4 million during the prior year. The increase was due primarily to purchases of property and equipment.

Selling and distribution expenses increased $9.1 million, or 3%, to $273.3 million for the year ended December 31, 2015, compared with $264.2 million for the prior year. The increase was due primarily to higher payroll and pension costs of $6.7 million and $0.9 million, respectively, as well as higher selling related expenses of $3.6 million in our Building Materials Distribution segment, offset partially by lower incentive compensation of $1.7 million.

General and administrative expenses increased $0.9 million, or 2%, to $49.4 million for the year ended December 31, 2015, compared with $48.5 million for the prior year. The increase was due primarily to higher information technology and professional service related expenses of $1.5 million, as well as increased lease costs of $0.5 million. In addition, pension and payroll costs each increased by $0.8 million, offset partially by lower incentive compensation of $2.9 million.

Outsourcing Services Agreement. Included in the 2015 and 2014 costs and expenses set forth above are $11.8 million and $15.1 million, respectively, of expenses related to the Outsourcing Services Agreement we had with a wholly-owned subsidiary of Packaging Corporation of America (PCA), under which PCA provided a number of corporate staff services to us.

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By the end of 2015, substantially all administrative services transitioned from PCA to us. We expect an insignificant increase in costs to result from this transition. For more information related to the Outsourcing Services Agreement, see Note 12, Outsourcing Services Agreement, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

For each of the years ended December 31, 2015 and 2014, other (income) expense, net, was $1.6 million of income. The year ended December 31, 2015, included a $0.9 million gain from the sale of a parcel of land in our Wood Products segment. The year ended December 31, 2014, included a $1.6 million gain from the sale of two surplus properties in our Building Materials Distribution segment.

Income (Loss) From Operations

Income from operations decreased $42.4 million to $103.2 million for the year ended December 31, 2015, compared with $145.5 million of income for the year ended December 31, 2014.

Wood Products. For the year ended December 31, 2015, segment income decreased $44.2 million to $64.2 million from $108.4 million for the year ended December 31, 2014. The decrease in segment income was due primarily to lower plywood and lumber sales prices, offset partially by improved operating results for EWP from higher pricing and sales volumes.

Building Materials Distribution. For the year ended December 31, 2015, segment income increased $4.1 million to $60.8 million from $56.7 million for the year ended December 31, 2014. The increase in segment income was driven primarily
by a higher gross margin of $18.4 million, including an improvement in gross margin percentage of 20 basis points. This improvement was offset partially by increased selling and distribution expenses of $9.9 million, higher depreciation and amortization of $2.1 million, and lower other income due to a $1.6 million gain from the sale of two surplus properties during the year ended December 31, 2014.

Corporate and Other. Segment loss increased $2.1 million to $22.1 million for the year ended December 31, 2015, from $19.9 million for the year ended December 31, 2014. The increase primarily relates to increased pension expense of $2.8 million resulting from a change in classification of pension expense between segments (see discussion in the following paragraph). In addition, information technology and lease costs each increased by $0.5 million, offset partially by lower incentive compensation of $1.9 million.

Prior to first quarter 2015, pension expense (which is primarily comprised of interest cost, expected return on plan assets, and amortization of actuarial losses) was recorded in each of our segments based on the associated individual employee roles and responsibilities. However, pension benefits are frozen for most employees and only a small number of hourly employees continue to accrue benefits. Therefore, management believes that recording pension expense in the Corporate and Other segment provides a clearer view of segment operating performance. In first quarter 2015, we made a change in our segment measurement method by recording all pension expense to the Corporate and Other segment. This change in measurement only impacts our segment disclosures, and thus it has no impact on our overall consolidated financial statements. Historical segment income (loss) has not been recast. For the year ended December 31, 2014, pension expense of $0.4 million and $0.3 million, respectively, was recorded in the Wood Products and Building Materials Distribution segments compared with $7.6 million and $3.1 million, respectively, of pension expense in 2013. Pension expense recorded in Corporate and Other was $2.8 million for the year ended December 31, 2015.

Other

Foreign Currency Exchange Gain (Loss). For the years ended December 31, 2015 and 2014, foreign currency exchange loss was $0.3 million and $0.4 million, respectively, driven primarily by the strengthening of the U.S. dollar, compared with the Canadian dollar.

Interest Expense. Interest expense increased $0.5 million, or 2%, to $22.5 million for the year ended December 31, 2015, compared with $22.0 million for the prior year. The increase was due primarily to interest expense on the $50 million term loan entered into on May 15, 2015. For more information related to our indebtedness, see Note 5, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

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2014 Compared With 2013

Sales

For the year ended December 31, 2014, total sales increased $300.2 million, or 9%, to $3,573.7 million from $3,273.5 million during the year ended December 31, 2013, driven primarily by increases in sales volumes for many of the products we manufacture and distribute due to higher levels of residential construction activity. During 2014, U.S. housing starts increased 8%, with single-family starts up 5%, compared with 2013. For the year ended December 31, 2014, average composite lumber prices were flat, with average composite panel prices down 10%, compared with the same period in the prior year, as reflected by Random Lengths composite lumber and panel pricing. Lower prices of OSB was the primary driver of the decrease within the composite panel price index.

Wood Products. During the year ended December 31, 2014, sales, including sales to our Building Materials Distribution segment, increased $182.9 million, or 16%, to $1,317.0 million from $1,134.1 million in 2013. Higher plywood sales volumes of 12% increased sales by $56.4 million, with the net volume increase driven by our acquisition of two plywood manufacturing facilities on September 30, 2013, offset partially by a decline in sales volumes to home improvement centers. Volume increases of 11% in LVL and 7% in I-joists resulted in sales increases of $19.8 million and $13.2 million, respectively. In addition, sales price increases of 7% in I-joists and 4% in LVL contributed $13.5 million and $7.9 million, respectively, to the increase in sales. Increases in lumber sales prices and lumber sales volumes of 10% and 6%, respectively, resulted in sales increases of $10.4 million and $6.6 million, respectively. The remaining increases were due primarily to higher sales volumes of particleboard and byproducts.

Building Materials Distribution. During the year ended December 31, 2014, sales increased $187.1 million, or 7%, to $2,786.7 million from $2,599.6 million for the prior year. The increase in sales was driven primarily by improvements in sales volumes of 8%, offset partially by a decrease in sales prices of 1%. By product line, sales of EWP (substantially all of which is sourced through our Wood Products segment) increased 16%, or $64.8 million; general line product sales increased 9%, or $79.4 million; and commodity sales increased 3%, or $42.9 million.

Costs and Expenses

Materials, labor, and other operating expenses (excluding depreciation) increased $219.1 million, or 8%, to $3,065.7 million for the year ended December 31, 2014, compared with $2,846.6 million during the prior year. In our Wood Products segment, the increase in materials, labor, and other operating expenses primarily reflects higher manufacturing costs, including wood costs, labor, glues and resins, and energy. These increases were driven by higher sales volumes of EWP, plywood, and lumber in our Wood Products segment discussed above, as well as slightly higher per-unit log costs, compared with 2013. However, costs of OSB decreased 27% on a per-unit basis. MLO rate in our Wood Products segment decreased by 170 basis points, primarily as a result of higher sales prices of EWP and lumber, which resulted in improved leveraging of wood fiber and other manufacturing costs. In addition, the increase in materials, labor, and other operating expenses was driven by higher purchased materials costs as a result of higher sales volumes in our Building Materials Distribution segment. However, the Building Materials Distribution segment MLO rate decreased 50 basis points, compared with the prior year, driven primarily by relatively stable commodity product pricing during 2014 compared with significant volatility in commodity prices in 2013, including sharp declines in second quarter 2013. In our Building Materials Distribution Segment, periods of increasing prices provide the opportunity for higher sales and increased margins, while declining price environments may result in declines in sales and profitability and lower of cost or market inventory write-downs, as we experienced during second quarter 2013. In addition, the decrease in MLO rate was driven by EWP representing a larger portion of the Building Materials Distribution segment sales mix.

Depreciation and amortization expenses increased $13.4 million, or 35%, to $51.4 million for the year ended December 31, 2014, compared with $38.0 million during the prior year. The increase was due primarily to the acquisition of two plywood manufacturing facilities on September 30, 2013, and purchases of property and equipment.

Selling and distribution expenses increased $18.9 million, or 8%, to $264.2 million for the year ended December 31, 2014, compared with $245.3 million for the prior year. The increase was due primarily to higher payroll and incentive compensation expenses of $5.5 million and $4.3 million, respectively, as well as increased transportation and lease costs in our Building Materials Distribution segment of $5.1 million and $0.8 million, respectively. The increased selling and distribution expenses were principally a result of increased sales volumes and improved operating results.

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General and administrative expenses increased $3.0 million, or 7%, to $48.5 million for the year ended December 31, 2014, compared with $45.5 million for the prior year. The increase was due primarily to higher employee-related expenses of $2.5 million.

Outsourcing Services Agreement. Included in the 2014 and 2013 costs and expenses set forth above are $15.1 million and $15.5 million, respectively, of expenses related to the Outsourcing Services Agreement we had with PCA, under which PCA provided a number of corporate staff services to us. For more information related to the Outsourcing Services Agreement, see Note 12, Outsourcing Services Agreement, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

For the year ended December 31, 2014, other (income) expense, net, was $1.6 million of income, which included $1.6 million of gain from the sale of two surplus properties in our Building Materials Distribution segment. Other (income) expense, net for the year ended December 31, 2013, was $0.7 million of income.

Income (Loss) From Operations

Income from operations increased $46.7 million to $145.5 million for the year ended December 31, 2014, compared with $98.8 million of income for the year ended December 31, 2013.

Wood Products. For the year ended December 31, 2014, segment income improved $30.7 million to $108.4 million from $77.7 million for the year ended December 31, 2013. The increase in segment income was due primarily to improved operating results for EWP from higher pricing and lower OSB costs, higher plywood sales volumes, and higher lumber sales prices. These improvements in segment income were offset partially by higher log costs and an increase in depreciation and amortization expenses from the acquisition of two plywood manufacturing facilities on September 30, 2013.

Building Materials Distribution. For the year ended December 31, 2014, segment income increased $16.8 million to $56.7 million from $39.9 million for the year ended December 31, 2013. The increase in segment income was driven primarily by a higher gross margin of $34.2 million, including an improvement in gross margin percentage of 50 basis points, as well as a $1.6 million gain in other income from the sale of two surplus properties. These improvements were offset partially by increased selling and distribution expenses of $17.5 million.

Other

Foreign Currency Exchange Gain (Loss). For each of the years ended December 31, 2014 and 2013, foreign currency exchange loss was $0.4 million, driven primarily by the strengthening of the U.S. dollar, compared with the Canadian dollar.

Interest Expense. Interest expense increased $1.6 million, or 8%, to $22.0 million for the year ended December 31, 2014, compared with $20.4 million for the prior year. The increase was due primarily to 2014 reflecting a full year of interest expense on the additional $50 million of 6.375% senior notes issued on August 15, 2013. For more information related to our senior notes, see Note 5, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Income Tax Benefit (Provision)

For the years ended December 31, 2015 and 2014, we recorded $28.5 million and $43.3 million, respectively, of income tax expense and had an effective rate of 35.3% and 35.1%, respectively. During the years ended December 31, 2015 and 2014, the federal statutory income tax rates and the effective tax rates were each 35%, as the effect of state taxes was offset by the domestic production activities deduction and other tax credits. For the year ended December 31, 2013, excluding the discrete establishment of net deferred tax assets discussed below, we recorded $29.9 million of income tax expense and had an effective tax rate of 38.2%. During the year ended December 31, 2013, the primary reason for the difference between the federal statutory income tax rate of 35% and the effective tax rate, excluding the deferred discrete item, was the effect of state taxes.

On February 4, 2013, we converted from a limited liability company to a corporation. In addition, we elected to be treated as a corporation for federal and state income tax purposes effective as of January 1, 2013. Therefore, we became subject to federal and state income tax expense beginning January 1, 2013. As a result of our conversion to a corporation, we recorded deferred tax assets, net of deferred tax liabilities, of $68.7 million on our Consolidated Balance Sheet, the effect of which was recorded as an income tax benefit in our Consolidated Statement of Operations during the year ended December 31, 2013.

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Industry Mergers and Acquisitions

On June 3, 2015, Stock Building Supply Holdings, Inc. (Stock) announced an agreement to merge with Building Materials Holding Corporation (BMC). Stock and BMC are both significant customers to Boise Cascade. The merger was completed on December 1, 2015. Subsequent to closing of the transaction, our level of business with the combined entity has remained similar to historical levels.

On April 13, 2015, Builders FirstSource, Inc. (BFS) announced that it had entered into a definitive purchase agreement to acquire ProBuild Holdings LLC, one of our largest customers. BFS is also a customer of ours. The merger was completed on July 31, 2015. Subsequent to closing of the transaction, our level of business with the combined entity has remained similar to historical levels. For discussion of customer concentration, refer to Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Liquidity and Capital Resources

We ended 2015 with $184.5 million of cash and cash equivalents and $344.6 million of long-term debt. At December 31, 2015, we had $443.1 million of available liquidity (cash and cash equivalents and unused borrowing capacity under our senior secured asset-based revolving credit facility). We generated $20.9 million of cash during the year ended December 31, 2015, as cash provided by operations (which is net of $54.3 million in pension contributions) and the issuance of a $50.0 million term loan was offset partially by $87.5 million of capital spending and the repurchase of 722,911 shares of our common stock for $23.7 million, as further discussed below.

At December 31, 2015, our cash was invested in high-quality, short-term investments, which we record in "Cash and cash equivalents." The majority of our cash and cash equivalents is invested in money market funds that are broadly diversified and invested in high-quality, short-duration securities, including commercial paper, certificates of deposit, U.S. government agency securities, and similar instruments. We have significant amounts of cash and cash equivalents that are in excess of federally insured limits. Though we have not experienced any losses on our cash and cash equivalents to date and we do not anticipate incurring any losses, we cannot be assured that we will not experience losses on our short-term investments.

We believe that our cash flows from operations, combined with our current cash levels and available borrowing capacity, will be adequate to fund debt service requirements and provide cash, as required, to support our ongoing operations, capital expenditures, lease obligations, working capital, and pension contributions over the next twelve months.

In recent years, our reported pension benefit obligations have fluctuated significantly, primarily due to the interest rate environment in the U.S. and its impact on the discount rate assumptions used to measure the present value of our pension benefit obligations. At December 31, 2015, we used a discount rate assumption of 4.05% to measure the present value of our pension benefit obligations, which resulted in a reported pension benefit obligation of approximately $484.1 million. The fair value of our pension plan assets at December 31, 2015, was approximately $399.5 million, and thus we reported an underfunded status of our defined benefit pension plans of approximately $84.6 million. Given the underfunded status, we expect to have significant pension funding obligations. While we have no federally required contributions for 2016, we expect to make cash contributions of approximately $4 million to our pension plans. These contributions reflect benefit payments to plan participants of our nonqualified salaried pension plans and lease payments for properties we have contributed to our qualified defined benefit pension plan.

We intend to fund our future pension obligations with cash on hand, cash generated from operations, and external financing. See "Contractual Obligations" in this Management's Discussion and Analysis of Financial Condition and Results of Operations for an estimate of future minimum pension funding obligations. Also see "Critical Accounting Estimates" in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 7, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for a further discussion of the assumptions used to measure the present value of our pension benefit obligations.

On December 21, 2015, we announced that we and our wholly-owned subsidiary, Boise Cascade Wood Products, L.L.C., had entered into an Asset Purchase Agreement, dated December 18, 2015 (the "Agreement"), with Georgia-Pacific LLC and certain of its affiliates (collectively, "GP") to purchase GP's engineered lumber production facilities located at Thorsby, Alabama, and Roxboro, North Carolina (the "Acquisition"). The purchase price for the Acquisition is $215 million, including a closing date working capital target of $25 million. We plan to finance the acquisition and related expenses with approximately $90 million of cash on hand and $130 million in new borrowing. The transaction is expected to close in the first half of 2016.

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For further discussion, see Note 10, Acquisitions, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Sources and Uses of Cash

We generate cash primarily from sales of our products, short-term and long-term borrowings, and equity offerings. Our primary uses of cash are for expenses related to the manufacture and distribution of building products, including inventory purchased for resale, wood fiber, labor, energy, and glues and resins. In addition to paying for ongoing operating costs, we use cash to invest in our business, service our debt and pension obligations, repurchase our common stock, and meet our contractual obligations and commercial commitments. Below is a discussion of our sources and uses of cash for operating activities, investing activities, and financing activities.

	Year Ended December 31		
	2015	2014	2013
	(thousands)		
Net cash provided by operations	$80,331	$101,843	$33,427
Net cash used for investment	(84,392)	(56,404)	(146,680)
Net cash provided by (used for) financing	25,008	(139)	185,609

Operating Activities

2015 Compared With 2014

In 2015, our operating activities generated $80.3 million of cash, compared with $101.8 million in 2014. Compared with 2014, the $21.5 million decrease in cash provided by operations in 2015 relates primarily to the following:

- A $44.2 million decrease in income in our Wood Products segment and a $4.1 million increase in income in our Building Materials Distribution segment. See "Operating Results" above for a discussion on our results for 2015.

- An increase in cash contributions to our pension plans of $42.2 million. During 2015, we used $54.3 million of cash to make pension contributions, compared with $12.1 million during 2014.

- A $2.7 million increase in working capital during 2015, compared with a $15.8 million increase in working capital during 2014. Working capital is subject to cyclical operating needs, seasonal buying patterns for inventory purchased for resale and logs, the timing of the collection of receivables, and the timing of payment of payables and expenses. The increases in working capital in both periods were attributable primarily to higher receivables, offset partially by an increase in accounts payable and accrued liabilities. The increases in receivables in both periods primarily reflect increased sales of approximately 2% and 17%, comparing sales for the months of December 2015 and 2014 with sales for the months of December 2014 and 2013, respectively. In addition, inventories decreased during 2015 compared with an increase during 2014. Inventories decreased in 2015 primarily due to a decrease in finished goods inventory in each of our segments. The increase in accounts payable and accrued liabilities in 2015 was less than the 2014 increase, reflecting the decrease in inventories as of December 31, 2015 and lower incentive compensation.

- A $39.6 million decrease in cash paid for income taxes. The decrease in cash paid for income taxes is primarily due to a decrease in income from operations, as well as tax benefits related to the increase in cash contributions to our pension plans, discussed above.

2014 Compared With 2013

In 2014, our operating activities generated $101.8 million of cash, compared with $33.4 million in 2013. Compared with 2013, the $68.4 million increase in cash provided by operations in 2014 relates primarily to the following:

- A $30.7 million increase in income in our Wood Products segment and a $16.8 million increase in income in our Building Materials Distribution segment. See "Operating Results" above for a discussion on our results for 2014.

- A $15.8 million increase in working capital during 2014, compared with a $61.3 million increase in working capital during 2013. Working capital is subject to cyclical operating needs, seasonal buying patterns for inventory purchased

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for resale and logs, the timing of the collection of receivables, and the timing of payment of payables and expenses. The increases in working capital in both periods were attributable primarily to higher receivables and inventories, offset partially by an increase in accounts payable and accrued liabilities. The increases in receivables in both periods primarily reflect increased sales of approximately 17% and 18%, comparing sales for the months of December 2014 and 2013 with sales for the months of December 2013 and 2012, respectively. Inventories increased in 2014 primarily due to an increase in finished goods inventory in our segments offset partially by lower levels of log inventory in our Wood Products segment. Accounts payable and accrued liabilities increased in 2014. Accounts payable increased as a result of higher inventory levels at year-end 2014, compared with 2013. Accrued liabilities increased primarily as a result of higher incentive compensation.

- A $17.6 million increase in cash paid for income taxes primarily due to the increase in income from operations noted above, a $5.7 million increase in timber deposits, and a $1.3 million increase in cash contributions to our pension plans.

Investment Activities

Net cash used for investing activities was $84.4 million, $56.4 million, and $146.7 million during 2015, 2014, and 2013, respectively.

2015

During the year ended December 31, 2015, we used approximately $87.5 million of cash for purchases of property and equipment, which included business improvement and quality/efficiency projects and replacement and expansion projects. Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects. In addition, purchases of property and equipment included approximately $2 million for environmental compliance in 2015 and we expect to spend approximately $8 million in 2016. For the year ended December 31, 2015, we received asset sale proceeds of $3.1 million, primarily from the sale of a parcel of land in our Wood Products segment.

Excluding the purchase price for the acquisition of GP's engineered lumber production facilities discussed above and other potential acquisitions, we expect capital expenditures in 2016 to total approximately $85 million to $95 million. This level of capital expenditures could increase or decrease as a result of a number of factors, including our financial results, future economic conditions, and timing of equipment purchases. Our capital spending in 2016 will be for business improvement and quality/efficiency projects, replacement projects, and ongoing environmental compliance.

2014

During the year ended December 31, 2014, we used approximately $61.2 million of cash for purchases of property and equipment, which included business improvement and quality/efficiency projects and replacement and expansion projects. In 2014, purchases of property and equipment included approximately $6 million for environmental compliance. For the year ended December 31, 2014, we received proceeds of $4.8 million, primarily from the sale of two surplus properties in our Building Materials Distribution segment.

2013

During the year ended December 31, 2013, we used $103.0 million for the acquisition of Wood Resources LLC Southeast Operations. In addition, we used approximately $45.8 million of cash for purchases of property and equipment, which included business improvement and quality/efficiency projects and replacement and expansion projects. In 2013, purchases of property and equipment included approximately $4.8 million for environmental compliance. For the year ended December 31, 2013, we received proceeds of $2.2 million from the sale of assets.

Financing Activities

During 2015, our financing activities generated $25.0 million of cash, primarily from the borrowings under a new $50.0 million term loan offset partially by the repurchase of 722,911 shares of our common stock for $23.7 million, as further discussed below. During the year ended December 31, 2015, we had no borrowings outstanding under our revolving credit facility.

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During 2014, we borrowed $57.6 million under our revolving credit facility to fund intra-month working capital needs, which were subsequently repaid during the same period with cash on hand, and we had no borrowings outstanding at December 31, 2014.

On February 11, 2013, we issued 13,529,412 shares of common stock in our initial public offering. In connection with this initial public offering, we received proceeds of approximately $262.5 million, after deducting underwriting discounts and commissions of approximately $19.2 million and offering expenses of approximately $2.5 million. On July 30, 2013, we repurchased 3,864,062 shares of our common stock from BC Holdings for $100.0 million.

During 2013, we repaid $105.0 million of borrowings under our revolving credit facility, $25.0 million of which was outstanding at December 31, 2012, $55.0 million of which was borrowed for working capital needs and repaid during the first quarter of 2013, and $25.0 million of which was borrowed for the acquisition of two plywood plants and repaid during the fourth quarter. During third quarter 2013, we issued an additional $50 million in aggregate principal amount of our 6.375% senior notes due November 1, 2020 (Senior Notes). We also used $2.1 million of cash for financing costs related to the additional $50 million of Senior Notes, the registration of our Senior Notes, and amendments to our asset-based revolving credit facility.

Stock Repurchase Program

On February 25, 2015, our Board of Directors (Board) authorized a common stock repurchase program (Program) which allows us to purchase up to two million shares of our common stock, on an opportunistic basis, through open market transactions, privately negotiated transactions, or accelerated share repurchase transactions. We are not obligated to purchase any shares and there is no set date that the Program will expire. The Board may increase or decrease the number of shares under the Program or terminate the Program in its discretion at any time. As of December 31, 2015, there were 1,277,089 shares of common stock that may yet be purchased under the Program.

Debt Structure

Long-term debt consisted of the following:

	December 31, 2015	December 31, 2014
	(thousands)	
Asset-based revolving credit facility	$—	$—
Term loan	50,000	—
6.375% senior notes	299,990	299,990
Unamortized premium on 6.375% senior notes	1,215	1,425
Deferred financing costs	(6,616)	(7,149)
Long-term debt	$344,589	$294,266

Asset-Based Credit Facility

On May 15, 2015, Boise Cascade and its principal operating subsidiaries, Boise Cascade Wood Products, L.L.C., and Boise Cascade Building Materials Distribution, L.L.C., as borrowers, and Boise Cascade Wood Products Holdings Corp., Chester Wood Products LLC, and Moncure Plywood LLC, as guarantors, entered into an Amended and Restated Credit Agreement (Amended Agreement) with Wells Fargo Capital Finance, LLC, as administrative agent, and the banks named therein as lenders. The Amended Agreement includes a $350 million senior secured asset-based revolving credit facility (Revolving Credit Facility) and a new $50.0 million term loan (Term Loan) maturing on May 1, 2022. The Amended Agreement amends and restates the credit agreement originally dated July 13, 2011 (Prior

Agreement) as amended, restated, supplemented, or otherwise modified before the date of the Amended Agreement. The principal changes resulting from the Amended Agreement were to add the Term Loan, discussed further below, and to extend the maturity date of the Revolving Credit Facility to April 30, 2020. Borrowings under the Amended Agreement are constrained by a borrowing base formula dependent upon levels of eligible receivables and inventory reduced by outstanding borrowings and letters of credit (Availability). On August 7, 2015, we entered into the first amendment to the Amended Agreement which reduced the applicable margins for calculating the interest rates payable under the revolving credit facility.

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The Amended Agreement is secured by a first-priority security interest in substantially all of our assets, except for property and equipment. The proceeds of borrowings under the agreement are available for working capital and other general corporate purposes.

The Amended Agreement contains customary nonfinancial covenants, including a negative pledge covenant and restrictions on new indebtedness, investments, distributions to equityholders, asset sales, and affiliate transactions, the scope of which are dependent on the Availability existing from time to time. The Amended Agreement also contains a requirement that we meet a 1:1 fixed-charge coverage ratio (FCCR), applicable only if Availability falls below 10% of the aggregate revolving lending commitments (or $35 million). Availability exceeded the minimum threshold amounts required for testing of the FCCR at all times since entering into the Prior Agreement and Amended Agreement, and Availability at December 31, 2015, was $258.6 million.

The Amended Agreement generally permits dividends only if certain conditions are met, including complying with either (i) pro forma Excess Availability (as defined in the Amended Agreement) equal to or exceeding 25% of the aggregate Revolver Commitments (as defined in the Amended Agreement) or (ii) (x) pro forma Excess Availability equal to or exceeding 15% of the aggregate Revolver Commitment and (y) a fixed-charge coverage ratio of 1:1 on a pro forma basis.

Revolving Credit Facility

Interest rates under the Revolving Credit Facility are based, at our election, on either the London Interbank Offered Rate (LIBOR) or a base rate, as defined in the credit agreement, plus a spread over the index elected that ranges from 1.25% to 1.75% for loans based on LIBOR and from 0.25% to 0.75% for loans based on the base rate. The spread is determined on the basis of a pricing grid that results in a higher spread as average quarterly Availability declines. Letters of credit are subject to a fronting fee payable to the issuing bank and a fee payable to the lenders equal to the LIBOR margin rate. In addition, we are required to pay an unused commitment fee at a rate ranging from 0.25% to 0.375% per annum (based on facility utilization) of the average unused portion of the lending commitments.

At both December 31, 2015 and 2014, we had no borrowings outstanding under the Revolving Credit Facility and $5.6 million and $8.0 million, respectively, of letters of credit outstanding. These letters of credit and borrowings, if any, reduced our borrowing capacity under the Revolving Credit Facility by an equivalent amount.

Term Loan

The Term Loan was provided by institutions within the Farm Credit system. Borrowings under the Term Loan may be repaid from time to time at the discretion of the borrowers without premium or penalty. However, any principal amount of Term Loan repaid, may not be subsequently re-borrowed.

Interest rates under the Term Loan are based, at our election, on either LIBOR or a base rate, as defined in the agreement, plus a spread over the index elected that ranges from 1.75% to 2.25% for LIBOR rate loans and from 0.75% to 1.25% for base rate loans, both dependent on the amount of Average Excess Availability (as defined in the Amended Agreement). During the period for which the Term Loan was outstanding, the average interest rate on the Term Loan was approximately 1.96%.

We expect to receive patronage credits under the Term Loan. Patronage credits are distributions of profits from banks in the Farm Credit system, which are cooperatives that are required to distribute profits to their members. Patronage distributions, which are generally made in cash, are received in the year after they are earned. Patronage credits are recorded as a reduction to interest expense in the year earned. After giving effect to expected patronage distributions, the effective net interest rate on the Term Loan was approximately 1.2%.

Proceeds from the Term Loan were used to fund a $40.0 million discretionary pension contribution and for general corporate purposes. For additional information on the discretionary pension contribution, see Note 7, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Senior Notes

On October 22, 2012, Boise Cascade and its wholly owned subsidiary, Boise Cascade Finance Corporation (Boise Finance and together with Boise Cascade, the Co-issuers), issued $250 million of 6.375% senior notes due November 1, 2020 (Senior Notes) through a private placement that was exempt from the registration requirements of the Securities Act of 1933, as

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amended (Securities Act). Interest on our Senior Notes is payable semiannually in arrears on May 1 and November 1. On March 28, 2013, Boise Finance was merged with and into Boise Cascade, with Boise Cascade as the surviving entity and sole issuer of the Senior Notes. The Senior Notes are guaranteed by each of our existing and future direct or indirect domestic subsidiaries that is a guarantor or co-borrower under our Revolving Credit Facility.

On August 15, 2013, we issued an additional $50 million in aggregate principal amount of Senior Notes in a private offering that was exempt from registration under the Securities Act. The additional $50 million of Senior Notes were priced at 103.5% of their principal amount plus accrued interest from May 1, 2013, and were issued as additional Senior Notes under the indenture dated as of October 22, 2012.

On May 8, 2013 and November 26, 2013, we completed an offer to exchange any and all of our $250 million and $50 million, respectively, outstanding Senior Notes for a like principal amount of new 6.375% Senior Notes due 2020 having substantially identical terms to those of the Senior Notes. $250 million and $49,990,000 in aggregate principal amount (or 100% and 99.98%, respectively) of the outstanding Senior Notes were tendered and accepted for exchange upon closing of the related exchange offers and have been registered under the Securities Act.

The Senior Notes are senior unsecured obligations and rank equally with all of the existing and future senior indebtedness of Boise Cascade Company and of the guarantors, senior to all of their existing and future subordinated indebtedness, effectively subordinated to all of their present and future senior secured indebtedness (including all borrowings with respect to our Revolving Credit Facility to the extent of the value of the assets securing such indebtedness), and structurally subordinated to the indebtedness of any subsidiaries that do not guarantee the Senior Notes.

The terms of the indenture governing the Senior Notes, among other things, limit the ability of Boise Cascade Company and certain Boise Cascade Company subsidiaries to: incur additional debt; declare or pay dividends; redeem stock or make other distributions to stockholders; make investments; create liens on assets; consolidate, merge, or transfer substantially all of their assets; enter into transactions with affiliates; and sell or transfer certain assets.

The indenture governing the Senior Notes provides for customary events of default, which include (subject in certain cases to customary grace and cure periods and notification requirements) among others: nonpayment of principal or interest; breach of other agreements in the indenture governing the Senior Notes; defaults in failure to pay certain other indebtedness; the rendering of judgments to pay certain amounts of money against the Co-issuers, the guarantors, or certain Boise Cascade subsidiaries; the failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency.

Cash Paid for Interest

For the years ended December 31, 2015, 2014, and 2013, cash payments for interest were $20.6 million, $20.2 million, and $18.4 million, respectively.

Contractual Obligations

In the table below, we set forth our enforceable and legally binding obligations as of December 31, 2015. Some of the amounts included in the table are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties, and other factors. Because these estimates and assumptions are necessarily subjective, our actual payments may vary from those reflected in the table. Purchase orders made in the ordinary course of business are excluded from the table below. Any amounts for which we are liable under purchase orders are reflected on the Consolidated Balance Sheets as accounts payable and accrued liabilities.

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	Payments Due by Period				
	2016	2017-2018	2019-2020	Thereafter	Total
	(millions)				
Long-term debt (a)	$—	$—	$300.0	$50.0	$350.0
Interest (b)	20.0	40.0	40.0	1.2	101.2
Operating leases (c)	13.6	26.4	24.1	44.2	108.3
Purchase obligations					
Raw materials (d)	17.8	43.2	11.8	1.4	74.2
Utilities (e)	12.9	—	—	—	12.9
Other	2.5	0.8	0.5	—	3.8
Other long-term liabilities reflected on our Balance Sheet					
Compensation and benefits, including pension funding obligations (f)	4.4	5.8	5.5	80.7	96.4
Other (g)(h)	2.9	3.9	2.4	7.1	16.3
	$74.1	$120.1	$384.3	$184.6	$763.1

(a) These borrowings are further explained in Note 5, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The table assumes our long-term debt is held to maturity. We have excluded $1.2 million of unamortized premium on the $50.0 million of Senior Notes issued on August 15, 2013, from long-term debt in the above table because unamortized premium does not represent a contractual obligation that will be settled in cash.

(b) Amounts represent estimated interest payments on the Senior Notes and Term Loan as of December 31, 2015, assuming these notes are held to maturity. Unused commitment fees and letter of credit fees payable under the Revolving Credit Facility are excluded from the table above.

(c) We enter into operating leases in the normal course of business. We lease a portion of our distribution centers as well as other property and equipment under operating leases. Some lease agreements provide us with the option to renew the lease or purchase the leased property. Our operating lease obligations would change if we exercised these renewal options and/or if we entered into additional operating lease agreements. For more information, see Note 6, Leases, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

(d) Amounts represent contracts to purchase approximately $74 million of wood fiber, approximately $53 million of which will be purchased pursuant to fixed-price contracts and approximately $21 million of which will be purchased pursuant to variable-price contracts. The $21 million is estimated using current quarter pricing, but the actual prices will depend on future market prices. Under certain log and fiber supply agreements, we have the right to cancel or reduce our commitments in the event of a mill curtailment or shutdown. Future purchase prices under most of the variable-price agreements will be set quarterly or semiannually based on regional market prices. Our log and fiber requirements and our access to supply, as well as the cost of obtaining logs, are subject to change based on, among other things, the effect of governmental laws and regulations, our manufacturing operations not operating in the normal course of business, log and fiber availability, and the status of environmental appeals. Except for deposits required pursuant to wood supply contracts, these obligations are not recorded in our consolidated financial statements until contract payment terms take effect.

(e) We enter into contracts for the purchase of electricity and natural gas. We also purchase these services under utility tariffs. These payment obligations were valued either at market prices as of December 31, 2015, or at a fixed price, in each case in accordance with the terms of the related contract or tariff. Because we consume the energy in the manufacture of our products, these obligations represent the face value of the contracts, not resale value.

(f) Amounts consist primarily of our pension obligation and, to a lesser extent, the current portion of employee-related compensation liabilities of $0.5 million. Actuarially determined liabilities related to pension benefits are recorded based on estimates and assumptions. Key factors used in developing estimates of these liabilities include assumptions related to discount rates, expected rate of compensation increases, retirement and mortality rates, and other factors. Changes in estimates and assumptions related to the measurement of funded status could have a material impact on the amount reported. In the table above, we allocated our pension obligations by year based on the future required minimum pension contributions, as determined by our actuaries.

(g) Includes current portion of long-term liabilities of $2.9 million.

(h) We have excluded $3.4 million and $0.6 million of deferred lease costs and deferred gains, respectively, from the other long-term liabilities in the above table. These amounts have been excluded because deferred lease costs relate to operating leases which are already reflected in the operating lease category above and deferred gains do not represent a contractual obligation that will be settled in cash.

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Off-Balance-Sheet Activities

At December 31, 2015 and 2014, we had no material off-balance-sheet arrangements with unconsolidated entities.

Guarantees

Note 5, Debt, and Note 16, Commitments, Legal Proceedings and Contingencies, and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K describe the nature of our guarantees, including the approximate terms of the guarantees, how the guarantees arose, the events or circumstances that would require us to perform under the guarantees, and the maximum potential undiscounted amounts of future payments we could be required to make.

Seasonal and Inflationary Influences

We are exposed to fluctuations in quarterly sales volumes and expenses due to seasonal factors. These seasonal factors are common in the building products industry. Seasonal changes in levels of building activity affect our building products businesses, which are dependent on housing starts, repair-and-remodeling activities, and light commercial construction activities. We typically report lower sales in the first and fourth quarters due to the impact of poor weather on the construction market, and we generally have higher sales in the second and third quarters, reflecting an increase in construction due to more favorable weather conditions. We typically have higher working capital in the first and second quarters in preparation and response to the building season. Seasonally cold weather increases costs, especially energy consumption, at most of our manufacturing facilities.

Our major costs of production are wood fiber, labor, and glue and resins. Wood fiber costs and glue and resin costs have been volatile in recent years.

Employees

As of February 14, 2016, we had approximately 5,910 employees. Approximately 26% of these employees work pursuant to collective bargaining agreements. As of February 14, 2016, we had nine collective bargaining agreements. Four agreements, covering approximately 643 employees at our Elgin plywood plant and sawmill, La Grande particleboard plant, Kettle Falls plywood plant, and Woodinville Building Materials Distribution facility, are set to expire on May 31, 2016. If these agreements are not renewed or extended upon their termination, we could experience a material labor disruption or significantly increased labor costs, which could prevent us from meeting customer demand or reduce our sales and profitability.

Disclosures of Financial Market Risks

In the normal course of business, we are exposed to financial risks such as changes in interest rates, foreign currency exchange rates, and commodity prices. In 2015, 2014, and 2013, we did not use derivative instruments to manage these risks.

Interest Rate Risk

We are exposed to interest rate risk arising from fluctuations in interest rates on our Term Loan and when we have loan amounts outstanding on our Revolving Credit Facility. Subsequent to December 31, 2015, we entered into an interest rate swap with a notional amount of $50.0 million, maturing in February 2022, to hedge against variability in cash flows relating to interest payments that are based on one-month LIBOR.

Foreign Currency Risk

We have sales in countries outside the United States. As a result, we are exposed to movements in foreign currency exchange rates, primarily in Canada, but we do not believe our exposure to currency fluctuations is significant.

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Commodity Price Risk

Many of the products we manufacture or purchase and resell and some of our key production inputs are commodities whose price is determined by the market's supply and demand for such products. Price fluctuations in our selling prices and key costs have a significant effect on our financial performance. The markets for most of these commodities are cyclical and are primarily affected by various economic and industry factors, including the strength of the U.S. housing market, net import and export activity, changes in or disruptions to industry production capacity, changes in inventory levels, and other factors beyond our control. For further discussion of commodity price risk, refer to "Item 1A. Risk Factors" of this Form 10-K and "Factors That Affect Our Operating Results and Trends" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Instruments

The table below provides information as of December 31, 2015, about our financial instruments that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. For obligations with variable interest rate sensitivity, the table sets forth payout amounts based on December 31, 2015 rates, and does not attempt to project future rates. Other instruments subject to market risk, such as obligations for pension plans and other postretirement benefits, are not reflected in the table.

	December 31, 2015					
	2016-2018	2019	2020	There-after	Total	Fair Value (b)
	(millions)					
Long-term debt						
Fixed-rate debt payments (a)						
Senior Notes	$—	$—	$300.0	$—	$300.0	$309.0
Average interest rates	—	—	6.4 %	—	6.4 %	—
Variable-rate debt payments (a)	$—	$—	$—	$50.0	$50.0	$50.0
Average interest rates	—	—	—	1.4 %	1.4 %	—

(a) These obligations are further explained in Note 5, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The table assumes our long-term debt is held to maturity.

(b) We estimated the fair value based on quoted market prices as of December 31, 2015, for similar traded debt.

Environmental

We are subject to a wide range of general and industry-specific environmental laws and regulations. In particular, we are affected by laws and regulations covering air emissions, wastewater discharges, solid and hazardous waste management, and site remediation. Compliance with these laws and regulations is a significant factor in the operation of our businesses. We believe that we have created a corporate culture of strong compliance by taking a conservative approach to environmental issues in order to assure that we are operating well within the bounds of regulatory requirements. However, we cannot assure that we will be in full compliance with environmental requirements at all times, and we cannot assure that we will not incur fines and penalties in the future. In 2015, we paid an insignificant amount in environmental fines and penalties across all of our segments.
We incur capital and operating expenditures to comply with federal, state, and local environmental laws and regulations. Failure to comply with these laws and regulations could result in civil or criminal fines or penalties or in enforcement actions. Our failure to comply could also result in governmental or judicial orders that stop or interrupt

our operations or require us to take corrective measures, install additional pollution control equipment, or take other remedial actions. During 2015, we spent approximately $2 million on capital expenditures to comply with environmental requirements. We expect to spend approximately $8 million in 2016 for this purpose.
As an owner and operator of real estate, we may be liable under environmental laws for the cleanup of past and present spills and releases of hazardous or toxic substances on or from our properties and operations. We can be found liable under these laws whether or not we knew of, or were responsible for, the presence of such substances. In some cases, this liability may exceed the value of the property itself.

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In connection with prior transactions, certain third parties are generally obligated to indemnify us for hazardous substance releases and other environmental violations that occurred prior to such transactions. However, these third parties may not have sufficient funds to fully satisfy their indemnification obligations when required, and in some cases, we may not be contractually entitled to indemnification by them.

Climate Change

Various legislative and regulatory proposals to restrict emissions of greenhouse gasses (GHG), such as CO2, are under consideration in state legislative bodies and the Environmental Protection Agency (EPA). In particular, the EPA recently finalized regulations to reduce GHG emissions from new and existing electric utilities. The regulations for the existing electric utilities, commonly referred to as the Clean Power Plan, require states to develop strategies to reduce GHG emissions within the states that may include reductions at other sources in addition to the electric utilities. We believe this regulation will be subject to legal challenge and it is premature to evaluate the impact of this regulation on our businesses. We believe this regulation may result in increased electricity and natural gas prices as electric utilities convert from coal to natural gas. However, we expect these changes and price increases to occur gradually over many years. The key states in which our facilities are located (Louisiana, North Carolina, Oregon, South Carolina, and Washington) are currently working through the process of incorporating GHG regulations into their state implementation plans.

Most of our manufacturing facilities operate boilers or other process equipment that emit GHG. Various regulatory initiatives may require us to modify operating procedures or production levels, incur capital expenditures, change fuel sources, or take other actions that may adversely affect our financial results. However, given the high degree of uncertainty about the ultimate parameters of any such regulatory initiative, it is premature to make any prediction concerning such impacts.

A significant portion of our GHG emissions are from biomass-fired boilers. Biogenic CO2 is generally considered carbon neutral. In November 2014, the EPA released its Draft Framework for Assessing Biogenic CO2 Emissions From Stationary Sources along with an accompanying memo that generally supported carbon neutrality for biomass combustion, but left open the possibility that it may not always be carbon neutral. This action leaves considerable uncertainty as to the future regulatory treatment of biogenic CO2 and the treatment of such GHG in the states in which we operate. The proposed Clean Power Plan also allows states to determine how biogenic CO2 will be characterized, so we could see state-to-state differences.

In addition, various government entities have adopted or are considering energy sourcing regulations which subsidize, or mandate consumption of specified percentages of, electrical power generated from nontraditional generating sources, including biomass fuels. These programs may increase our purchased electrical energy costs, create significant new competition for our fiber sources, and provide opportunities for alternative uses of our residual fiber, such as sawdust, chips, and shavings.

Other Regulatory Initiatives

From time to time, legislative bodies and environmental regulatory agencies may promulgate new regulatory programs imposing significant incremental operating costs or capital costs on us. In December 2012, the EPA finalized a revised series of four regulations commonly referred to collectively as Boiler MACT, which are intended to regulate the emission of hazardous air pollutants from industrial boilers. Facilities in our Wood Products segment are subject to one or more of these regulations and were required to be in compliance with the applicable rules by January 31, 2016. Most of our Wood Products plants have installed the required controls and are in compliance. However, several of our facilities have received one-year compliance extensions, and those facilities are still implementing plans to achieve compliance. Even with the revised rules finalized, considerable uncertainty still exists, as there are legal challenges to the final rules from industry and environmental organizations that could cause us to incur additional expenses beyond those already anticipated. Based upon our current understanding of the regulations, we expect to spend approximately $5 million in capital over the next year to comply with the applicable rules.

The EPA recently revised the National Ambient Air Quality Standard (NAAQS) for ozone from 75 parts per million (ppm) to 70 ppm. This will increase the total number of U.S. counties violating the standard, though we do not believe the counties in which we operate will violate the standard. However, it may make it more difficult to expand some facilities and increase certain emissions in the future.

Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities,

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and reported amounts of revenues and expenses. Actual results could differ from these estimates. We believe that the accounting estimates discussed below represent the accounting estimates requiring the exercise of judgment where a different set of judgments could result in the greatest changes to reported results. We reviewed the development, selection, and disclosure of our critical accounting estimates with the Audit Committee of our board of directors. Our current critical accounting estimates are as follows:

Pensions

We calculate pension expense and liabilities using actuarial assumptions, including discount rates, expected return on plan assets, expected rate of compensation increases, retirement and mortality rates, expected contributions, and other factors. We based the assumptions used to calculate pension expense on the following factors:

Discount Rate Assumption. The discount rate reflects the current rate at which the pension obligations could be settled based on the measurement dates of the plans — December 31. In all years presented, the discount rates were determined by matching the expected plan benefit payments against a spot rate yield curve constructed to replicate the yields of Aa-rated corporate bonds.

Asset Return Assumption. We base our expected long-term rate of return on plan assets on a weighted average of our expected returns for the major asset classes (equities, fixed-income securities, a hedge fund, and real estate) in which we invest. The weights we assign each asset class are based on our investment strategy. Expected returns for the asset classes are based on long-term historical returns, inflation expectations, forecasted gross domestic product, earnings growth, and other economic factors. We developed our return assumption based on a review of the fund manager's estimates of future market expectations by broad asset class, actuarial projections, and expected long-term rates of return from external investment managers. In 2015, the investment return on our pension asset portfolio was flat, as various factors negatively impacted returns across multiple asset classes in which we were invested. Those negative factors include a further and unexpected decline in commodity prices, continued strength in the U.S. dollar, soft economic growth and currency devaluation in China, geopolitical tensions in the Middle East, and an uncertainty on the extent and timing of interest rate increases in the U.S. The investment returns were below our weighted average expected return on plan assets of 6.15% and 5.85% for 2015. For further explanation of our 2015 expected return on plan assets, see the table below. In 2014, the investment return on our pension asset portfolio was approximately 8%, as the U.S. equity and fixed income portions of the portfolio experienced strong performance as a result of favorable monetary policies and improved global economic growth in the U.S. Returns in the international equity portion of the pension asset portfolio were negative in 2014, hindered by low economic growth expectations and the strengthening of the U.S. dollar.

During 2015, our funded status improved primarily related to $50 million of discretionary cash contributions to our qualified defined benefit pension plan, as well as an increase in the discount rate used to measure pension obligations. As a result of the improvement in funded status, we have rebalanced our plan assets to decrease our proportion of equity securities and increase our fixed-income securities consistent with a de-risking glide path established by our Retirement Funds Investment Committee. Therefore, the weighted average expected return on plan assets we will use in our calculation of 2016 net periodic benefit cost is 5.10%.

Rate of Compensation Increases. Pension benefits for all salaried employees are frozen, resulting in an assumption for the rate of compensation increase of zero. In addition to the salaried benefits being frozen, there are currently no scheduled increases in pension benefit rates applicable to past service covering hourly employees who continue to accrue benefits.

Retirement and Mortality Rates. These rates are developed to reflect actual and projected plan experience. In 2015, we used the RP-2014 mortality tables along with the new two-dimensional mortality improvement scale MP-2015. In

2014, we used the RP-2014 mortality tables along with the two-dimensional mortality improvement scale MP-2014.

Expected Contributions. Plan obligations and expenses are based on existing retirement plan provisions. No assumption is made for future changes to benefit provisions beyond those to which we are presently committed. For example, we may commit to changes in future labor contracts. In 2015, we made $54.3 million in cash contributions to our pension plans. We expect to contribute approximately $4 million to our pension plans in 2016. The 2016 contributions reflect benefit payments to plan participants of our nonqualified salaried pension plans and lease payments for properties we have contributed to our qualified defined benefit pension plan. For information related to pension contributions, see "Cash Flows" in Note 7, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

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We recognize the funded status of our pension plans on our Consolidated Balance Sheets and recognize the actuarial and experience gains and losses and the prior service costs and credits, net of tax, in our Consolidated Statements of Comprehensive Income. Actual results that differ from assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense in future periods. While we believe that the assumptions used to measure our pension obligations are reasonable, differences in actual experience or changes in assumptions may materially affect our pension obligations and future expense.

We believe that the accounting estimate related to pensions is a critical accounting estimate because it is highly susceptible to change from period to period. The future effects of pension plans on our financial position and results of operations will depend on economic conditions, employee demographics, mortality rates, retirement rates, investment performance, the pension regulatory environment, benefit plan design, and funding decisions, among other factors. The following table presents selected assumptions used and expected to be used in the measurement of pension expense in the following periods:

	Year Ending December 31,	Year Ended December 31	
	2016	2015	2014
	(millions, except for percentages)		
Pension expense	$1.8	$2.8	$0.8
Discount rate (a)	4.05 %	3.75 % / 3.90 %	4.65 %
Expected rate of return on plan assets (a)	5.10 %	6.15 % / 5.85 %	6.50 %
Rate of compensation increases (b)	—	—	—

(a) Prior to the remeasurement of our qualified defined benefit pension plan on May 15, 2015, the discount rate and expected rate of return on plan assets were 3.75% and 6.15%. The discount rate and expected rate of return on plan assets after the May 15, 2015 remeasurement were 3.90% and 5.85%, respectively. For information related to the remeasurement, see "Defined Benefit Plans" in Note 7, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

(b) The compensation increase is zero due to the fact that pension benefits for salaried employees are frozen. In addition to the salaried benefits being frozen, there are currently no scheduled increases in pension benefit rates applicable to past service covering hourly employees who continue to accrue benefits.

A change of 0.25% in either direction to the discount rate or the expected rate of return on plan assets would result in the following effect on 2016 and 2015 pension expense. These sensitivities are specific to 2016 and 2015. The sensitivities may not be additive, so the impact of changing multiple factors simultaneously cannot be calculated by combining the individual sensitivities shown.

		Increase (Decrease) in Pension Expense	
	Base Expense	0.25 % Increase	0.25% Decrease
	(millions)		
2016 Expense			
Discount rate	$1.8	$(1.1)	$1.1
Expected rate of return on plan assets	1.8	(1.0)	1.0
2015 Expense			
Discount rate	$2.8	$(1.3)	$1.3
Expected rate of return on plan assets	2.8	(0.8)	0.8

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and respective tax bases, as measured by enacted tax rates that are expected to be in effect in the periods where deferred tax assets and liabilities are expected to be realized or settled.

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Deferred tax assets resulting from the operations of foreign subsidiaries were $9.9 million at December 31, 2015, which is fully offset by a valuation allowance as we believe it is more likely than not that we will not be able to realize the benefit of this deferred tax asset.

Assessing the realizability of deferred tax assets requires significant judgment. We consider all available evidence to determine whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become realizable. In the event that we determine that a deferred tax asset will not be realized, a valuation allowance is recorded against the deferred tax asset with a corresponding charge to tax expense in the period we make such determination. Based upon our projections of future reversals of existing temporary differences, the historical level of taxable income, and projections for future taxable income over the periods in which the deferred tax assets are deductible, we believe it is more likely than not that we will realize the benefits of substantially all of these deductible differences, except as discussed above. Though we believe that no additional valuation allowance of deferred tax assets is necessary as of December 31, 2015, if we were to not generate sufficient future taxable income, it is possible that we could record a valuation allowance in a future period.

Long-Lived Asset Impairment

We review long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. An impairment of a long-lived asset exists when the carrying value is not recoverable through future undiscounted cash flows from operations and when the carrying value of an asset or asset group exceeds its fair value.

Long-lived asset impairment is a critical accounting estimate, as it is susceptible to change from period to period. We estimate the fair value of an asset or asset group based on quoted market prices for similar assets (the amount for which the asset(s) could be bought or sold in a current transaction with a third party) when available (Level 2 measurement). When quoted market prices are not available, we use a discounted cash flow model to estimate fair value (Level 3 measurement). To measure future cash flows, we are required to make assumptions about future production volumes, future product pricing, and future expenses to be incurred. Estimates of future cash flows may change based on overall economic conditions, the availability of wood fiber, environmental requirements, capital spending, and other strategic management decisions.

Should the markets for our products deteriorate or should we decide to invest capital differently or should other cash flow assumptions change, it is possible that we will be required to record noncash impairment charges in the future that could have a material impact on our results of operations. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets and the effects of changes on these valuations, both the precision and reliability of our estimates are subject to uncertainty. As additional information becomes known, we may change our estimates.

Goodwill and Intangible Asset Impairment

Goodwill represents the excess of the cost of an acquired business over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination. At December 31, 2015, we had $21.8 million of goodwill recorded on our Consolidated Balance Sheet, of which $5.6 million was recorded in our Building Materials Distribution segment and $16.2 million was recorded in our Wood Products segment. At December 31, 2015, the net carrying amount of intangible assets with indefinite lives, which represent our trade names and trademarks, was $8.9 million.

We maintain two reporting units for purposes of our goodwill impairment testing, Building Materials Distribution and Wood Products, which are the same as our operating segments discussed in Note 15, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. We test goodwill in each of our reporting units and indefinite-lived intangible assets for impairment annually in the fourth quarter or sooner if events or changes in circumstances indicate that the carrying value of the asset may exceed fair value. We completed our annual assessment of goodwill in fourth quarter 2015 using a qualitative approach. The qualitative goodwill impairment assessment requires evaluating factors, based on the weight of evidence, to determine whether a reporting unit’s carrying value would more likely than not exceed its fair value. As part of our goodwill qualitative testing process for each reporting unit, we evaluate various factors that are specific to the reporting unit as well as industry and macroeconomic factors in order to determine whether it is reasonably likely to have a material impact on the fair value of our reporting units. Examples of the factors that were considered include the results of the most recent quantitative impairment tests, current and long-term forecasted financial results, changes in the discount rate between current and prior years, and operating strategy for each reporting unit. See below for further discussion of our forecasts and discount rates. Based on the qualitative analysis performed in 2015, we concluded that there were no changes that were reasonably likely to cause the fair value of the reporting units to be less than the reporting units' carrying value and determined that there was no impairment of our goodwill. Although we believe the qualitative factors considered in the impairment analysis are reasonable, significant changes in any one of our assumptions could produce a significantly different result and result in impairment charges that could be material to our consolidated financial statements.

In the event we were to determine that a reporting unit's carrying value would more likely than not exceed its fair value, quantitative testing would be performed comparing carrying values to estimated fair values. Quantitative testing involves a two-step process. The first step, used to identify potential impairment, is a comparison of each reporting unit's estimated fair value to its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, goodwill is not considered impaired. If the carrying value exceeds fair value, we perform a second step to compare the implied fair value of the reporting unit's goodwill to its book value. The implied fair value of the goodwill is determined based on the estimated fair value of the reporting unit less the fair value of the reporting unit's identifiable assets and liabilities. If the goodwill assigned to a reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. In conducting a quantitative goodwill impairment analysis, we utilize the discounted cash flow approach that estimates the projected future cash flows to be generated by our reporting units, discounted to present value using a discount rate reflecting weighted average cost of capital for a potential market participant (Level 3 measurement).

For our intangible asset impairment testing, we use a discounted cash flow approach, based on a relief from royalty method (Level 3 measurement). This method assumes that through ownership of trademarks and trade names, we avoid royalty expense associated with licensing, resulting in cost savings. An estimated royalty rate, determined as a percentage of net sales, is used to estimate the value of the intangible assets. Based on the impairment tests of our intangible assets with indefinite lives, we determined that the fair value of our intangible assets exceeds their carrying value. Differences in assumptions used in projecting future cash flows and cost of funds could have a significant impact on the determination of fair value.

The following assumptions are key to our estimates of fair value:

Business projections. Projections are based on five-year forecasts that are developed internally by management for use in managing the business and reviewed by the board of directors. These projections include significant assumptions such as estimates of future revenues, profits, working capital requirements, operating plans, and capital expenditures. Our forecasts are driven by consensus estimates of key economic indicators that affect our operating results, most notably new residential and light commercial construction and repair-and-remodeling activity. These economic indicators are then used to estimate future production volumes, selling prices, and key input costs for our manufactured products. Our forecasts also take into consideration recent sales data for existing products, planned timing of capital projects, and anticipated conversion and distribution expenses. Our pricing assumptions are estimated based upon an assessment of industry supply and demand dynamics for our major products.

Growth rates. A growth rate is used to calculate the terminal value in the discounted cash flow model. The growth rate is the expected rate at which earnings or revenue is projected to grow beyond the five-year forecast period.

Discount rates. Future cash flows are discounted at a rate that is consistent with a weighted average cost of capital for a potential market participant. The weighted average cost of capital is an estimate of the overall after-tax rate of return required by equity and debt holders of a business enterprise. The discount rates selected are based on existing conditions within our industry and reflect adjustments for potential risk premiums in those markets as well as weighting of the market cost of equity versus debt.

New and Recently Adopted Accounting Standards

For information related to new and recently adopted accounting standards, see "New and Recently Adopted Accounting Standards" in Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning quantitative and qualitative disclosures about market risk is included under the captions "Disclosures of Financial Market Risks" and "Financial Instruments" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Boise Cascade Company
Consolidated Statements of Operations

	Year Ended December 31		
	2015	2014	2013
	(thousands, except per-share data)		
Sales	$3,633,415	$3,573,732	$3,273,496
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	3,153,520	3,065,671	2,846,614
Depreciation and amortization	55,578	51,439	38,038
Selling and distribution expenses	273,308	264,173	245,283
General and administrative expenses	49,425	48,489	45,489
Other (income) expense, net	(1,605)	(1,589)	(685)
	3,530,226	3,428,183	3,174,739
Income from operations	103,189	145,549	98,757
Foreign currency exchange loss	(298)	(432)	(424)
Interest expense	(22,532)	(22,049)	(20,426)
Interest income	323	237	241
	(22,507)	(22,244)	(20,609)
Income before income taxes	80,682	123,305	78,148
Income tax (provision) benefit	(28,500)	(43,296)	38,788
Net income	$52,182	$80,009	$116,936
Weighted average common shares outstanding:			
Basic	39,239	39,412	40,203
Diluted	39,355	39,492	40,226
Net income per common share:			
Basic	$1.33	$2.03	$2.91
Diluted	$1.33	$2.03	$2.91

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Statements of Comprehensive Income

	Year Ended December 31		
	2015	2014	2013
	(thousands)		
Net income	$52,182	$80,009	$116,936
Other comprehensive income (loss), net of tax			
Defined benefit pension plans			
Actuarial gain (loss), net of tax of $3,235, ($28,782), and $37,071, respectively	5,171	(46,234)	60,100
Amortization of actuarial (gain) loss, net of tax of $1,880, ($8), and $3,510, respectively	3,004	(15)	5,692
Effects of settlements, net of tax of $193, $0, and $0, respectively	308	—	—
Amortization of prior service costs and other, net of tax of $0, $0, and $116, respectively	—	—	188
Other comprehensive income (loss), net of tax	8,483	(46,249)	65,980
Comprehensive income	$60,665	$33,760	$182,916

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Balance Sheets

	December 31	
	2015	2014
	(thousands)	
ASSETS		
Current		
Cash and cash equivalents	$184,496	$163,549
Receivables		
Trade, less allowances of $1,734 and $2,062	187,138	172,314
Related parties	1,065	821
Other	10,861	7,311
Inventories	384,857	394,461
Prepaid expenses and other	17,153	14,857
Total current assets	785,570	753,313
Property and equipment, net	402,666	368,128
Timber deposits	15,848	13,819
Goodwill	21,823	21,823
Intangible assets, net	10,090	10,183
Deferred income taxes	908	36,995
Other assets	11,701	9,075
Total assets	$1,248,606	$1,213,336

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Balance Sheets (continued)

	December 31	
	2015	2014
	(thousands, except per-share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable		
Trade	$159,029	$150,693
Related parties	1,442	1,743
Accrued liabilities		
Compensation and benefits	54,712	66,170
Interest payable	3,389	3,298
Other	40,078	33,286
Total current liabilities	258,650	255,190
Debt		
Long-term debt		