BOISE CASCADE Co
Form 10-K
February 26, 2018
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, 2017

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. x

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

Large accelerated filer x Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o
Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange
Act. 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, 2017, the last business day of the registrant's most recently completed second fiscal quarter, based on the last reported trading price of the registrant's common stock on the New York Stock Exchange was approximately $1,164 million.

There were 38,586,272 shares of the registrant's common stock, $0.01 par value per share, outstanding on February 16, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Proxy Statement for its 2018 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 industry capacity and operating rates, industry cycles that affect supply and demand, and net import and export activity;
- General economic conditions, including but not limited to housing starts, repair-and-remodeling activity, light commercial construction, inventory levels of new and existing homes for sale, foreclosure rates, interest rates, unemployment rates, household formation rates, and mortgage availability and pricing, as well as other consumer financing mechanisms, that ultimately affect demand for our products;
- The highly competitive nature of our industry;
- Material disruptions and/or major equipment failure at our manufacturing facilities;
- Our ability to successfully and efficiently complete and integrate acquisitions;
- Impairment of our long-lived assets, goodwill, and/or intangible assets;
- Labor disruptions, shortages of skilled and technical labor, or increased labor costs;
- The need to successfully formulate and implement succession plans for key members of our management team;
- Cost and availability of raw materials, including wood fiber and glues and resins;
- Concentration of our sales among a relatively small group of customers, as well as the financial condition and creditworthiness of our customers;
- Product shortages, loss of key suppliers, and our dependence on third-party suppliers and manufacturers;
- 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;
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Substantial ongoing capital investment costs, including those associated with recent acquisitions, and the difficulty in offsetting fixed costs related to those investments;

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

- The impact of actuarial assumptions, investment return on pension assets, and regulatory activity on pension costs and pension funding requirements;

- The cost and availability of third-party transportation services used to deliver the goods we manufacture and distribute, as well as our raw materials;

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

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- Declines in demand for our products due to competing technologies or materials, as well as changes in building code provisions;
- 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;
- Restrictive covenants contained in our debt agreements; and
- Fluctuations in the market for our equity.

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

PART I

ITEM 1. BUSINESS

Boise Cascade is a large, vertically-integrated wood products manufacturer and building materials distributor with widespread operations throughout the United States (U.S.) and one manufacturing facility in Canada. As used in this Form 10-K, the terms "Boise Cascade," "we," and "our" refer to Boise Cascade Company and its consolidated subsidiaries. We are one of the largest producers of engineered wood products (EWP) and plywood in North America and a leading U.S. wholesale distributor of building products. Our broad line of products is used primarily in new residential construction, residential repair-and-remodeling projects, light commercial construction, and industrial applications. We have a broad base of more than 4,500 customers, which includes a diverse mix of retail lumberyards, home improvement centers, leading wholesalers, specialty distributors, 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, Incorporated. 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, and light commercial construction in the U.S. Drivers of new residential construction, residential repair-and-remodeling activity, and light commercial construction 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 products are generally based on price, quality, availability, and customer service.

Segments

We operate our business using two reportable segments: Wood Products and Building Materials Distribution. We present information pertaining to our segments, including product sales, customer concentration, and the geographic areas in which we operate, in Note 14, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Wood Products

Products

We manufacture laminated veneer lumber (LVL), I-joists, and laminated beams, which are collectively referred to as EWP. LVL and laminated beams are structural products used in applications where extra strength and consistent quality are

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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. I-joists, which are used primarily in residential and commercial flooring and roofing systems and other structural applications, are stronger, lighter, and straighter than conventional lumber joists. In addition, we manufacture structural, appearance, and industrial plywood panels. We also produce ponderosa pine lumber, studs, and particleboard.
The following table sets forth the annual capacity and production of our principal products for the periods indicated:

	Year Ended December 31				
	2017	2016	2015	2014	2013
	(millions)				
Capacity (a)					
LVL (cubic feet) (b)(c)	35.5	34.5	28.5	27.5	27.5
Plywood and Parallel Laminated Veneer (PLV) (sq. ft.) (3/8" basis) (d)	2,440	2,400	2,385	2,380	2,380
Lumber (board feet)	270	270	270	270	255
Production					
LVL (cubic feet) (b)	26.2	23.9	20.1	20.1	17.2
I joists (equivalent lineal feet) (b)	228	225	198	201	178
Plywood and PLV (sq. ft.) (3/8" basis) (d)	1,828	1,852	1,951	1,973	1,647
Lumber (board feet)	177	179	201	218	197

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

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

(c) In March 2016, we purchased two EWP facilities, one in Thorsby, Alabama, and one in Roxboro, North Carolina. Thorsby LVL capacity is estimated at 4.0 million cubic feet and Roxboro's estimated annual capacity is 2.0 million cubic feet.

(d) Approximately 22%, 21%, 18%, 19%, and 17%, respectively, of production in 2017, 2016, 2015, 2014, and 2013 was for PLV panels that are utilized internally to produce LVL.

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

	Year Ended December 31				
	2017	2016	2015	2014	2013
	(millions)				
Segment sales (a)	$1,373.8	$1,280.4	$1,282.1	$1,317.0	$1,134.1
Segment income	$53.6	$25.9	$64.2	$108.4	$77.7
Segment depreciation and amortization	63.1	57.5	43.3	41.5	28.7
Segment EBITDA (b)	$116.7	$83.5	$107.5	$149.8	$106.3

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

(b) Segment EBITDA is calculated as segment income before depreciation and amortization. See "Item 6. Selected Financial Data" of this Form 10-K for a description of our reasons for using EBITDA and for a discussion of the limitations of such a measure.

Facilities

Our Wood Products segment operates six EWP facilities. Our two most significant EWP facilities are located in Louisiana and Oregon and have a high degree of raw material and manufacturing integration with our neighboring plywood and veneer facilities. We also operate nine plywood and veneer plants, five sawmills, and one particleboard plant.

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Raw Materials and Input Costs

Wood fiber. Wood fiber is the primary raw material used in our Wood Products operations, and our primary source of wood fiber is logs. For the year ended December 31, 2017, wood fiber accounted for approximately 44% of materials, labor, and other operating expenses (excluding depreciation) in our Wood Products segment. Our EWP facilities use parallel-laminated veneer panels and veneer sheets produced by our facilities, as well as lumber, OSB, and veneer sheets purchased from third parties, to manufacture LVL, I-joists, and laminated beams. Our EWP, plywood, and veneer facilities use Douglas fir, white woods, pine, and hardwood logs as raw materials. We also use ponderosa pine, spruce, and white fir logs to manufacture various grades of lumber. Our particleboard facility uses wood residuals produced by us and by third-party lumber producers. Our manufacturing facilities are located in close proximity to active wood fiber markets.

Logs comprised approximately 75% of our wood fiber costs during 2017, and we satisfy our log requirements through a combination of purchases under supply agreements, open-market purchases, and purchases pursuant to contracts awarded under public auctions.

Approximately 71% of our log supply in 2017 was supplied through purchases from private land owners or through dealers. We also bid in auctions conducted by federal, state, and local authorities for the purchase of logs, generally at fixed prices, under contracts with terms of generally one to three years.

Our log requirements and our access to supply, as well as the cost of obtaining logs, are subject to change based on, among other things, the availability of logs in each of our operating areas, our operating schedules, competition from other manufacturers, the effect of governmental laws and regulations, impacts of weather or fire on log availability, and the status of environmental appeals. For a discussion of contractual commitments relating to log supply agreements, see "Contractual Obligations" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

The cost of logs is correlated with prevailing product prices for building materials and manufacturers' expectations for future product prices, with the increase in product prices driving increases in log costs. Generally, increases in the cost of logs lag product price increases, as improved manufacturer profitability often leads to increased demand for logs. Prices for logs have been historically cyclical in response to changes in domestic and foreign demand and supply. Our aggregate cost of obtaining logs is also affected by fuel costs and the distance of the log source from our facilities, as we are often required to transport the logs we purchase from the source to our facilities.

Demand for dimension lumber has a strong influence on log pricing, as the dimension lumber industry is the largest consumer of logs. Historically, the level of foreign demand for log exports from the western U.S. has fluctuated based on economic activity in China and other Pacific Rim countries, currency exchange rates, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities. Log costs in the western U.S. have historically been more volatile due to foreign demand for log exports. In addition, per-unit log costs in the western U.S. are higher than per-unit log costs in the southern U.S. due to various supply-side constraints, including seasonal weather related restrictions and a higher proportion of federal and state timberland ownership.

We also purchase OSB, which is used as the vertical web to assemble I-joists, from a supplier with multiple locations throughout North America. OSB accounted for approximately 7% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2017. OSB is a commodity, and prices have been historically volatile in response to industry capacity and operating rates, inventory levels in various distribution channels, and seasonal demand patterns. Sustained periods of high OSB costs lead to higher costs of our I-joist production.

Wood fiber also includes, to a lesser extent than OSB, lumber purchased from third parties for I-joist production at our Canadian EWP facility and for production at our laminated beam plant in Idaho. Lumber input costs are subject to similar commodity-based volatility characteristics noted above for OSB. In addition, our particleboard operation uses wood residuals from lumber operations, approximately half of which is purchased from third parties. Periods of low demand for lumber can negatively affect supply and pricing of wood residuals used at our particleboard facility.

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

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. Sales management of plywood, lumber, and particleboard is also managed centrally and is organized by product line.

In 2017, EWP, plywood, and lumber accounted for 47%, 35%, and 7%, 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 52% of our Wood Products segment's overall sales in 2017. In 2017, 71%, 31%, and 7% of our Wood Products segment's EWP, plywood, 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				
	2017	2016	2015	2014	2013
	(millions)				
Laminated veneer lumber (LVL) (cubic feet) (a)	17.3	16.3	13.1	12.4	11.1
I-joists (equivalent lineal feet)	235	226	201	193	179
Plywood (sq. ft.) (3/8" basis) (b)	1,458	1,507	1,635	1,651	1,473
Lumber (board feet)	171	187	206	212	199

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

(b) Excludes PLV produced and used in the manufacture of LVL.

Segment Strategy

Grow Our Operations With a Focus on Expanding Our Market Position in EWP
In 2016, we expanded our market position in EWP with the acquisition of two EWP facilities in Thorsby, Alabama, and Roxboro, North Carolina. We have also expanded our market position in EWP by utilizing our large-scale manufacturing position, comprehensive customer service offering, design support capabilities, and efficient distribution network. We expect to see further increases in EWP demand as a result of the ongoing recovery in housing construction and intend to optimize our existing asset base to take advantage of these increases and continue to grow our market position in EWP. For further discussion on acquisitions, see Note 5, Acquisitions, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10 K.
Continue to Improve Our Competitiveness Through Operational Excellence
We use a disciplined cost management approach to maximize our competitiveness without sacrificing our ability to react to future growth opportunities. Additionally, we have made capital investments and process improvements in certain facilities. These capital investments and process improvements have improved our veneer self-sufficiency and allowed us to produce lower-cost, higher-quality veneers. We use a data-driven process improvement program to further strengthen our manufacturing operations. We believe there are opportunities to further apply this process

improvement program in our manufacturing operations and apply similar techniques and methods to different functional areas to realize efficiencies in those areas.

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Building Materials Distribution

Products

We sell a broad line of building materials, including OSB, plywood, and lumber (collectively commodities), general line items such as siding, composite decking, metal products, insulation, and roofing, and EWP. Except for EWP, we purchase most of these building materials from a vendor base of approximately 1,000 third-party suppliers ranging from large manufacturers, such as James Hardie Building Products, Trex Company, Huber Engineered Woods, and Louisiana-Pacific Corporation, 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, the construction of light industrial and commercial buildings, and other industrial applications.

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

	Year Ended December 31				
	2017	2016	2015	2014	2013
	(percentage of Building Materials Distribution sales)				
Commodity	47.9%	46.6%	46.5%	49.4%	51.3%
General line	33.6%	35.4%	35.9%	33.6%	33.0%
Engineered wood products	18.5%	18.0%	17.6%	17.0%	15.7%

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

	Year Ended December 31				
	2017	2016	2015	2014	2013
	(millions)				
Segment sales	$3,773.8	$3,227.2	$2,891.3	$2,786.7	$2,599.6
Segment income	$116.8	$84.4	$60.8	$56.7	$39.9
Segment depreciation and amortization	15.5	13.8	11.9	9.8	9.2
Segment EBITDA (a)	$132.3	$98.1	$72.7	$66.5	$49.2

(a) Segment EBITDA is calculated as segment income before depreciation and amortization. See "Item 6. Selected Financial Data" of this Form 10-K for a description of our reasons for using EBITDA and for a discussion of the limitations of such a measure.

Facilities

Our Building Materials Distribution segment operates a nationwide network of 33 building materials distribution facilities throughout the U.S. Our Building Materials Distribution segment also operates a single truss manufacturing plant. Our broad geographic presence reduces our exposure to market factors in any single region.

Sales, Marketing, and Distribution

We market our building materials primarily to retail lumberyards, home improvement centers, and specialty distributors 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.

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We sell products through two primary distribution channels: warehouse sales and direct sales. Warehouse sales are delivered from our distribution centers to our customers and direct sales are shipped from the manufacturer to the customer without our taking physical inventory possession. 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 by acquiring facilities, opening new locations, relocating and expanding capacity at existing facilities, and capturing local market share through our supply chain capabilities and customer service.

Further Differentiate Our Products and Services

We seek to continue to differentiate ourselves from our competitors by providing a broad line of high-quality products and superior customer service. Our highly efficient logistics system 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.

Customers

We maintain relationships with a broad customer base across multiple market segments and various end markets. For the year ended December 31, 2017, our top ten customers represented approximately 35% of our sales, with no customer accounting for 10% or more of total sales. At December 31, 2017, receivables from Home Depot and Builders FirstSource accounted for approximately 12% and 15%, respectively, of total receivables. Sales to Home Depot were recorded in our Building Materials Distribution and Wood Products segments and substantially all sales to Builders FirstSource were recorded in our Building Material Distribution segment. For additional information related to customers of our Wood Products and Building Materials Distribution segments, see the "Sales, Marketing, and Distribution" sections above.

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Competition

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

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

Environmental

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

Capital Investment

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

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Seasonal and Inflationary Influences

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

Employees

As of February 11, 2018, we had approximately 6,370 employees. Approximately 24% of these employees work pursuant to collective bargaining agreements. As of February 11, 2018, we had nine collective bargaining agreements. For discussion of risks related to labor disruptions and increased labor costs, refer to "Item 1A. Risk Factors" of this Form 10-K.

Trademarks

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

Available Information

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

Our filings under the Exchange Act, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and all amendments to these filings, 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.

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Executive Officers and Key Employees

Below is a list of names, ages, and a brief description of the business experience of our executive officers and key members of management, each as of February 16, 2018.

Name	Age	Position
Executive Officers:		
Tom Corrick	62	Chief Executive Officer
Wayne Rancourt	55	Executive Vice President, Chief Financial Officer, and Treasurer
Dan Hutchinson	66	Executive Vice President, Wood Products Manufacturing
Nick Stokes	60	Executive Vice President, Building Materials Distribution
John Sahlberg	64	Senior Vice President, Human Resources and General Counsel
Kelly Hibbs	51	Vice President and Controller
Key Management:		
Mike Brown	56	Senior Vice President of Operations, Wood Products Manufacturing
Nate Jorgensen	53	Senior Vice President of Engineered Wood Products, Wood Products Manufacturing
Rich Viola	60	Senior Vice President of Sales and Marketing, Building Materials Distribution
Frank Elfering	51	Vice President of Purchasing, Building Materials Distribution
Tom Hoffmann	59	Vice President of Operations, Building Materials Distribution
Erin Nuxoll	58	Vice President, Human Resources
Mary Jo Nyblad	62	Vice President of Commodity Sales and Marketing, Wood Products Manufacturing
Jill Twedt	38	Vice President, Legal and Corporate Secretary

Tom Corrick, Chief Executive Officer

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

- Chief Operating Officer, November 2014 - March 2015
- Executive Vice President, Wood Products, June 2014 - November 2014
- Sr. Vice President, Wood Products, August 2012 - June 2014
- Sr. Vice President, Engineered Wood Products, February 2011 - August 2012

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

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

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

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

Mr. Rancourt received a B.S. degree in accounting from Central Washington University, Ellensburg, WA. He is a member of the board of directors of Commercial Vehicle Group, Inc., which is traded publicly on NASDAQ.

Dan Hutchinson, Executive Vice President, Wood Products Manufacturing

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

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

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

Nick Stokes, Executive Vice President, Building Materials Distribution

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

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

Mr. Stokes received a B.S. in management and a B.S. in marketing from the University of Utah, Salt Lake City, UT.

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

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

- Vice President, Human Resources and General Counsel, January 2011 - August 2012
- Vice President, Human Resources, February 2008 - January 2011

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

Kelly Hibbs, Vice President and Controller

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

- Director of Strategic Planning and Internal Audit, February 2008 - February 2011

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

Mike Brown, Senior Vice President of Operations, Wood Products Manufacturing

Mr. Brown became our senior vice president of operations, Wood Products Manufacturing, in November 2017. His previous positions with the company include:

- Vice President of Operations, Wood Products Manufacturing, February 2016 - November 2017
- Manufacturing Operations Manager, Wood Products Manufacturing, November 2014 - February 2016
- Southeast Area Manager, Wood Products Manufacturing, September 2013 - November 2014
- Southern Region Manager, Wood Products Manufacturing, January 2009 - September 2013

Mr. Brown received an M.B.A. from Cranfield University, England, and a bachelor of science degree in forestry from Australian National University in Canberra.

Nate Jorgensen, Senior Vice President of Engineered Wood Products, Wood Products Manufacturing
Mr. Jorgensen became our senior vice president of engineered wood products, Wood Products Manufacturing, in November 2017. His previous positions include:

- Vice President of Engineered Wood Products, Wood Products Manufacturing, February 2016 - November 2017
- Engineered Wood Products Marketing Manager, Wood Products Manufacturing, Boise Cascade Company, June 2015 - February 2016
- Prior employment with Weyerhaeuser Company as Vice President of Weyerhaeuser Distribution, February 2011 - June 2015

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Mr. Jorgensen received a bachelor of science, civil and environmental engineering degree from the University of Wisconsin and also attended the Tuck School of Business Executive Education Program, Dartmouth University, Hanover, NH.

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

Mr. Viola became our senior vice president of sales and marketing, Building Materials Distribution, in February 2016. His previous positions with the company include:
- Vice President, Sales and Marketing, Building Materials Distribution, October 2013 - February 2016
- Division Sales and Marketing Manager, Building Materials Distribution, August 2013 - October 2013
- National Accounts Sales Manager & East Region Sales Manager, Building Materials Distribution, September 1999 - August 2013

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

Frank Elfering, Vice President of Purchasing, Building Materials Distribution

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

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

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

Tom Hoffmann, Vice President of Operations, Buildings Materials Distribution

Mr. Hoffmann became our vice president of operations, Building Materials Distribution, in October 2016. His previous positions with the company include:

- Division Operations Manager, Building Materials Distribution, September 2015 - October 2016
- Pacific Region Manager, Building Materials Distribution, November 2006 - September 2015

Mr. Hoffmann received a B.S. in business from the University of Idaho, Moscow, ID, with an emphasis in marketing and management.

Erin Nuxoll, Vice President, Human Resources
Ms. Nuxoll became our vice president, human resources in August 2016. Her previous positions include:

- Senior Vice President, Human Resources, J.R. Simplot Company, February 2010 - March 2016
- Vice President, Human Resources, J.R. Simplot Company, March 2006 - February 2010
- Vice President, Human Resources, Boise Cascade, L.L.C., November 2004 - November 2005

Ms. Nuxoll received a master of arts in organizational leadership from Gonzaga University, Spokane, WA, and a bachelor of science in forest management from Washington State University, Pullman, WA.

Mary Jo Nyblad, Vice President of Commodity Sales and Marketing, Wood Products Manufacturing

Ms. Nyblad became our vice president of commodity sales and marketing, Wood Products Manufacturing, in February 2016. Her previous positions with the company include:

- Director of Commodity Sales and Marketing, Wood Products Manufacturing, November 2014 - February 2016
- General Sales Manager, Panels and Transportation, Wood Products Manufacturing, February 2005 - November 2014

Ms. Nyblad received an M.B.A. from Idaho State University, Pocatello, ID, and a bachelor’s degree in psychology from Whitman College, Walla Walla, WA. Ms. Nyblad has elected to retire from the company, effective April 1, 2018.

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Jill Twedt, Vice President, Legal and Corporate Secretary

Ms. Twedt became our vice president of legal and corporate secretary in August 2017. Her previous positions include:

- Associate General Counsel of Legal, July 2007 - August 2017
- Associate Attorney, Boise law firm practicing employment law litigation, August 2003 - July 2007

Ms. Twedt received her law degree from University of Idaho, Moscow, ID, and a bachelor's degree in political science from the College of Idaho, Caldwell, ID.

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 effective facilities maintenance programs, and 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 industry operating rates, net import and export activity, inventory levels in various distribution channels, and seasonal demand patterns. Commodity price volatility also affects our distribution business, with falling price environments generally causing reduced revenues and margins, resulting in 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 U.S. and, to a lesser extent, residential repair-and-remodeling activity and light commercial construction. New residential construction activity has historically been volatile with demand for new residential construction influenced by seasonal weather factors, mortgage availability and rates, unemployment levels, household formation rates, domestic population growth, immigration rates, residential vacancy and foreclosure rates, demand for second homes, existing home prices, consumer confidence, and other general economic factors.
Industry supply for the products we produce and distribute is influenced primarily by price-induced changes in the operating rates of existing facilities but is also influenced over time by the introduction of new product technologies, capacity additions and closures, restart of idled capacity, and log availability. The balance of supply and demand in the U.S. is also heavily influenced by imported products, principally from Canada and South America.
In addition, we sell wood chips that are a byproduct of processing logs at our manufacturing operations, or created through the chipping of small diameter logs that we are unable to process at our manufacturing operations. Our wood chips are primarily sold to paper mills in close proximity to our operations who convert the chips into wood pulp. Periods of high output from wood based operations, closure of paper mills in the regions that we operate, or declines in demand for paper grades that utilize our chips, can negatively affect the balance of supply and demand for chips. An oversupply of chips has a negative impact on our chip price realizations and profitability.
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 relationships with suppliers and customers may be negatively affected.

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

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

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

- equipment failure, particularly a press at one of our major EWP production facilities;
- fires, floods, earthquakes, hurricanes, or other catastrophes;
- unscheduled maintenance outages;
- utility, information technology, telephonic, and transportation infrastructure disruptions;
- 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 52% of our Wood Products sales in 2017 were to our Building Materials Distribution business, a material disruption at our Wood Products facilities would also negatively affect our Building Materials Distribution business. We are therefore exposed to a larger extent to the risk of disruption to our Wood Products manufacturing facilities due to our vertical integration and the resulting impact on our Building Materials Distribution business.

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

Our strategy includes pursuing acquisitions. We may be unable to efficiently integrate acquired operations or realize expected benefits from such acquisitions.

We may not be able to integrate the operations of acquired businesses in an efficient and cost-effective manner or without disruption to our existing operations or may not be able to realize expected benefits. Acquisitions involve significant risks and uncertainties, including some that may not be identifiable or resolvable in due diligence. Subsequent to making the investment, performance of the acquired assets is subject to economic uncertainties, as described in our other risk factors, as well as difficulties integrating acquired personnel into our business, the potential loss of key employees, customers, or

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suppliers, difficulties in integrating different computer and accounting systems, exposure to unknown or unforeseen liabilities of acquired companies, and the diversion of management attention and resources from existing operations.

We acquired two EWP facilities in March 2016, one in Thorsby, Alabama, and one in Roxboro, North Carolina. At the time of our purchase, the Thorsby assets were operating well below normal rates of production and a significant portion of the assets at the Roxboro facility had been idled since 2010. The ramp-up of production at the Thorsby facility has proceeded as expected. However, although we have been able to restart the operations at Roxboro, manufacturing costs have been in excess of our expectations and we continue to incur operating losses at the facility. There is no assurance that we will be able to improve operating and financial performance at Roxboro, and we may not be able to realize the benefits we expected from its acquisition.

We continuously evaluate potential acquisitions and have in the past grown through acquisitions. In the future, we may be unable to successfully identify attractive potential acquisitions or effectively integrate potential acquisitions due to multiple factors, including those noted above, and potential issues related to regulatory review of the proposed transactions. 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.

Our failure to integrate future acquired businesses effectively, realize expected benefits, or to manage other consequences of our acquisitions could adversely affect our financial condition, operating results, and cash flows.

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

We review the carrying value of long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We also test goodwill in each of our reporting units and intangible assets with indefinite lives for impairment annually in the fourth quarter or sooner if events or changes in circumstances indicate that the carrying value of the asset may exceed fair value. Factors such as lower than anticipated growth in single-family housing starts, loss of key customers, capacity additions by competitors, or changes in raw material or manufacturing costs that lead us to believe the long-lived asset will no longer provide a sufficient return on investment, could prompt decisions to curtail operations or to invest capital differently than expected. Any of these factors, among others, could result in 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 in the period in which an impairment is recognized. For additional information and a discussion regarding the impact of impairment of long-lived assets on our results of operations and financial condition, see "Long-Lived Asset Impairment" 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.

Labor disruptions, shortages of skilled and technical labor, or increased labor costs could adversely affect our business.

As of February 11, 2018, we had approximately 6,370 employees. Approximately 24% of these employees work pursuant to collective bargaining agreements. As of February 11, 2018, we had nine collective bargaining agreements. The agreement covering approximately 96 employees at our Canadian EWP facility expired on December 31, 2017, but has been extended indefinitely pending negotiations. We may not be able to renew this agreement or may renew it on terms that are less favorable to us than the current agreement. We could also 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. In addition, the ongoing recovery in the U.S. economy and our industry, when coupled with low unemployment rates, has made it difficult to acquire and retain the skilled labor necessary to successfully operate our facilities. Labor disruptions or shortages could prevent us from meeting customer demands or result in increased costs, thereby reducing our sales and profitability.

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 wood 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 retirement age. In addition, certain of our employees have assumed key roles in recent years and may not have the experience of retiring key managers. The failure to successfully formulate and implement succession plans for retiring employees, and training plans for new key managers, could result in inadequate depth of institutional knowledge or inadequate skill sets, which could adversely affect our business.

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

Wood fiber is our principal raw material, which accounted for approximately 44% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2017. Our primary source of wood fiber is logs. Log prices have been cyclical historically in response to changes in domestic and foreign demand and supply. In the future, we expect the level of foreign demand for log exports from the western U.S. to fluctuate based on the economic activity in China and other Pacific Rim countries, currency exchange rates, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities.

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

We also purchase OSB, which is used as the vertical web to assemble I-joists, from a supplier with multiple locations throughout North America. OSB accounted for approximately 7% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2017. 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 lead to higher costs of our I-joist production.

Wood fiber also includes, to a lesser extent than OSB, lumber purchased from third parties for I-joist production at our Canadian EWP facility and for production at our laminated beam plant in Idaho. Lumber input costs are subject to similar commodity-based volatility characteristics noted above for OSB. In addition, our particleboard operation uses wood residuals from lumber operations, about half of which is purchased from third parties. Periods of low demand for lumber can negatively affect supply and pricing of wood residuals used at our particleboard facility.

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

For the year ended December 31, 2017, our top ten customers represented approximately 35% of our sales. At December 31, 2017, receivables from two customers accounted for approximately 12% and 15% 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.

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, our ability to fully collect receivables from such customers could be impaired and negatively affect our operating results, cash flow, and liquidity.

Product shortages, loss of key suppliers, and our dependence on third-party suppliers and manufacturers could affect our financial health.

Our ability to offer a wide variety of products to our customers is dependent upon our ability to obtain adequate product supply from manufacturers and other suppliers. Generally, our products are obtainable from various sources and in sufficient quantities. However, the loss of, or a substantial decrease in the availability of, products from our suppliers or the loss of key supplier arrangements could adversely impact our financial condition, operating results, and cash flows.

Although in many instances we have agreements with our suppliers, these agreements are generally terminable by either party on limited notice. Failure by our suppliers to continue to supply us with products on commercially reasonable terms, or at all, could have a material adverse effect on our financial condition, operating results, and cash flows.

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

We rely on various information technology systems to capture, process, store, and report data and interact with customers, vendors, and employees. The Company is continuously working to install new, and upgrade its existing, information technology systems and provide employee awareness training around phishing, malware, and other cyber risks to ensure that the Company is protected, to the greatest extent possible, against cyber risks and security breaches. Despite careful security and controls design, including independent third-party assessments, our information technology systems, and those of our third-party providers, have been subject to security breaches and cyber attacks. To date, none of the known security breaches or cyber attacks have had material adverse effects on our operations. However, in the future, 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 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.

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

In recent years, we have completed a number of capital investments, including the replacement or rebuild of veneer dryers and log utilization centers (or improvements to other manufacturing equipment), increasing our outdoor storage acreage, and leasing additional warehouse space. These capital investments, along with acquisitions, have resulted in increased fixed costs, which could negatively affect our profitability if the housing market does not continue to recover and revenues do not improve to offset our incremental fixed costs. Capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. Although we maintain our production equipment with regular periodic and scheduled maintenance, we cannot guarantee 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.

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. Compliance with these laws and regulations is a significant factor in the operation of our businesses. 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.

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

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

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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 expense we record for our pension plans. Generally accepted accounting principles (GAAP) require that we calculate 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 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." Our pension plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the present value of our liabilities increases, potentially increasing pension expense and funding requirements. A decline in the market value of the pension assets could also increase our 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, 2017, the net underfunded status of our defined benefit pension plans was $61.3 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.

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

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

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

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

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

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

We may be involved in product liability, product warranty, casualty, manufacturing and construction defects, and other claims relating to the products we manufacture and distribute, and services we provide that 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 that any current or future claims will not adversely affect our financial condition, operating results, and cash flows.

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

Our products may compete with 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 EWP, plywood, and lumber. Changes in prices for oil, chemicals, and wood-based fiber can change the competitive position of our products relative to available alternatives and could increase substitution of those products for our products. As the use of these alternatives grows, demand for our products may decline.

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

In addition, building code provisions have been implemented in certain jurisdictions to address concerns for fire fighter safety related to the collapse of floors during residential fires. The I-joists that we manufacture are subject to this code change. As local jurisdictions adopt the new code, conventional 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.

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.

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

The terms of our debt agreements restrict, and covenants contained in agreements governing indebtedness in the future may impose, significant operating and financial restrictions on our company and our subsidiaries, which may prevent us from capitalizing on business opportunities.

Our debt agreements contain, and any future indebtedness of ours may contain, a number of restrictive covenants that impose customary operating and financial restrictions on us. Our debt agreements 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 in 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
- in the case of our revolving credit facility, 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 $37 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.

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Our failure to comply with any of these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness.

Risks Relating to Ownership of Our Common Stock

The price of our common stock may fluctuate significantly.

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

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

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

We may not pay cash dividends in the future.

In November 2017, our board of directors approved a dividend policy pursuant to which we expect to pay quarterly cash dividends to holders of our common stock. Pursuant to this policy, the board of directors declared dividends in November 2017 and February 2018. However, the future declaration and payment of dividends will continue to be at the discretion of our board of directors and the dividend policy may be suspended or canceled at its discretion at any time. Declaration of future dividends will depend upon legal capital requirements and surplus, our future operations and earnings, general financial condition, contractual obligations, restrictions imposed by our asset-based credit facility, term loan, and the indenture governing our senior notes, applicable laws, and other factors that our board of directors may deem relevant. Unless we continue to pay cash dividends on our common stock in the future, the success of an investment in our common stock will

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depend entirely upon its further appreciation. Our common stock may not appreciate in value or even maintain the price at which it was purchased.

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

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

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

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

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

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

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

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

Our independent registered public accounting firm is also required to attest to the effectiveness of our internal controls over financial reporting and 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.

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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 16, 2018. We lease office space for our corporate headquarters in Boise, Idaho.

Wood Products

We own all of our Wood Products manufacturing facilities. The following table summarizes our Wood Products facilities as of February 16, 2018:

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	6	Alabama, Louisiana, North Carolina, Oregon, Idaho, and Canada
Sawmills	5	Oregon (3) and Washington (2)
Particleboard plant	1	Oregon

Building Materials Distribution

We lease and own properties in our Building Materials Distribution business. Substantially all of our leases are noncancelable and accounted for as operating leases. These leases are not subject to early termination except for standard nonperformance clauses. The following table summarizes our 34 Building Materials Distribution facilities as of February 16, 2018:

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Location	Owned or Leased	Approximate Warehouse Square Footage
Phoenix, Arizona	Owned	33,000
Lathrop, California	Leased	164,000
Riverside, California	Leased	162,000
Denver, Colorado	Owned	230,000
Grand Junction, Colorado	Owned/Leased	97,000
Milton, Florida	Leased	99,000
Orlando, Florida	Owned	144,000
Pompano Beach, Florida	Leased	112,400
Auburn, Georgia	Leased	214,000
Boise, Idaho	Owned/Leased	159,000
Idaho Falls, Idaho	Owned/Leased	69,000
Pontoon Beach, Illinois	Leased	21,000
Rochelle, Illinois	Leased	170,000
Saco, Maine (a)	Leased	59,000
Baltimore, Maryland	Leased	247,000
Westfield, Massachusetts	Leased	207,000
Wayne, Michigan	Leased	108,000
Lakeville, Minnesota	Leased	144,000
Lee's Summit, Missouri	Leased	27,000
Billings, Montana	Owned	81,000
Greenland, New Hampshire	Owned/Leased	166,000
Delanco, New Jersey	Owned/Leased	93,000
Albuquerque, New Mexico	Leased	68,000
Greensboro, North Carolina	Leased	157,000
Marion, Ohio	Leased	95,000
Tulsa, Oklahoma	Owned	129,000
Memphis, Tennessee	Owned	78,000
Dallas, Texas	Owned/Leased	233,000
Sugar Land, Texas	Leased	203,000
Salt Lake City, Utah	Leased	126,000
Spokane, Washington	Owned/Leased	59,000
Vancouver, Washington	Leased	86,000
Woodinville, Washington	Owned/Leased	110,000
Yakima, Washington	Owned/Leased	44,000

(a) Truss manufacturing plant.

ITEM 3. LEGAL PROCEEDINGS

We are a party to legal proceedings that arise in the ordinary course of our business, including commercial liability claims, premises claims, environmental claims, and employment-related claims, among others. As of the date of this filing, we believe it is not reasonably possible that any of the legal actions against us will, 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

The following table sets forth the high and low sales prices of our common stock for 2017 and 2016 as reported by the NYSE:

	High Sale Price	Low Sale Price	Dividends Paid Per Share
2017			
Fourth Quarter	$40.95	$33.85	$ 0.07
Third Quarter	$35.80	$27.60	$ —
Second Quarter	$33.40	$26.25	$ —
First Quarter	$28.70	$22.63	$ —
2016			
Fourth Quarter	$25.69	$17.80	$ —
Third Quarter	$29.95	$21.11	$ —
Second Quarter	$23.60	$20.07	$ —
First Quarter	$25.46	$13.80	$ —

On February 16, 2018, there were 38,586,272 shares of our common stock outstanding, held by 13 stockholders of record, one of which was Cede & Co., which is the nominee of The Depository Trust Company. On February 16, 2018, the closing price of our common stock was $43.90.

Dividends

During the fourth quarter of 2017, our board of directors approved a dividend policy to pay quarterly cash dividends to holders of our common stock. Pursuant to such policy, our board of directors declared an initial dividend of $0.07 per share of our common stock, which was paid on December 15, 2017 to stockholders of record on November 27, 2017. Future quarterly dividend declarations, including amount per share, record date and payment date, will be made at the discretion of our board of directors and will depend upon, among other things, legal capital requirements and surplus, our future operations and earnings, general financial condition, contractual obligations, restrictions imposed by our asset-based credit facility, term loan, and the indenture governing our senior notes, applicable laws, and other factors that our board of directors may deem relevant. For a description of the restrictions in our asset-based credit facility, term loan, and the indenture governing our senior notes on our ability to pay dividends, see Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The dividend policy may be suspended or canceled at the discretion of the board of directors at any time. We did not declare or pay any cash dividends on our common stock during the year ended December 31, 2016.

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 in our peer group. The companies included in our peer group are

Louisiana-Pacific Corporation, BlueLinx Holdings Inc., Universal Forest Products, Inc., Builders FirstSource, Inc., and Norbord Inc. The information in the graph below and table above is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, except to the extent that we specifically incorporate such information by reference. The stock performance shown below is not necessarily indicative of future performance.

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

Unregistered Sales of Equity Securities

We did not sell any unregistered securities from January 1, 2015, through December 31, 2017.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On February 25, 2015, our Board of Directors authorized a common stock repurchase program (Program), which allows us to purchase up to two million shares of our common stock, on an opportunistic basis, through open market transactions, privately negotiated transactions, or accelerated share repurchase transactions. As of December 31, 2017, there were 696,989 shares of common stock that may yet be purchased under the Program. We did not repurchase any shares of our common stock during the three months ended December 31, 2017.

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ITEM 6. SELECTED FINANCIAL DATA

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

	Year Ended December 31				
	2017 (a)	2016 (b)	2015	2014	2013 (c)
	(millions, except per-share data)				
Consolidated statement of operations data					
Sales	$4,432	$3,911	$3,633	$3,574	$3,273
Net income	$83	$38	$52	$80	$117
Net income per common share – diluted	$2.12	$0.98	$1.33	$2.03	$2.91
Earnings before interest, taxes, depreciation, and amortization (EBITDA) (d)	$223	$142	$158	$197	$136
Adjusted EBITDA (d)	$222	$153	$158	$197	$136
Cash dividends declared per common share	$0.07	$—	$—	$—	$—
Balance sheet data (at end of year)					
Cash and cash equivalents	$177	$104	$184	$164	$118
Working capital, excluding cash and cash equivalents (e)	$374	$344	$342	$335	$312
Total assets (f)	$1,607	$1,439	$1,249	$1,213	$1,096
Total long-term debt (f)	$438	$438	$345	$294	$293

(a) In 2017, net income includes an $8.1 million income tax benefit associated with the remeasurement of our deferred tax assets and liabilities at the new federal corporate income tax rate of 21% as of December 22, 2017 (date of enactment of the Tax Cuts and Jobs Act). 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.

(b) The following items impacted 2016 net income:

- $8.5 million of income tax benefit primarily associated with the reversal of a valuation allowance on foreign deferred tax assets, net of other tax adjustments. 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.

- $14.3 million pre-tax loss on extinguishment of debt. For more information, see Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

- $3.9 million pre-tax settlement expense associated with voluntary lump-sum payments to pension plan participants. For more information, see Note 9, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

At December 31, 2016, total assets include the EWP facilities located in Thorsby, Alabama, and Roxboro, North Carolina, we acquired in March 2016, for an aggregate purchase price of $215.9 million. For more information, see Note 5, Acquisitions, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

(c)

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.

At December 31, 2013, total assets include the facilities in Chester, South Carolina, and Moncure, North Carolina, we acquired in September 2013, for an aggregate purchase price of $103.0 million.

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

	Year Ended December 31				
	2017	2016	2015	2014	2013
	(millions)				
Net income	$83	$38	$52	$80	$117
Interest expense	25	27	23	22	20
Interest income	(1)	—	—	—	—
Income tax provision (benefit)	35	5	29	43	(39)
Depreciation and amortization	80	73	56	51	38
EBITDA	223	142	158	197	136
Change in fair value of interest rate swaps	(1)	(4)	—	—	—
Loss on extinguishment of debt	—	14	—	—	—
Adjusted EBITDA	$222	$153	$158	$197	$136

We define EBITDA as income before interest (interest expense and interest income), income taxes, and depreciation and amortization. Additionally, we disclose Adjusted EBITDA, which further adjusts EBITDA to exclude the change in fair value of interest rate swaps and loss on extinguishment of debt.

We believe EBITDA and Adjusted EBITDA are meaningful measures because they present a transparent view of our recurring operating performance and allow management to readily view operating trends, perform analytical comparisons, and identify strategies to improve operating performance. We also believe EBITDA and Adjusted EBITDA are useful to investors because they provide a means to evaluate the operating performance of our segments and our Company on an ongoing basis using criteria that are used by our management and because they are 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. EBITDA and Adjusted EBITDA, however, are not measures of our liquidity or financial performance under generally accepted accounting principles (GAAP) and should not be considered as alternatives to net income, income from operations, or any other performance measure derived in accordance with GAAP or as alternatives to cash flow from operating activities as a measure of our liquidity. The use of EBITDA and Adjusted EBITDA instead of net income or segment income (loss) have limitations as analytical tools, 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 these limitations by relying on our GAAP results. Our measures of EBITDA and Adjusted EBITDA are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

(e) As of December 31, 2015, we retrospectively adopted Accounting Standards Update (ASU) 2015-17, Balance Sheet Classification of Deferred Taxes, by reclassifying previously reported current deferred tax assets as noncurrent on the balance sheet. This reclassification resulted in a reduction of working capital, as previously reported, of $20 million and $18 million as of December 31, 2014 and 2013, respectively.

(f) As of December 31, 2015, we retrospectively adopted ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, by reclassifying previously reported deferred financing costs as a direct deduction from the related debt liability rather than as an asset. This reclassification resulted in a reduction of total assets and total long-term debt, as previously reported, of $7 million and $8 million, respectively, as of December 31, 2014, and 2013.

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 and 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.

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Overview

Company Background

Boise Cascade is a large, vertically-integrated wood products manufacturer and building materials distributor with widespread operations throughout the United States (U.S.) and one manufacturing facility in Canada. We completed an initial public offering of our common stock on February 11, 2013. We have two reportable segments: (i) Wood Products, which manufactures engineered wood products (EWP), plywood, ponderosa pine lumber, studs, and particleboard; and (ii) Building Materials Distribution (BMD), which is a wholesale distributor of building materials. For more information, see Note 14, 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, specialty distributors, and industrial converters. Our Wood Products and BMD segments are vertically-integrated from wood procurement through distribution. During 2017, approximately 52% of our Wood Products segment sales were to our BMD segment. In 2017, approximately 71%, 31%, and 7% of our Wood Product segment's EWP, plywood, and lumber sales volumes, respectively, were to our BMD segment.

Executive Summary

We recorded income from operations of $141.2 million during the year ended December 31, 2017, compared with $79.6 million during the same period in the prior year. In our Wood Products segment, income increased by $27.7 million to $53.6 million for the year ended December 31, 2017, from $25.9 million in 2016. The increase was due primarily to higher plywood, lumber, and EWP sales prices, offset partially by higher OSB costs used in the manufacture of I-joists and higher per-unit conversion costs. In addition, depreciation and amortization expense increased $5.6 million due primarily to the acquisition of two EWP facilities on March 31, 2016, and other capital expenditures. In our BMD segment, income improved $32.4 million to $116.8 million for the year ended December 31, 2017, from $84.4 million for the year ended December 31, 2016, driven primarily by a higher gross margin of $65.1 million generated from a sales increase of 17%. This improvement was offset partially by increased selling and distribution expenses of $28.2 million. These changes are discussed further in "Our Operating Results" below.

We ended 2017 with $177.1 million of cash and cash equivalents and $438.3 million of debt. At December 31, 2017, we had $379.8 million of unused committed bank line availability. We generated $73.2 million of cash during the year ended December 31, 2017, as cash provided by operations was offset partially by capital spending. A further description of our cash sources and uses for the comparative periods are discussed in "Liquidity and Capital Resources" below.

As in recent years, we expect to continue to experience modest demand growth for the products we manufacture and distribute in 2018. Total housing starts in the U.S. continue to show modest improvement, with single-family starts growth offsetting weakness in multi-family starts in 2017. We remain optimistic that the improvement in demand for our products will continue as household formation rates and residential construction continue to recover. We will continue to manage our production levels to our sales demand, which will likely result in operating some of our facilities below their capacity until demand further improves. Future commodity product pricing could be volatile in response to industry operating rates, net import and export activity, the North American softwood lumber trade dispute, inventory levels in various distribution channels, and seasonal demand patterns.

Factors That Affect Our Operating Results and Trends

Our results of operations and financial performance are influenced by a variety of factors, including: (i) the commodity nature of the products we manufacture and distribute; (ii) general economic and industry conditions affecting demand; and (iii) cost and availability 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 in an auction market 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 effective facilities maintenance programs, and on managing our cost structure, particularly raw materials and labor, which represent the largest components of our operating costs. Composite structural panel and lumber prices have been historically volatile. Future commodity product prices could be volatile in response to industry operating rates, net import and export activity, the North American softwood lumber trade dispute, inventory levels in various distribution channels, and seasonal demand patterns.

The following table provides changes in the average composite panel, including certain panel subcategories, and average composite lumber prices as reflected by Random Lengths, an industry publication, for the periods noted below:

	Year Ended December 31		
	2017 versus 2016	2016 versus 2015	2015 versus 2014
Increase (decrease) in composite panel prices	18%	1%	(5)%
Increase (decrease) in Western Fir plywood prices	12%	(6)%	(4)%
Increase (decrease) in Southern Pine plywood prices	10%	(11)%	(6)%
Increase (decrease) in OSB prices	32%	29%	(8)%
Increase (decrease) in composite lumber prices	19%	4%	(14)%

In our Wood Products segment, we manufacture plywood, but not OSB, and therefore our reported prices may not trend with the overall composite panel price index. Our BMD segment purchases and resells a broad mix of commodity products with periods of increasing prices providing 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.

General Economic and Industry Conditions Affecting Demand

The level of housing starts is especially important to our results of operations. As of February 2018, the Blue Chip Economic Indicators consensus forecast for 2018 single- and multi-family housing starts in the U.S. was approximately 1.28 million units, compared with actual housing starts of 1.20 million in 2017 and 1.17 million in 2016, as reported by the U.S. Census Bureau. New residential construction activity has historically been volatile with demand influenced by several economic conditions, including domestic population growth, immigration rates, residential vacancy and foreclosure rates, demand for second homes, and existing home prices. We believe U.S. demographics are supportive of further recovery in housing starts, although we expect only modest residential construction growth due to constraints faced by builders, such as availability of labor and building lots. The pace of household formation rates and residential repair-and-remodeling activity will also be affected by continued employment growth, wage growth, prospective home buyers' access to financing, improved consumer confidence, as well as other factors. Improved household formation rates in turn will help stimulate new construction. In addition, we have expanded our market position in EWP in recent years and further increases in EWP demand will be highly influenced by the ongoing recovery in single-family housing starts.

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

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

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term growth in repair-and-remodeling expenditures and increased demand through home improvement centers and our other customers that service professional contractors.

Cost and Availability 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 2017. Logs comprised approximately 75% of our wood fiber costs during 2017, and we satisfy our log requirements through a combination of purchases under supply agreements, open-market purchases, and purchases pursuant to contracts awarded under public auctions conducted by federal, state, and local authorities.

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

	Year Ended December 31		
	2017 versus 2016	2016 versus 2015	2015 versus 2014
Increase (decrease) in per-unit log costs	3%	(2)%	1%

The cost of logs is correlated with prevailing product prices for building materials and manufacturers' expectations for future product prices, with an increase in product prices driving increases in log costs. Generally, increases in the cost of logs lag product price increases, as improved manufacturer profitability often leads to increased demand for logs. Prices for logs have been historically cyclical in response to changes in domestic and foreign demand and supply. Our aggregate cost of obtaining logs is also affected by fuel costs and the distance of the log source from our facilities, as we are often required to transport the logs we purchase from the source to our facilities.

Demand for dimension lumber has a strong influence on log pricing, as the dimension lumber industry is the largest consumer of logs. In the future, we also expect the level of foreign demand for log exports from the western U.S. to fluctuate based on economic activity in China and other Pacific Rim countries, currency exchange rates, and the availability of log supplies from other countries such as Canada, Russia, and New Zealand. Log costs in the western U.S. have historically been more volatile due to foreign demand for log exports. In addition, per-unit log costs in the western U.S. are higher than per-unit log costs in the southern U.S. due to various supply-side constraints, including seasonal weather related restrictions and a higher proportion of federal and state timberland ownership.

Sustained periods of high log costs may impair the cost competitiveness of our manufacturing facilities. Our log requirements and our access to supply, as well as the cost of obtaining logs, are subject to change based on, among other things, the effect of governmental laws and regulations, our manufacturing operations not operating in the normal course of business, impacts of weather or fire on log availability, and the status of environmental appeals.

We also purchase OSB, which is used as the vertical web to assemble I-joists, from a supplier with multiple locations throughout North America. OSB accounted for approximately 7% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2017. 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 lead to significantly higher costs of our I-joist production.

Wood fiber also includes, to a lesser extent than OSB, lumber purchased from third parties for I-joist production at our Canadian EWP facility and for production at our laminated beam plant in Idaho. Lumber input costs are subject to similar commodity-based volatility characteristics noted above for OSB. In addition, our particleboard operation uses wood residuals from lumber operations, about half of which is purchased from third parties. Periods of low demand for lumber can negatively affect supply and pricing of wood residuals.

We also use various resins and glues in our manufacturing processes, which accounted for approximately 6% of the aggregate amount of materials, labor, and other operating expenses (excluding depreciation) for our Wood Products segment in 2017. 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.

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Our Operating Results

The following tables set forth our operating results in dollars and as a percentage of sales for the years ended December 31, 2017, 2016, and 2015:

	Year Ended December 31		
	2017	2016	2015
	(millions)		
Sales	$4,432.0	$3,911.2	$3,633.4
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	3,819.7	3,398.4	3,153.5
Depreciation and amortization	80.4	72.8	55.6
Selling and distribution expenses	327.4	300.8	273.3
General and administrative expenses	63.1	60.6	49.4
Other (income) expense, net	0.4	(1.0)	(1.6)
	4,290.8	3,831.6	3,530.2
Income from operations	$141.2	$79.6	$103.2
	(percentage of sales)		
Sales	100.0 %	100.0 %	100.0 %
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	86.2 %	86.9 %	86.8 %
Depreciation and amortization	1.8	1.9	1.5
Selling and distribution expenses	7.4	7.7	7.5
General and administrative expenses	1.4	1.5	1.4
Other (income) expense, net	—	—	—
	96.8 %	98.0 %	97.2 %
Income from operations	3.2 %	2.0 %	2.8 %

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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, 2017, 2016, and 2015.

	Year Ended December 31		
	2017	2016	2015
	(thousands)		
U.S. Housing Starts (a)			
Single-family	848.9	781.5	714.5
Multi-family	353.9	392.3	397.3
	1,202.8	1,173.8	1,111.8
	(millions)		
Segment Sales			
Wood Products	$1,373.8	$1,280.4	$1,282.1
Building Materials Distribution	3,773.8	3,227.2	2,891.3
Intersegment eliminations and other	(715.6)	(596.4)	(540.0)
	$4,432.0	$3,911.2	$3,633.4
	(millions)		
Wood Products			
Sales Volumes			
Laminated veneer lumber (LVL) (cubic feet)	17.3	16.3	13.1
I-joists (equivalent lineal feet)	235	226	201
Plywood (sq. ft.) (3/8" basis)	1,458	1,507	1,635
Lumber (board feet)	171	187	206
	(dollars per unit)		
Wood Products			
Average Net Selling Prices			
Laminated veneer lumber (LVL) (cubic foot)	$16.79	$16.59	$16.44
I-joists (1,000 equivalent lineal feet)	1,121	1,114	1,107
Plywood (1,000 sq. ft.) (3/8" basis)	312	272	291
Lumber (1,000 board feet)	540	472	482
	(percentage of Building Materials Distribution sales)		
Building Materials Distribution			
Product Line Sales			
Commodity	47.9 %	46.6 %	46.5 %
General line	33.6 %	35.4 %	35.9 %
Engineered wood products	18.5 %	18.0 %	17.6 %
Gross margin percentage (b)	11.9 %	11.9 %	11.6 %

(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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2017 Compared With 2016

Sales

For the year ended December 31, 2017, total sales increased $520.8 million, or 13%, to $4,432.0 million from $3,911.2 million during the year ended December 31, 2016. As described below, both of our segments had increased sales, with single-family residential construction activity being the key demand driver of our sales. During 2017, U.S. housing starts increased 2%, with single-family starts up 9%, compared with 2016. 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, 2017, average composite lumber and average composite panel prices were up 19% and 18%, respectively, compared with the same period in the prior year, as reflected by Random Lengths composite lumber and panel pricing. These improvements in composite commodity pricing resulted in improved sales in both of our segments, as noted below.

Wood Products. During the year ended December 31, 2017, sales, including sales to our BMD segment, increased $93.3 million, or 7%, to $1,373.8 million from $1,280.4 million in 2016. The increase in sales was driven primarily by higher sales prices for plywood and lumber of 15% and 14%, respectively, resulting in increased sales of $58.1 million and $11.6 million, respectively. In addition, sales volumes of LVL and I-joists increased 6% and 4%, respectively, resulting in increased sales of $16.5 million and $10.5 million, respectively. An increase in sales prices of 1% for both LVL and I-joists also contributed $3.5 million and $1.5 million, respectively, to the improved sales. These increases were offset by decreases in plywood and lumber sales volumes of 3% and 8%, or $13.5 million and $7.3 million in sales, respectively. We have shifted a higher proportion of our internally produced veneer into EWP, resulting in the decline in plywood production and sales volumes.

Building Materials Distribution. During the year ended December 31, 2017, sales increased $546.6 million, or 17%, to $3,773.8 million from $3,227.2 million in 2016. Compared with the prior year, the overall increase in sales was driven by sales price and sales volume increases of 9% and 8%, respectively. By product line, commodity sales increased 20%, or $305.2 million; general line product sales increased 11%, or $127.6 million; and sales of EWP (substantially all of which is sourced through our Wood Products segment) increased 20%, or $113.8 million.

Costs and Expenses

Materials, labor, and other operating expenses (excluding depreciation) increased $421.2 million, or 12%, to $3,819.7 million for the year ended December 31, 2017, compared with $3,398.4 million during the prior year. In our Wood Products segment, the increase in materials, labor, and other operating expenses was primarily driven by higher per-unit costs of OSB and logs of 25% and 3%, respectively, compared with the prior year. However, materials, labor, and other operating expenses as a percentage of sales (MLO rate) in our Wood Products segment decreased by 170 basis points. The decrease in the MLO rate was primarily due to higher sales prices, resulting in improved leveraging of wood fiber, labor, and other manufacturing costs. In our BMD segment, the increase in materials, labor, and other operating expenses was driven by higher purchased materials costs as a result of higher sales volumes, compared with the prior year. However, the BMD segment MLO rate was flat compared with 2016. Improved margins on commodity products were offset by lower margins on general line products. EWP margins improved slightly.

Depreciation and amortization expenses increased $7.5 million, or 10%, to $80.4 million for the year ended December 31, 2017, compared with $72.8 million during the prior year. The increase was due primarily to the acquisition of two EWP facilities located in Thorsby, Alabama, and Roxboro, North Carolina, on March 31, 2016 (Acquisition), and other capital expenditures.

Selling and distribution expenses increased $26.6 million, or 9%, to $327.4 million for the year ended December 31, 2017, compared with $300.8 million for the prior year. The increase was due mostly to higher employee-related expenses and shipping and handling costs of $13.7 million and $9.6 million, respectively, primarily as a result of higher delivery and base compensation costs associated with increased sales volumes and higher incentive compensation costs from improved operating results in our BMD segment.

General and administrative expenses increased $2.5 million, or 4%, to $63.1 million for the year ended December 31, 2017, compared with $60.6 million for the prior year. The increase was due primarily to increased base and incentive compensation expenses of $6.2 million, offset partially by acquisition-related expenses of $3.6 million in our Wood Products segment in 2016.

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For the year ended December 31, 2017, other (income) expense, net, was $0.4 million of expense, which included a $1.0 million noncash asset write-down, offset by a $1.2 million gain from the sale of machinery and equipment, in our Wood Products segment. For the year ended December 31, 2016, other (income) expense, net, was $1.0 million of income, which included a $1.5 million gain from the sale of a timber deed in our Wood Products segment.

Income From Operations

Income from operations increased $61.6 million to $141.2 million for the year ended December 31, 2017, compared with $79.6 million of income for the year ended December 31, 2016.

Wood Products. For the year ended December 31, 2017, segment income increased $27.7 million to $53.6 million from $25.9 million for the year ended December 31, 2016. The increase in segment income was due primarily to higher plywood, lumber, and EWP sales prices. In addition, the year ended December 31, 2016, included $3.6 million of acquisition-related expenses. These improvements were offset partially by higher OSB costs used in the manufacture of I-joists, as well as higher per-unit conversion costs. In addition, depreciation and amortization expense increased $5.6 million due primarily to the Acquisition on March 31, 2016, and other capital expenditures.

Building Materials Distribution. For the year ended December 31, 2017, segment income increased $32.4 million to $116.8 million from $84.4 million for the year ended December 31, 2016. The improvement in segment income was driven primarily by a gross margin increase of $65.1 million generated from a sales increase of 17%. This improvement was offset partially by increased selling and distribution expenses and general and administrative expense of $28.2 million and $2.5 million, respectively, as well as higher depreciation and amortization of $1.7 million.

Corporate. Unallocated corporate expenses decreased $1.5 million to $29.2 million for the year ended December 31, 2017, from $30.7 million for the year ended December 31, 2016. The decrease was primarily due to lower pension expense of $4.8 million, offset partially by higher employee-related expenses of $3.1 million. Pension expense decreased primarily due to a $3.9 million settlement charge resulting from lump-sum benefit payments in the fourth quarter of 2016. For more information related to our pension plan, see Note 9, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Other

Interest Expense. Interest expense decreased $1.3 million, or 5%, to $25.4 million for the year ended December 31, 2017, compared with $26.7 million for the prior year. The higher interest expense during the prior year was primarily due to timing related to the senior notes refinancing in which we issued new senior notes on August 29, 2016, but did not redeem $115.5 million of the replaced senior notes until November 1, 2016. As such, the year ended December 31, 2016, included interest on both notes for a portion of the year.

Change in fair value of interest rate swaps. For information related to our interest rate swaps, see the discussion under "Disclosures of Financial Market Risks" and "Financial Instruments" included in this "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

Loss on extinguishment of debt. In connection with the issuance of the $350 million of 5.625% senior notes due September 1, 2024 (2024 Notes), we commenced a tender offer to purchase any and all of our $300.0 million aggregate principal amount of 6.375% senior notes (2020 Notes) then outstanding. On August 29, 2016, we accepted for purchase an aggregate principal amount of $184.5 million of the 2020 Notes that were tendered. On November 1, 2016, we redeemed the remaining $115.5 million in aggregate principal amount of the 2020 Notes outstanding. In connection with these transactions, we recognized a pre-tax loss on the extinguishment of debt of $14.3 million during 2016. The loss includes $11.3 million in debt extinguishment premiums and $3.0 million for the net write-off of the unamortized deferred financing costs and unamortized premium related to the 2020 Notes.

For more information related to our indebtedness, see Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

2016 Compared With 2015

Sales

For the year ended December 31, 2016, total sales increased $277.8 million, or 8%, to $3,911.2 million from $3,633.4 million during the year ended December 31, 2015, driven by changes in sales volumes and prices, as described below. During 2016, U.S. housing starts increased 6%, with single-family starts up 9%, compared with 2015. For the year ended December 31, 2016, average composite lumber and average composite panel prices were up 4% and 1%, respectively, compared with the same period in the prior year, as reflected by Random Lengths composite lumber and panel pricing. These improvements in composite commodity pricing resulted in improved results in our BMD segment as noted below, particularly due to improved pricing in OSB and dimension lumber products. However, within our Wood Products segment, we manufacture plywood, but not OSB, and therefore our reported prices trended with the declines reflected in the plywood composite indexes and not the overall composite panel index. Average composite panel prices increased during the year ended December 31, 2016, but plywood prices were negatively impacted by a strong U.S. dollar and economy relative to other countries, resulting in foreign producers, particularly from South America, selling more of their plywood products into the eastern U.S. Given weak plywood pricing and improved demand for EWP, we also shifted more of our internally produced veneer to EWP, resulting in the decrease in plywood sales volume noted below.

Wood Products. During the year ended December 31, 2016, sales, including sales to our BMD segment, decreased $1.7 million, to $1,280.4 million from $1,282.1 million in 2015. Plywood and lumber sales volumes decreased 8% and 9%, respectively, contributing $37.2 million and $9.1 million, respectively, to the decrease in sales. Sales price decreases of 7% and 2%, respectively, in plywood and lumber resulted in sales decreases of $29.3 million and $1.8 million, respectively. In addition, lower sales volumes of veneer and lower byproduct price realizations resulted in sales decreases of $5.4 million and $6.5 million, respectively. These decreases were offset partially by sales volume increases of 25% in LVL and 13% in I-joists which resulted in sales increases of $53.3 million and $27.9 million, respectively. Increased EWP volumes were due primarily to the Acquisition and increased penetration with existing customers, as well as improved single-family housing starts. Sales prices for LVL and I-joists were relatively flat compared with the year ended December 31, 2015.

Building Materials Distribution. During the year ended December 31, 2016, sales increased $335.9 million, or 12%, to $3,227.2 million from $2,891.3 million for the prior year. Compared with the prior year, the overall increase in sales was driven by sales volume and sales price increases of 11% and 1%, respectively. By product line, commodity sales increased 12%, or $159.7 million; general line product sales increased 10%, or $104.1 million; and sales of EWP (substantially all of which is sourced through our Wood Products segment) increased 14%, or $72.2 million.

Costs and Expenses

Materials, labor, and other operating expenses (excluding depreciation) increased $244.9 million, or 8%, to $3,398.4 million for the year ended December 31, 2016, compared with $3,153.5 million during the prior year. In our Wood Products segment, the increase in materials, labor, and other operating expenses was primarily driven by higher sales volumes of EWP, as well as higher per-unit costs of OSB of 23%, compared with the prior year, offset partially by lower per-unit log costs of 2%. In addition, the MLO rate in our Wood Products segment increased by 120 basis points. The increase in the MLO rate was primarily the result of lower plywood and lumber sales prices and volumes, as well as higher OSB costs, which resulted in higher labor and wood fiber costs as a percent of sales, offset partially by lower other manufacturing costs. In our BMD segment, the increase in materials, labor, and other operating expenses was driven by higher purchased materials costs as a result of higher sales volumes, compared with the prior year. However, the BMD segment MLO rate improved 30 basis points compared with 2015 due to improved commodity product margins, as well as improved sales of general line products, which typically carry higher product margins than commodity products.

Depreciation and amortization expenses increased $17.3 million, or 31%, to $72.8 million for the year ended December 31, 2016, compared with $55.6 million during the prior year. The increase was due primarily to the acquisition of two EWP facilities on March 31, 2016, and other capital expenditures. As of December 31, 2016, we had approximately $45 million of idled veneer and LVL related machinery and equipment at Roxboro, North Carolina, that were purchased in the Acquisition.

Selling and distribution expenses increased $27.5 million, or 10%, to $300.8 million for the year ended December 31, 2016, compared with $273.3 million for the prior year. The increase was due to higher employee-related expenses and shipping and handling costs of $16.6 million and $5.7 million, respectively, primarily as a result of increased sales volumes and improved operating results in our BMD segment.

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General and administrative expenses increased $11.2 million, or 23%, to $60.6 million for the year ended December 31, 2016, compared with $49.4 million for the prior year. The increase was due primarily to increased employee-related expenses of $7.5 million and higher acquisition-related expenses of $2.0 million in our Wood Products segment.

For the year ended December 31, 2016, other (income) expense, net, was $1.0 million of income, which included a $1.5 million gain from the sale of a timber deed in our Wood Products segment. For the year ended December 31, 2015, other (income) expense, net, was $1.6 million of income, which included a $0.9 million gain from the sale of a parcel of land in our Wood Products segment.

Income From Operations

Income from operations decreased $23.6 million to $79.6 million for the year ended December 31, 2016, compared with $103.2 million of income for the year ended December 31, 2015.

Wood Products. For the year ended December 31, 2016, segment income decreased $38.3 million to $25.9 million from $64.2 million for the year ended December 31, 2015. The decrease in segment income was due primarily to lower plywood and lumber sales prices, and higher OSB costs, as well as higher acquisition-related expenses of $2.0 million. In addition, depreciation and amortization expense increased $14.2 million due primarily to the Acquisition and other capital expenditures. These decreases were offset partially by improved sales volumes of EWP and lower log costs.

Building Materials Distribution. For the year ended December 31, 2016, segment income increased $23.6 million to $84.4 million from $60.8 million for the year ended December 31, 2015. The increase in segment income was driven primarily by a higher gross margin of $50.2 million generated from a sales increase of 12%, including an improvement in gross margin percentage of 30 basis points. This improvement was offset partially by increased selling and distribution expenses and general and administrative expenses of $21.9 million and $3.1 million, respectively, as well as higher depreciation and amortization of $1.8 million.

Corporate. Unallocated corporate expenses increased $8.9 million to $30.7 million for the year ended December 31, 2016, from $21.8 million for the year ended December 31, 2015. The increase was primarily due to higher pension expense, incentive compensation costs, and professional fees. Pension expense increased $3.4 million due primarily to a $3.9 million settlement charge resulting from lump-sum benefit payments in the fourth quarter of 2016. For more information related to our pension plan, see Note 9, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Other

Interest Expense. Interest expense increased $4.2 million, or 18%, to $26.7 million for the year ended December 31, 2016, compared with $22.5 million for the prior year. The increase was due primarily to interest expense related to the issuance of the 2024 Notes on August 29, 2016, $125.0 million of receive-variable pay-fixed interest rate swaps, a $75 million term loan entered into on March 30, 2016, and 2016 borrowings under our credit facility, offset partially by a decrease in interest expense from the repayment of the 2020 Notes during 2016.

Change in fair value of interest rate swaps. For information related to our interest rate swaps, see the discussion under "Disclosures of Financial Market Risks" and "Financial Instruments" included in this "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

Loss on extinguishment of debt. For more information related to our loss on extinguishment of debt during 2016, reference the discussion above, "2017 Compared with 2016."

For more information related to our indebtedness, see Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Income Tax Provision

For the years ended December 31, 2017, 2016, and 2015, we recorded $34.6 million, $5.0 million, and $28.5 million, respectively, of income tax expense and had an effective rate of 29.5%, 11.7%, and 35.3%, respectively. Our rate is affected by

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recurring items, such as state income taxes, and discrete items that may occur in any given year but are not consistent from year to year.

During the year ended December 31, 2017, the primary reasons for the difference between the federal statutory income tax rate of 35% and the effective tax rate were the effect of the following:

- An $8.1 million reduction in income tax expense, or an effect of 6.9%, resulting from the remeasurement of deferred income taxes to the new federal statutory rate of 21%.

- A $3.7 million increase in income tax expense, or an effect of 3.2%, from state income taxes.

During the year ended December 31, 2016, the primary reasons for the difference between the federal statutory income tax rate of 35% and the effective tax rate were the effect of the following:

- A $9.9 million reduction in income tax expense, or an effect of 22.8%, resulting from the valuation allowance reversal in our Canadian tax jurisdiction.

- A $2.9 million reduction in income tax expense, or an effect of 6.7%, resulting from other tax credits.

- A $1.7 million increase in income tax expense, or an effect of 4.0%, resulting from unrecognized tax benefits.

- A $1.4 million increase in income tax expense, or an effect of 3.2%, from state income taxes.

During the year ended December 31, 2015, the federal statutory income tax rate and the effective tax rate was 35%, as the effect of state taxes was offset by the domestic production activities deduction and other tax credits.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”), was enacted by the U.S. government. The legislation makes broad and complex changes to the U.S. tax code affecting the taxation of businesses in all industries. The most significant impact to our financial statements is the reduction of the corporate federal income tax rate from 35% to 21%. Based on our preliminary analysis, we expect our 2018 effective tax rate to be approximately 25%, inclusive of the effect of state income taxes. Other relevant provisions which may impact our financial statements in the future include, but are not limited to, the elimination of the production activities deduction, limitations on the deductibility of certain executive compensation, bonus depreciation to allow immediate expensing of qualified property, and limitations on deductible interest expense. For more information related to the Tax Act, 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.

Liquidity and Capital Resources

We ended 2017 with $177.1 million of cash and cash equivalents and $438.3 million of long-term debt. At December 31, 2017, we had $556.9 million of available liquidity (cash and cash equivalents and undrawn committed bank line availability). Our cash and cash equivalents increased by $73.2 million during the year ended December 31, 2017, as cash provided by operating activities was partially offset by capital spending, as further discussed below.

At December 31, 2017, our cash was invested in high-quality, short-term investments, which we record in "Cash and cash equivalents." The majority of our cash and cash equivalents is invested in money market funds that are broadly diversified and invested in high-quality, short-duration securities, including commercial paper, certificates of deposit, U.S. government agency securities, and similar instruments. We have significant amounts of cash and cash equivalents that are in excess of federally insured limits. Though we have not experienced any losses on our cash and cash equivalents to date and we do not anticipate incurring any losses, we cannot be assured that we will not experience losses on our short-term investments.

We believe that our cash flows from operations, combined with our current cash levels and available borrowing capacity, will be adequate to fund debt service requirements and provide cash, as required, to support our ongoing operations, capital expenditures, lease obligations, working capital, pension contributions, and to pay cash dividends to holders of our common stock over the next twelve months. We expect to fund our seasonal and intra-month working capital requirements in 2018 from cash on hand and, if necessary, borrowings under our revolving credit facility.

In recent years, our 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

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benefit obligations. At December 31, 2017, we used a discount rate assumption of 3.40% to measure the present value of our pension benefit obligations, which resulted in a pension benefit obligation of approximately $483.5 million. The fair value of our pension plan assets at December 31, 2017, was approximately $422.3 million, and thus we reported an underfunded status of our defined benefit pension plans of approximately $61.3 million. Given the underfunded status, we may be required to make future contributions to our qualified defined benefit pension plan depending upon actuarial assumptions, future interest rates, and pension asset investments returns. While we have no federally required contributions for 2018, we expect to make cash contributions of approximately $2 million to our pension plans. These contributions reflect benefit payments to plan participants of our nonqualified salaried pension plans and lease payments for properties we have contributed to our qualified defined benefit pension plan.

We intend to fund our future pension obligations with cash on hand, cash generated from operations, and external financing. See "Contractual Obligations" in this Management's Discussion and Analysis of Financial Condition and Results of Operations for an estimate of future minimum pension funding obligations. Also see "Critical Accounting Estimates" in this Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 9, 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, as well as short-term and long-term borrowings. Our primary uses of cash are for expenses related to the manufacture and distribution of building products, including inventory purchased for resale, wood fiber, labor, energy, and glues and resins. In addition to paying for ongoing operating costs, we use cash to invest in our business, service our debt and pension obligations, pay dividends, 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		
	2017	2016	2015
	(thousands)		
Net cash provided by operations	$151,567	$151,907	$80,331
Net cash used for investment	(73,212)	(298,839)	(84,392)
Net cash provided by (used for) financing	(5,193)	66,414	25,008

Operating Activities

2017 Compared With 2016

In 2017, our operating activities generated $151.6 million of cash, compared with $151.9 million in 2016. The $0.3 million decrease in cash provided by operations in 2017 relates primarily to the following:

- A $17.8 million increase in working capital during 2017, compared with a $12.2 million decrease in working capital during 2016. 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 increase in working capital in 2017 was primarily attributable to higher receivables and inventories, offset partially by an increase in accounts payable and accrued liabilities. The increase in receivables in 2017 primarily reflects increased sales of approximately 18%, comparing sales for the month of December 2017 with sales for the month of December 2016. The decrease in working capital in 2016 was primarily attributable to higher accounts payable and accrued liabilities, offset partially by an increase in inventories. Inventories increased in both 2017 and

2016 primarily due to an increase in finished goods inventory in our Building Materials Distribution segment. The increase in accounts payable and accrued liabilities in 2017 was greater than the 2016 increase, reflecting the increase in inventories as of December 31, 2017, and higher incentive compensation accruals.

- A $29.4 million increase in cash paid for income taxes. The increase in cash paid for income taxes is primarily due to an increase in income from operations.

- A $32.4 million increase in income in our Building Materials Distribution segment and a $27.7 million increase in income in our Wood Products segment. See "Operating Results" above for a discussion on our results for 2017.

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2016 Compared With 2015

In 2016, our operating activities generated $151.9 million of cash, compared with $80.3 million in 2015. The $71.6 million increase in cash provided by operations in 2016 relates primarily to the following:

- A decrease in cash contributions to our pension plans of $50.4 million. During 2016, we used $3.8 million of cash to make pension contributions, compared with $54.3 million during 2015.

- A $23.6 million increase in income in our Building Materials Distribution segment, offset by a $38.3 million decrease in income in our Wood Products segment. See "Operating Results" above for a discussion on our results for 2016.

- A $12.2 million decrease in working capital during 2016, compared with a $2.7 million increase in working capital during 2015. The decrease in working capital in 2016 was primarily attributable to higher accounts payable and accrued liabilities, offset partially by an increase in inventories. The increase in working capital in 2015 was primarily attributable to higher receivables, offset partially by an increase in accounts payable and accrued liabilities. The increase in receivables in 2015 primarily reflect increased sales of approximately 2%, comparing sales for the month of December 2015 with sales for the month of December 2014. In addition, inventories increased during 2016 compared with a decrease during 2015. Inventories increased in 2016 primarily due to an increase in finished goods inventory in our Building Materials Distribution segment. The increase in accounts payable and accrued liabilities in 2016 was greater than the 2015 increase, reflecting the increase in inventories as of December 31, 2016 and higher incentive compensation.

- A $5.9 million increase in cash paid for income taxes. The increase in cash paid for income taxes is primarily due to lower tax benefits related to the decrease in cash contributions to our pension plans, discussed above, offset partially by a decrease in income from operations.

- A $6.8 million decrease in other net long-term assets and liabilities during 2016, compared with an increase in other net long-term assets and liabilities during 2015. These changes primarily related to fluctuations in timber deposits.

Investment Activities

Net cash used for investing activities was $73.2 million, $298.8 million, and $84.4 million during 2017, 2016, and 2015, respectively.

2017

During the year ended December 31, 2017, we used approximately $75.5 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. Purchases of property and equipment included approximately $2 million for environmental compliance in 2017 and we expect to spend approximately $1 million in 2018. For the year ended December 31, 2017, we received asset sales proceeds of $2.5 million, primarily from the sale of machinery and equipment in our Wood Products segment.

Excluding potential acquisitions, we expect capital expenditures in 2018 to total approximately $75 million to $85 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. We expect our capital spending in 2018 will be for business improvement and quality/efficiency projects, replacement projects, and ongoing environmental compliance.

2016

During the year ended December 31, 2016, we used $215.9 million for the Acquisition. In addition, we used approximately $83.6 million of cash for purchases of property and equipment, which included business improvement and quality/efficiency projects, replacement and expansion projects, expenditures to restart certain idled assets at our recently acquired Roxboro, North Carolina, facility, and ongoing environmental compliance. Quality and efficiency projects include quality improvements, modernization, energy, and cost-saving projects. Purchases of property and equipment included approximately $8 million for environmental compliance in 2016.

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2015

During the year ended December 31, 2015, we used approximately $87.5 million of cash for purchases of property and equipment, which included business improvement and quality/efficiency projects and replacement and expansion projects. In 2015, purchases of property and equipment included approximately $2 million for environmental compliance. For the year ended December 31, 2015, we received asset sale proceeds of $3.1 million, primarily from the sale of a parcel of land in our Wood Products segment.

Financing Activities

During 2017, our financing activities used $5.2 million of cash, primarily from tax withholding payments on stock-based awards of $2.9 million and common stock dividend payments (see further discussion below) of $2.7 million. During 2017, we borrowed $410.4 million under our revolving credit facility to fund intra-month working capital needs, which were subsequently repaid during the same period with cash on hand. At December 31, 2017, we had no borrowings outstanding under the revolving credit facility.

During 2016, our financing activities generated $66.4 million of cash, primarily from borrowings of long-term debt of $837.8 million offset partially by payments of long-term debt of $754.1 million and the repurchase of common stock for $10.3 million, as further discussed below.

On August 29, 2016, we issued $350 million of 2024 Notes. With proceeds from the 2024 Notes issuance, we retired our 2020 Notes. In connection with the retirement of the 2020 Notes, we made debt extinguishment premium payments of $11.3 million.

During the year ended December 31, 2016, we also issued a new $75.0 million secured term loan (Term Loan) to partially fund the Acquisition. Subsequently, in December 2016, we paid down $30.0 million on our Term Loan with cash on hand, resulting in $45 million outstanding at December 31, 2016. Under our revolving credit facility, we borrowed $357.8 million to fund intra-month working capital needs and $55.0 million to partially fund the Acquisition, which were subsequently repaid with cash on hand during the year ended December 31, 2016. At December 31, 2016, we had no borrowings outstanding under the revolving credit facility. During the year ended December 31, 2016, we also used $6.4 million of cash for financing costs related to our debt issuances and $10.3 million for the repurchase of 580,100 shares of our common stock.

During 2015, our financing activities generated $25.0 million of cash, primarily from the borrowings under a new $50.0 million term loan (ABL Term Loan) offset partially by the repurchase of 722,911 shares of our common stock for $23.7 million. Proceeds from the ABL Term Loan were used to fund a $40.0 million discretionary pension contribution and for general corporate purposes. During the year ended December 31, 2015, we had no borrowings outstanding under our revolving credit facility.

Dividends on Common Stock

In the fourth quarter of 2017, our board of directors approved a dividend policy to pay quarterly cash dividends to holders of our common stock. Our board of directors declared an initial dividend of $0.07 per share of our common stock, which was paid on December 15, 2017, to stockholders of record on November 27, 2017. Future quarterly dividend declarations, including amount per share, record date and payment date, will be made by the board of directors and will depend upon, among other things, legal capital requirements and surplus, our future operations and earnings, general financial condition, 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. For a description of the restrictions in our asset-based credit facility, term loan, and the indenture governing our senior notes on our ability to pay dividends, see Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The dividend policy may be suspended or canceled at the discretion of the board of directors at any time.

Stock Repurchase Program

On February 25, 2015, our board of directors authorized a common stock repurchase program (Program) which allows us to purchase up to two million shares of our common stock, on an opportunistic basis, through open market transactions, privately negotiated transactions, or accelerated share repurchase transactions. 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

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terminate the Program in its discretion at any time. As of December 31, 2017, there were 696,989 shares of common stock that may yet be purchased under the Program.

Debt Structure

For information related to our debt structure, see Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Contractual Obligations

In the table below, we set forth our contractual obligations as of December 31, 2017. Some of the amounts included in the table are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties, and other factors. Because these estimates and assumptions are necessarily subjective, our actual payments may vary from those reflected in the table. Purchase orders made in the ordinary course of business are excluded from the table below. Any amounts for which we are liable under purchase orders are reflected on the Consolidated Balance Sheets as accounts payable and accrued liabilities.

	Payments Due by Period				
	2018	2019-2020	2021-2022	Thereafter	Total
	(millions)				
Long-term debt (a)	$—	$ —	$ 50.0	$ 395.0	$445.0
Interest (b)	22.4	44.7	43.8	43.3	154.2
Operating leases (c)	15.1	28.7	23.8	58.7	126.3
Purchase obligations					
Raw materials (d)	17.6	43.6	7.1	3.9	72.2
Other	1.9	—	—	—	1.9
Other long-term liabilities reflected on our Balance Sheet (e)					
Compensation and benefits, including pension funding obligations (f)	3.8	6.4	5.7	61.9	77.8
Other (g)(h)	3.8	4.8	3.0	7.6	19.2
	$64.6	$ 128.2	$ 133.4	$ 570.4	$896.6

(a) These borrowings are further explained in Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The table assumes our long-term debt is held to maturity.

(b) Amounts represent estimated interest payments on the 2024 Notes, ABL Term Loan, and Term Loan as of December 31, 2017, assuming these instruments are held to maturity. Unused commitment fees and letter of credit fees payable under the Revolving Credit Facility are excluded from the table above. In addition, we have excluded our interest rate swaps from interest in the table above. For information regarding average pay rates and average receive rates on our interest rate swaps, see "Financial Instruments" included in this "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

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

Supplementary Data" of this Form 10-K.

(d) Amounts represent contracts to purchase approximately $72 million of logs, approximately $59 million of which will be purchased pursuant to fixed-price contracts and approximately $13 million of which will be purchased pursuant to variable-price contracts. The $13 million is estimated using current quarter pricing, but actual prices depend on future market prices. Under certain log agreements, we have the right to cancel or reduce our commitments in the event of a mill curtailment or shutdown. Future purchase prices under most of the variable-price agreements will be set quarterly or semiannually based on regional market prices. Our log requirements and our access to supply, as well as the cost of obtaining logs, are subject to change based on, among other things, the effect of governmental laws and regulations, our manufacturing operations not operating in the normal course of business, log availability, and the status of environmental appeals. Except for deposits required pursuant to log supply contracts, these obligations are not recorded in our consolidated financial statements until contract payment terms take effect.

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(e) Long-term deferred income tax liabilities and unrecognized tax benefits are excluded from this table, because the timing of future cash outflows related to these items are uncertain. 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.

(f) Amounts consist of our pension and deferred compensation liabilities, including the current portion of those obligations of $2.3 million. Actuarially determined liabilities related to pension benefits are recorded based on estimates and assumptions. Key factors used in developing estimates of these liabilities include assumptions related to discount rates, expected rate of compensation increases, retirement and mortality rates, and other factors. Changes in estimates and assumptions related to the measurement of funded status could have a material impact on the amount reported. In the table above, we allocated our pension obligations by year based on the future required minimum pension contributions, as determined by our actuaries.

(g) Includes current portion of other long-term liabilities of $3.8 million.

(h) We have excluded $4.2 million and $0.5 million of deferred lease costs and deferred gains, respectively, from the other long-term liabilities in the above table. These amounts have been excluded because deferred lease costs relate to operating leases which are already reflected in the operating lease category above and deferred gains do not represent a contractual obligation that will be settled in cash.

Off-Balance-Sheet Arrangements

At December 31, 2017 and 2016, we had no material off-balance-sheet arrangements with unconsolidated entities.

Guarantees

Note 7, Debt, and Note 15, Commitments, Legal Proceedings and Contingencies, and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K describe the nature of our guarantees, including the approximate terms of the guarantees, how the guarantees arose, the events or circumstances that would require us to perform under the guarantees, and the maximum potential undiscounted amounts of future payments we could be required to make.

Seasonal and Inflationary Influences

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

Disclosures of Financial Market Risks

In the normal course of business, we are exposed to financial risks such as changes in interest rates, foreign currency exchange rates, and commodity prices. In 2017, 2016, and 2015, we did not use derivative instruments to manage these risks, except for interest rate swaps entered into in 2016 as discussed below.

Interest Rate Risk

We are exposed to interest rate risk arising from fluctuations in variable-rate LIBOR on our term loans and when we have loan amounts outstanding on our Revolving Credit Facility. At December 31, 2017, we had $95.0 million of variable-rate debt outstanding. Our objective is to limit the variability of interest payments on our debt. To meet this objective, in 2016 we entered into receive-variable, pay-fixed interest rate swaps to change the variable-rate cash flow exposure to fixed-rate cash flows. In accordance with our risk management strategy, we actively monitor our interest rate exposure and use derivative instruments from time to time to manage the related risk.

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On February 16, 2016 and March 31, 2016, we entered into interest rate swap agreements with notional principal amounts of $50.0 million and $75.0 million, respectively, to offset risks associated with the variability in cash flows relating to interest payments that are based on one-month LIBOR. We do not speculate using derivative instruments. At December 31, 2017, and December 31, 2016, the notional principal amount of our interest rate swap agreements exceeded the $95.0 million of variable-rate debt outstanding after paying down $30.0 million of variable rate debt on our Term Loan in December 2016. The excess notional principal amount of our interest rate swaps over our variable-rate debt is within our management strategy as we have partially funded seasonal and intra-month working capital requirements from borrowings under our Revolving Credit Facility.

Under the interest rate swaps, we receive LIBOR-based variable interest rate payments and make fixed interest rate payments, thereby fixing the interest rate on $125.0 million of variable-rate debt exposure. Payments on the interest rate swaps with notional principal amounts of $50.0 million and $75.0 million are due on a monthly basis at an annual fixed rate of 1.007% and 1.256%, respectively, and expire in February 2022 and March 2022, respectively. The interest rate swap agreements were not designated as cash flow hedges, and as a result, all changes in the fair value are recognized in "Change in fair value of interest rate swaps" in the Consolidated Statements of Operations rather than through other comprehensive income. At December 31, 2017, and 2016, we recorded long-term assets of $4.7 million and $4.2 million, respectively, in "Other assets" on our Consolidated Balance Sheets, representing the fair value of the interest rate swap agreements.

Foreign Currency Risk

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

Commodity Price Risk

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

Financial Instruments

The table below provides information as of December 31, 2017, about our financial instruments that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. For obligations with variable interest rate sensitivity, the table sets forth payout amounts based on December 31, 2017 rates and does not attempt to project future rates. Other instruments subject to market risk, such as obligations for pension plans and other postretirement benefits, are not reflected in the table.

	December 31, 2017							
	2018	2019	2020	2021	2022	There-after	Total	Fair Value (b)
	(millions, other than percentages)							
Long-term debt								
Fixed-rate debt payments (a)								

Senior Notes	$—	$—	$—	$—	$—	$350.0	$350.0	$ 369.3
Average interest rates	—	—	—	—	—	5.625 %	5.625 %	—
Variable-rate debt payments (a)								
Term Loans	$—	$—	$—	$—	$50.0	$45.0	$95.0	$ 95.0
Average interest rates	—	—	—	—	2.5 %	2.7 %	2.6 %	—

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(a) These obligations are further explained in Note 7, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The table assumes our long-term debt is held to maturity.

(b) We estimated the fair value using quoted market prices of our debt in inactive markets.

The table below provides information as of December 31, 2017, about our interest rate swaps. For information on interest rate swaps, see Interest Rate Risk and Interest Rate Swaps of Note 13, Financial Instrument Risk, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. The following is information about the notional amount and interest rate by contractual maturity date for our interest rate swap agreements, as well as the fair value of the asset at December 31, 2017:

	December 31, 2017							
	2018	2019	2020	2021	2022	There-after	Total	Fair Value
	(millions, other than percentages)							
Interest rate swaps								
Variable to fixed notional amount	$ —	$ —	$ —	$ —	$ 125.0	$ —	$ 125.0	$ 4.7
Average pay rate (a)	—	—	—	—	1.2 %	— %	1.2 %	—
Average receive rate (b)	—	—	—	—	1.5 %	— %	1.5 %	—

(a) Represents the weighted average actual fixed interest rate payable on our interest rate swaps.

(b) Represents the weighted average variable interest rate receivable on our interest rate swaps at December 31, 2017.

Environmental

We are subject to a wide range of general and industry-specific environmental laws and regulations. In particular, we are affected by laws and regulations covering air emissions, wastewater discharges, solid and hazardous waste management, and site remediation. Compliance with these laws and regulations is a significant factor in the operation of our businesses. We believe that we have created a corporate culture of strong compliance by taking a conservative approach to environmental issues in order to assure that we are operating well within the bounds of regulatory requirements. However, we cannot guarantee that we will be in compliance with environmental requirements at all times, and we cannot guarantee that we will not incur fines and penalties in the future. In 2017, we paid an insignificant amount in environmental fines and penalties across our segments.

We incur capital and operating expenditures to comply with federal, state, and local environmental laws and regulations. Failure to comply with these laws and regulations could result in civil or criminal fines or penalties or in enforcement actions. Our failure to comply could also result in governmental or judicial orders that stop or interrupt our operations or require us to take corrective measures, install additional pollution control equipment, or take other remedial actions. During 2017, we spent approximately $2 million on capital expenditures to comply with environmental requirements. We expect to spend approximately $1 million in 2018 for this purpose.

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

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

Climate Change

In recent years, various legislative and regulatory proposals to restrict emissions of greenhouse gases (GHG), such as CO2, have been under consideration in state legislative bodies and the Environmental Protection Agency (EPA). These proposals have included regulations to reduce GHG emissions from new and existing electric utilities, commonly referred to as

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the Clean Power Plan. These proposals may result in increased electricity and natural gas prices as electric utilities convert from coal to natural gas. In addition, most of our manufacturing facilities operate boilers or other process equipment that emit GHG. Various regulatory initiatives may require us to modify operating procedures or production levels, incur capital expenditures, change fuel sources, or take other actions that may adversely affect our financial results. However, climate change regulation is in a state of uncertainty. The United States has withdrawn from the Paris Climate Accords, and the EPA is currently undergoing review of the Clean Power Plan to reverse or significantly limit it. It is possible that the EPA may seek to overturn the GHG endangerment finding which could eliminate the federal requirement to regulate GHG's. States are taking various positions on climate change regulation. For example, Oregon and Washington may enact new legislation that could impose additional costs on our businesses, while other states may follow federal government regulation. Given the high degree of uncertainty about the ultimate parameters of any GHG regulatory initiatives, it is premature to make any prediction concerning such impacts.

Other Regulatory Initiatives

From time to time, legislative bodies and environmental regulatory agencies may promulgate new regulatory programs imposing significant incremental operating costs or capital costs on us. In 2016 our facilities began complying with the final Boiler MACT regulations, which regulate the emission of hazardous air pollutants from industrial boilers. There is on-going litigation of these regulations and there are pending revisions to certain boiler MACT standards. Any changes to these regulations could require changes to our compliance strategies and therefore could result in additional operating or capital expenditures to be in compliance with the revised regulations. However, at this time we are unable to predict the impact to our business due to the uncertainty.

Some of our wood products facilities are subject to the Plywood and Composite Wood Products (PCWP) MACT standards, and they have complied with these standards since 2007 or 2008. The EPA recently initiated the Risk and Technology Review (RTR) for PCWP sources as required by law for every MACT source category. EPA is under a court-ordered deadline to complete this RTR by June 2020. Wood products facilities subject to the PCWP MACT standards will be required to be in compliance with the revised PCWP MACT rule within 3 years of promulgation of the rule. At this time we are unable to predict the impact to our business due to the potential revisions to this rule.

The Oregon Department of Environmental Quality (ODEQ) released draft Cleaner Air Oregon (CAO) rules in late 2017. The rules are scheduled to be finalized by mid-year 2018, though that timeline could be extended. The CAO rules, once finalized, will regulate air toxic emissions for facilities located in Oregon. Nine of our nineteen wood products mills will be subject to the final rules. We have reviewed those rules and provided comments to the ODEQ. As proposed, these rules will require Oregon mills to mitigate risk to the public from air toxic emissions. Facilities must first determine this risk through modeling and risk assessment processes. Depending on the level of modeling required, the facilities will incur expenses to evaluate the risk to the public. Facilities may be required to incur additional operating or capital expenditures to mitigate any significant risk. Until the rules are finalized and facilities have conducted their risk assessments in accordance with the new rule, we are unable to predict the impact on our business.

Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Actual results could differ from these estimates. We believe that the accounting estimates discussed below represent the accounting estimates requiring the exercise of judgment where a different set of judgments could result in the greatest changes to reported results. We reviewed the development, selection, and disclosure of our critical accounting estimates with the Audit Committee of our board of directors. Our current critical accounting estimates are as follows:

Pensions

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

Discount Rate Assumption. The discount rate reflects the current rate at which the pension obligations could be settled based on the measurement dates of the plans — December 31. In all years presented, the discount rates were determined by

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matching the expected plan benefit payments against a spot rate yield curve constructed to replicate the yields of Aa-rated corporate bonds.

Asset Return Assumption. We base our expected long-term rate of return on plan assets on a weighted average of our expected returns for the major asset classes (equities, fixed-income securities, and a hedge fund) in which we invest. The weights we assign each asset class are based on our investment strategy. Expected returns for the asset classes are based on long-term historical returns, inflation expectations, forecasted gross domestic product, earnings growth, and other economic factors. We developed our return assumption based on a review of the fund manager's estimates of future market expectations by broad asset class, and expected long-term rates of return from external investment managers. In 2017, the investment return on our pension asset portfolio was approximately 13%, as global economic and earnings growth, along with supportive monetary and fiscal policies, led to returns across the plan's U.S. and international equity investments in excess of 20%. The investment returns were above our weighted average expected return on plan assets of 5.00% for 2017. In 2016, the investment return on our pension asset portfolio was approximately 7.50%, driven primarily by the relative strength of the U.S. economy and low double-digit returns across the plan's U.S. equity investments. The investment returns were above our weighted average expected return on plan assets of 5.10% for 2016. The weighted average expected return on plan assets we will use in our calculation of 2018 net periodic benefit cost is 4.75%, which is lower than our expected return on plan assets for 2017 due to the transition of a higher proportion of the plan's assets into fixed income securities.

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

Retirement and Mortality Rates. These rates are developed to reflect actual and projected plan experience. In 2017, we used the RP-2014 mortality tables adjusted to reflect the new two-dimensional mortality improvement scale MP-2017. In 2016, we used the RP-2014 mortality tables adjusted to reflect the two-dimensional mortality improvement scale MP-2016.

Expected Contributions. In 2017, we made $2.2 million in cash contributions to our pension plans. We expect to contribute approximately $2 million to our pension plans in 2018. The 2018 contributions reflect benefit payments to plan participants of our nonqualified salaried pension plans and lease payments for properties we have contributed to our qualified defined benefit pension plan. For information related to pension contributions, see "Cash Flows" in Note 9, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

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

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

	Year Ending December 31,	Year Ended December 31	
	2018	2017	2016
	(millions, except for percentages)		
Pension expense	$1.8	$1.5	$6.2
Discount rate (a)	3.40 %	3.90 %	4.05 % / 3.45 %
Expected rate of return on plan assets (a)	4.75 %	5.00 %	5.10 % / 5.10 %
Rate of compensation increases (b)	—	—	—

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(a) Prior to the remeasurement of our qualified defined benefit pension plan on November 1, 2016, the discount rate and expected rate of return on plan assets were 4.05% and 5.10%, respectively. The discount rate and expected rate of return on plan assets after the November 1, 2016, remeasurement were 3.45% and 5.10%, respectively. For information related to the remeasurement, see "Defined Benefit Plans" in Note 9, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

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

A change of 0.25% in either direction to the discount rate or the expected rate of return on plan assets would result in the following effect on 2018 and 2017 pension expense. These sensitivities are specific to 2018 and 2017. The sensitivities may not be additive, so the impact of changing multiple factors simultaneously cannot be calculated by combining the individual sensitivities shown.

		Increase (Decrease) in Pension Expense	
	Base Expense	0.25 % Increase	0.25% Decrease
	(millions)		
2018 Expense			
Discount rate	$1.8	$(1.1)	$ 1.1
Expected rate of return on plan assets	1.8	(1.0)	1.0
2017 Expense			
Discount rate	$1.5	$(1.1)	$ 1.1
Expected rate of return on plan assets	1.5	(0.9)	0.9

Income Taxes

Our income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect management's best estimate of current and future taxes to be paid. We are subject to income taxes in the U.S. and foreign jurisdictions. Significant judgments and estimates are required in the determination of the consolidated income tax expense.

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reporting amounts in the financial statements, which will result in taxable or deductible amounts in the future. In evaluating our ability to recover our deferred tax assets in the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. The assumptions about future taxable income require the use of significant judgment and are consistent with the plans and estimates we are using to manage the underlying business. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss).

In the event that we determine that a deferred tax asset will not be realized, a valuation allowance is recorded against the deferred tax asset with a corresponding charge to tax expense in the period we make such determination. Based upon our projections, we believe it is more likely than not that we will realize the benefits of substantially all of these deductible differences.

As of December 31, 2017 and 2016, the deferred tax assets in our foreign subsidiaries were primarily the result of net operating losses. During fourth quarter 2016, because we achieved three years of cumulative pretax income in the Canadian tax jurisdiction and due to the implementation of a tax-planning strategy, management determined that there is sufficient positive evidence to conclude that it is more likely than not that the deferred tax assets are realizable and therefore released the valuation allowance in the amount of $9.9 million. As of December 31, 2017, we have foreign income tax net operating loss carryforwards of $23.3 million, which will expire beginning in 2026 through 2036 if not used.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our operations. Accounting Standards Codification 740, Income Taxes, (ASC 740) states that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

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We record unrecognized tax benefits as liabilities in accordance with ASC 740 and adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the unrecognized tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

EWP Rebates and Allowances

We provide EWP rebates at various stages of the supply chain (including distributors, retail lumberyards, and professional builders) as a means to increase sales. EWP rebates are based on the volume of purchases (measured in dollars or units), among other factors such as customer loyalty, conversion, and commitment incentives, as well as temporary protection from price increases. EWP rebate estimates are based on the expected amount to be paid and are recorded as a decrease in "Sales" as revenue is recognized. The estimate of EWP rebates is inherently difficult due to information limitations as the products transition beyond our wholesale customers and through the supply chain to professional builders. In addition, some EWP rebate accruals are estimated based on achievement of tiered sales levels, which require management to forecast sales throughout the supply chain, using incentive terms that vary at each level. Information that we consider to estimate sales activity at retail lumberyards and professional homebuilders includes historical sales information, sales projections, publicly available information of housing starts by homebuilder, residential development audits, and economic forecasts of new residential construction, among other economic data. We update these forecasts on a regular basis. We adjust our estimate of revenue at the earlier of the time when the probability of EWP rebates paid changes or the time when the amounts of rebates become fixed. Because of the complexity of some of these rebates, the ultimate resolution may result in payments that are materially different from our current estimate of EWP rebates payable. At December 31, 2017 and 2016, we had $35.7 million and $23.8 million, respectively, of EWP rebates payable recorded in "Accrued liabilities, Other" on our Consolidated Balance Sheets.

Long-Lived Asset Impairment

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

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

Factors such as lower than anticipated growth in single-family housing starts, loss of key customers, capacity additions by competitors, or changes in raw material or manufacturing costs that lead us to believe the long-lived asset will no longer provide a sufficient return on investment, could prompt decisions to curtail operations or to invest capital differently than expected. Any of these factors, among others, could result in noncash impairment charges in the future with respect to long-lived assets, which could have a material impact on our results of operations in the period in which an impairment is recognized. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of assets and the effects of changes on these valuations, both the precision and reliability of our estimates are subject to uncertainty. As additional information becomes known, we may change our estimates.

New and Recently Adopted Accounting Standards

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

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Boise Cascade Company
Consolidated Statements of Operations

	Year Ended December 31		
	2017	2016	2015
	(thousands, except per-share data)		
Sales	$4,431,991	$3,911,215	$3,633,415
Costs and expenses			
Materials, labor, and other operating expenses (excluding depreciation)	3,819,659	3,398,433	3,153,520
Depreciation and amortization	80,379	72,847	55,578
Selling and distribution expenses	327,355	300,797	273,308
General and administrative expenses	63,068	60,585	49,425
Other (income) expense, net	377	(1,025)	(1,605)
	4,290,838	3,831,637	3,530,226
Income from operations	141,153	79,578	103,189
Foreign currency exchange gain (loss)	720	119	(298)
Interest expense	(25,370)	(26,692)	(22,532)
Interest income	547	390	323
Change in fair value of interest rate swaps	538	4,210	—
Loss on extinguishment of debt	—	(14,304)	—
	(23,565)	(36,277)	(22,507)
Income before income taxes	117,588	43,301	80,682
Income tax provision	(34,631)	(5,047)	(28,500)
Net income	$82,957	$38,254	$52,182
Weighted average common shares outstanding:			
Basic	38,623	38,761	39,239
Diluted	39,074	38,925	39,355
Net income per common share:			
Basic	$2.15	$0.99	$1.33
Diluted	$2.12	$0.98	$1.33

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Statements of Comprehensive Income

	Year Ended December 31		
	2017	2016	2015
	(thousands)		
Net income	$82,957	$38,254	$52,182
Other comprehensive income, net of tax			
Defined benefit pension plans			
Actuarial gain, net of tax of $1,792, $3,703, 3,235 and respectively	5,275	5,919	5,171
Amortization of actuarial loss, net of tax of $651, $957, and $1,880, respectively	1,035	1,527	3,004
Effects of settlements, net of tax of $0, $1,598, and $193, respectively	—	2,557	308
Other comprehensive income, net of tax	6,310	10,003	8,483
Comprehensive income	$89,267	$48,257	$60,665

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Balance Sheets

	December 31	
	2017	2016
	(thousands)	
ASSETS		
Current		
Cash and cash equivalents	$177,140	$103,978
Receivables		
Trade, less allowances of $945 and $1,459	246,452	199,191
Related parties	345	506
Other	9,380	10,952
Inventories	476,673	433,451
Prepaid expenses and other	22,582	12,381
Total current assets	932,572	760,459
Property and equipment, net	565,792	568,702
Timber deposits	13,503	14,901
Goodwill	55,433	55,433
Intangible assets, net	15,066	15,547
Deferred income taxes	9,064	8,840
Other assets	15,763	15,315
Total assets	$1,607,193	$1,439,197

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Balance Sheets (continued)

	December 31	
	2017	2016
	(thousands, except per-share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current		
Accounts payable		
Trade	$233,562	$194,010
Related parties	1,225	1,903
Accrued liabilities		
Compensation and benefits	84,246	67,752
Interest payable	6,742	6,860
Other	55,786	42,339
Total current liabilities	381,561	312,864
Debt		
Long-term debt	438,312	437,629
Other		
Compensation and benefits	75,439	83,164
Deferred income taxes	16,454	6,339
Other long-term liabilities	20,878	19,197
	112,771	108,700
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, 43,748 and 43,520 shares issued, respectively	437	435
Treasury stock, 5,167 shares at cost	(133,979)	(133,979)
Additional paid-in capital	523,550	515,410
Accumulated other comprehensive loss	(76,702)	(83,012)
Retained earnings	361,243	281,150
Total stockholders' equity	674,549	580,004
Total liabilities and stockholders' equity	$1,607,193	$1,439,197

See accompanying notes to consolidated financial statements.

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Boise Cascade Company
Consolidated Statements of Cash Flows

	Year Ended December 31		
	2017	2016	2015
	(thousands)		
Cash provided by (used for) operations			
Net income	$82,957	$38,254	$52,182
Items in net income not using (providing) cash			
Depreciation and amortization, including deferred financing costs and other	82,321	74,927	57,197
Stock-based compensation	9,730	8,177	5,825
Pension expense	1,464	6,240	2,825
Deferred income taxes	8,117	(7,823)	30,883
Change in fair value of interest rate swaps	(538)	(4,210)	—
Other	376	491	(1,837)
Loss on extinguishment of debt	—	14,304	—
Decrease (increase) in working capital, net of acquisitions			
Receivables	(41,778)	(1,118)	(18,182)
Inventories	(43,222)	(30,757)	9,604
Prepaid expenses and other	(887)	(1,614)	(985)
Accounts payable and accrued liabilities	68,124	45,651	6,822
Pension contributions	(2,193)	(3,844)	(54,257)
Income taxes payable	(14,292)	6,385	(2,589)
Other	1,388	6,844	(7,157)
Net cash provided by operations	151,567	151,907	80,331