STERICYCLE INC
Form SC 13D/A
November 21, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 13D

(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)
(Amendment No. 3)[1]

Stericycle, Inc.

(Name of Issuer)

Common Stock, par value $.01 per share

(Title of Class of Securities)

858912108

(CUSIP Number)

Thomas R. Reusché
Madison Dearborn Partners, Inc.
70 West Madison
Chicago, Illinois 60602
312/895-1000

John P. Connaughton
Bain Capital, LLC
111 Huntington Avenue
Boston, Massachusetts 02199
617/516-2000

(Name, Address and Telephone Number of Persons Authorized to Receive Notices and Communications)

November 14, 2002
(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box o.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

[1]The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSON Bain Capital Fund VI, L.P. 04-3405560	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) o (b) ý
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):	o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		
	7	SOLE VOTING POWER 1,235,720 (See Item 5)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 1,235,720 (See Item 5)
	10	SHARED DISPOSITIVE POWER 0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,235,720 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 3.17%	

14	TYPE OF REPORTING PERSON* PN

* SEE INSTRUCTIONS BEFORE FILLING OUT!

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1	NAME OF REPORTING PERSON Bain Capital Partners VI, L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		**7**	SOLE VOTING POWER 0
		8	SHARED VOTING POWER 1,235,720 (See Item 5)
		9	SOLE DISPOSITIVE POWER 0
		10	SHARED DISPOSITIVE POWER 1,235,720 (See Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,235,720 (See Item 5)		

12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 3.17%	
14	TYPE OF REPORTING PERSON* PN	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON BCIP Associates II 04-3404818	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) o (b) ý
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):	o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 218,703 (See Item 5)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER

		218,703 (See Item 5)
	10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 218,703 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.58%	
14	TYPE OF REPORTING PERSON* PN	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON BCIP Associates II-B 04-3404819	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) o (b) ý
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):	o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
7	SOLE VOTING POWER	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		
		29,983 (See Item 5)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 29,983 (See Item 5)
	10	SHARED DISPOSITIVE POWER 0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 29,983 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.08%	
14	TYPE OF REPORTING PERSON* PN	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON BCIP Associates II-C 04-3424217	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) o (b) ý
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO	

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):	o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 64,198 (See Item 5)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 64,198 (See Item 5)
	10	SHARED DISPOSITIVE POWER 0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 64,198 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.17%	
14	TYPE OF REPORTING PERSON* PN	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

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1	NAME OF REPORTING PERSON BCIP Trust Associates II 04-3400371		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a)	o

(b) ý

3	SEC USE ONLY
4	SOURCE OF FUNDS* OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E): o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 62,581 (See Item 5)
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 62,581 (See Item 5)
	10	SHARED DISPOSITIVE POWER 0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 62,581 (See Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.17%
14	TYPE OF REPORTING PERSON* PN

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON BCIP Trust Associates II-B 04-3400372		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		**7**	SOLE VOTING POWER 9,988 (See Item 5)
		8	SHARED VOTING POWER 0
		9	SOLE DISPOSITIVE POWER 9,988 (See Item 5)
		10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 9,988 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.03%		
14	TYPE OF REPORTING PERSON*		

PN

* SEE INSTRUCTIONS BEFORE FILLING OUT!

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1	NAME OF REPORTING PERSON PEP Investments Pty Limited		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION New South Wales, Australia		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 4,119 (See Item 5)	
	8	SHARED VOTING POWER 0	
	9	SOLE DISPOSITIVE POWER 4,119 (See Item 5)	
	10	SHARED DISPOSITIVE POWER 0	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 4,119 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		

o

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.01%
14	TYPE OF REPORTING PERSON* OO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Bain Capital Investors, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) (b)	o ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 1,625,292 (See Item 5)
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER

1,625,292 (See Item 5)

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,625,292 (See Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 4.13%
14	TYPE OF REPORTING PERSON* OO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Sankaty High Yield Asset Partners, L.P. 04-3395139
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o (b) ý
3	SEC USE ONLY
4	SOURCE OF FUNDS* OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E): o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 44,983 (See Item 5)

8	SHARED VOTING POWER 0
9	SOLE DISPOSITIVE POWER 44,983 (See Item 5)
10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 44,983 (See Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.12%
14	TYPE OF REPORTING PERSON* PN

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Sankaty High Yield Asset Investors, LLC
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o (b) ý
3	SEC USE ONLY
4	SOURCE OF FUNDS* OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E): o
6	CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 44,983 (See Item 5)
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 44,983 (See Item 5)

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 44,983 (See Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.12%
14	TYPE OF REPORTING PERSON* OO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Sankaty Investors, LLC
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o (b) ý
3	SEC USE ONLY
4	SOURCE OF FUNDS*

OO

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):	o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 44,983 (See Item 5)
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 44,983 (See Item 5)

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 44,983 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.12%	
14	TYPE OF REPORTING PERSON* OO	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Sankaty High Yield Partners II, L.P. 04-3490549

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 44,983 (See Item 5)
		8	SHARED VOTING POWER 0
		9	SOLE DISPOSITIVE POWER 44,983 (See Item 5)
		10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 44,983 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.12%		
14	TYPE OF REPORTING PERSON* PN		

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Sankaty High Yield Asset Investors II, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 0	
	8	SHARED VOTING POWER 44,983 (See Item 5)	
	9	SOLE DISPOSITIVE POWER 0	
	10	SHARED DISPOSITIVE POWER 44,983 (See Item 5)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 44,983 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.12%		

14	TYPE OF REPORTING PERSON* OO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Sankaty Investors II, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 44,983 (See Item 5)
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 44,983 (See Item 5)

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 44,983 (See Item 5)

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.12%

14 TYPE OF REPORTING PERSON*

OO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSON

Brookside Capital Partners Fund, L.P.
04-3313066

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o (b) ý

3 SEC USE ONLY

4 SOURCE OF FUNDS*

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):

o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7** SOLE VOTING POWER 89,965 (See Item 5)
	8 SHARED VOTING POWER 0
	9 SOLE DISPOSITIVE POWER 89,965 (See Item 5)

	10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 89,965 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.24%	
14	TYPE OF REPORTING PERSON* PN	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Brookside Capital Investors, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) o (b) ý
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E): o	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 0

8	SHARED VOTING POWER 89,965 (See Item 5)
9	SOLE DISPOSITIVE POWER 0
10	SHARED DISPOSITIVE POWER 89,965 (See Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 89,965 (See Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.24%
14	TYPE OF REPORTING PERSON* PN

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Brookside Capital Management, LLC
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o (b) ý
3	SEC USE ONLY
4	SOURCE OF FUNDS* OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E): o

6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7** SOLE VOTING POWER 0	
	8 SHARED VOTING POWER 89,965 (See Item 5)	
	9 SOLE DISPOSITIVE POWER 0	
	10 SHARED DISPOSITIVE POWER 89,965 (See Item 5)	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 89,965 (See Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.24%	
14	TYPE OF REPORTING PERSON* OO	

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Madison Dearborn Capital Partners III, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) o (b) ý
3	SEC USE ONLY	

4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E): o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		**7**	SOLE VOTING POWER 1,795,468 (See Item 5)
		8	SHARED VOTING POWER 0
		9	SOLE DISPOSITIVE POWER 1,795,468 (See Item 5)
		10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,795,468 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 4.54%		
14	TYPE OF REPORTING PERSON* PN		

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Madison Dearborn Special Equity III, L.P.

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 39,868 (See Item 5)	
	8	SHARED VOTING POWER 0	
	9	SOLE DISPOSITIVE POWER 39,868 (See Item 5)	
	10	SHARED DISPOSITIVE POWER 0	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 39,868 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.11%		
14	TYPE OF REPORTING PERSON* PN		

* SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSON Special Advisors Fund I, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) o (b) ý
3	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E):		o
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER 7,371 (See Item 5)	
	8	SHARED VOTING POWER 0	
	9	SOLE DISPOSITIVE POWER 7,371 (See Item 5)	
	10	SHARED DISPOSITIVE POWER 0	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,371 (See Item 5)		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		o
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.02%		

14 TYPE OF REPORTING PERSON*

OO

* SEE INSTRUCTIONS BEFORE FILLING OUT!

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1	NAME OF REPORTING PERSON Madison Dearborn Partners III, L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) (b)	o ý
3	SEC USE ONLY		

		Accounts payable	$ 110,538	$75,868
Accrued liabilities	80,460	66,225		
Current maturities of long-term debt	55,078	30,074		
Total current liabilities	246,076	172,167		
Long-term debt, net of current maturities	353,790	353,830		
Other long-term liabilities	14,363	16,868		
Total liabilities	614,229	542,865		
Commitments and contingencies (Note 6)				
Stockholders' equity:				
Preferred stock, $0.01 par value, 10,000 shares authorized; zero shares issued and outstanding at	-	-		

June 30, 2015 and December 31, 2014, respectively						
Common stock, $0.01 par value, 200,000 shares authorized; 99,326 and 98,226 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively		993			982	
Additional paid-in capital		391,517			380,091	
Accumulated deficit		(344,367	)		(340,873	)
Total stockholders' equity		48,143			40,200	
Total liabilities and stockholders' equity	$	662,372		$	583,065	

The accompanying notes are an integral part of these condensed consolidated financial statements.

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
	2015	2014
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	$(3,494)	$7,225
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,782	4,022
Amortization of deferred loan costs	1,232	1,200
Fair value adjustment of stock warrants	4,563	19
Deferred income taxes	28	80
Bad debt expense	161	(336)
Stock compensation expense	3,369	1,908
Net gain on sale of assets	(114)	(15)
Changes in assets and liabilities:		
Receivables	(36,129)	(21,823)
Inventories	(6,976)	(15,438)
Other current assets	1,876	1,728
Other assets and liabilities	1,046	(114)
Accounts payable	34,670	19,663
Accrued liabilities	10,543	2,573
Net cash provided by operating activities	17,557	692
Cash flows from investing activities:		
Purchases of property, plant and equipment	(14,331)	(12,121)
Proceeds from sale of property, plant and equipment	180	16
Cash used for acquisitions, net	(5,797)	(8,726)
Net cash used in investing activities	(19,948)	(20,831)
Cash flows from financing activities:		
Borrowings under revolving credit facility	25,000	-
Payments of long-term debt and other loans	(36)	(33)
Deferred loan costs	-	(34)
Payments of transaction costs	(326)	-
Exercise of stock options	1,117	1,355
Repurchase of common stock	(986)	(1,306)
Net cash provided by (used in) financing activities	24,769	(18)
Net change in cash and cash equivalents	22,378	(20,157)
Cash and cash equivalents at beginning of period	17,773	54,696
Cash and cash equivalents at end of period	$40,151	$34,539

The accompanying notes are an integral part of these condensed consolidated financial statements.

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Basis of Presentation

Builders FirstSource, Inc., a Delaware corporation formed in 1998, is a leading supplier and manufacturer of structural and related building products for residential new construction in the United States. In this quarterly report, references to the “Company,” “we,” “our,” “ours” or “us” refer to Builders FirstSource, Inc. and its consolidated subsidiaries, unless otherwise stated or the context otherwise requires.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all recurring adjustments and normal accruals necessary for a fair statement of the Company’s financial position, results of operations and cash flows for the dates and periods presented. Results for interim periods are not necessarily indicative of the results to be expected during the remainder of the current year or for any future period. All significant intercompany accounts and transactions have been eliminated in consolidation.

The condensed consolidated balance sheet as of December 31, 2014 is derived from the audited consolidated financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. This condensed consolidated balance sheet as of December 31, 2014 and the unaudited condensed consolidated financial statements included herein should be read in conjunction with the more detailed audited consolidated financial statements for the year ended December 31, 2014 included in our most recent annual report on Form 10-K. Accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with the accounting policies described in the Notes to Consolidated Financial Statements included in our Form 10-K.

2. Net Income (Loss) per Common Share

Net income (loss) per common share (“EPS”) is calculated in accordance with the Earnings per Share topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“Codification”), which requires the presentation of basic and diluted EPS. Basic EPS is computed using the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential common shares.

Our restricted stock shares include rights to receive dividends that are not subject to the risk of forfeiture even if the underlying restricted stock shares on which the dividends were paid do not vest. In accordance with the Earnings per Share topic of the Codification, unvested share-based payment awards that contain non-forfeitable rights to dividends are deemed participating securities and should be considered in the calculation of basic EPS. Since the restricted stock shares do not include an obligation to share in losses, they will be included in our basic EPS calculation in periods of net income and excluded from our basic EPS calculation in periods of net loss. Accordingly, there were 13,000 restricted stock shares included in our calculation of basic EPS for the three months ended June 30, 2015, as we generated net income. There were 13,000 restricted stock shares excluded from our calculation of basic EPS for the six months ended June 30, 2015 because we generated a net loss. 68,000 restricted stock shares were included in the computation of basic EPS for the three and six months ended June 30, 2014 as we generated net income.

For the purpose of computing diluted EPS, weighted average shares outstanding have been adjusted for common shares underlying 6.2 million options and 1.5 million restricted stock units (“RSUs”) for the three months ended June 30, 2015. Incremental shares attributable to average warrants outstanding during the second quarter of 2015 were not included in the computation of diluted EPS for the three months ended June 30, 2015 as their effect was anti-dilutive. There were no outstanding warrants as of June 30, 2015 as all of the remaining stock warrants were exercised in April 2015. Options to purchase 6.2 million shares of common stock, 1.5 million RSUs, and the incremental shares attributable to average warrants outstanding during the first six months of 2015 were not included in the computation of diluted EPS for the six months ended June 30, 2015 because their effect was anti-dilutive.

Weighted average shares outstanding have been adjusted for common shares underlying 6.4 million options, 1.8 million RSUs, and 0.7 million warrants for the three and six months ended June 30, 2014. In addition, $1.2 million and $0.0 million of expense due to fair value adjustments related to the warrants were excluded from net income in the computation of diluted EPS for the three and six months ended June 30, 2014.

The table below presents a reconciliation of weighted average common shares used in the calculation of basic and diluted EPS (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Weighted average shares for basic EPS	99,163	98,032	98,677	97,963
Dilutive effect of options, warrants, and RSUs	3,815	2,727	—	2,803
Weighted average shares for diluted EPS	102,978	100,759	98,677	100,766

3. Debt

Long-term debt consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
2021 notes	$350,000	$ 350,000
2013 facility	55,000	30,000
Other long-term debt	3,868	3,904
	408,868	383,904
Less: current portion of long-term debt	55,078	30,074
Long-term debt, net of current maturities	$353,790	$ 353,830

2013 Facility Borrowings

As of June 30, 2015, we have $55.0 million in borrowings outstanding under our $175.0 million senior secured revolving credit facility (“2013 facility”) at a weighted average interest rate of 2.0%. Amounts borrowed under our 2013 facility have been used to fund working capital needs and potential future acquisitions.

Fair Value

The only financial instrument which was measured at fair value on a recurring basis was our warrants. However, on April 14, 2015 the remaining 0.7 million of outstanding, detachable warrants were exercised. The warrants were considered to be derivative financial instruments and were classified as liabilities. As a result of this exercise we recognized a non-cash, fair value adjustment of approximately $4.7 million during the three months ended June 30, 2015. This fair value adjustment was recorded as interest expense in the accompanying condensed consolidated statement of operations and comprehensive income (loss).

The table below presents the effect of our derivative financial instrument on the condensed consolidated statements of operations and comprehensive income (loss) (in thousands):

Derivative Not Designated as Hedging Instrument	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) Recognized in Income Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Warrants	Interest expense, net	$(4,730)	$1,178	$(4,563)	$(19)

We use the income approach to value our warrants by using the Black-Scholes option-pricing model. Using this model, the risk-free interest rate is based on the U.S. Treasury yield curve in effect on the valuation date. The expected life is based on the period of time until the expiration of the warrants. Expected volatility is based on the historical volatility of our common stock over the most recent period equal to the expected life of the warrants. The expected dividend yield is based on our history of not paying regular dividends in the past and our current intention to not pay regular dividends in the foreseeable future.

These techniques incorporate Level 1 and Level 2 inputs. Significant inputs to the derivative valuation for the warrants are observable in the active markets and are classified as Level 2 in the hierarchy.

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The following fair value hierarchy table presents information about our financial instrument measured at fair value on a recurring basis using significant other observable inputs (Level 2) (in thousands):

	Carrying Value As of June 30, 2015	Fair Value Measurement as of June 30, 2015	Carrying Value As of December 31, 2014	Fair Value Measurement as of December 31, 2014
Warrants (included in Other long-term liabilities)	$ —	$ —	$ 3,375	$ 3,375

We have elected to report the value of our 2021 Notes at amortized cost. The fair value of the 2021 Notes at June 30, 2015 was approximately $365.3 million and was determined using Level 2 inputs based on market prices.

4. Employee Stock-Based Compensation

Stock Option Grant

On February 11, 2015, our board of directors granted 142,000 stock options to employees under our 2014 Incentive Plan. All the awards vest at 25% per year at each anniversary of the grant date over four years. The exercise price for the options was $6.35 per share, which was the closing stock price on the grant date. The weighted average grant date fair value of the options was $4.20 and was determined using the Black-Scholes option-pricing model with the following weighted average assumptions:

Expected life	6.0 years
Expected volatility	75.2%
Expected dividend yield	0.00%
Risk-free rate	1.75%

The expected life represents the period of time the options are expected to be outstanding. We used the simplified method for determining the expected life assumption due to limited historical exercise experience on our stock options. The expected volatility is based on the historical volatility of our common stock over the most recent period equal to the expected life of the option. The expected dividend yield is based on our history of not paying regular dividends in the past and our current intention to not pay regular dividends in the foreseeable future. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant and has a term equal to the expected life of the options.

Restricted Stock Units Grant

On February 11, 2015, our board of directors granted 142,000 RSUs to employees under our 2014 Incentive Plan. All of the awards vest at 25% per year at each anniversary of the grant date over the next four years. The grant date fair value for the restricted stock units was $6.35 per share, which was the closing stock price on the grant date.

5. Income Taxes

We have $399.0 million of state operating loss carry-forwards, which includes $2.6 million of state tax credit carry-forwards expiring at various dates through 2032. We also have $256.6 million of federal net operating loss carry-forwards that will expire at various dates through 2033. To the extent we generate sufficient taxable income in the future to fully utilize the tax benefits of the net deferred tax assets on which a valuation allowance was recorded, our effective tax rate may decrease as the valuation allowance is reversed.

Utilization of deferred tax assets could be limited by Section 382 of the Internal Revenue Code which imposes annual limitations on the utilization of net operating loss (“NOL”) carryforwards, other tax carryforwards, and certain built-in losses upon an ownership change as defined under that section. In general terms, an ownership change may result from transactions that increase the aggregate ownership of certain stockholders in the Company’s stock by more than 50 percentage points over a three year testing period (“Section 382 Ownership Change”). If the Company were to experience a Section 382 Ownership Change, an annual limitation would be imposed on certain of the Company’s tax attributes, including NOL and capital loss carryforwards, and certain other losses, credits, deductions or tax basis.

We evaluate our deferred tax assets on a quarterly basis to determine whether a valuation allowance is required. In accordance with the Income Taxes topic of the Codification we assess whether it is more likely than not that some or all of our deferred tax assets will not be realized. Significant judgment is required in estimating valuation allowances for deferred tax assets. The realization of a deferred tax asset ultimately depends on the existence of sufficient taxable income in the applicable carryback or carryforward periods. We consider nature, frequency, and severity of current and cumulative losses, among other matters, the reversal of existing deferred tax liabilities, historical and forecasted taxable income, and tax planning strategies in our assessment. Changes in our estimates of future taxable income and tax planning strategies will affect our estimate of the realization of the tax benefits of these tax carryforwards.

Poor housing market conditions have contributed to our cumulative loss position for the past several years. While we generated income in 2014 and during the three months ended June 30, 2015, we reported a net loss for the six months ended June 30, 2015 and have a cumulative loss for the three year period ending June 30, 2015. We believe this, as well as uncertainty around the extent and timing of the continued housing market recovery, represents significant negative evidence in considering whether our deferred tax assets are realizable. Further, we do not believe that relying on projections of future taxable income to support the recovery of deferred tax assets is sufficient. Based on an evaluation of positive and negative evidence, we concluded that the negative evidence regarding our ability to realize our deferred tax assets outweighed the positive evidence as of June 30, 2015.

We recorded a net reduction to the valuation allowance of $1.3 million for the three months ended June 30, 2015 against the net deferred tax assets as we generated net income during the period. We recorded an increase to the valuation allowance of $1.8 million for the six months ended June 30, 2015 against the net deferred tax assets generated from the net operating loss during the period related to our continuing operations. During the three and six months ended June 30, 2014, we recorded net reductions to the valuation allowance of $4.1 million and $3.0 million against our net deferred tax assets as we generated net income during these periods.

Without continued improvement in housing activity, we could be required to establish additional valuation allowances. However, we had positive earnings before taxes in 2014. To the extent we continue to generate sufficient taxable income in the same jurisdictions in the future to utilize the tax benefits of the related net deferred tax assets, we may reverse some or all of the valuation allowance. Excluding the impact of the ProBuild acquisition, we currently estimate that we will likely transition into a three year cumulative income position on a rolling three year period at some time during the year ending December 31, 2015. However, there continues to be uncertainty around housing market projections. There is also uncertainty as to the impact of the ProBuild acquisition to our earnings in the current year. Simply coming out of a cumulative loss is not viewed as a bright line and may not be considered sufficient positive evidence to reverse some or all of the valuation allowance if there are other offsetting negative factors. In upcoming quarters, we will closely monitor the positive and negative evidence surrounding our ability to realize our deferred tax assets.

We base our estimate of deferred tax assets and liabilities on current tax laws and rates. In certain cases, we also base our estimate on business plan forecasts and other expectations about future outcomes. Changes in existing tax laws or rates could affect our actual tax results, and future business results may affect the amount of our deferred tax liabilities or the valuation of our deferred tax assets over time. Due to uncertainties in the estimation process, particularly with respect to changes in facts and circumstances in future reporting periods, as well as the residential homebuilding industry's cyclicality and sensitivity to changes in economic conditions, it is possible that actual results could differ from the estimates used in previous analyses.

Accounting for deferred taxes is based upon estimates of future results. Differences between the anticipated and actual outcomes of these future results could have a material impact on our consolidated results of operations or financial position.

6. Commitments and Contingencies

We are a party to various legal proceedings in the ordinary course of business. Although the ultimate disposition of these proceedings cannot be predicted with certainty, management believes the outcome of any claim that is pending or threatened, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial position, cash flows or results of operations. However, there can be no assurances that future costs related to legal proceedings would not be material to our results of operations or liquidity for a particular period.

7. Segment and Product Information

We offer an integrated solution to our customers providing manufacturing, supply, and installation of a full range of structural and related building products. We provide a wide variety of building products and services directly to homebuilder customers. We manufacture floor trusses, roof trusses, wall panels, stairs, millwork, windows, and doors. We also provide a full range of construction services. We group our building products and services into five product categories: prefabricated components, windows & doors, lumber & lumber sheet goods, millwork, and other building products & services. We have one operating segment with centralized financial and operational oversight.

Sales by product category for the three and six month periods ended June 30, 2015 and 2014 were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Prefabricated components	$102,639	$91,022	$181,481	$161,512
Windows & doors	100,550	90,843	185,505	167,118
Lumber & lumber sheet goods	140,302	143,925	254,608	259,440
Millwork	48,661	40,075	88,188	73,543
Other building products & services	69,369	60,678	122,725	110,839
Sales	$461,521	$426,543	$832,507	$772,452

8. Acquisitions

On February 9, 2015 the Company acquired certain assets and the operations of Timber Tech Texas, Inc. and its affiliates (“Timber Tech”) for $5.8 million in cash (including certain adjustments). Of this amount, $4.5 million was allocated to tangible assets acquired and $1.3 million was allocated to goodwill. These are preliminary allocations and are subject to adjustment.

Timber Tech is based in Cibolo, Texas, which is approximately 25 miles northeast of downtown San Antonio. Timber Tech is a manufacturer of roof trusses, floor trusses, wall panels and sub-components, as well as a supplier of glue laminated timber and veneer lumber beams.

The acquisition was accounted for by the acquisition method, and accordingly the results of operations were included in the Company’s consolidated financial statements from the acquisition date. The purchase price was allocated to the assets acquired based on estimated fair values at the acquisition date, with the excess of purchase price over the estimated fair value of the net assets acquired recorded as goodwill. Pro forma results of operations are not presented as this acquisition is not material.

We incurred $0.0 million and $0.1 million in costs related to this acquisition during the three and six months ended June 30, 2015, respectively. These costs include due diligence costs and transaction costs to complete the acquisition, and have been recognized in selling, general and administrative expense in the accompanying condensed consolidated statements of operations and comprehensive income (loss) for the three months and six months ended June 30, 2015.

9. Recent Accounting Pronouncements

In July 2015 the FASB issued an update to the existing guidance under the Inventory topic of the Codification. This update changes the subsequent measurement of inventory from lower of cost or market to lower of cost and net realizable value. This guidance is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption of this guidance is permitted as of the beginning of an interim or annual reporting period. This guidance requires prospective application. We are currently evaluating the impact of this guidance on our financial statements.

In April 2015 the FASB issued an update to the existing guidance under the Interest topic of the Codification. This update requires debt issuance costs to be presented on the balance sheet as a direct reduction from the carrying amount of the related debt liability instead of a deferred charge. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. This guidance requires retrospective application. Early adoption is permitted for financial statements that have not been previously issued. As of June 30, 2015 we had $8.3 million in debt issuance costs related to long-term debt which will be reclassified from other assets upon adoption of this standard.

In January 2015 the FASB issued an update to the existing guidance under the Income Statement topic of the Codification. This update eliminates the concept of extraordinary items and the requirement to assess whether an event or transaction is both unusual in nature and infrequent in occurrence and to separately present any such items on the statement of operations after income from continuing operations. Under the updated guidance such items will either be presented as a separate component of income from continuing operations or disclosed in the notes to the financial statements. This guidance is effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption, but not required. The guidance allows either prospective or retrospective methods of adoption. We do not currently expect that the adoption of this update will have an impact on our financial statements.

In August 2014, the FASB issued an update to the existing guidance under the Presentation of Financial Statements topic of the Codification. This update requires management to perform interim and annual assessments on whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related disclosures, if required. This new guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted, but not required. We are currently evaluating the impact of this guidance on our financial statements.

In May 2014, the FASB issued an update to the existing guidance under the Revenue Recognition topic of the Codification which is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new guidance was originally effective for annual reporting periods beginning after December 15, 2016. However, in July 2015 the FASB approved an optional one year deferral of the effective date to annual reporting periods beginning after December 15, 2017. As such, this guidance will be effective for us beginning on January 1, 2018. Early adoption is permitted; however, this guidance cannot be adopted earlier than the original effective date. This guidance allows either full retrospective or modified retrospective methods of adoption. We are currently evaluating the impact of this guidance on our financial statements.

10. Subsequent Event

ProBuild Acquisition

On July 31, 2015, we acquired all of the operating affiliates of ProBuild Holdings LLC ("ProBuild") through the purchase of all issued and outstanding equity interests of ProBuild for $1.63 billion in cash, subject to certain adjustments. Headquartered in Denver, Colorado, ProBuild is one of the nation's largest professional building materials suppliers. The ProBuild acquisition will lead to greater diversification and scale, an improved geographic footprint, and significant potential cost savings. In addition, we bring to ProBuild significant sales expertise in value-added products, which we believe, when combined with ProBuild's attractive customer mix, will result in enhanced sales growth of higher margin products for the combined company.

The purchase price was funded with the net cash proceeds from (i) the issuance of $700.0 million in aggregate principal amount of 10.75% senior unsecured notes due 2023 ("2023 notes"), (ii) the entry into a new $600.0 million senior secured term loan facility ("term loan facility"), (iii) a $295.0 million draw on an amended and restated $800.0 million senior secured asset-backed loan facility ("2015 facility") and (iv) a public offering of 9.2 million new shares of our common stock at an offering price of $12.80 per share, subject, in each case, to applicable discounts, commissions, fees, and expenses.

This transaction will be accounted for by the acquisition method, and accordingly the results of operations will be included in the Company's consolidated financial statements from the acquisition date. The purchase price will be allocated to the assets acquired based on estimated fair values at the acquisition date, with the excess of purchase price over the estimated fair value of the net assets acquired recorded as goodwill. The accounting for this acquisition has not been completed at the date of this filing given the proximity to the acquisition date.

We incurred $9.9 million and $15.2 million in acquisition and financing related costs for the three and six months ended June 30, 2015, respectively. Of these costs $6.3 million and $11.6 million were recognized as selling, general, and administrative expense in the accompanying condensed consolidated statement of operations and comprehensive income (loss) for the three and six months ended June 30, 2015. The remaining $3.6 million relates to debt and equity issuance costs and were recognized as other assets in the accompanying condensed consolidated balance sheet as of June 30, 2015. The debt issuance costs will be amortized over the respective terms of the various debt facilities. The equity issuance costs will be recorded as a reduction to additional paid-in capital in the third quarter of 2015.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto for the year ended December 31, 2014 included in our most recent annual report on Form 10-K. The following discussion and analysis should also be read in conjunction with the unaudited condensed consolidated financial statements appearing elsewhere in this report. In this quarterly report on Form 10-Q, references to the "company," "we," "our," "ours" or "us" refer to Builders FirstSource, Inc. and its consolidated subsidiaries, unless otherwise stated or the context otherwise requires.

Cautionary Statement

Statements in this report which are not purely historical facts or which necessarily depend upon future events, including statements regarding our anticipations, beliefs, expectations, hopes, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements in this report are based upon information available to us on the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements made in this report involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. In addition, oral statements made by our directors, officers and employees to the investor and analyst communities, media representatives and others, depending upon their nature, may also constitute forward-looking statements. As with the forward-looking statements included in this report, these forward-looking statements are by nature inherently uncertain, and actual results may differ materially as a result of many factors. Further information regarding the risk factors that could affect our financial and other results are included as Item 1A of our annual report on Form 10-K.

COMPANY OVERVIEW

We are a leading supplier and manufacturer of structural and related building products for residential new construction in the U.S. We offer an integrated solution to our customers providing manufacturing, supply and installation of a full range of structural and related building products. Our manufactured products include our factory-built roof and floor trusses, wall panels and stairs, aluminum and vinyl windows, custom millwork and trim, as well as engineered wood that we design, cut, and assemble for each home. We also assemble interior and exterior doors into pre-hung units. Additionally, we supply our customers with a broad offering of professional grade building products not manufactured by us, such as dimensional lumber and lumber sheet goods, various window, door and millwork lines, as well as cabinets, roofing and hardware. Our full range of construction-related services includes professional installation, turn-key framing and shell construction, and spans all our product categories.

We group our building products into five product categories:

- Prefabricated Components. Our prefabricated components consist of wood floor and roof trusses, steel roof trusses, wall panels, stairs, and engineered wood.
- Windows & Doors. Our windows & doors category is comprised of the manufacturing, assembly, and distribution of windows and the assembly and distribution of interior and exterior door units.
- Lumber & Lumber Sheet Goods. Lumber & lumber sheet goods include dimensional lumber, plywood, and OSB products used in on-site house framing.
- Millwork. Millwork includes interior trim, exterior trim, columns and posts that we distribute, as well as custom exterior features that we manufacture under the Synboard ® brand name.
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Other Building Products & Services. Other building products & services are comprised of products such as cabinets, roofing and insulation and services such as turn-key framing, shell construction, design assistance, and professional installation spanning all of our product categories.

Our operating results are dependent on the following trends, events and uncertainties, some of which are beyond our control:

- Homebuilding Industry. Our business is driven primarily by the residential new construction market, which is in turn dependent upon a number of factors, including demographic trends, interest rates, consumer confidence, employment rates, foreclosure rates, and the health of the economy and mortgage markets. During the housing downturn, which began in 2006, many homebuilders significantly decreased their housing starts because of lower demand and an excess of home inventory. The housing industry started to strengthen in 2011. According to the U.S. Census Bureau, the annualized rate for U.S. single-family housing starts was 685,000 as of June 30, 2015. However, single-family housing starts remain well below the historical average (from 1959 through 2014) of 1.0 million per year. Due to the lower levels of housing starts and increased competition for homebuilder business, we have and will continue to experience pressure on our gross margins. We still believe there are several meaningful trends that indicate U.S. housing demand will likely recover further in the long term and that the downturn in the housing industry was likely a trough in the cyclical nature of the residential construction industry. These trends include relatively low interest rates, the aging of housing stock, and normal population growth due to immigration and birthrate exceeding death rate. Industry forecasters, including the NAHB, expect to see continued improvement in housing demand over the next few years.
- Targeting Large Production Homebuilders. Over the past ten years, the homebuilding industry has undergone consolidation, and the larger homebuilders have increased their market share. We expect that trend to continue as larger homebuilders have better liquidity and land positions relative to the smaller, less capitalized homebuilders. Our focus is on maintaining relationships and market share with these customers while balancing the competitive pressures we are facing in servicing large homebuilders with certain profitability expectations. We expect that our ability to maintain strong relationships with the largest builders will be vital to our ability to expand into new markets as well as grow our market share. Additionally, we have been successful in expanding our custom homebuilder customer base while maintaining acceptable credit standards.
- Use of Prefabricated Components. Prior to the housing downturn, homebuilders were increasingly using prefabricated components in order to realize increased efficiency and improved quality. Shortening cycle time from start to completion was a key imperative of the homebuilders during periods of strong consumer demand. During the housing downturn, that trend decelerated as cycle time had less relevance. Customers who traditionally used prefabricated components, for the most part, still do. However, the conversion of customers to this product offering slowed during the downturn. We are now seeing the demand for prefabricated components increase as the residential new construction market continues to strengthen and the availability of skilled construction labor remains limited.
- Economic Conditions. Economic changes both nationally and locally in our markets impact our financial performance. The building products supply industry is highly dependent upon new home construction and subject to cyclical market changes. Our operations are subject to fluctuations arising from changes in supply and demand, national and local economic conditions, labor costs, competition, government regulation, trade policies and other factors that affect the homebuilding industry such as demographic trends, interest rates, single-family housing starts, employment levels, consumer confidence, and the availability of credit to homebuilders, contractors, and homeowners. Beginning in 2007, the mortgage markets experienced substantial disruption due to increased defaults. This resulted in a stricter regulatory environment and reduced availability of mortgages for potential homebuyers due to an illiquid credit market and tighter standards to qualify for mortgages. Mortgage financing and commercial credit for smaller homebuilders continue to be constrained, although there have been recent signs of easing. As the housing industry is dependent upon the economy as well as potential homebuyers' access to mortgage financing and homebuilders' access to commercial credit, it is likely that the housing industry will not fully recover to the historical average until conditions in the economy and the credit markets further improve.
- Cost of Materials. Prices of wood products, which are subject to cyclical market fluctuations, may adversely impact operating income when prices rapidly rise or fall within a relatively short period of time. We purchase certain materials, including lumber products, which are then sold to customers as well as used as direct production inputs for our manufactured and prefabricated products. Short-term changes in the cost of these materials, some of which are

subject to significant fluctuations, are sometimes passed on to our customers, but our pricing quotation periods may limit our ability to pass on such price changes. We may also be limited in our ability to pass on increases on in-bound freight costs on our products. Our inability to pass on material price increases to our customers could adversely impact our operating results.

- Controlling Expenses. Another important aspect of our strategy is controlling costs and enhancing our status as a low-cost building materials supplier in the markets we serve. We pay close attention to managing our working capital and operating expenses. We have a "best practices" operating philosophy, which encourages increasing efficiency, lowering costs, improving working capital, and maximizing profitability and cash flow. We constantly analyze our workforce productivity to achieve the optimum, cost-efficient labor mix for our facilities. Further, we pay careful attention to our logistics function and its effect on our shipping and handling costs.

- Multi-Family and Light Commercial Business. Our primary focus has been, and continues to be, on single-family residential new construction. However, we have recently acquired companies with multi-family manufacturing capabilities to further diversify our customer base. We will continue to identify opportunities for profitable growth in the multi-family and light commercial markets.

RECENT DEVELOPMENTS

Timber Tech Acquisition

On February 9, 2015 the Company acquired certain assets and the operations of Timber Tech Texas, Inc. and its affiliates ("Timber Tech") for $5.8 million in cash (including certain adjustments). Timber Tech is based in Cibolo, Texas, which is approximately 25 miles northeast of downtown San Antonio. Timber Tech is a manufacturer of roof trusses, floor trusses, wall panels and sub-components, as well as a supplier of glue laminated timber and veneer lumber beams.

This transaction was accounted for by the acquisition method, and accordingly the results of operations were included in the Company's consolidated financial statements from the acquisition date. The purchase price has been allocated to the assets acquired based on estimated fair values at the acquisition date, with the excess of purchase price over the estimated fair value of the net assets acquired recorded as goodwill. The purchase price allocations are preliminary and are subject to adjustment.

ProBuild Acquisition

On July 31, 2015, we acquired all of the operating affiliates of ProBuild Holdings LLC ("ProBuild") through the purchase of all issued and outstanding equity interests of ProBuild for $1.63 billion in cash, subject to certain adjustments. Headquartered in Denver, Colorado, ProBuild is one of the nation's largest professional building materials suppliers. The ProBuild acquisition will lead to greater diversification and scale, an improved geographic footprint, and significant potential cost savings. In addition, we bring to ProBuild significant sales expertise in value-added products, which we believe, when combined with ProBuild's attractive customer mix, will result in enhanced sales growth of higher margin products for the combined company.

The purchase price was funded with the net cash proceeds from (i) the issuance of $700.0 million in aggregate principal amount of 10.75% senior unsecured notes due 2023 ("2023 notes"), (ii) the entry into a new $600.0 million senior secured term loan facility ("term loan facility"), (iii) a $295.0 million draw on an amended and restated $800.0 million senior secured asset-backed loan facility ("2015 facility"), and (iv) a public offering of 9.2 million new shares of our common stock at an offering price of $12.80 per share, subject, in each case, to applicable discounts, commissions, fees, and expenses .

This transaction will be accounted for by the acquisition method, and accordingly the results of operations will be included in the Company's consolidated financial statements from the acquisition date. The purchase price will be allocated to the assets acquired based on estimated fair values at the acquisition date, with the excess of purchase price over the estimated fair value of the net assets acquired recorded as goodwill. The accounting for this acquisition has not been completed at the date of this filing given the proximity to the acquisition date.

CURRENT OPERATING CONDITIONS AND OUTLOOK

Though the level of housing starts remains below the historical average, the homebuilding industry has shown improvement since 2011. For the second quarter of 2015, actual U.S. single-family housing starts were 205,300, a 12.4% increase compared to the second quarter of 2014. Actual single-family housing starts in the South Region, as defined by the U.S. Census Bureau and which encompasses our entire geographic footprint, were 106,900 in the second quarter of 2015, a 17.1% increase from the second quarter of 2014. Single-family units under construction in the South Region increased 6.8% during the second quarter of 2015 compared to the same quarter a year ago. While the housing industry has strengthened over the past few years, the limited availability of credit to smaller homebuilders and potential homebuyers and the slow economic recovery, among other factors, have hampered a stronger recovery. The National Association of Homebuilders ("NAHB") is forecasting 716,000 U.S. single-family housing starts for 2015, which is up approximately 10.8% from 2014, but still well below the historical average of 1.0 million single-family housing starts per year.

Our sales for the second quarter of 2015 were up 8.2% over the same period last year, 4.3% of which was due to recent acquisitions. Excluding the impact of recent acquisitions, we estimate sales increased 6.3% due to increased volume, which was partially offset by a 2.4% decrease due to the impact of commodity price deflation on sales. Our gross margin percentage increased by 2.0% during the second quarter of 2015 compared to the second quarter of 2014, primarily due to improved customer pricing relative to our costs and a higher mix of value-added sales. We made significant changes to our business during the downturn that have improved our operating efficiency and allowed us to better leverage our operating costs against changes in sales. However, our selling, general and administrative expenses, as a percentage of sales, were 20.5% in the second quarter of 2015, a 2.6% increase from 17.9% in the second quarter of 2014 primarily due to acquisition costs related to the recently announced ProBuild transaction, increased depreciation and amortization and an increase in stock compensation expense. Excluding these increases, our selling, general and administrative expense was 18.6% of sales in the current quarter versus 17.9% of sales in the same quarter a year ago. This remaining increase was further affected by the negative impact of commodity price deflation on our sales.

We still believe that the long-term outlook for the housing industry is positive due to growth in the underlying demographics. We feel we are well-positioned to take advantage of the construction activity in our markets and to continue to increase our market share, which may include strategic acquisitions. We will continue to focus on working capital by closely monitoring the credit exposure of our customers and by working with our vendors to improve our payment terms and pricing on our products. We will also continue to work diligently to achieve the appropriate balance of short-term expense control while maintaining the expertise and capacity to grow the business as market conditions improve. We want to create long-term shareholder value and avoid taking steps that will limit our ability to compete.

SEASONALITY AND OTHER FACTORS

Our first and fourth quarters have historically been, and are generally expected to continue to be, adversely affected by weather causing reduced construction activity during these quarters. In addition, quarterly results historically have reflected, and are expected to continue to reflect, fluctuations from period to period arising from the following:

- The volatility of lumber prices;
- The cyclical nature of the homebuilding industry;
- General economic conditions in the markets in which we compete;
- The pricing policies of our competitors;
- The production schedules of our customers; and
- The effects of weather.

The composition and level of working capital typically change during periods of increasing sales as we carry more inventory and receivables. Working capital levels typically increase in the second and third quarters of the year due to higher sales during the peak residential construction season. These increases have in the past resulted in negative operating cash flows during this peak season, which historically have been financed through available cash and borrowing availability under credit facilities. Collection of receivables and reduction in inventory levels following the peak building and construction season have in the past positively impacted cash flow.

RESULTS OF OPERATIONS

The following table sets forth, for the three and six months ended June 30, 2015 and 2014, the percentage relationship to sales of certain costs, expenses and income items:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	76.0 %	78.0 %	76.7 %	78.2 %
Gross margin	24.0 %	22.0 %	23.3 %	21.8 %
Selling, general and administrative expenses	20.5 %	17.9 %	21.3 %	18.9 %

Facility closure costs	0.0 %	0.0 %	0.0 %	0.0 %
Income from operations	3.5 %	4.1 %	2.0 %	2.9 %
Interest expense, net	2.7 %	1.5 %	2.4 %	2.0 %
Income tax expense (benefit)	(0.0)%	0.1 %	(0.0)%	0.0 %
Income (loss) from continuing operations	0.8 %	2.5 %	(0.4)%	0.9 %
Income (loss) from discontinued operations, net of tax	0.0 %	(0.0)%	0.0 %	(0.0)%
Net income (loss)	0.8 %	2.5 %	(0.4)%	0.9 %

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Three Months Ended June 30, 2015 Compared with the Three Months Ended June 30, 2014

Sales. Sales for the three months ended June 30, 2015 were $461.5 million, an 8.2% increase over sales of $426.5 million for the three months ended June 30, 2014. Sales increased 4.3% due to recent acquisitions for the three months ended June 30, 2015 compared to the same period one year ago. Excluding the impact of recent acquisitions, we estimate sales increased 6.3% due to increased volume, which was partially offset by a 2.4% decrease due to the impact of commodity price deflation on sales. According to the U.S. Census Bureau, actual U.S. single-family housing starts increased 12.4% in the second quarter of 2015 compared to the second quarter of 2014. In the South Region, which encompasses our entire geographic footprint, actual single-family housing starts increased 17.1% compared to the second quarter of 2014, and single-family units under construction increased 6.8% over this same time period.

The following table shows sales classified by product category (dollars in millions):

	Three Months Ended June 30,							
	2015			2014				
	Sales	% of Sales		Sales	% of Sales		% Change	
Prefabricated components	$102.6	22.3	%	$91.0	21.3	%	12.8	%
Windows & doors	100.6	21.8	%	90.8	21.3	%	10.7	%
Lumber & lumber sheet goods	140.3	30.4	%	143.9	33.8	%	(2.5	)%
Millwork	48.6	10.5	%	40.1	9.4	%	21.4	%
Other building products & services	69.4	15.0	%	60.7	14.2	%	14.3	%
Total sales	$461.5	100.0	%	$426.5	100.0	%	8.2	%

Increased sales were achieved across all product categories, except lumber and lumber sheet goods, primarily due to increased volume. The decrease in sales for lumber and lumber sheet goods is largely due to a 9.9% decrease in market prices for lumber and lumber sheet goods in the second quarter of 2015 compared to the second quarter of 2014, which was mostly offset by an increase in sales volume.

Gross Margin. Gross margin increased $16.8 million to $110.6 million. In addition, our gross margin percentage increased to 24.0% in the second quarter of 2015 from 22.0% in the second quarter of 2014, a 2.0% increase. Our gross margin percentage increased primarily due to improved customer pricing relative to our costs and a higher mix of value-added sales in the second quarter of 2015 compared to the second quarter of 2014.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $18.1 million, or 23.7%. Our salaries and benefits expense, excluding stock compensation expense, was $56.7 million, an increase of $8.5 million from the second quarter of 2014 primarily due to an 8.9% increase in full-time equivalent employees related to recent acquisitions and increased sales volume. Stock compensation expense increased $0.7 million due to recent stock option and restricted stock unit grants. Office general and administrative expense increased $7.1 million primarily due to acquisition costs related to the recently announced ProBuild transaction. Delivery expense increased $0.7 million largely due to increased sales volume. Occupancy expense increased $0.4 million due to recent acquisitions and expansions at existing facilities.

As a percentage of sales, selling, general and administrative expenses increased from 17.9% in the second quarter of 2014 to 20.5% in the second quarter of 2015. As a percentage of sales, salaries and benefits expense, excluding stock compensation expense, increased 1.0%, stock compensation expense increased 0.1%, office general and administrative expense increased 1.4%, occupancy costs were consistent with the second quarter of 2014, and delivery expenses decreased 0.1%. The increase in selling, general and administrative expenses, as a percentage of sales, was primarily due to the factors discussed above, and to a lesser degree, the negative impact of commodity price deflation on our sales.

Interest Expense, Net. Interest expense was $12.6 million in the second quarter of 2015, an increase of $6.1 million from the second quarter of 2014. The increase was primarily related to a $5.9 million increase in the non-cash, fair value adjustment related to the exercise of all our remaining stock warrants.

Income Tax Expense. We recorded an income tax benefit of $0.2 million in the second quarter of 2015 compared to $0.2 million of income tax expense in the second quarter of 2014. We recorded a reduction in the after-tax, non-cash valuation allowance on our net deferred tax assets of $1.3 million and $4.1 million during the three months ended June 30, 2015 and 2014, respectively. Absent this valuation allowance, our effective tax rate would have been 33.2% and 39.5% in the second quarters of 2015 and 2014, respectively.

Six Months Ended June 30, 2015 Compared with the Six Months Ended June 30, 2014

Sales. Sales for the six months ended June 30, 2015 were $832.5 million, a 7.8% increase over sales of $772.5 million for the six months ended June 30, 2014. Sales increased 5.1% due to recent acquisitions for the six months ended June 30, 2015 compared to the same period one year ago. Excluding the impact of recent acquisitions, we estimate sales increased 4.0% due to increased volume, which was partially offset by a 1.3% decrease due to the impact of commodity price deflation on sales. According to the U.S. Census Bureau, actual U.S. single-family housing starts increased 9.1% in the first six months of 2015 compared to the first six months of 2014. In the South Region, which encompasses our entire geographic footprint, actual single-family housing starts increased 12.1% compared to the first six months of 2014, and single-family units under construction increased 6.4% over this same time period.

The following table shows sales classified by product category (dollars in millions):

	Six Months Ended June 30,							
	2015			2014				
	Sales	% of Sales		Sales	% of Sales		% Change	
Prefabricated components	$181.5	21.8	%	$161.5	20.9	%	12.4	%
Windows & doors	185.5	22.3	%	167.1	21.6	%	11.0	%
Lumber & lumber sheet goods	254.6	30.6	%	259.5	33.6	%	(1.9	)%
Millwork	88.2	10.6	%	73.6	9.5	%	19.9	%
Other building products & services	122.7	14.7	%	110.8	14.4	%	10.7	%
Total sales	$832.5	100.0	%	$772.5	100.0	%	7.8	%

Increased sales were achieved across all product categories, except lumber and lumber sheet goods, primarily due to increased volume. The decrease in sales for lumber and lumber sheet goods is primarily due to a 7.9% decrease in market prices for lumber and lumber sheet goods in the first six months of 2015 compared to the first six months of 2014, which was mostly offset by an increase in sales volume.

Gross Margin. Gross margin increased $25.6 million to $194.3 million. In addition, our gross margin percentage increased to 23.3% in the first six months of 2015 from 21.8% in the first six months of 2014, a 1.5% increase. Our gross margin percentage increased primarily due to improved customer pricing relative to our costs and a higher mix of value-added sales in the first six months of 2015 compared to the first six months of 2014.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $31.6 million, or 21.7%. Our salaries and benefits expense, excluding stock compensation expense, was $105.1 million, an increase of $13.4 million from the first six months of 2014 primarily due to a 6.7% increase in full-time equivalent employees related to recent acquisitions and increased sales volume. Stock compensation expense increased $1.5 million due to recent stock option and restricted stock unit grants. Office general and administrative expense increased $13.6 million primarily due to acquisition costs related to the recently announced ProBuild transaction. Occupancy expense increased $1.0 million due to recent acquisitions and expansions at existing facilities. Delivery expense increased $0.9 million largely due to increased sales volume.

As a percentage of sales, selling, general and administrative expenses increased from 18.9% in the first six months of 2014 to 21.3% in the first six months of 2015. As a percentage of sales, salaries and benefits expense, excluding stock compensation expense, increased 0.7%, stock compensation expense increased 0.2%, office general and administrative expense increased 1.5%, occupancy costs were consistent with the first six months of 2014, and delivery expenses decreased 0.1%. The increase in selling, general and administrative expenses, as a percentage of sales, was primarily due to the factors discussed above, and to a lesser degree, the negative impact of commodity price deflation on our sales.

Interest Expense, Net. Interest expense was $20.2 million in the first six months of 2015, an increase of $4.8 million from the first six months of 2014. The increase was primarily related to a $4.5 million increase in the non-cash, fair value adjustment related to the exercise of all our remaining stock warrants.

Income Tax Expense. We recorded an income tax benefit of $0.0 million during the six months ended June 30, 2015 compared to income tax expense of $0.1 million during the six months ended June 30, 2014. We recorded an increase in the after-tax, non-cash valuation allowance on our net deferred tax assets of $1.8 million during the six months ended June 30, 2015 and a reduction of the after-tax, non-cash valuation allowance of $3.0 million during the six months ended June 30, 2014. Absent this valuation allowance, our effective tax rate would have been 50.5% and 42.4% for the six months ended June 30, 2015 and 2014, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary capital requirements are to fund working capital needs and operating expenses, meet required interest and principal payments, and to fund capital expenditures and potential future acquisitions. Our capital resources at June 30, 2015 consist of cash on hand and borrowing availability under our revolving credit facility.

Our $175.0 million senior secured revolving credit facility (“2013 facility”) has been primarily used for working capital, general corporate purposes, and funding acquisitions. Availability under the 2013 facility is determined by a borrowing base. Our borrowing base consists of trade accounts receivable, inventory and other receivables, including progress billings and credit card receivables, that meet specific criteria contained within the credit agreement, minus agent specified reserves. Net borrowing availability is equal to the maximum borrowing amount minus outstanding borrowings and letters of credit.

The following table shows our borrowing base and excess availability as of June 30, 2015 and December 31, 2014 (in millions):

	As of June 30, 2015	December 31, 2014
Accounts Receivable Availability	$132.1	$ 102.8
Inventory Availability	82.7	79.6
Other Receivables Availability	10.7	11.5
Gross Availability	225.5	193.9
Less:		
Agent Reserves	(9.2)	(8.0)
Borrowing Base	216.3	185.9
Aggregate Revolving Commitments	175.0	175.0
Maximum Borrowing Amount (lesser of Borrowing Base and Aggregate Revolving Commitments)	175.0	175.0
Less:		
Outstanding Borrowings	(55.0)	(30.0)
Letters of Credit	(16.4)	(15.6)
Net Borrowing Availability on Revolving Facility	$103.6	$ 129.4
Plus:		
Cash in Qualified Accounts	39.2	16.7
Excess Availability, as defined	$142.8	$ 146.1

As of June 30, 2015, we had $55.0 million in outstanding borrowings under our 2013 facility and our net borrowing availability was $103.6 million after being reduced by outstanding letters of credit of approximately $16.4 million. Excess availability is the sum of our net borrowing availability plus qualified cash, defined as cash on deposit that is subject to a control agreement in favor of the agent. Excess availability must equal or exceed a minimum specified amount, currently $17.5 million, or we are required to meet a fixed charge coverage ratio of 1 to 1. At June 30, 2015, our excess availability was $142.8 million, including $103.6 million in net borrowing availability and $39.2 million in qualified cash. We were not in violation of any covenants or restrictions imposed by any of our debt agreements at June 30, 2015.

Liquidity

Our liquidity at June 30, 2015 was $143.8 million, which includes $103.6 million in net borrowing availability under the 2013 facility and $40.2 million of cash on hand. On July 31, 2015, we acquired ProBuild and all of its operating affiliates for $1.63 billion in cash, subject to certain adjustments. The purchase price was funded with the net cash proceeds from (i) the issuance of $700.0 million in aggregate principal amount of 2023 notes, (ii) the entry into a new $600.0 million term loan facility, (iii) a $295.0 million draw on the 2015 facility and, (iv) a public offering of 9.2 million new shares of our common stock at an offering price of $12.80 per share, subject, in each case, to applicable discounts, commissions, fees, and expenses. In addition, $350.0 million in aggregate principal amount of 7.625% senior secured notes due 2021 ("2021 notes") remain outstanding. Our estimated liquidity upon closing the ProBuild acquisition was over $500.0 million consisting of cash on hand and borrowing availability under the 2015 facility.

We have substantially increased indebtedness following completion of the ProBuild acquisition in comparison to our indebtedness on a recent historical basis, which will increase our interest expense and could have the effect of, among other things, reducing our flexibility to respond to changing business and economic conditions. For more information regarding the effect of the ProBuild acquisition on our liquidity please refer to our Registration Statement on Form S-3 (Registration No. 333-203824) and the related prospectus supplement.

Should the current industry conditions deteriorate or we pursue additional acquisitions, we may be required to raise additional funds through the sale of common stock or debt in the public capital markets or in privately negotiated transactions. There can be no assurance that any of these financing options would be available on favorable terms, if at all. Alternatives to help supplement our liquidity position could include, but are not limited to, idling or permanently closing additional facilities, adjusting our headcount in response to current business conditions, attempts to renegotiate leases, and divesting of non-core businesses. There are no assurances that these steps would prove successful.

Consolidated Cash Flows

Cash provided by operating activities was $17.6 million and $0.7 million for the six months ended June 30, 2015 and 2014, respectively. Our working capital decreased $4.0 million in the first six months of 2015 compared to an increase of $13.3 million in the first six months of 2014. The remaining change is due to a $0.4 million decrease in cash provided by operations largely attributable to costs associated with the ProBuild transaction.

Cash used in investing activities was $19.9 million and $20.8 million for the six months ended June 30, 2015 and 2014, respectively. The change is primarily due to a $2.9 million decrease in cash used for acquisitions during the six months ended June 30, 2015 compared to the six months ended June 30, 2014. However, this decrease was mostly offset by a $2.2 million increase in capital expenditures over the same period. The increase in capital expenditures during the six months ended June 30, 2015 primarily relates to purchasing machinery, equipment and vehicles to support sales growth and to increase capacity at existing locations.

Cash provided by financing activities increased $24.8 million for the six months ended June 30, 2015 compared to the six months ended June 30, 2014. The change primarily related to our additional $25.0 million borrowing under our 2013 facility in the first quarter of 2015.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2015 the Financial Accounting Standards Board (‘FASB”) issued an update to the existing guidance under the Inventory topic of the Codification. This update changes the subsequent measurement of inventory from lower of cost or market to lower of cost and net realizable value. This guidance is effective for interim and annual reporting periods beginning after December 15, 2016. Early adoption of this guidance is permitted as of the beginning of an interim or annual reporting period. This guidance requires prospective application. We are currently evaluating the impact of this guidance on our financial statements.

In April 2015 the FASB issued an update to the existing guidance under the Interest topic of the Accounting Standards Codification (“Codification”). This update requires debt issuance costs to be presented on the balance sheet as a direct reduction from the carrying amount of the related debt liability instead of a deferred charge. This guidance is effective for interim and annual reporting periods beginning after December 15, 2015. This guidance requires retrospective application. Early adoption is permitted for financial statements that have not been previously issued. As of June 30, 2015 we had $8.3 million in debt issuance costs related to long-term debt which will be reclassified from other assets upon adoption of this standard.

In January 2015 the FASB issued an update to the existing guidance under the Income Statement topic of the Codification. This update eliminates the concept of extraordinary items and the requirement to assess whether an event or transaction is both unusual in nature and infrequent in occurrence and to separately present any such items on the statement of operations after income from continuing operations. Under the updated guidance such items will either be presented as a separate component of income from continuing operations or disclosed in the notes to the financial statements. This guidance is effective for interim and annual periods beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption, but not required. The guidance allows either prospective or retrospective methods of adoption. We do not currently expect that the adoption of this update will have an impact on our financial statements.

In August 2014, the FASB issued an update to the existing guidance under the Presentation of Financial Statements topic of the Codification. This update requires management to perform interim and annual assessments on whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date the financial statements are issued and to provide related disclosures, if required. This new guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted, but not required. We are currently evaluating the impact of this guidance on our financial statements.

In May 2014, the FASB issued an update to the existing guidance under the Revenue Recognition topic of the Codification which is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This new guidance was originally effective for annual reporting periods beginning after December 15, 2016. However, in July 2015 the FASB approved an optional one year deferral of the effective date to annual reporting periods beginning after December 15, 2017. As such, this guidance will be effective for us beginning on January 1, 2018. Early adoption is permitted;

however, this guidance cannot be adopted earlier than the original effective date. This guidance allows either full retrospective or modified retrospective methods of adoption. We are currently evaluating the impact of this guidance on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We may experience changes in interest expense if changes in our debt occur. Changes in market interest rates could also affect our interest expense. Our 2021 notes bear interest at a fixed rate, therefore, our interest expense related to the 2021 notes would not be affected by an increase in market interest rates. Borrowings under the 2013 facility bear interest at either a base rate or eurodollar rate, plus, in each case, an applicable margin. At June 30, 2015, a 1.0% increase in interest rates would result in approximately $0.6 million in additional interest expense annually as we had $55.0 million in outstanding borrowings under the 2013 facility. The 2013 facility also assesses variable commitment and outstanding letter of credit fees based on quarterly average loan utilization.

We purchase certain materials, including lumber products, which are then sold to customers as well as used as direct production inputs for our manufactured products that we deliver. Short-term changes in the cost of these materials and the related in-bound freight costs, some of which are subject to significant fluctuations, are sometimes, but not always, passed on to our customers. Our delayed ability to pass on material price increases to our customers can adversely impact our operating results.

Item 4. Controls and Procedures

Controls Evaluation and Related CEO and CFO Certifications. Our management, with the participation of our principal executive officer (“CEO”) and principal financial officer (“CFO”), conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. The controls evaluation was conducted by our Disclosure Committee, comprised of senior representatives from our finance, accounting, internal audit, and legal departments under the supervision of our CEO and CFO.

Certifications of our CEO and our CFO, which are required in accordance with Rule 13a-14 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), are attached as exhibits to this quarterly report. This “Controls and Procedures” section includes the information concerning the controls evaluation referred to in the certifications, and it should be read in conjunction with the certifications for a more complete understanding of the topics presented.

Limitations on the Effectiveness of Controls. We do not expect that our disclosure controls and procedures will prevent all errors and all fraud. A system of controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Because of the limitations in all such systems, no evaluation can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Furthermore, the design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how unlikely. Because of these inherent limitations in a cost-effective system of controls and procedures, misstatements or omissions due to error or fraud may occur and not be detected.

Scope of the Controls Evaluation. The evaluation of our disclosure controls and procedures included a review of their objectives and design, the Company's implementation of the controls and procedures and the effect of the controls and procedures on the information generated for use in this quarterly report. In the course of the evaluation, we sought to identify whether we had any data errors, control problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken if needed. This type of evaluation is performed on a quarterly basis so that conclusions concerning the effectiveness of our disclosure controls and procedures can be reported in our quarterly reports on Form 10-Q. Many of the components of our disclosure controls and procedures are also evaluated by our internal audit department, our legal department and by personnel in our finance organization. The overall goals of these various evaluation activities are to monitor our disclosure controls and procedures on an ongoing basis, and to maintain them as dynamic systems that change as conditions warrant.

Conclusions regarding Disclosure Controls. Based on the required evaluation of our disclosure controls and procedures, our CEO and CFO have concluded that, as of June 30, 2015, we maintain disclosure controls and procedures that are effective in providing reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. During the period covered by this report, there have been no changes in our internal control over financial reporting identified in connection with the evaluation described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various claims and lawsuits incidental to the conduct of our business in the ordinary course. We carry insurance coverage in such amounts in excess of our self-insured retention as we believe to be reasonable under the circumstances and that may or may not cover any or all of our liabilities in respect of claims and lawsuits. We do not believe that the ultimate resolution of these matters will have a material adverse impact on our consolidated financial position, cash flows or results of operations.

Although our business and facilities are subject to federal, state and local environmental regulation, environmental regulation does not have a material impact on our operations. We believe that our facilities are in material compliance with such laws and regulations. As owners and lessees of real property, we can be held liable for the investigation or remediation of contamination on such properties, in some circumstances without regard to whether we knew of or were responsible for such contamination. Our current expenditures with respect to environmental investigation and remediation at our facilities are minimal, although no assurance can be provided that more significant remediation may not be required in the future as a result of spills or releases of petroleum products or hazardous substances or the discovery of unknown environmental conditions.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part 1, "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2014, which could materially affect our business, financial condition or future results. The risks described in our annual report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

For information regarding risk factors related to the ProBuild acquisition please refer to the "Risk Factors" section in our Registration Statement on Form S-3 (Registration No. 333-203824) and the related prospectus supplement.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

(a) On April 14, 2015, the Company issued 569,655 shares of its common stock to Highbridge Onshore Senior Investments, LLC ("Highbridge") upon the cashless exercise of warrants held by Highbridge to purchase 700,000 shares of the Company's common stock at a price of $2.50 per share. In the cashless exercise, Highbridge surrendered its right to receive 130,345 shares of our common stock in payment of the exercise price. These shares had a value of $1,749,999 based on the dollar volume-weighted average price of our common stock on the exercise date. The shares of common stock were issued in reliance on the exemption from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended.

Use of Proceeds

(b) Not applicable

Company Stock Repurchases

(c) The following table provides information with respect to our purchases of Builders FirstSource, Inc. common stock during the second quarter of fiscal year 2015:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
April 1, 2015 — April 30, 2015	—	$ —	—	—
May 1, 2015 — May 31, 2015	3,647	11.57	—	—
June 1, 2015 — June 30, 2015	—	—	—	—
Total	3,647	$ 11.57	—	—

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The shares presented in the above table represent stock tendered in order to meet minimum withholding tax requirements for restricted stock units vested.

Item 3. Defaults Upon Senior Securities

(a) None

(b) None

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, we may be required to disclose in our annual and quarterly reports to the SEC whether we or any of our “affiliates” knowingly engaged in certain activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by US economic sanctions. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Because the SEC defines the term “affiliate” broadly, it includes any entity under common “control” with us (and the term “control” is also construed broadly by the SEC).

The description of the activities below has been provided to us by Warburg Pincus LLC (“WP”), affiliates of which: (i) beneficially own more than 10% of our outstanding common stock and are members of our board of directors and (ii) beneficially own more than 10% of the equity interests of, and have the right to designate members of the board of directors of, Santander Asset Management Investment Holdings Limited (“SAMIH”). SAMIH may therefore be deemed to be under common “control” with us. However, this statement is not meant to be an admission that common control exists.

The disclosure below relates solely to activities conducted by SAMIH and their non-U.S. affiliates that may be deemed to be under common “control” with us. The disclosure does not relate to any activities conducted by us or by WP and does not involve our or WP’s management. Neither we nor WP has had any involvement in or control over the disclosed activities of SAMIH, and neither we nor WP has independently verified or participated in the preparation of the disclosure. Neither we nor WP is representing as to the accuracy or completeness of the disclosure, nor do we or WP undertake any obligation to correct or update it.

We understand that SAMIH’s affiliates intend to disclose in their next annual or quarterly SEC report that “Santander UK holds frozen savings and current accounts for two customers resident in the U.K. who are currently designated by the U.S. for terrorism. The accounts held by each customer were blocked after the customer’s designation and have remained blocked and dormant throughout the first half of 2015. No revenue has been generated by Santander UK on these accounts.

An Iranian national, resident in the U.K., who is currently designated by the U.S. under the Iranian Financial Sanctions Regulations and the Weapons of Mass Destruction Proliferators Sanctions Regulations (“NPWMD sanctions program”), holds a mortgage with Santander UK that was issued prior to any such designation. No further drawdown has been made (or would be allowed) under this mortgage although Santander UK continues to receive repayment installments. In the first half of 2015, total revenue in connection with the mortgage was approximately £1,780 while net profits were negligible relative to the overall profits of Santander UK. Santander UK does not intend to enter into any new relationships with this customer, and any disbursements will only be made in accordance with applicable sanctions. The same Iranian national also holds two investment accounts with Santander Asset Management UK Limited. The accounts have remained frozen during the first half of 2015. The investment returns are being automatically reinvested, and no disbursements have been made to the customer. Total revenue for the Group in connection with the investment accounts was approximately £120 while net profits in the first half of 2015 were negligible relative to the overall profits of Banco Santander, S.A.

(b) None

Item 6. Exhibits

Exhibit Number	Description
2.1	Securities Purchase Agreement, dated as of April 13, 2015, by and among Builders FirstSource, Inc. and ProBuild Holdings LLC (incorporated by reference to Exhibit 2.1 to Amendment No. 1 to the Registration Statement of the Company on Form S-3, filed with the Securities and Exchange Commission on May 28, 2015, File Number 333-203824)
3.1	Amended and Restated Certificate of Incorporation of Builders FirstSource, Inc. (incorporated by reference to Exhibit 3.1 to Amendment No. 4 to the Registration Statement of the

	Company on Form S-1, filed with the Securities and Exchange Commission on June 6, 2005, File Number 333-122788)
3.2	Amended and Restated By-Laws of Builders FirstSource, Inc. (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 5, 2007, File Number 0-51357)
4.1	Registration Rights Agreement, dated as of January 21, 2010, among Builders FirstSource, Inc., JLL Partners Fund V, L.P., and Warburg Pincus Private Equity IX, L.P. (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K,

	filed with the Securities Exchange Commission on January 22, 2010, File Number 0-51357)
4.2	Indenture, dated as of May 29, 2013, among Builders FirstSource, Inc., the guarantors party thereto, and Wilmington Trust Company, as trustee (form of Note included therein) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities Exchange Commission on June 3, 2013, File Number 0-51357)
4.3*	Supplemental Indenture to the Indenture dated as of May 29, 2013, dated as of July 31, 2015, among the Company, the Guaranteeing Subsidiaries (as defined therein) and Wilmington Trust, National

	Association, as trustee
4.4	Indenture, dated as of July 31, 2015, among the Company, the Guarantors (as defined therein), and Wilmington Trust, National Association, as trustee (form of Note included therein) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 6, 2015, File Number 0-51357)
4.5	Supplemental Indenture to the Indenture dated as of July 31, 2015, dated as of July 31, 2015, among the Company, the Guaranteeing Subsidiaries (as defined therein) and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 to

	the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 6, 2015, File Number 0-51357)
31.1*	Certification of Chief Executive Officer pursuant to 17 CFR 240.13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by Floyd F. Sherman as Chief Executive Officer
31.2*	Certification of Chief Financial Officer pursuant to 17 CFR 240.13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed by M. Chad Crow as Chief Financial Officer
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant

	to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Floyd F. Sherman as Chief Executive Officer and M. Chad Crow as Chief Financial Officer
101*	The following financial information from Builders FirstSource, Inc.'s Form 10-Q filed on August 7, 2015, formatted in eXtensible Business Reporting Language ("XBRL"): (i) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2015 and 2014, (ii) Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014, (iii) Condensed Consolidated Statements of

Cash Flows for the six months ended June 30, 2015 and 2014, and (iv) the Notes to Condensed Consolidated Financial Statements.

* Filed herewith.

** Builders FirstSource, Inc. is furnishing, but not filing, the written statement pursuant to Title 18 United States Code 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, of Floyd F. Sherman, our Chief Executive Officer, and M. Chad Crow, our Chief Financial Officer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BUILDERS FIRSTSOURCE, INC.

/s/ FLOYD F. SHERMAN
Floyd F. Sherman
Chief Executive Officer
(Principal Executive Officer)

August 7, 2015

/s/ M. CHAD CROW
M. Chad Crow
President, Chief Operating Officer, and
Chief Financial Officer
(Principal Financial Officer)

August 7, 2015

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