BOISE CASCADE Co
Form S-1/A
February 05, 2013

Table of Contents

As filed with the Securities and Exchange Commission on February 4, 2013

No. 333-184964

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 4
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Boise Cascade Company

(successor to Boise Cascade, L.L.C.)

(Exact name of registrant as specified in its charter)

Delaware	**5110**	**20-2807265**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

1111 West Jefferson Street, Suite 300
Boise, Idaho 83702-5389
(208) 384-6161

(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

John T. Sahlberg
Senior Vice President, Human Resources and General Counsel
Boise Cascade Company
1111 West Jefferson Street, Suite 300
Boise, Idaho 83702-5389
(208) 384-6161

(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Dennis M. Myers, P.C.
Carol Anne Huff
Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
(312) 862-2000

James J. Junewicz
Winston & Strawn LLP
35 W. Wacker Drive
Chicago, Illinois 60601
(312) 558-5600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion
Preliminary Prospectus dated February 4, 2013

PROSPECTUS

11,764,706 Shares

Common Stock

This is the initial public offering of shares of common stock of Boise Cascade Company.

We are selling 11,764,706 shares of our common stock.

We expect the public offering price to be between $18.00 and $20.00 per share. Currently, no public market exists for the shares. Our shares have been approved for listing on the New York Stock Exchange under the symbol "BCC."

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 15 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discounts	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also exercise their option to purchase up to 1,764,706 additional shares from us at the initial public offering price, less the underwriting discount, for a period of 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2013.

BofA Merrill Lynch	**Goldman, Sachs & Co.**

Deutsche Bank Securities	**J.P. Morgan**	**Wells Fargo Securities**
D.A. Davidson & Co.	**Moelis & Company**	**Piper Jaffray**

The date of this prospectus is , 2013.

TABLE OF CONTENTS

We have not and the underwriters have not authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

PROSPECTUS SUMMARY

The following is a summary of material information discussed in this prospectus. This summary may not contain all the details concerning our business, our common stock or other information that may be important to you. You should carefully review this entire prospectus, including the "Risk Factors" section and our consolidated financial statements and the notes thereto included elsewhere in this prospectus, before making an investment decision.

On February 4, 2013, we converted from a Delaware limited liability company to a Delaware corporation. As used in this prospectus, unless the context otherwise indicates, the references to "Boise Cascade," "we," "our," or "us" refer to Boise Cascade, L.L.C., together with its subsidiaries, prior to our conversion to a Delaware corporation and Boise Cascade Company and its consolidated subsidiaries on or after such conversion. Unless otherwise indicated or the context otherwise requires, financial and operating data in this prospectus reflects the consolidated business and operations of Boise Cascade, L.L.C. and its wholly-owned subsidiaries prior to the conversion of Boise Cascade, L.L.C. into a corporation and Boise Cascade Company and its wholly-owned subsidiaries on and after such conversion. For a definition of EBITDA, see Note 6 to " Summary Historical Consolidated Financial Data." In addition, for a definition of segment income (loss) and a reconciliation of segment income (loss) to EBITDA for the twelve months ended September 30, 2012 ("LTM" or the "LTM period"), see "Business Wood Products" and " Building Materials Distribution," as applicable.

Our Company

We are a large, vertically-integrated wood products manufacturer and building materials distributor with widespread operations throughout the United States and Canada. We are the second largest manufacturer of laminated veneer lumber ("LVL"), I-joists (together "engineered wood products" or "EWP") and plywood in North America, according to the Resource Information System, Inc.'s ("RISI") 2012 Capacity Report ("RISI's Capacity Report"). We believe we are also one of the largest stocking wholesale distributors of building products in the United States. Our broad line of products is used primarily in new residential construction, residential repair and remodeling projects, light commercial construction and industrial applications. We have a broad base of more than 4,500 customers, which includes a diverse mix of leading wholesalers, home improvement centers, retail lumberyards 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. For the LTM period, we generated sales of $2,631.9 million, net income of $26.4 million, income before interest and taxes of $45.7 million and EBITDA of $80.1 million.

We supply our customers through 49 strategically located facilities (consisting of 18 manufacturing facilities and 31 distribution facilities). In addition to the vertical integration between our manufacturing and distribution operations, our EWP manufacturing facilities are closely integrated with our nearby plywood operations, which allows us to optimize both production processes. Throughout the housing downturn, we have continued to make strategic capital investments to increase our manufacturing capacity and expand our building materials distribution network. We believe that our scale, closely integrated businesses and significant capital investments throughout the downturn provide us with substantial operating leverage to benefit from a recovery in the U.S. housing market.

Table of Contents

We operate our company through two primary segments: our Wood Products segment and our Building Materials Distribution segment. The charts below summarize the breakdown of our business for the LTM period.

LTM SALES BY SEGMENT(1)(2) **LTM EBITDA BY SEGMENT(1)(3)**

(1) Financial data for the LTM period presented in this prospectus is derived by adding financial data for the year ended December 31, 2011 to financial data for the nine months ended September 30, 2012 and subtracting financial data for the nine months ended September 30, 2011.

(2) Segment percentages are calculated before intersegment eliminations.

(3) Segment percentages exclude Corporate and Other segment expenses.

Wood Products ($69.2 million, or 73%, of LTM EBITDA). Our Wood Products segment is the second largest manufacturer of EWP and plywood in North America, according to RISI's Capacity Report, with a highly integrated national network of 17 manufacturing facilities. Our wood products are used primarily in new residential construction, residential repair and remodeling projects and light commercial construction. We manufacture LVL, I-joists and laminated beams, which are high-grade, value-added structural products used in applications where additional strength and consistent quality are required. We also produce plywood, studs, particleboard and ponderosa pine lumber, a premium lumber grade sold primarily to manufacturers of specialty wood windows, moldings and doors. Our EWP manufacturing facilities are closely integrated with our nearby plywood operations to optimize our veneer utilization by enabling us to dedicate higher quality veneers to higher margin applications and lower quality veneers to plywood products, giving us an advantage over our less integrated competitors. For the LTM period, EWP, plywood and lumber accounted for 35%, 44% and 9%, respectively, of our Wood Products sales. Most of our wood products are sold to leading wholesalers (including our Building Materials Distribution segment), home improvement centers, retail lumberyards and industrial converters. For the LTM period, approximately 37% of our Wood Products sales, including approximately 71% of our EWP sales, were to our Building Materials Distribution segment. For the LTM period, our Wood Products segment generated sales, income before interest and taxes and EBITDA of $893.0 million, $43.7 million and $69.2 million, respectively.

Building Materials Distribution ($26.2 million, or 27%, of LTM EBITDA). We believe we are one of the largest national stocking wholesale distributors of building materials in the United States. Our nationwide network of 31 strategically-located distribution facilities sells a broad line of building materials, including EWP, oriented strand board ("OSB"), plywood, lumber and general line items such as framing accessories, composite decking, roofing, siding and insulation. We also operate a truss manufacturing plant located in Maine. Our products are used in the construction of new residential housing, including single-family, multi-family and manufactured homes, repair and remodeling projects and the construction of light industrial and commercial buildings. Except for EWP, we purchase most of these building materials from more than 1,000 third-party suppliers ranging from large manufacturers, such as James Hardie Building Products, Trex Company, Louisiana-Pacific and Georgia-Pacific, to smaller regional producers.

Table of Contents

We market our products primarily to retail lumberyards and home improvement centers that then sell the products to end customers, who are typically professional builders, independent contractors and homeowners engaged in residential construction projects. We also market our products to industrial converters, which use our products to assemble windows, doors, agricultural bins and other value-added products used in industrial and repair and remodel applications. Unlike many of our competitors who focus primarily on a narrow range of products, we are a one-stop resource for our customers' building materials needs, which allows for more cost-efficient ordering, delivery and receiving. For the LTM period, our Building Materials Distribution segment generated sales, income before interest and taxes and EBITDA of $2,066.6 million, $17.4 million and $26.2 million, respectively.

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, light commercial construction and repair and remodeling activity in the United States.

From 2005 to 2011, total housing starts in the United States declined by more than 70%. According to the U.S. Census Bureau, total housing starts in the United States were 0.59 million in 2010 and 0.61 million in 2011, modest increases over the 2009 level of 0.55 million (the lowest year on record) but significantly less than the 50-year average rate of 1.5 million. Prior to 2008, the housing market had not experienced a year with total housing starts below 1.0 million since the U.S. Census Bureau began its annual recordkeeping in 1959.

In November 2012, single- and multi-family housing starts were 0.86 million on a seasonally adjusted annual rate basis, an increase of 22% from November 2011. As of December 2012, the Blue Chip Economic Indicators median consensus forecast of single- and multi-family housing starts in the U.S. was approximately 0.78 million units for 2012 and approximately 0.96 million units for 2013, which represent annual increases of 28% and 23%, respectively. We believe that over the long-term, there is considerable growth potential in the U.S. housing sector. As of December 2012, IHS Global Insight estimates that total U.S. single- and multi-family housing starts will average 1.47 million units per year from 2012 through 2021, levels that are in line with the 50-year historical average.

Our products are not only used in new residential construction, but also in residential repair and remodeling projects. Residential repair and remodeling spending increased significantly over the past 15 years. According to the Home Improvement Research Institute ("HIRI"), the U.S. repair and remodeling market increased 81.5% from $165 billion in 1996 to a peak of $300 billion in 2006 and declined approximately 10.2% to $269 billion in 2011. In addition, the overall age of the U.S. housing stock, increased focus on making homes more energy efficient, rising home prices and availability of consumer capital at low interest rates are expected to drive long-term growth in repair and remodeling expenditures. HIRI estimates that total U.S. sales of home maintenance, repair and improvement products will grow at a compounded annual rate of 5.1% from 2011 through 2016.

Our Competitive Strengths

We believe the following key competitive strengths have contributed to our success and will enable us to execute our growth strategy:

Leadership Positions in Wood Products Manufacturing and Building Materials Distribution on a National Scale

We believe we are one of the leading manufacturers in the North American wood products industry. According to RISI's Capacity Report, we are the second largest producer of EWP and plywood in North America and we are the largest producer of plywood in the Western United States. We also operate the two largest EWP facilities in North America, as reported in RISI's Capacity Report. From 2005 to 2011, we increased our sales of LVL and I-joist per North American housing start by 65% and 30%, respectively. We have positioned ourselves to take advantage of improving

Table of Contents

demand in our core markets by expanding our EWP and plywood capacity through capital investments in low-cost, internal veneer manufacturing.

We believe we are one of the largest national stocking wholesale distributors of building materials in the United States and we believe we offer one of the broadest product lines in the industry. From 2005 to 2011, we nearly doubled our sales per U.S. housing start in our Building Materials Distribution segment. Our national platform of 31 strategically-located distribution facilities supplies products to all major markets in the United States and provides us with significant scale and capacity relative to most of our competitors; however, certain of our competitors are larger than we are and may have greater scale and capacity than we do.

Strongly Situated to Serve our Customers with Vertically-Integrated Manufacturing and Distribution Operations

We believe that we are the only large-scale manufacturer of plywood and EWP in North America that is vertically-integrated from log procurement through distribution. The integration of our manufacturing and distribution operations allows us to make procurement, manufacturing, veneer merchandising and marketing decisions that reduce our manufacturing and supply chain costs and allow us to more effectively control quality and working capital. Furthermore, our vertically-integrated operations combined with our national distribution network significantly enhance our ability to assure product supply for our end customers. We believe our vertical integration was an important factor in our ability to increase market share during the recent housing downturn.

Low-Cost Manufacturing and Distribution Footprint

We believe that we have a highly competitive asset base across both of our operating segments, in part because we continued to strategically invest throughout the housing downturn. Our large-scale EWP production facilities are integrated with our nearby plywood operations to optimize our veneer utilization, which we believe helps position us as a competitive manufacturer in the growing EWP business. In the past three years, we completed a number of initiatives in our Wood Products segment that strengthened our asset base, substantially reduced our costs and enhanced our operating performance.

We believe that our plywood facilities in Kettle Falls, Washington and Elgin, Oregon are among the lowest cost Douglas fir plywood facilities in North America. Additionally, in the active timberland markets in which we operate, our manufacturing facilities are clustered to enable us to efficiently utilize fiber resources and to shift production depending on demand. We believe we are the only manufacturer in the inland Pacific Northwest with the integrated primary and secondary facilities necessary to process all softwood species.

Significant Capital Invested to Position us for Growth as the Housing Market Recovers

Our operations are well-positioned to serve our customers and take advantage of the recovery that we believe is underway in the U.S. housing market. From 2005 to 2011, we invested $270 million (excluding acquisitions) to upgrade and maintain our Wood Products facilities and opportunistically expand our Building Materials Distribution facilities. Since 2005, we have increased our covered warehouse space by over 65% and have more than doubled our outdoor storage acreage. We expect to make further capital investments in cost and operational improvements, primarily related to internal veneer production, which will further enhance our competitive position and allow us to capture growth opportunities. For the LTM period, we operated our EWP facilities at approximately 50% of LVL press capacity, providing us with substantial unused capacity. Additionally, we believe that our Building Materials Distribution facilities can support a considerable ramp-up in housing starts with no significant requirement for new capacity and will allow us to double our sales without increasing our existing footprint.

Table of Contents

Experienced Management Team and Principal Equityholder

Madison Dearborn Partners, LLC ("Madison Dearborn") has a long and successful track record of investing in manufacturing and distribution businesses. Our senior management team has an average of approximately 30 years of experience in forest products manufacturing and building materials distribution with a track record of financial and operational excellence in both favorable and challenging market conditions.

Our Business Strategy

We intend to capitalize on our strong market position in wood products manufacturing and building materials distribution to increase revenues and profits and maximize cash flow as the U.S. housing market recovers. We seek to achieve this objective by executing on the following strategies:

Grow our Wood Products Segment Operations with a Focus on Expanding our Market Position in EWP

We will continue to expand our market position in EWP by focusing on our large-scale manufacturing position, comprehensive customer service, design support capabilities and efficient distribution network. We have positioned ourselves to take advantage of expected increases in the demand for EWP per housing start by expanding our capacity through capital investments in low-cost, internal veneer manufacturing. We have also developed strategic relationships with third-party veneer suppliers to support additional EWP production as needed. Additionally, we intend to grow our Wood Products business through strategic acquisitions that are a compelling fit with our existing operations.

Grow Market Share in our Building Materials Distribution Segment

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 into adjacent geographies that we currently serve using off-site storage arrangements or longer truck routes. We will continue to grow our Building Materials Distribution business by opportunistically acquiring facilities, adding new products, opening new locations, relocating and expanding capacity at existing facilities and capturing local market share through our superior supply chain capabilities and customer service.

Further Differentiate our Products and Services to Capture Market Share

We seek to continue to differentiate ourselves from our competitors by providing a broad line of high-quality products and superior customer service. Our Building Materials Distribution segment's highly efficient logistics system allows us to deliver superior customer service and assist our customers in optimizing their working capital. Our national distribution and manufacturing integration system differentiates us from most of our competitors and is critical to servicing leading wholesalers, home improvement centers, retail lumberyards and industrial converters. 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, many of our vendors have offered us favorable pricing and provide us with enhanced product introductions and ongoing marketing support.

Continue to Improve our Competitiveness through Operational Excellence

We use a disciplined cost management approach to maximize our competitiveness without sacrificing our ability to react to future growth opportunities. Additionally, we have made capital investments and process improvements in certain facilities, which have decreased our production costs and allowed us to produce lower-cost, higher-quality veneers. Beginning in 2009, we adopted a data-driven process improvement program to further strengthen our manufacturing operations. Because of the significant gains we continue to see from this program, we believe there are opportunities to

Table of Contents

apply similar techniques and methods to different functional areas (including sales and marketing) to realize efficiencies in those areas.

Recent Developments

Senior Subordinated Notes Redemption; Issuance of Senior Notes

On October 15, 2012, we redeemed $75.0 million of our senior subordinated notes. On October 22, 2012, we issued $250.0 million of 6$^{3}/_{8}$% senior notes due 2020 and used a portion of the proceeds from such offering to fund the redemption of the remaining $144.6 million of our senior subordinated notes.

Preliminary Financial Results for the Three Months and Year Ended December 31, 2012

Our preliminary estimated unaudited financial results as of and for the three months and year ended December 31, 2012 are set forth below. Estimates of results are inherently uncertain and subject to change, and we undertake no obligation to update this information. Our estimates contained in this prospectus may differ from actual results. Actual results remain subject to the completion of management's and the Audit Committee's final review, as well as the year-end audit by our independent registered public accountants. During the course of the preparation of the financial statements and related notes and our year-end audit, additional items that would require material adjustments to the preliminary financial information presented below may be identified. The estimates set forth below were prepared by our management and are based upon a number of assumptions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Estimates," "Risk Factors Risks Relating to Our Business" and "Cautionary Statement Concerning Forward-Looking Statements."

These estimates should not be viewed as a substitute for full financial statements prepared in accordance with GAAP. In addition, these preliminary estimates as of and for the three months and year ended December 31, 2012 are not necessarily indicative of the results to be achieved in any future period. Our consolidated financial statements and related notes as of and for the year ended December 31, 2012 are not expected to be filed with the SEC until after this offering is completed.

As reflected below, we expect to report improvements in each of total sales, net income (loss), and EBITDA for the three months and year ended December 31, 2012 as compared to the comparable prior periods.

- For the three months ended December 31, 2012, we expect to report total sales in the range of $685.0 million to $705.0 million as compared to $547.4 million for the three months ended December 31, 2011. We also expect to report total sales in the range of $2,769.5 million to $2,789.5 million for the year ended December 31, 2012 as compared to $2,248.1 million for the year ended December 31, 2011. The increase in total sales in both periods was due primarily to higher plywood sales volumes and prices, as well as higher EWP sales volumes in our Wood Products segment. In addition, the increase in sales was driven by increases in sales volumes and prices in our Building Materials Distribution segment. Housing starts, which are a primary driver of our sales, increased for the three months and year ended December 31, 2012 compared to the same periods in 2011.

- We expect to report net income (loss) in the range of a net loss of $1.0 million to net income of $3.0 million for the three months ended December 31, 2012 as compared to a net loss of $13.8 million for the three months ended December 31, 2011. We also expect to report net income in the range of $39.2 million to $43.2 million for the year ended December 31, 2012 as compared to a net loss of $46.4 million for the year ended December 31, 2011. Our improved financial results in both periods were driven primarily by

Table of Contents

higher sales volumes and prices for many of the products we manufacture and distribute, resulting in improved leveraging of fixed and variable costs.

We expect to report EBITDA in the range of $14.7 million to $18.7 million for the three months ended December 31, 2012 as compared to $0.5 million for the three months ended December 31, 2011. We also expect to report EBITDA for the year ended December 31, 2012 in the range of $94.3 million to $98.3 million as compared to $9.5 million for the year ended December 31, 2011. This improvement in both periods was driven by the same factors discussed above regarding net income (loss).

	Three Months Ended December 31			**Year Ended December 31**		
	2011	**2012 (estimated)**		**2011**	**2012 (estimated)**	
	(in millions)					
		Low	**High**		**Low**	**High**
Segment sales						
Building Materials Distribution	$ 429.4	$ 545.0	565.0	$ 1,779.4	$ 2,182.2	$ 2,202.2
Wood Products	180.3	225.0	235.0	712.5	937.7	947.7
Intersegment eliminations	(62.2)	(85.0)	(95.0)	(243.7)	(350.4)	(360.4)
Total sales	$ 547.4	$ 685.0	$ 705.0	$ 2,248.1	$ 2,769.5	$ 2,789.5
Net income (loss)	$ (13.8)	$ (1.0)	$ 3.0	$ (46.4)	$ 39.2	$ 43.2
Segment EBITDA(1)						
Building Materials Distribution	$ 1.3	$ 7.0	$ 9.0	$ 10.4	$ 31.8	$ 33.8
Wood Products	2.2	12.0	14.0	13.3	79.0	81.0
Corporate and Other	(3.0)	(4.3)	(4.3)	(14.2)	(16.6)	(16.6)
Total EBITDA(2)	$ 0.5	$ 14.7	$ 18.7	$ 9.5	$ 94.3	$ 98.3

	December 31		
	2011	**2012 (estimated)**	
	(in millions)		
		Low	**High**
Total cash and cash equivalents(3)	$ 182.5	$ 52.5	$ 56.5
Long-term debt	219.6	$ 273.0	$ 277.0

(1)

EBITDA is defined as income (loss) before interest (interest expense and interest income), income taxes and depreciation and amortization. EBITDA is the primary measure used by our chief operating decision maker to evaluate segment operating performance and to decide how to allocate resources to segments. We believe EBITDA is useful to investors because it provides a means to evaluate the operating performance of our segments and our company on an ongoing basis using criteria that are used by our internal decision makers and because it is frequently used by investors and other interested parties when comparing companies in our industry that have different financing and capital structures and/or tax rates. We believe EBITDA is a meaningful measure because it presents a transparent view of our recurring operating performance and allows management to readily view operating trends, perform analytical comparisons and identify strategies to improve operating performance. EBITDA, however, is not a measure of our liquidity or financial performance under GAAP and should not be considered as an alternative to net income (loss), income (loss) from operations, or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity. The use of EBITDA instead of net income (loss) or segment income (loss) has limitations as an analytical tool, including the inability to determine profitability; the exclusion of interest expense, interest income and

Table of Contents

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

(2) The following is a reconciliation of net income (loss) to EBITDA:

	Three Months Ended December 31			Year Ended December 31		
	2011	2012-Low	2012-High	2011	2012-Low	2012-High
		(estimated)			(estimated)	
	(in millions)					
Net income (loss)	(13.8)	$ (1.0)	$ 3.0	$ (46.4)	$ 39.2	$ 43.2
Interest expense	4.8	7.3	7.3	19.0	21.8	21.8