BOISE CASCADE Co
Form 10-Q
July 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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

For the transition period from to

Commission File Number: 001-35805
Boise Cascade Company
(Exact name of registrant as specified in its charter)

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

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

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

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 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   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

There were 39,189,969 shares of the registrant's $0.01 par value common stock outstanding on July 24, 2015.

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PART I—FINANCIAL INFORMATION

PART II—OTHER INFORMATION

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Boise Cascade Company
Consolidated Statements of Operations
(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(thousands, except per-share data)			
Sales	$955,397	$961,187	$1,765,300	$1,728,367
Costs and expenses				
Materials, labor, and other operating expenses (excluding depreciation)	824,583	823,532	1,529,622	1,496,140
Depreciation and amortization	13,281	12,482	26,868	24,802
Selling and distribution expenses	68,254	67,181	130,134	126,111
General and administrative expenses	12,018	11,925	24,026	22,590
Other (income) expense, net	(98)	163	(397)	(1,737)
	918,038	915,283	1,710,253	1,667,906
Income from operations	37,359	45,904	55,047	60,461
Foreign currency exchange gain (loss)	41	266	(66)	177
Interest expense	(5,591)	(5,519)	(11,072)	(11,031)
Interest income	58	53	148	123
	(5,492)	(5,200)	(10,990)	(10,731)
Income before income taxes	31,867	40,704	44,057	49,730
Income tax provision	(11,637)	(14,286)	(16,210)	(17,747)
Net income	$20,230	$26,418	$27,847	$31,983
Weighted average common shares outstanding:				
Basic	39,494	39,420	39,496	39,399
Diluted	39,600	39,463	39,604	39,458
Net income per common share:				
Basic	$0.51	$0.67	$0.71	$0.81
Diluted	$0.51	$0.67	$0.70	$0.81

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

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Boise Cascade Company
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(thousands)			
Net income	$20,230	$26,418	$27,847	$31,983
Other comprehensive income (loss), net of tax				
Defined benefit pension plans				
Actuarial gain, net of tax of $7,422, $-, $7,422, and $-, respectively	11,923	—	11,923	—
Amortization of actuarial (gain) loss, net of tax of $504, ($2), $1,117, and ($4), respectively	808	(4)	1,793	(8)
Effect of settlements, net of tax of $-, $-, $192, and $-, respectively	—	—	309	—
Other comprehensive income (loss), net of tax	12,731	(4)	14,025	(8)
Comprehensive income	$32,961	$26,414	$41,872	$31,975

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

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Boise Cascade Company
Consolidated Balance Sheets
(unaudited)

	June 30, 2015	December 31, 2014
	(thousands)	
ASSETS		
Current		
Cash and cash equivalents	$194,927	$163,549
Receivables		
Trade, less allowances of $1,694 and $2,062	236,515	172,314
Related parties	487	821
Other	5,329	7,311
Inventories	415,114	394,461
Deferred income taxes	19,292	20,311
Prepaid expenses and other	10,189	14,857
Total current assets	881,853	773,624
Property and equipment, net	374,013	368,128
Timber deposits	12,568	13,819
Deferred financing costs	7,199	7,149
Goodwill	21,823	21,823
Intangible assets, net	10,137	10,183
Deferred income taxes	—	16,684
Other assets	10,851	9,075
Total assets	$1,318,444	$1,220,485

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

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Boise Cascade Company
Consolidated Balance Sheets (continued)
(unaudited)

	June 30, 2015	December 31, 2014
	(thousands, except per-share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable		
Trade	$238,312	$150,693
Related parties	3,445	1,743
Accrued liabilities		
Compensation and benefits	48,038	66,170
Interest payable	3,375	3,298
Other	39,573	33,286
Total current liabilities	332,743	255,190
Debt		
Long-term debt	351,312	301,415
Other		
Compensation and benefits	84,783	156,218
Other long-term liabilities	19,005	15,274
	103,788	171,492
Commitments and contingent liabilities		
Stockholders' equity		
Preferred stock, $0.01 par value per share; 50,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value per share; 300,000 shares authorized, 43,400 and 43,282 shares issued, respectively	434	433
Treasury stock, 4,039 and 3,864 shares at cost, respectively	(106,109)	(100,000)
Additional paid-in capital	505,188	502,739
Accumulated other comprehensive loss	(87,473)	(101,498)
Retained earnings	218,561	190,714
Total stockholders' equity	530,601	492,388
Total liabilities and stockholders' equity	$1,318,444	$1,220,485

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

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Boise Cascade Company
Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30	
	2015	2014
	(thousands)	
Cash provided by (used for) operations		
Net income	$27,847	$31,983
Items in net income not using (providing) cash		
Depreciation and amortization, including deferred financing costs and other	27,638	25,616
Stock-based compensation	2,898	2,310
Pension expense	2,881	357
Deferred income taxes	7,187	2,721
Other	(622)	(1,729)
Decrease (increase) in working capital		
Receivables	(61,885)	(65,953)
Inventories	(20,653)	(27,206)
Prepaid expenses and other	(3,375)	(3,424)
Accounts payable and accrued liabilities	78,457	58,393
Pension contributions	(53,203)	(780)
Income taxes payable	14,499	10,993
Other	(1,954)	(3,956)
Net cash provided by operations	19,715	29,325
Cash provided by (used for) investment		
Expenditures for property and equipment	(31,433)	(21,971)
Proceeds from sales of assets	263	4,669
Net cash used for investment	(31,170)	(17,302)
Cash provided by (used for) financing		
Borrowings of long-term debt, including revolving credit facility	50,000	57,600
Payments on revolving credit facility	—	(57,600)
Treasury stock purchased	(6,109)	—
Financing costs	(655)	(11)
Other	(403)	(342)
Net cash provided by (used for) financing	42,833	(353)
Net increase in cash and cash equivalents	31,378	11,670
Balance at beginning of the period	163,549	118,249
Balance at end of the period	$194,927	$129,919

See accompanying condensed notes to unaudited quarterly consolidated financial statements.

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Condensed Notes to Unaudited Quarterly Consolidated Financial Statements

1. Nature of Operations and Consolidation

Nature of Operations

Boise Cascade Company is a building products company headquartered in Boise, Idaho. As used in this Form 10-Q, the terms "Boise Cascade," "we," and "our" refer to Boise Cascade Company (formerly known as Boise Cascade, L.L.C.) and its consolidated subsidiaries. We are one of the largest producers of plywood and engineered wood products (EWP) in North America and a leading U.S. wholesale distributor of building products.

We operate our business using three reportable segments: (1) Wood Products, which manufactures plywood, EWP, studs, particleboard, and ponderosa pine lumber; (2) Building Materials Distribution, which is a wholesale distributor of building materials; and (3) Corporate and Other, which includes corporate support staff services and pension plan activity, related assets and liabilities, and foreign currency exchange gains and losses. For more information, see Note 11, Segment Information.

Consolidation

The accompanying quarterly consolidated financial statements have not been audited by an independent registered public accounting firm but, in the opinion of management, include all adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed within these condensed notes to unaudited quarterly consolidated financial statements, the adjustments made were of a normal, recurring nature. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted. The quarterly consolidated financial statements include the accounts of Boise Cascade and its subsidiaries after elimination of intercompany balances and transactions. Quarterly results are not necessarily indicative of results that may be expected for the full year. These condensed notes to unaudited quarterly consolidated financial statements should be read in conjunction with our 2014 Form 10-K and the other reports we file with the Securities and Exchange Commission (SEC).

2. Summary of Significant Accounting Policies

Accounting Policies

The complete summary of significant accounting policies is included in Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in our 2014 Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, inventories, goodwill, intangible assets, and other long-lived assets; legal contingencies; guarantee obligations; indemnifications; assumptions used in retirement, medical, and workers' compensation benefits; stock-based compensation; income taxes; and vendor and customer rebates, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

Vendor and Customer Rebates and Allowances

We receive rebates and allowances from our vendors under a number of different programs, including vendor marketing programs. At June 30, 2015, and December 31, 2014, we had $3.3 million and $6.1 million, respectively, of vendor

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rebates and allowances recorded in "Receivables, Other" on our Consolidated Balance Sheets. Rebates and allowances received from our vendors are recognized as a reduction of "Materials, labor, and other operating expenses (excluding depreciation)" when the product is sold, unless the rebates and allowances are linked to a specific incremental cost to sell a vendor's product. Amounts received from vendors that are linked to specific selling and distribution expenses are recognized as a reduction of "Selling and distribution expenses" in the period the expense is incurred.

We also provide rebates to our customers and our customers' customers based on the volume of their purchases. We provide the rebates to increase the sell-through of our products. The rebates are recorded as a decrease in "Sales." At June 30, 2015, and December 31, 2014, we had $26.5 million and $24.7 million, respectively, of rebates payable to our customers recorded in "Accrued liabilities, Other" on our Consolidated Balance Sheets.

Leases

We lease a portion of our distribution centers as well as other property and equipment under operating leases. For purposes of determining straight-line rent expense, the lease term is calculated from the date we first take possession of the facility, including any periods of free rent and any renewal option periods we are reasonably assured of exercising. Rental expense for operating leases was $4.5 million and $4.6 million for the three months ended June 30, 2015 and 2014, respectively, and $9.0 million and $8.5 million for the six months ended June 30, 2015 and 2014, respectively. Sublease rental income was not material in any of the periods presented.

Inventories

Inventories included the following (work in process is not material):

	June 30, 2015	December 31, 2014
	(thousands)	
Finished goods and work in process	$336,384	$308,359
Logs	47,662	57,065
Other raw materials and supplies	31,068	29,037
	$415,114	$394,461

Property and Equipment

Property and equipment consisted of the following asset classes:

	June 30, 2015	December 31, 2014
	(thousands)	
Land	$36,819	$36,819
Buildings	103,780	96,804
Improvements	42,949	42,699
Office equipment and vehicles	98,460	93,620
Machinery and equipment	420,963	410,633
Construction in progress	18,505	11,118
	721,476	691,693
Less accumulated depreciation	(347,463)	(323,565)
	$374,013	$368,128

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Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy under U.S. generally accepted accounting principles (GAAP) gives the highest priority to quoted market prices (Level 1) and the lowest priority to unobservable inputs (Level 3). In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value (Level 1). If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, we use quoted prices for similar assets and liabilities or inputs that are observable either directly or indirectly (Level 2). If quoted prices for identical or similar assets are not available or are unobservable, we may use internally developed valuation models, whose inputs include bid prices, and third-party valuations utilizing underlying asset assumptions (Level 3).

Financial Instruments

Our financial instruments are cash and cash equivalents, accounts receivable, accounts payable, and long-term debt. Our cash is recorded at cost, which approximates fair value, and our cash equivalents are money market funds measured at fair value. As of June 30, 2015, and December 31, 2014, we held $156.0 million and $137.6 million, respectively, in money market funds that are measured at fair value on a recurring basis using Level 1 inputs. The recorded values of accounts receivable and accounts payable approximate fair values based on their short-term nature. At June 30, 2015, the book value of our fixed-rate debt was $300.0 million, and the fair value was estimated to be $315.7 million. The difference between the book value and the fair value is derived from the difference between the period-end market interest rate and the stated rate of our fixed-rate, long-term debt. We estimated the fair value of our fixed-rate debt using quoted market prices (Level 2 inputs). The interest rate on our term loan is based on market conditions such as the London Interbank Offered Rate (LIBOR) or a base rate. Because the interest rate on the term loan is based on current market conditions, we believe that the estimated fair value of the outstanding balance on our term loan approximates book value.

Concentration of Credit Risk

We are exposed to credit risk related to customer accounts receivable. In order to manage credit risk, we consider customer concentrations and current economic trends and monitor the creditworthiness of significant customers based on ongoing credit evaluations. At June 30, 2015, and December 31, 2014, the receivables from a single customer accounted for approximately 13% and 11%, respectively, of total receivables. No other customer accounted for 10% or more of total receivables.

New and Recently Adopted Accounting Standards

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Fair Value Measurement (Topic 820): Disclosures of Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. Although the new standard is not effective until annual and interim reporting periods beginning after December 15, 2015, early adoption is permitted. The adoption of this standard will affect our disclosure presentation only, and will have no impact on our results of operations, balance sheet, or cash flows.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. This ASU requires an entity to present debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. The new standard is effective for annual and interim reporting periods beginning after December 15, 2015. The adoption of this standard will affect our balance sheet presentation only, and will have no impact on our results of operations or cash flows.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis. This ASU makes targeted amendments to the current consolidation guidance and affects both the variable interest entity and voting interest entity consolidation models. The guidance is effective for annual and interim reporting periods beginning after December 15, 2015. We do not expect the adoption of this guidance to have a material effect on our financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. This ASU requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers.

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The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. At its July 9, 2015, meeting, the FASB decided to delay the effective date of the revenue recognition standard by one year. The new standard is now effective for annual and interim reporting periods beginning after December 15, 2017. However, reporting entities may choose to adopt the standard as of the original effective date. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our financial statements.

There were no other accounting standards recently issued that had or are expected to have a material impact on our consolidated financial statements and associated disclosures.

3. Income Taxes

For the three and six months ended June 30, 2015, we recorded $11.6 million and $16.2 million, respectively, of income tax expense and had an effective rate of 36.5% and 36.8%, respectively. For the three and six months ended June 30, 2014, we recorded $14.3 million and $17.7 million, respectively, of income tax expense and had an effective rate of 35.1% and 35.7%, respectively. During the three and six months ended June 30, 2015, the primary reason for the difference between the federal statutory income tax rate of 35% and the effective tax rate was the effect of state taxes, offset partially by the domestic production activities deduction. During the three and six months ended June 30, 2014, the primary reasons for the difference between the federal statutory income tax rate of 35% and the effective tax rate were the effect of state taxes, offset partially by the domestic production activities deduction and other tax credits.

During the six months ended June 30, 2015, refunds received, net of cash paid for taxes, were $5.5 million, and during the six months ended June 30, 2014, cash paid for taxes, net of refunds received, was $4.0 million.

4. Net Income Per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Weighted average common shares outstanding for the basic net income per common share calculation includes certain vested restricted stock units (RSUs) as there are no conditions under which those shares will not be issued. Diluted net income per common share is computed by dividing net income by the combination of other potentially dilutive weighted average common shares and the weighted average number of common shares outstanding during the period. Other potentially dilutive weighted average common shares include the dilutive effect of stock options, RSUs, and performance stock units (PSUs) for each period using the treasury stock method. Under the treasury stock method, the exercise price of a share, the amount of compensation expense, if any, for future service that has not yet been recognized, and the amount of tax benefits that would be recorded in additional paid-in capital, if any, when the share is exercised are assumed to be used to repurchase shares in the current period.

The following table sets forth the computation of basic and diluted net income per common share:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(thousands, except per-share data)			
Net income	$20,230	$26,418	$27,847	$31,983
Weighted average common shares outstanding during the period (for basic calculation)	39,494	39,420	39,496	39,399
Dilutive effect of other potential common shares	106	43	108	59
	39,600	39,463	39,604	39,458

Weighted average common shares and potential common shares (for diluted calculation)				
Net income per common share - Basic	$0.51	$0.67	$0.71	$0.81
Net income per common share - Diluted	$0.51	$0.67	$0.70	$0.81

The computation of the dilutive effect of other potential common shares excludes stock awards representing no shares and 0.3 million shares of common stock, respectively, in the three months ended June 30, 2015 and 2014, and 0.1 million

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shares and 0.2 million shares of common stock, respectively, in the six months ended June 30, 2015 and 2014. Under the treasury stock method, the inclusion of these stock awards would have been antidilutive.

5. Debt

Long-term debt consisted of the following:

	June 30, 2015 (thousands)	December 31, 2014
Asset-based revolving credit facility	$—	$—
Term loan	50,000	—
6.375% senior notes	299,990	299,990
Unamortized premium on 6.375% senior notes	1,322	1,425
Long-term debt	$351,312	$301,415

Asset-Based Credit Facility

On May 15, 2015, Boise Cascade and its principal operating subsidiaries, Boise Cascade Wood Products, L.L.C., and Boise Cascade Building Materials Distribution, L.L.C., as borrowers, and Boise Cascade Wood Products Holdings Corp., Chester Wood Products LLC, and Moncure Plywood LLC, as guarantors, entered into an Amended and Restated Credit Agreement (Amended Agreement) with Wells Fargo Capital Finance, LLC, as administrative agent, and the banks named therein as lenders. The Amended Agreement includes a $350 million senior secured asset-based revolving credit facility (Revolving Credit Facility) and a new $50.0 million term loan (Term Loan) maturing on May 1, 2022. The Amended Agreement amends and restates the credit agreement originally dated July 13, 2011 (Prior Agreement) as amended, restated, supplemented, or otherwise modified before the date of the Amended Agreement. The principal changes resulting from the Amended Agreement were to add the Term Loan, discussed further below, and to extend the maturity date of the Revolving Credit Facility to April 30, 2020. Borrowings under the Amended Agreement are constrained by a borrowing base formula dependent upon levels of eligible receivables and inventory reduced by outstanding borrowings and letters of credit (Availability).

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

The Amended Agreement contains customary nonfinancial covenants, including a negative pledge covenant and restrictions on new indebtedness, investments, distributions to equityholders, asset sales, and affiliate transactions, the scope of which are dependent on the Availability existing from time to time. The Amended Agreement also contains a requirement that we meet a 1:1 fixed-charge coverage ratio (FCCR), applicable only if Availability falls below 10% of the aggregate revolving lending commitments (or $35 million). Availability exceeded the minimum threshold amounts required for testing of the FCCR at all times since entering into the Prior Agreement and Amended Agreement, and Availability at June 30, 2015, was $314.7 million.

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

Revolving Credit Facility

Interest rates under the Revolving Credit Facility are based, at our election, on either LIBOR or a base rate, as defined in the credit agreement, plus a spread over the index elected that ranges from 1.50% to 2.00% for loans based on LIBOR and from 0.50% to 1.00% for loans based on the base rate. The spread is determined on the basis of a pricing grid that results in a higher spread as average quarterly Availability declines. Letters of credit are subject to a fronting fee payable to the issuing bank and a fee payable to the lenders equal to the LIBOR margin rate. In addition, we are required to pay an unused commitment fee at a rate ranging from 0.25% to 0.375% per annum (based on facility utilization) of the average unused portion of the lending commitments.

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At both June 30, 2015, and December 31, 2014, we had no borrowings outstanding under the Revolving Credit Facility and $8.0 million of letters of credit outstanding. These letters of credit and borrowings, if any, reduced our borrowing capacity under the Revolving Credit Facility by an equivalent amount.

Term Loan

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

Interest rates under the Term Loan are based, at our election, on either LIBOR or a base rate, as defined in the agreement, plus a spread over the index elected that ranges from 1.75% to 2.25% for LIBOR rate loans and from 0.75% to 1.25% for base rate loans, both dependent on the amount of Average Excess Availability (as defined in the Amended Agreement). During the period for which the Term Loan was outstanding, the average interest rate on the Term Loan was approximately 1.94%.

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

Proceeds from the Term Loan were used to fund a $40.0 million discretionary pension contribution and for general corporate purposes. For additional information on the discretionary pension contribution, see Note 6, Retirement and Benefit Plans.

Senior Notes

On October 22, 2012, Boise Cascade and its wholly owned subsidiary, Boise Cascade Finance Corporation (Boise Finance and together with Boise Cascade, the Co-issuers), issued $250 million of 6.375% senior notes due November 1, 2020 (Senior Notes) through a private placement that was exempt from the registration requirements of the Securities Act of 1933, as amended (Securities Act). Interest on our Senior Notes is payable semiannually in arrears on May 1 and November 1. On March 28, 2013, Boise Finance was merged with and into Boise Cascade, with Boise Cascade as the surviving entity and sole issuer of the Senior Notes. The Senior Notes are guaranteed by each of our existing and future direct or indirect domestic subsidiaries that is a guarantor or co-borrower under our Revolving Credit Facility.

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

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

Cash Paid for Interest

For both the six months ended June 30, 2015 and 2014, cash payments for interest were $10.1 million.

6. Retirement and Benefit Plans

Our plans consist of noncontributory defined benefit pension plans, contributory defined contribution savings plans, a deferred compensation plan, and a multiemployer health and welfare plan. On March 9, 2015 and May 15, 2015, we made discretionary contributions to our qualified defined benefit pension plan (Pension Plan) of $10.0 million and $40.0 million, respectively. Due to the significant voluntary contributions made (not anticipated in our year end measurement), we elected to remeasure our Pension Plan on May 15, 2015. This resulted in a $69.3 million improvement in the funded status of our Pension

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Plan, including a $50.0 million increase in the fair value of plan assets due to the discretionary contributions and an actuarial gain of $19.3 million before tax. The actuarial gain was the result of an increase in discount rate from 3.75% at December 31, 2014 to 3.90% at May 15, 2015, as well as better than expected returns on plan assets through May 15, 2015. As a result of the improvement in funded status, we have rebalanced our plan assets to decrease our proportion of equity securities and increase our fixed-income securities consistent with a de-risking glide path established by our Retirement Funds Investment Committee. Therefore, the weighted average expected return on plan assets we will use for the remainder of 2015 in our calculation of net periodic benefit cost is 5.85%, down from 6.15% used for 2015 prior to the May 15, 2015 remeasurement.

The following table presents the pension benefit costs:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(thousands)			
Service cost	$239	$414	$714	$815
Interest cost	4,744	4,929	9,451	10,080
Expected return on plan assets	(5,495)	(5,258)	(10,695)	(10,526)
Amortization of actuarial (gain) loss	1,311	(6)	2,910	(12)
Plan settlement loss	—	—	501	—
Net periodic benefit cost	$799	$79	$2,881	$357

For the remainder of 2015, we estimate net periodic pension expense will be insignificant and we expect to amortize $2.0 million of net actuarial loss from accumulated other comprehensive loss.

In March 2015, we contributed company-owned real property to the qualified defined benefit pension plan from one location in our Building Materials Distribution segment. The pension plan obtained an independent appraisal of the property, and based on the appraisal, the plan recorded the contribution at fair value of approximately $3 million.

We are leasing back the contributed property for an initial term of ten years with two five-year extension options and continue to use the property in our distribution operations. Rent payments are made quarterly, with first-year annual rent of $0.2 million and 2% annual escalation rates thereafter. The lease provides us a right of first refusal on any subsequent sale by the pension plan, as well as repurchase options at the end of the initial term and extension periods. The plan engaged an independent fiduciary who negotiated the lease terms and also manages the property on behalf of the plan.

We determined that the contribution of the property does not meet the accounting definition of a plan asset within the scope of Accounting Standards Codification 715, Compensation — Retirement Benefits. Accordingly, the contributed property is not considered a contribution for accounting purposes and, as a result, is not included in plan assets and has no impact on the net pension liability recorded on our Consolidated Balance Sheets. We continue to depreciate the carrying value of the property in our financial statements, and no gain or loss was recognized at the contribution date for accounting purposes. Lease payments are recorded as pension contributions.

In the first six months of 2015, we contributed $53.2 million in cash to the pension plans, which includes $50 million of discretionary contributions. For the remainder of 2015, we expect to make approximately $1.0 million in additional cash contributions to the pension plans.

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7. Stock-Based Compensation

In February 2015 and 2014, we granted two types of stock-based awards under the 2013 Incentive Compensation Plan (2013 Incentive Plan): performance stock units (PSUs) and restricted stock units (RSUs).

PSU and RSU Awards

During the six months ended June 30, 2015, we granted 116,325 PSUs to our officers and other employees, subject to performance and service conditions. The number of shares actually awarded will range from 0% to 200% of the target amount, depending upon Boise Cascade’s 2015 EBITDA, defined as income before interest (interest expense and interest income), income taxes, and depreciation and amortization, determined in accordance with the related grant agreement. Because the EBITDA component contains a performance condition, we record compensation expense, net of estimated forfeitures, over the requisite service period based on the most probable number of shares expected to vest.

During the six months ended June 30, 2014, we granted 100,692 PSUs to our officers and other employees, subject to performance and service conditions. During the 2014 performance period, participants earned 129% of the target based on Boise Cascade’s 2014 EBITDA, determined by our Compensation Committee in accordance with the related grant agreement.

During the six months ended June 30, 2015 and 2014, we granted an aggregate of 139,535 and 122,581 RSUs, respectively, to our officers, other employees, and nonemployee directors with only service conditions.

The PSUs, if earned, vest in three equal tranches of each year after the grant date, subject to final determination of meeting the performance condition by the Compensation Committee of our board of directors. The RSUs granted to officers and other employees vest in three equal tranches of each year after the grant date. However, 100% of PSUs and RSUs granted to retirement-eligible employees (age 62 or older with 15 years of service, or age 65 or older) vest on the later of March 1 after grant date or the date upon which they become retirement eligible. The RSUs granted to nonemployee directors vest over a one-year period, provided that such vested shares will not be delivered to the directors until six months following termination from the board of directors.

We based the fair value of PSU and RSU awards on the closing market price of our common stock on the grant date, and we record compensation expense over the awards' vesting period. Any shares not vested are forfeited. During the six months ended June 30, 2015, the total fair value of PSUs and RSUs vested was $3.2 million.

The following summarizes the activity of our PSUs and RSUs awarded under the 2013 Incentive Plan for the six months ended June 30, 2015:

	PSUs		RSUs	
	Number of shares	Weighted Average Grant-Date Fair Value	Number of shares	Weighted Average Grant-Date Fair Value
Outstanding, December 31, 2014	116,559	$29.66	64,864	$30.45
Granted	116,325	36.17	139,535	36.18
Performance condition adjustment	27,438	30.32	—	—
Vested	(69,066)	30.25	(19,855)	30.41
Forfeited	(8,839)	32.64	(7,074)	33.81
Outstanding, June 30, 2015	182,417	$33.55	177,470	$34.83

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Compensation Expense

Stock-based compensation expense is recognized only for those awards that are expected to vest, with forfeitures estimated at the date of grant based on our historical experience and future expectations. We recognize the effect of adjusting the estimated forfeiture rates in the period in which we change such estimated rates. We recognize stock awards with only service conditions on a straight-line basis over the requisite service period. Most of our share-based compensation expense was recorded in "General and administrative expenses" in our Consolidated Statements of Operations. Total stock-based compensation recognized from PSUs, RSUs, and stock options net of estimated forfeitures, was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(thousands)			
PSUs	$720	$683	$1,214	$1,050
RSUs	841	602	1,403	884
Stock options	132	183	281	376
Total	$1,693	$1,468	$2,898	$2,310

The related tax benefit for the six months ended June 30, 2015 and 2014, was $1.1 million and $0.9 million, respectively. As of June 30, 2015, total unrecognized compensation expense related to nonvested share-based compensation arrangements was $8.5 million, net of estimated forfeitures. This expense is expected to be recognized over a weighted-average period of 1.7 years.

8. Stockholders' Equity

Stock Repurchase

On February 25, 2015, our Board of Directors (Board) authorized a two million share repurchase program (Program) pursuant to which we may, from time to time, purchase shares of our common stock through various means including, without limitation, open market transactions, privately negotiated transactions, or accelerated share repurchase transactions. We are not obligated to purchase any shares and there is no set date that the Program will expire. The Board may increase or decrease the number of shares under the Program or terminate the Program in its discretion at any time. During second quarter 2015, we repurchased 175,085 shares under the Program at a cost of $6.1 million, or $34.89 per share. The shares were purchased with cash on hand and are recorded as "Treasury stock" on our Consolidated Balance Sheet.

Between July 1, 2015 and the date of this report, we repurchased an additional 176,261 shares of our common stock at a cost of $5.9 million, or $33.57 per share.

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Accumulated Other Comprehensive Loss

The following table details the changes in accumulated other comprehensive loss for the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(thousands)			
Beginning Balance, net of taxes	$(100,204)	$(55,253)	$(101,498)	$(55,249)
Net actuarial gain, before taxes	19,345	—	19,345	—
Amortization of actuarial (gain) loss, amounts reclassified from accumulated other comprehensive loss, before taxes (a)	1,312	(6)	2,910	(12)
Effect of settlements, amounts reclassified from accumulated other comprehensive loss, before taxes (a)	—	—	501	—
Income taxes	(7,926)	2	(8,731)	4
Ending Balance, net of taxes	$(87,473)	$(55,257)	$(87,473)	$(55,257)

(a) Represents amounts reclassified from accumulated other comprehensive loss. These amounts are included in the computation of net periodic pension cost. For additional information, see Note 6, Retirement and Benefit Plans.

9. Outsourcing Services Agreement

Under an Outsourcing Services Agreement, a wholly-owned subsidiary of Packaging Corporation of America (PCA) provides a number of corporate staff services to us. These services include, but are not limited to, information technology, accounting, and human resource 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. These administrative 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. Total expenses incurred under the Outsourcing Services Agreement were $3.4 million and $3.9 million, respectively, for the three months ended June 30, 2015 and 2014, and $7.0 million and $7.8 million, respectively, for the six months ended June 30, 2015 and 2014.

10. Transactions With Related Party

Louisiana Timber Procurement Company, L.L.C. (LTP) is an unconsolidated variable-interest entity that is 50% owned by us and 50% owned by PCA. LTP procures sawtimber, pulpwood, residual chips, and other residual wood fiber to meet the wood and fiber requirements of us and PCA in Louisiana. We are not the primary beneficiary of LTP, as we do not have power to direct the activities that most significantly affect the economic performance of LTP. Accordingly, we do not consolidate LTP's results in our financial statements.

Sales

Related-party sales to LTP from our Wood Products segment in our Consolidated Statements of Operations were $5.0 million and $7.1 million, respectively, during the three months ended June 30, 2015 and 2014, and $11.3 million and $14.3 million, respectively, during the six months ended June 30, 2015 and 2014. These pulpwood and chip sales were made at prices designed to approximate market. These sales are recorded in "Sales" in our Consolidated Statements of Operations.

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Costs and Expenses

Related-party wood fiber purchases from LTP were $23.2 million and $18.9 million, respectively, during the three months ended June 30, 2015 and 2014, and $45.1 million and $35.0 million, respectively, during the six months ended June 30, 2015 and 2014. We purchased wood fiber at prices designed to approximate market. These costs are recorded in "Materials, labor, and other operating expenses (excluding depreciation)" in our Consolidated Statements of Operations.

11. Segment Information

We operate our business using three reportable segments: Wood Products, Building Materials Distribution, and Corporate and Other. There are no differences in our basis of measurement of segment profit or loss from those disclosed in Note 15, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in our 2014 Form 10-K, except as discussed below.

An analysis of our operations by segment is as follows:

	Sales			Income (Loss) Before Income Taxes (b)	Depreciation and Amortization	EBITDA (a) (b)
	Trade	Inter-segment	Total			
	(millions)					
Three Months Ended June 30, 2015						
Wood Products	$193.5	$146.4	$339.9	$23.7	$10.3	$34.1
Building Materials Distribution	761.9	0.2	762.1	19.6	2.9	22.5
Corporate and Other	—	—	—	(5.9)	0.1	(5.8)
Intersegment eliminations	—	(146.6)	(146.6)	—	—	—
	$955.4	$—	$955.4	37.4	$13.3	$50.7
Interest expense				(5.6)		
Interest income				0.1		
				$31.9		

	Sales			Income (Loss) Before Income Taxes (b)	Depreciation and Amortization	EBITDA (a) (b)
	Trade	Inter-segment	Total			
	(millions)					
Three Months Ended June 30, 2014						
Wood Products	$202.9	$148.1	$351.0	$31.2	$10.0	$41.3
Building Materials Distribution	758.3	0.1	758.4	19.4	2.4	21.8
Corporate and Other	—	—	—	(4.4)	—	(4.4)
Intersegment eliminations	—	(148.2)	(148.2)	—	—	—
	$961.2	$—	$961.2	46.2	$12.5	$58.7
Interest expense				(5.5)		
Interest income				0.1		
				$40.7		

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	Sales Trade (millions)	Inter-segment	Total	Income (Loss) Before Income Taxes (b)	Depreciation and Amortization	EBITDA (a) (b)
Six Months Ended June 30, 2015						
Wood Products	$380.5	$268.7	$649.2	$44.6	$21.1	$65.7
Building Materials Distribution	1,384.8	0.2	1,385.0	22.9	5.6	28.5
Corporate and Other	—	—	—	(12.5)	0.1	(12.4)
Intersegment eliminations	—	(268.9)	(268.9)	—	—	—
	$1,765.3	$—	$1,765.3	55.0	$26.9	$81.8
Interest expense				(11.1)		
Interest income				0.1		
				$44.1		

	Sales Trade (millions)	Inter-segment	Total	Income (Loss) Before Income Taxes (b)	Depreciation and Amortization	EBITDA (a) (b)
Six Months Ended June 30, 2014						
Wood Products	$384.5	$259.7	$644.3	$44.3	$20.0	$64.3
Building Materials Distribution	1,343.8	0.1	1,343.9	25.3	4.7	30.0
Corporate and Other	—	—	—	(8.9)	0.1	(8.8)
Intersegment eliminations	—	(259.8)	(259.8)	—	—	—
	$1,728.4	$—	$1,728.4	60.6	$24.8	$85.4
Interest expense				(11.0)		
Interest income				0.1		
				$49.7		

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(a) 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, and associated significant cash requirements; and the exclusion of depreciation and amortization, which represent unavoidable operating costs. Management compensates for the limitations of EBITDA by relying on our GAAP results. Our measure of EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

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The following is a reconciliation of net income to EBITDA for the consolidated company:

	Three Months Ended June 30		Six Months Ended June 30	
	2015	2014	2015	2014
	(millions)			
Net income	$20.2	$26.4	$27.8	$32.0
Interest expense	5.6	5.5	11.1	11.0
Interest income	(0.1)	(0.1)	(0.1)	(0.1)
Income tax provision	11.6	14.3	16.2	17.7
Depreciation and amortization	13.3	12.5	26.9	24.8
EBITDA	$50.7	$58.7	$81.8	$85.4

(b) Prior to first quarter 2015, pension expense (which is primarily comprised of interest cost, expected return on plan assets, and amortization of actuarial losses) was recorded in each of our segments based on the associated individual employee roles and responsibilities. However, pension benefits are frozen for most employees and only a small number of hourly employees continue to accrue benefits. Therefore, management believes that recording pension expense in the Corporate and Other segment provides a clearer view of segment operating performance. In first quarter 2015, we made a change in our segment measurement method by recording all pension expense to the Corporate and Other segment. This change in measurement only impacts our segment disclosures, and thus it has no impact on our overall consolidated financial statements. Historical segment income (loss) and EBITDA have not been recast in the table above. For the three and six months ended June 30, 2014, less than $0.1 million and $0.2 million, respectively, of pension expense was recorded in each of the Wood Products and Building Materials Distribution segments.

12. Commitments, Legal Proceedings and Contingencies, and Guarantees

Commitments

We have commitments for leases and long-term debt that are discussed further under "Leases" in Note 2, Summary of Significant Accounting Policies, and Note 5, Debt. We are a party to a number of long-term log and wood fiber supply agreements that are discussed in Note 16, Commitments, Legal Proceedings and Contingencies, and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in our 2014 Form 10-K. In addition, we have purchase obligations for goods and services, capital expenditures, and raw materials entered into in the normal course of business. At June 30, 2015, there have been no material changes to the commitments disclosed in the 2014 Form 10-K.

Legal Proceedings and Contingencies

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.

Guarantees

We provide guarantees, indemnifications, and assurances to others. Note 16, Commitments, Legal Proceedings and Contingencies, and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in our 2014 Form 10-K describes the nature of our guarantees, including the approximate terms of the guarantees, how the guarantees arose, the events or circumstances that would require us to perform under the guarantees, and the maximum potential undiscounted amounts of future payments we could be required to make. As of June 30, 2015, there have been no material changes to the guarantees disclosed in the 2014 Form 10-K.

13. Consolidating Guarantor and Nonguarantor Financial Information

The following consolidating financial information presents the Statements of Comprehensive Income (Loss), Balance Sheets, and Statements of Cash Flows related to Boise Cascade. The Senior Notes are guaranteed fully and unconditionally and jointly and severally by each of our existing and future subsidiaries (other than our foreign subsidiaries). Each of our existing subsidiaries that is a guarantor of the Senior Notes is 100% owned by Boise Cascade. Other than the consolidated financial statements and footnotes for Boise Cascade and the consolidating financial information, financial statements and other

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disclosures concerning the guarantors have not been presented because management believes that such information is not material to investors.

Furthermore, the cancellation provisions in the related indenture regarding guarantor subsidiaries are customary, and they do not include an arrangement that permits a guarantor subsidiary to opt out of the obligation prior to or during the term of the debt. Each guarantor subsidiary is automatically released from its obligations as a guarantor upon the sale of the subsidiary or substantially all of its assets to a third party, the designation of the subsidiary as an unrestricted subsidiary for purposes of the covenants included in the indenture, the release of the indebtedness under the indenture, or if the issuer exercises its legal defeasance option or the discharge of its obligations in accordance with the indenture governing the Senior Notes.

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Boise Cascade Company and Subsidiaries
Consolidating Statements of Comprehensive Income
For the Three Months Ended June 30, 2015
(unaudited)

	Boise Cascade Company (Parent)	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
	(thousands)				
Sales					
Trade	$—	$951,728	$3,669	$—	$955,397
Intercompany	—	—	5,853	(5,853)	—
	—	951,728	9,522	(5,853)	955,397
Costs and expenses					
Materials, labor, and other operating expenses (excluding depreciation)	405	822,032	8,050	(5,904)	824,583
Depreciation and amortization	64	12,926	291	—	13,281
Selling and distribution expenses	314	67,493	447	—	68,254
General and administrative expenses	5,143	6,824	—	51	12,018
Other (income) expense, net	(22)	(4)	(72)	—	(98)
	5,904	909,271	8,716	(5,853)	918,038
Income (loss) from operations	(5,904)	42,457	806	—	37,359
Foreign currency exchange gain (loss)	(83)	44	80	—	41
Interest expense	(5,578)	(13)	—	—	(5,591)
Interest income	21	37	—	—	58
	(5,640)	68	80	—	(5,492)
Income (loss) before income taxes and equity in net income of affiliates	(11,544)	42,525	886	—	31,867
Income tax (provision) benefit	(11,663)	26	—	—	(11,637)
Income (loss) before equity in net income of affiliates	(23,207)	42,551	886	—	20,230
Equity in net income of affiliates	43,437	—	—	(43,437)	—
Net income	20,230	42,551	886	(43,437)	20,230
Other comprehensive income, net of tax					
Defined benefit pension plans					
Actuarial gain	11,923	—	—	—	11,923
Amortization of actuarial loss	808	—	—	—	808
Other comprehensive income, net of tax	12,731	—	—	—	12,731
Comprehensive income	$32,961	$42,551	$886	$(43,437)	$32,961

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Boise Cascade Company and Subsidiaries
Consolidating Statements of Comprehensive Income
For the Three Months Ended June 30, 2014
(unaudited)

	Boise Cascade Company (Parent) (thousands)	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
Sales					
Trade	$—	$957,289	$3,898	$—	$961,187
Intercompany	—	—	5,785	(5,785)	—
	—	957,289	9,683	(5,785)	961,187
Costs and expenses					
Materials, labor, and other operating expenses (excluding depreciation)	—	821,453	8,481	(6,402)	823,532
Depreciation and amortization	43	12,137	302	—	12,482
Selling and distribution expenses	—	66,587	594	—	67,181
General and administrative expenses	4,657	6,651	—	617	11,925
Other (income) expense, net	(9)	295	(123)	—	163
	4,691	907,123	9,254	(5,785)	915,283
Income (loss) from operations	(4,691)	50,166	429	—	45,904
Foreign currency exchange gain	170	29	67	—	266
Interest expense	(5,519)	—	—	—	(5,519)
Interest income	3	50	—	—	53
	(5,346)	79	67	—	(5,200)
Income (loss) before income taxes and equity in net income of affiliates	(10,037)	50,245	496	—	40,704
Income tax (provision) benefit	(14,311)	25	—	—	(14,286)
Income (loss) before equity in net income of affiliates	(24,348)	50,270	496	—	26,418
Equity in net income of affiliates	50,766	—	—	(50,766)	—
Net income	26,418	50,270	496	(50,766)	26,418