BOISE CASCADE Co
Form 10-K
February 25, 2015

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, 2014

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

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. o

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, 2014, 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 $950,211,543.

There were 39,477,611 shares of the registrant's $0.01 par value common stock outstanding on February 20, 2015.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Proxy Statement for its 2015 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 and industry cycles that affect supply and demand;
- 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;
- Availability and affordability of raw materials, including wood fiber and glues and resins;
- Material disruptions and/or major equipment failure at our manufacturing facilities;
- The impact of actuarial assumptions and regulatory activity on pension costs and pension funding requirements;
- 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;
- Our reliance on a wholly-owned subsidiary of Packaging Corporation of America (PCA) for many of our administrative services and our ability to successfully transition these services from PCA to newly hired employees (many of whom we expect to transition from PCA to Boise Cascade employment);
- Concentration of our sales among a relatively small group of customers;
- Substantial ongoing capital investment costs and the difficulty in offsetting fixed costs related to our recent capital investments if the housing market does not recover further;
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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;

- Cost of compliance with government regulations, in particular environmental regulations;
- Declines in demand for our products due to competing technologies or materials;
- Exposure to product liability, product warranty, casualty, construction defect, and other claims;
- Labor disruptions, shortages of skilled and technical labor, or increased labor costs;
- Restrictive covenants contained in our debt agreements;

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- 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;
- Impairment of our long-lived assets, goodwill, and/or intangible assets;
- The need to successfully formulate and implement succession plans for certain members of our senior management team;
- Our ability to successfully and efficiently complete and integrate potential acquisitions; 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 believe we are the second largest manufacturer of plywood and engineered wood products (EWP). We also believe we are one of the largest stocking wholesale distributors of building products in the United States. 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.

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Wood Products

Products

We manufacture structural 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 studs, particleboard, and ponderosa pine lumber.
The following table sets forth the annual capacity and production of our principal products for the periods indicated:

	Year Ended December 31				
	2014	2013	2012	2011	2010
	(millions)				
Capacity (a)					
Plywood (sq. ft.) (3/8" basis) (b)	2,380	2,380	1,630	1,500	1,475
Laminated veneer lumber (LVL) (cubic feet) (c)	27.5	27.5	27.5	27.5	27.5
Lumber (board feet) (d)	270	255	235	200	180
Production					
Plywood (sq. ft.) (3/8" basis) (b)	1,973	1,647	1,482	1,240	1,183
Laminated veneer lumber (LVL) (cubic feet) (c)	20.1	17.2	14.2	10.7	10.0
I joists (equivalent lineal feet) (c)	201	178	149	112	105
Lumber (board feet) (d)	218	197	196	152	149

(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 19%, 17%, 15%, 12%, and 11%, respectively, of the plywood we produced in 2014, 2013, 2012, 2011, and 2010 was utilized internally to produce LVL.

(c) A portion of LVL production is used to manufacture I-joists at two EWP plants. 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				
	2014	2013	2012	2011 (a)	2010 (b)
	(millions)				
Segment sales (c)	$1,317.0	$1,134.1	$943.3	$712.5	$687.4
Segment income (loss)	$108.4	$77.7	$55.8	$(15.1)	$(8.1)
Segment depreciation and amortization	41.5	28.7	24.4	28.4	27.1

Segment EBITDA (d)	$149.8	$106.3	$80.2	$13.3	$19.0

(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.

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(b) In 2010, segment loss and EBITDA included $0.5 million of income for cash received from a litigation settlement related to vendor product pricing.

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

(d) 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 EBITDA to net income (loss).

Facilities

Our Wood Products segment operates nine plywood and veneer plants, six of which manufacture inputs used in our EWP facilities. In addition, we operate four EWP facilities, the two most significant of which have a 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, 2014, wood fiber accounted for approximately 44% 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. Timber comprised approximately 80% of our wood fiber costs during 2014, and we satisfy our timber requirements through a combination of purchases under supply agreements, open-market purchases, and purchases pursuant to contracts awarded under public timber auctions. A significant portion of our timber (24% in 2014) was supplied through a series of long-term fiber supply agreements. These agreements with Hancock Natural Resources Group, Inc. (Hancock) and Rayonier Louisiana Timberlands, LLC (Rayonier) terminated on December 31, 2014. A similar agreement with Molpus Woodlands Group LLC (Molpus) also terminated on December 31, 2014, but has been replaced by a five year fiber supply agreement with similar terms. We expect to replace our timber requirements previously sourced from the terminated Hancock and Rayonier agreements from various timber sellers, including private purchases with other suppliers, open-market purchases, and purchases from governmental sources.
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 2014, approximately 18% of our timber was supplied under government contracts. The remainder of our log supply in 2014 was supplied through private purchases directly from timber owners or through dealers.

Our timber and fiber obligations 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, timber 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 timber 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 timber 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 timber. Generally, increases in the cost of timber lag product price increases, as improved manufacturer profitability often leads to increased demand for timber. In the future, we expect the level of foreign demand for timber 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 timber supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high timber costs may impair the cost competitiveness of our manufacturing facilities.

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

In 2014, plywood, EWP, and lumber accounted for 42%, 37%, and 9%, 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 40% of our Wood Products segment's overall sales in 2014. In 2014, 27%, 66%, and 11% 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				
	2014	2013	2012	2011	2010
	(millions)				
Plywood (sq. ft.) (3/8" basis) (a)	1,651	1,473	1,356	1,106	1,088
Laminated veneer lumber (LVL) (cubic feet) (b)	12.4	11.1	9.1	7.1	6.6
I-joists (equivalent lineal feet)	193	179	145	110	106
Lumber (board feet)	212	199	188	153	149

(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.

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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.
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, which have enabled us to close or divest certain manufacturing facilities during the housing downturn without any adverse impact on our production capacity. 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 significant gains we continue to see from this program, we believe there are opportunities to 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 EWP, OSB, plywood, lumber, and general line items such as siding, metal products, insulation, roofing, and composite decking. 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, and Georgia-Pacific, 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.

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

	Year Ended December 31				
	2014	2013	2012	2011 (a)	2010 (b)
	(millions)				
Segment sales	$2,786.7	$2,599.6	$2,190.2	$1,779.4	$1,778.0
Segment income	$56.7	$39.9	$24.0	$2.0	$11.6
Segment depreciation and amortization	9.8	9.2	8.8	8.4	7.5
Segment EBITDA (c)	$66.5	$49.2	$32.9	$10.4	$19.1

(a) In 2011, segment income and EBITDA included $1.2 million of noncash asset write-downs.

(b) In 2010, segment income and EBITDA included $4.1 million of income for cash received from a litigation settlement related to vendor product pricing.

(c) 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 EBITDA to net income (loss).

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Facilities

Our Building Materials Distribution segment operates a nationwide network of 32 building materials distribution facilities throughout the United States. We also operate a single truss manufacturing plant. Our broad geographic presence reduces our exposure to market factors in any single region. In 2014, we opened a new facility in Kansas City, Missouri, and expanded our Greensboro, North Carolina, facility. In 2013, we expanded our Minneapolis, Minnesota, Boise, Idaho, and Chicago, Illinois, facilities. In early 2012, we also completed facility expansions in Dallas, Texas, and Greenland, New Hampshire.

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 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. Throughout the housing downturn, we believe we have grown market share by strengthening relationships with our customers, stocking sufficient inventory, and retaining our primary sales team. Our highly efficient logistics system allows 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, 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 purchase many of these corporate staff services 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 amends 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. For those services scheduled to be terminated, the expiration dates are planned to occur between March 2015 and December 2015. Services for which the Amendment does not provide expiration dates will generally continue under the same terms and conditions of the Agreement. These administration services, including information technology, accounting, and human resource transactional services, will transition from PCA to us upon expiration. During and after transition, our information technology systems will remain in place with many of the administrative services performed by newly hired employees, many of whom we expect to transition from PCA to Boise Cascade employment. See "Item 1A. Risk Factors" and 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, 2014, our top ten customers represented approximately 28% of our sales, with our largest customer, Home Depot, accounting for approximately 9% of our sales. At December 31, 2014, receivables from Home Depot accounted for approximately 11% of total receivables. Sales to Home Depot 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.

Competition

The competitive environment in the U.S. continues to be challenging as new residential and light commercial construction activity and repair-and-remodeling spending remain substantially below average historical levels. 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, and several smaller 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, regional 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 and Canada, although we also compete with manufacturers in other countries. 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

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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

Our 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.

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 15, 2015, we had approximately 5,670 employees. Approximately 26% of these employees work pursuant to collective bargaining agreements. As of February 15, 2015, we had nine collective bargaining agreements. None of our employees are working pursuant to a collective bargaining agreement that will expire within the next 12 months.

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 of the Registrant

Below is a list of names, ages, and a brief account of the business experience of our executive officers and key members of management, each as of February 20, 2015.

Name	Age	Position
Executive Officers:		
Thomas E. Carlile	63	Chief Executive Officer and Director
Thomas K. Corrick	59	Chief Operating Officer
Wayne M. Rancourt	52	Executive Vice President, Chief Financial Officer, and Treasurer
Daniel G. Hutchinson	63	Executive Vice President, Wood Products Manufacturing
Nick Stokes	57	Executive Vice President, Building Materials Distribution
John T. Sahlberg	61	Senior Vice President, Human Resources and General Counsel
Kelly E. Hibbs	48	Vice President and Controller
Key Management:		
Dennis R. Huston	62	Vice President of Sales and Marketing, Engineered Wood Products
Frank Elfering	48	Vice President of Purchasing, Building Materials Distribution
Rich Viola	57	Vice President of Sales and Marketing, Building Materials Distribution

Thomas E. Carlile, Chief Executive Officer and Director

Mr. Carlile became our chief executive officer and a director of BC Holdings in August 2009. He became one of our directors in February 2013 in connection with our initial public offering. Mr. Carlile previously served as our executive vice president and chief financial officer from February 2008 to August 2009, following the divestiture of our paper and packaging businesses. From October 2004 to January 2008, he served as senior vice president and chief financial officer. Mr. Carlile has served as a member of the board of directors of IDACORP, Inc. and Idaho Power Company since March 2014. Mr. Carlile received a bachelor's degree in accounting from Boise State University and completed the Stanford Executive Program. Mr. Carlile's position as our chief executive officer allows him to advise the board of directors on management's perspective over a full range of issues affecting the company. Mr. Carlile has elected to retire from the company, effective March 6, 2015.

Thomas K. Corrick, Chief Operating Officer

Mr. Corrick will become our chief executive officer on March 6, 2015. He has served as our chief operating officer since November 2014. Prior to his appointment as chief operating officer, Mr. Corrick served as the executive vice president of Wood Products since June 2014 and previously served as senior vice president, Wood Products, from August 2012 to June 2014. Prior to that he served as senior vice president, Engineered Wood Products, from February 2011 to August 2012, and vice president, Engineered Wood Products, from January 2005 to February 2011. From October 2004 to January 2005, he served as the general manager of Engineered Wood Products. Mr. Corrick received both 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. Mr. Rancourt served as senior vice president, chief financial officer, and treasurer from August 2009 to November 2014.

Prior to that, he previously served as our vice president, treasurer and investor relations from February 2008 to August 2009, following the divestiture of our paper and packaging businesses. From October 2004 to January 2008, he served as vice president and treasurer. Mr. Rancourt received a B.S. degree in accounting from Central Washington University.

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

Mr. Hutchinson became our executive vice president of Wood Products in November 2014. Prior to that, Mr. Hutchinson served as vice president of operations for Wood Products Manufacturing from August 2012 to November 2014. He previously served as general manager of operations for our Engineered Wood Products business from 2008 to August 2012. From 2007 to 2008, he served as our Engineered Wood Products national accounts manager. 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. Prior to that he served as the division's senior vice president from February 2011 to March 2014. From October 2004 to February 2011, Mr. Stokes served as vice president, Building Materials Distribution. 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. Prior to his election as senior vice president, Human Resources and General Counsel, Mr. Sahlberg served as vice president, Human Resources and General Counsel, since January 2011. Prior to that, he served as vice president, Human Resources, from February 2008 to January 2011. Prior to that, he served as director of Human Resources from February 2006 to February 2008. From October 2004 through January 2006, he was director of labor relations. 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.

Kelly E. Hibbs, Vice President and Controller

Mr. Hibbs became our vice president and controller in February 2011. Mr. Hibbs previously served as our director of strategic planning and internal audit from February 2008 to February 2011. From October 2004 to February 2008, he served as manager of financial forecasts and projects. 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. Mr. Huston previously served as sales manager of Engineered Wood Products from October 2004 until 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 for Building Materials Distribution in October 2013. Prior to that he served as the division’s purchasing manager since July 2013. From 2008 to 2013, he served as the division marketing manager and west region sales manager for BMD. 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 for Building Materials Distribution in October 2013, after being named division sales and marketing manager in early 2013. From 1999 to 2013, Mr. Viola served as national accounts sales manager and east region sales manager. Prior to the acquisition by Boise Cascade in 1999, he held the position of senior vice president, sales and marketing, for Furman Lumber, Inc. Mr. Viola received a B.S. in marketing from Northeastern University in Boston.

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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 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 substantially below average historical levels during 2014 and so did demand for many of the products we manufacture and distribute. There is significant uncertainty regarding the timing and extent of a recovery to average historical levels in such construction activity and resulting product demand levels. 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.
Wood products industry supply 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 wood products supply and demand in the United States is also heavily influenced by imported products, principally from Canada.
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 end users 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.

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 44% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2014. 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 timber 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 timber supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high timber costs may impair the cost competitiveness of our manufacturing facilities.

In certain regions in which we operate, a substantial portion of our timber is 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 timber and fiber supply from both government and private lands. Availability of harvested timber 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 timber requirements in a particular region to satisfy our timber 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 5% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2014. 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.

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;
- 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 40% of our Wood Products sales in 2014 were to our Building Materials Distribution business, a material disruption at our Wood Products facilities would also negatively affect our Building Materials

Distribution business.

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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.

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, 2014, the net underfunded status of our defined benefit pension plans was $149.8 million. If the status of our defined benefit plans continues to be underfunded, we anticipate 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.

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 increases in costs or limited availability 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.

We rely on PCA for many of our administrative services. Certain key services are scheduled to terminate during 2015.

Under an Outsourcing Services Agreement, a wholly-owned subsidiary of PCA provides a number of corporate staff services to us. These services include, but are not limited to, information technology, accounting, and human resource

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transactional services. On November 17, 2014, we entered into the Fifth Amendment to Outsourcing Services Agreement (the "Amendment") with PCA, which amends 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. For those services scheduled to be terminated, the expiration dates are planned to occur between March 2015 and December 2015. Services for which the Amendment does not provide expiration dates will generally continue under the same terms and conditions of the Agreement. During the transition period, we cannot be assured that the staff providing such services will remain with PCA or that there will not be a disruption in the continuity or level of service provided. In addition, if we are unable to successfully transition these services from PCA to newly hired employees (many of whom we expect to transition from PCA to Boise Cascade employment), our business and compliance activities and results of operations could be substantially and negatively affected.

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

For the year ended December 31, 2014, our top ten customers represented approximately 28% of our sales, with one customer accounting for approximately 9% of sales. At December 31, 2014, receivables from such customer accounted for approximately 11% of total receivables. 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.

Our operations require substantial capital, and recent significant capital investments 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 (or improvements to our manufacturing equipment), increasing our outdoor storage acreage, and leasing additional warehouse space. These capital investments 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.

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 several years, housing starts remained below historical levels. 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 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.

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.

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

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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 will be subject to one or more of these regulations and must be in compliance with the applicable rules by early 2016. We are currently undertaking a complete review of the revised rules to assess how they will affect our operations. Even with the revised rules finalized, considerable uncertainty still exists, as the EPA has recently proposed some changes to the regulations, and there are legal challenges to the final rules from industry and/or environmental organizations. Notwithstanding that uncertainty, we are proceeding with efforts to analyze the applicability and requirements of the regulations, including the capital and operating costs required to comply. Based upon our current understanding of the regulations, we expect to spend approximately $4 million to $6 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 in the event they are unable to fully discharge environmental liabilities assumed by them, as well as 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.

Some of our products are vulnerable to declines in demand due to competing technologies or materials.

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 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.

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.

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

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. As of February 15, 2015, we had approximately 5,670 employees. Approximately 26% of these employees work pursuant to collective bargaining agreements. As of February 15, 2015, we had nine collective bargaining agreements. None of our employees are working pursuant to a collective bargaining agreement that will expire within the next 12 months.

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;
- 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.

Cyber security risks related to the technology that manages 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, implementation, updating, and internal and 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 conduct business with us. In addition, sophisticated hardware and operating system software and applications that we procure from third parties (including PCA) 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.

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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 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.

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

We may be unable to successfully complete potential acquisitions due to multiple factors, such as issues related to regulatory review of the proposed transactions. 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. In the future, 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.

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, 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;
- strategic actions by us, our customers, or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations, or principles;

- material litigation or government investigations;

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- 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;
- changes in key personnel;
- 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); 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.

The requirements of being a public company have increased certain of our costs and require significant management focus.

We completed our initial public offering in February 2013, and Boise Cascade common stock is listed on the New York Stock Exchange (NYSE). As a public company, our legal, accounting, and other expenses associated with compliance-related and other activities have increased. For example, we created new board committees and appointed an additional independent director to comply with the corporate governance requirements of the NYSE. Costs to obtain director and officer liability insurance contribute to our increased costs. As a result of the associated liability, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements, which could further increase our compliance costs.

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 determines that such changes in control are not in the best interests of us 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 to 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. In general, Section 203 prohibits 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. Accordingly, we are not subject to any antitakeover effects of Section 203. However, our certificate of incorporation contains provisions that have the same effect as Section 203.

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 reporting pursuant to Section 404 of the Sarbanes-Oxley Act. To comply with the requirements of being a public company, we have undertaken various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. 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 20, 2015. We lease office space for our corporate headquarters in Boise, Idaho.

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Wood Products

We own all of our Wood Products manufacturing facilities. The following table summarizes our Wood Products facilities as of February 20, 2015:

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. 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 20, 2015:

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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/Leased	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	Owned/Leased	192,000
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	Owned/Leased	153,000
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	58,000
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 2014 and 2013 as reported by the NYSE:

	High Sale Price	Low Sale Price
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
2013		
Fourth Quarter	$30.24	$23.05
Third Quarter	$29.50	$22.55
Second Quarter	$33.99	$24.90
First Quarter (beginning February 6, 2013)	$34.54	$25.25

On February 20, 2015, there were 39,477,611 shares of our common stock outstanding, held by 21 stockholders of record, one of which was Cede & Co., which is the nominee of shares held through The Depository Trust Company. On February 20, 2015, the closing price of our common stock was $37.04.

Dividends

We did not declare or pay any cash dividends on our common stock during the years ended December 31, 2014 and 2013. 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 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 BC Holdings 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, 2012, through December 31, 2014.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not repurchase any shares of our common stock during the three months ended December 31, 2014.

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.

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	Year Ended December 31				
	2014	2013 (a)	2012	2011 (b)	2010 (c)
	(millions, except per-share data)				
Consolidated statement of operations data					
Sales	$3,574	$3,273	$2,779	$2,248	$2,241
Net income (loss)	$80	$117	$41	$(46)	$(33)
Net income (loss) per common share – basic and diluted	$2.03	$2.91	$1.40	$(1.56)	$(1.12)
Earnings before interest, taxes, depreciation, and amortization (EBITDA) (d)	$197	$136	$97	$9	$22
Cash dividends declared per common share	$—	$—	$—	$—	$—
Balance sheet data (at end of year)					
Cash and cash equivalents	$164	$118	$46	$176	$259
Working capital, excluding cash and cash equivalents	$355	$330	$245	$241	$200
Total assets	$1,220	$1,104	$828	$897	$947
Total long-term debt	$301	$302	$275	$220	$220

(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) In 2010, net loss includes $4.6 million of income associated with receiving proceeds from a litigation settlement related to vendor product pricing.

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

	Year Ended December 31				
	2014	2013	2012	2011	2010
	(millions)				
Net income (loss)	$80	$117	$41	$(46)	$(33)
Interest expense	22	20	22	19	21
Interest income	—	—	—	—	(1)
Income tax provision (benefit)	43	(39)	—	—	—
Depreciation and amortization	51	38	33	37	35
EBITDA	$197	$136	$97	$9	$22

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

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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.

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), studs, particleboard, and ponderosa pine lumber; (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, 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 2014, approximately 40% of our Wood Products segment sales were to our Building Materials Distribution segment. In 2014, 27%, 66%, and 11% of our Wood Product segment's plywood, EWP, and lumber sales volumes, respectively, were to our Building Materials Distribution segment.

Executive Summary

We recorded income from operations of $145.5 million during the year ended December 31, 2014, compared with income from operations of $98.8 million during the same period in the prior year. In our Wood Products segment, income increased by $30.7 million to $108.4 million for the year ended December 31, 2014, from $77.7 million in 2013. In our Building Materials Distribution segment, income improved $16.8 million to $56.7 million for the year ended December 31, 2014, from $39.9 million for the year ended December 31, 2013. The key components that drove our improved financial performance are discussed in "Our Operating Results" below.

At December 31, 2014, we had $163.5 million of cash and cash equivalents and $266.8 million of unused committed bank line availability. Cash increased $45.3 million during the year ended December 31, 2014, as cash provided by operations was offset partially by capital spending, as discussed further in "Liquidity and Capital Resources" below.

Factors That Affect Our Operating Results

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.

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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 determined frequently 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 purchase cost for commodities we distribute. Future commodity product prices could be volatile in response to industry capacity restarts and operating rates, 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		
	2014 versus 2013	2013 versus 2012	2012 versus 2011
Increase (decrease) in panel prices	(10)%	11%	32%
Increase in lumber prices	0%	19%	19%

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 until demand improves further. 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 and as EWP continues to gain market share from dimension lumber products. We expect margins for EWP over time will be higher and more stable than those for most dimension lumber 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. From 2005 to 2011, total housing starts in the United States declined by more than 70% and remained substantially below average historical levels from 2012 to 2014. The significant drop in new residential construction created challenging conditions for building products manufacturers and distributors, with substantial reductions in manufacturing and distribution capacity and operating rates occurring since late 2008, as companies adjusted to lower industry demand. We expect manufacturing and distribution operating rates to increase as housing demand improves further.

As of February 2015, the Blue Chip Economic Indicators consensus forecast for 2015 single- and multi-family housing starts in the U.S. was approximately 1.16 million units, compared with actual housing starts of 1.00 million in 2014 and 0.92 million in 2013, 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 20 years prior to 2014, annual housing starts increased 8% and 18%, respectively, during 2014 and 2013. Many economists expect housing starts to continue to increase. We believe that, over the long term, demographics in the U.S. support a return to long-term historical average levels of residential construction.

Unemployment rates in the U.S. improved to 5.6% as of December 31, 2014, from 6.7% as of December 31, 2013. We believe continued employment growth, prospective home buyers' increased 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.

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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.

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 44% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation), for our Wood Products segment in 2014. Timber comprises approximately 80% of our wood fiber costs, and we satisfy our timber requirements through a combination of purchases under supply agreements, open-market purchases, and purchases pursuant to contracts awarded under public timber auctions. See "Raw Materials and Input Costs" under "Wood Products" in "Item 1. Business" of this Form 10-K for further description of these agreements.

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

	Year Ended December 31		
	2014 versus 2013	2013 versus 2012	2012 versus 2011
Increase in per-unit log costs	2%	10%	5%

The cost of timber 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 timber 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 timber. We anticipate that wood fiber costs will fluctuate in the future as building material product prices fluctuate. Generally, increases in the cost of timber lag product price increases, as improved manufacturer profitability often leads to increased demand for timber.

In the future, we expect the level of foreign demand for timber 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 timber supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high timber costs may impair the cost competitiveness of our manufacturing facilities.

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

We also use various resins and glues in our manufacturing processes, which accounted for approximately 7% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2014. 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 5% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2014.

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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		
	2014	2013	2012
OSB composite prices	$245	$357	$302

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, 2014, 2013, and 2012:

	Year Ended December 31		
	2014	2013	2012
	(millions)		
Sales	$3,573.7	$3,273.5	$2,779.1
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	3,065.7	2,846.6	2,403.4
Depreciation and amortization	51.4	38.0	33.4
Selling and distribution expenses	264.2	245.3	235.1
General and administrative expenses	48.5	45.5	43.1
Other (income) expense, net	(1.6)	(0.7)	0.9
	3,428.2	3,174.7	2,715.9
Income from operations	$145.5	$98.8	$63.1
	(percentage of sales)		
Sales	100.0 %	100.0 %	100.0 %
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	85.8 %	87.0 %	86.5 %
Depreciation and amortization	1.4	1.2	1.2
Selling and distribution expenses	7.4	7.5	8.5
General and administrative expenses	1.4	1.4	1.6
Other (income) expense, net	—	—	—
	95.9 %	97.0 %	97.7 %
Income from operations	4.1 %	3.0 %	2.3 %

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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, 2014, 2013, and 2012.

	Year Ended December 31		
	2014	2013	2012
	(millions)		
U.S. Housing Starts (a)			
Single-family	0.65	0.62	0.54
Multi-family	0.35	0.30	0.24
	1.00	0.92	0.78
Segment Sales			
Wood Products	$1,317.0	$1,134.1	$943.3
Building Materials Distribution	2,786.7	2,599.6	2,190.2
Intersegment eliminations	(529.9)	(460.2)	(354.4)
	$3,573.7	$3,273.5	$2,779.1
Wood Products			
Sales Volumes			
Plywood (sq. ft.) (3/8" basis)	1,651	1,473	1,356
Laminated veneer lumber (LVL) (cubic feet)	12.4	11.1	9.1
I-joists (equivalent lineal feet)	193	179	145
Lumber (board feet)	212	199	188
	(dollars per unit)		
Wood Products			
Average Net Selling Prices			
Plywood (1,000 sq. ft.) (3/8" basis)	$314	$316	$295
Laminated veneer lumber (LVL) (cubic foot)	16.32	15.68	14.80
I-joists (1,000 equivalent lineal feet)	1,070	1,000	921
Lumber (1,000 board feet)	558	509	430
	(percentage of Building Materials Distribution sales)		
Building Materials Distribution			
Product Line Sales			
Commodity	49.4%	51.3%	49.9%
General line	33.6%	33.0%	36.3%
Engineered wood products	17.0%	15.7%	13.8%
Gross margin percentage (b)	11.4%	10.9%	11.7%

(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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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. 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, 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 laminated veneer lumber (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. Materials, labor, and other operating expenses as a percentage of sales (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 have with a wholly-owned subsidiary of Packaging Corporation of America (PCA), under which PCA provides a number of corporate staff services to us. Substantially all of these administration services, including information technology, accounting, and human resource transactional services, will transition from PCA to us between March 2015 and December 2015. During and after transition, our information technology systems will remain in place with many of the administrative services performed by newly hired employees, many of whom we expect to transition from PCA to Boise Cascade employment. We do not currently expect a significant 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 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 of income from $77.7 million for the year ended December 31, 2013. The increase in segment income was due primarily to improved operating results in our EWP business 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.

2013 Compared With 2012

Sales

For the year ended December 31, 2013, total sales increased $494.4 million, or 18%, to $3,273.5 million from $2,779.1 million during the year ended December 31, 2012, driven primarily by increases in sales volumes and prices for many of the products we manufacture and distribute. During 2013, U.S. housing starts increased 18%, with single-family starts up 15%, compared with 2012. Average composite lumber and average composite panel prices for the year ended December 31, 2013, were 19% and 11% higher, respectively, than in the same period in the prior year, as reflected by Random Lengths.

Wood Products. During the year ended December 31, 2013, sales, including sales to our Building Materials Distribution segment, increased $190.8 million, or 20%, to $1,134.1 million from $943.3 million in 2012. The increase in sales was due primarily to increased EWP volumes and prices, resulting in increases of $63.0 million and $29.5 million, respectively, as well as higher plywood volumes and prices of $34.3 million and $30.8 million, respectively. Lumber sales prices and volumes also contributed $15.7 million and $4.6 million, respectively, to the increase in sales. I-joist and LVL sales volumes increased 24% and 22%, respectively, due to higher levels of residential construction activity. In addition, lumber and plywood sales prices increased 18% and 7%, respectively, while I-joist and LVL sales prices improved 9% and 6%, respectively. Plywood sales volumes increased 9%, primarily as a result of the acquisition of two plywood manufacturing facilities on September 30, 2013. In addition, lumber sales volumes increased 6%.

Building Materials Distribution. During the year ended December 31, 2013, sales increased $409.4 million, or 19%, to $2,599.6 million from $2,190.2 million for the prior year. The increase in sales was driven primarily by improvements in sales volumes and prices of 10% and 8%, respectively. By product line, commodity sales increased 22%, or $240.7 million; sales of EWP increased 35%, or $105.9 million; and general line products sales increased 8%, or $62.8 million.

Costs and Expenses

Materials, labor, and other operating expenses (excluding depreciation) increased $443.2 million, or 18%, to $2,846.6 million for the year ended December 31, 2013, compared with $2,403.4 million during the prior year. The increase primarily reflects higher purchased materials costs as a result of higher sales volumes and product price inflation in our Building Materials Distribution segment, as well as an 80-basis-point increase in MLO rate, compared with the prior year, in our Building Materials Distribution segment due to commodity products being a larger portion of the Building Materials Distribution segment sales mix and the negative impact of a sharp downward trajectory in commodity prices during second quarter 2013. In addition, higher manufacturing costs, including wood costs, labor, glues and resins, and energy, were driven by higher sales volumes of EWP, plywood, and lumber in our Wood Products segment, as well as higher per-unit log costs, which increased approximately 10%, compared with the same period in 2012. The MLO rate in our Wood Products segment decreased by 20 basis points. The decrease in the MLO rate was primarily the result of improved leveraging of labor costs of 180 basis points due to higher sales, offset partially by increases in wood fiber costs and other manufacturing costs of 100 and 60 basis points, respectively, compared with the prior year.

Depreciation and amortization expenses increased $4.6 million, or 14%, to $38.0 million for the year ended December 31, 2013, compared with $33.4 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 $10.2 million, or 4%, to $245.3 million for the year ended December 31, 2013, compared with $235.1 million for the prior year. The increase was due primarily to higher payroll and transportation costs in our Building Materials Distribution segment of $5.9 million and $3.7 million, respectively, due to increased sales volumes and an increase in other variable expenses, offset partially by lower incentive compensation expenses of $1.8 million. The change in transportation costs excludes payroll costs related to shipping and handling, which are included in the change in payroll costs discussed above. While total selling and distribution expenses increased 4%, these costs decreased as a percentage of total sales by 100 basis points, as selling and distribution expenses did not increase at the same rate as sales.

General and administrative expenses increased $2.4 million, or 5%, to $45.5 million for the year ended December 31, 2013, compared with $43.1 million for the prior year. The increase was due primarily to higher professional service, payroll, and travel expenses of $3.0 million, $0.9 million, and $0.6 million, respectively, offset partially by lower incentive compensation expense of $2.5 million. The increase in professional service expenses was due primarily to secondary offering expenses and acquisition-related costs.

Outsourcing Services Agreement. Included in the 2013 and 2012 costs and expenses set forth above are $15.5 million and $15.0 million, respectively, of expenses related to the Outsourcing Services Agreement we have with PCA, under which PCA provides 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 years ended December 31, 2013 and 2012, other (income) expense, net, was insignificant.

Income (Loss) From Operations

Income from operations increased $35.7 million to $98.8 million for the year ended December 31, 2013, compared with $63.1 million of income for the year ended December 31, 2012. Our improved financial results were driven primarily by

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higher sales volumes and prices for many of the products we manufacture and distribute, as well as leveraging of manufacturing and distribution expenses, as discussed above.

Wood Products. For the year ended December 31, 2013, segment income improved $21.9 million to $77.7 million of income from $55.8 million for the year ended December 31, 2012. The increase in segment income was driven primarily by higher plywood, EWP, and lumber sales prices, as well as higher sales volumes of plywood and EWP. These improvements were offset partially by higher wood fiber costs and an increase in depreciation and amortization expenses, as well as lower margins on inventory purchased for resale in support of customer programs.

Building Materials Distribution. For the year ended December 31, 2013, segment income increased $15.9 million to $39.9 million from $24.0 million for the year ended December 31, 2012. The improvement in segment income was driven primarily by higher gross margin dollars generated of $25.9 million due to an increase in sales. However, the gross margin percentage declined 80 basis points, compared with the same period in the prior year, due to commodity products being a larger portion of the Building Materials Distribution segment sales mix and the negative impact of a sharp downward trajectory in commodity prices during second quarter 2013. While total selling and distribution expenses increased $10.5 million, these costs decreased as a percentage of segment sales by 110 basis points, as selling and distribution expenses did not increase at the same rate as sales.

Other

Foreign Currency Exchange Gain (Loss). For the year ended December 31, 2013, foreign currency exchange loss was $0.4 million, compared with approximately break-even for the prior year. The 2013 loss was driven primarily by the strengthening of the U.S. dollar, compared with the Canadian dollar.

Interest Expense. Interest expense decreased $1.4 million, or 6%, to $20.4 million for the year ended December 31, 2013, compared with $21.8 million for the prior year. The decrease in interest expense was primarily due to less amortization of deferred financing costs than in the prior year because of the write-off of deferred financing costs associated with our senior subordinated notes that were redeemed in fourth quarter 2012. Although average borrowings increased in 2013, average interest rates on 2013 debt were lower, resulting in an insignificant change in cash interest expense from 2012.

Income Tax Benefit (Provision)

For the year ended December 31, 2014, we recorded $43.3 million of income tax expense and had an effective rate of 35.1%. 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, 2014, the federal statutory income tax rate and the effective tax rate were each 35%, as the effect of state taxes was offset by the domestic production activities deduction and other tax credits. 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.

Prior to January 1, 2013, as a limited liability company, we were not subject to entity-level federal or state income taxation. Our income tax provision generally consisted of income taxes payable to state jurisdictions that do not allow for the income tax liability to be passed through to our former sole member as well as income taxes payable by our separate subsidiaries that are taxed as corporations. As a limited liability company, we had an effective tax rate of less than 1%.

Acquisitions

On September 30, 2013, we completed the acquisition of Wood Resources LLC Southeast Operations for an aggregate purchase price of $103.0 million, including a post-closing adjustment of $1.0 million based upon a working capital target (the Acquisition). These operations consist of two plywood manufacturing facilities located in North Carolina and South Carolina. These facilities enable us to better serve our customers in the eastern and southeastern United States.

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Liquidity and Capital Resources

We ended 2014 with $163.5 million of cash and cash equivalents and $301.4 million of long-term debt. At December 31, 2014, we had $430.3 million of available liquidity (unrestricted cash and cash equivalents and unused borrowing capacity under our senior secured asset-based revolving credit facility). We generated $45.3 million of cash during the year ended December 31, 2014, as cash provided by operations was offset partially by capital spending, as further discussed below.

At December 31, 2014, our cash was invested in high-quality, short-term investments, which we record in "Cash and cash equivalents." The credit quality of our portfolio of short-term investments remains strong, with the majority of our cash and cash equivalents 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 in 2015.

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, 2014, we used a discount rate assumption of 3.75% to measure the present value of our pension benefit obligations, which resulted in a reported pension benefit obligation of approximately $513.8 million. The fair value of our pension plan assets at December 31, 2014, was approximately $364.0 million, and thus we reported an underfunded status of our defined benefit pension plans of approximately $149.8 million. Given the underfunded status, we expect to have significant pension funding obligations. While we have no required contributions for 2015, we expect to make cash contributions of approximately $15 million to our pension plans.

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.

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 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

	2014	2013	2012
	(thousands)		
Net cash provided by operations	$101,843	$33,427	$77,608
Net cash used for investment	(56,404)	(146,680)	(29,434)
Net cash provided by (used for) financing	(139)	185,609	(178,650)

Operating Activities

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:

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- 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 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, a $5.7 million increase in timber deposits, and a $1.3 million increase in cash contributions to our pension plans.

2013 Compared With 2012

In 2013, our operating activities generated $33.4 million of cash, compared with $77.6 million in 2012. Compared with 2012, the $44.2 million decrease in cash provided by operations in 2013 relates primarily to the following:

- A $61.3 million increase in working capital during 2013, compared with a $9.2 million increase in working capital during 2012. 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 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 18% and 16%, comparing sales for the months of December 2013 and 2012 with sales for the months of December 2012 and 2011, respectively. Inventories increased in 2013 primarily due to an increase in finished goods inventory in our segments and log inventory in our Wood Products segment due to an improvement in demand for our products from higher residential construction activity, as well as cost inflation on key raw materials we consume in the manufacture of wood products. Accounts payable and accrued liabilities increased slightly in 2013, after adjusting for liabilities assumed in the Acquisition. Accounts payable did not increase at the same rate as inventory with a lower proportion of our inventory financed through accounts payable at year-end 2013, compared with 2012. Also, the majority of the employee incentive compensation that was accrued in 2012 was paid out in first quarter 2013.

- A $22.5 million increase in cash paid for income taxes. As discussed under "Income Tax Benefit (Provision)" above, we converted from a limited liability company to a corporation and elected to be treated as a corporation for federal and state income tax purposes effective as of January 1, 2013, and became subject to federal and state income tax expense.

- An increase in cash contributions to our pension plans. During 2013, we used $10.7 million of cash to make pension contributions, compared with $8.5 million during 2012.

- A $21.9 million increase in income in our Wood Products segment and a $15.9 million increase in income in our Building Materials Distribution segment. As discussed under "Operating Results" above, the improvement in results for 2013 was the result of higher sales volumes and prices for many of the products we manufacture and distribute, as well as leveraging of manufacturing and distribution expenses.

Investment Activities

Net cash used for investing activities was $56.4 million, $146.7 million, and $29.4 million during 2014, 2013, and 2012, respectively.

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, replacement and expansion projects, and ongoing environmental compliance. Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects. In addition, purchases of property and equipment included approximately $6 million on environmental compliance in 2014 and we expect to spend approximately $8 million in 2015. 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.

Excluding potential acquisitions, we expect capital expenditures in 2015 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 2015 will be for business improvement and quality/efficiency projects, replacement projects, and ongoing environmental compliance.

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, replacement and expansion projects, and ongoing environmental compliance. In 2013, purchases of property and equipment included approximately $4.8 million on environmental compliance. For the year ended December 31, 2013, we received proceeds of $2.2 million from the sale of assets.

2012

During the year ended December 31, 2012, we used approximately $27.4 million of cash for purchases of property and equipment, which included expenditures for the rebuild of veneer dryers, as well as costs related to other replacement projects and ongoing environmental compliance. In 2012, purchases of property and equipment included approximately $1.3 million on environmental compliance. In addition, we spent $2.4 million for the acquisition of a sawmill in Arden, Washington, which improved fiber integration and enhanced the product mix capabilities in our Inland Region lumber operations.

Financing Activities

During 2014, we borrowed $57.6 million under our revolving credit facility to fund working capital needs, which was subsequently repaid during the same period with cash on hand, resulting in 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 the asset-based revolving credit facility.

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During 2012, we repaid our senior subordinated notes with cash on hand, borrowings under our revolving credit facility, and the issuance of senior notes. On October 12, 2012, we borrowed $50.0 million under our revolving credit facility to partially fund the redemption of $75.0 million of our senior subordinated notes. In addition, on October 22, 2012, we issued $250.0 million aggregate amount of our Senior Notes to fund the redemption of our remaining senior subordinated notes and for general corporate purposes. We repaid $25.0 million of borrowings under our revolving credit facility on December 20, 2012. We also used $5.8 million of cash for financing costs related primarily to our Senior Notes. In addition, during 2012, we made $228.3 million of distributions to BC Holdings, our equityholder.

Debt Structure

Long-term debt consisted of the following:

	December 31, 2014	December 31, 2013
	(thousands)	
Asset-based revolving credit facility	$	