Owens Corning U.S. Holdings, LLC
Form 424B5
August 05, 2016
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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per unit**	**Proposed maximum aggregate offering price**	**Amount of registration fee (1)**
3.400% Senior Notes due 2026	$400,000,000	99.587%	$398,348,000	$40,113.65
Guarantees of 3.400% Senior Notes due 2026	(2)	(2)	(2)	(2)

(1) This filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended, at the statutory rate of $100.70 per $1,000,000 of securities registered and relating to the Registration Statement on Form S-3 (No. 333-202011) filed by Owens Corning on February 11, 2015.

(2) In accordance with Rule 457(n) under the Securities Act of 1933, as amended, no separate fee is payable with respect to guarantees of the senior notes being registered.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-202011

PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 11, 2015)

$400,000,000

Owens Corning

3.400% Senior Notes due 2026

We are offering $400,000,000 aggregate principal amount of 3.400% Senior Notes due 2026, which we refer to in this prospectus supplement as the notes. Interest on the notes is payable semi-annually in arrears on February 15 and August 15 each year, beginning on February 15, 2017. The notes will mature on August 15, 2026. We may redeem the notes at any time and from time to time prior to maturity, in whole or in part, for cash at the applicable redemption price described in this prospectus supplement, plus accrued and unpaid interest to, but not including, the redemption date. See Description of the Notes Optional Redemption. If we undergo a Change of Control Repurchase Event (as defined herein), holders may require us to repurchase the notes in whole or in part for cash at a price equal to 101% of the principal amount of the notes to be purchased, plus any accrued and unpaid interest to, but not including, the repurchase date. See Description of the Notes Change of Control. Notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.

We intend to use the net proceeds from the sale of the notes offered hereby for general corporate purposes, including to exercise the make-whole call to redeem all of our outstanding 6.50% senior notes due December 1, 2016, or 2016 Notes, and to repay outstanding debt, including but not limited to a portion of the borrowings under our Receivables Securitization Facility (as defined herein).

The notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The notes will be fully and unconditionally guaranteed by each of our current and future domestic subsidiaries that is a borrower or guarantor under our Credit Agreement (as defined herein). The guarantees will be unsecured and will rank equally in right of payment with all other existing and future senior unsecured indebtedness of the guarantors. The guarantees will be effectively subordinated to existing and future secured debt of the guarantors to the extent of the assets securing that indebtedness.

The notes are a new issue of securities with no established trading market. We do not intend to list the notes on any securities exchange or include the notes in any automated quotation system.

Investing in the notes involves risks that are described or referred to in the section titled Risk Factors beginning on page S-12 of this prospectus supplement. You should consider carefully such risks before

investing in the notes.

	Per Note	Total
Public offering price(1)	99.587%	$398,348,000
Underwriting discount	0.650%	$ 2,600,000
Proceeds, before expenses, to Owens Corning	98.937%	$395,748,000

(1) Plus accrued interest from August 8, 2016, if settlement occurs after that date.

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

We expect that the notes will be ready for delivery to investors in book-entry form through The Depository Trust Company and its participants (including Euroclear Bank, S.A./N.V. and Clearstream Banking, *societé anonyme*) on or about August 8, 2016.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **Wells Fargo Securities**
Goldman, Sachs & Co.

Co-Managers

J.P. Morgan **PNC Capital Markets LLC** **Scotiabank**
BB&T Capital Markets **BNP PARIBAS** **Fifth Third Securities**
HSBC **Loop Capital Markets** **SunTrust Robinson Humphrey**
US Bancorp

The date of this prospectus supplement is August 3, 2016.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and the securities we may offer from time to time, some of which may not apply to this offering. This prospectus supplement describes the specific details regarding this offering. Generally, when we refer to the prospectus, we are referring to both documents combined. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus that we may provide to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus or any document incorporated by reference is accurate as of any date other than the date mentioned on the respective cover page of these documents. Our business, financial condition, results of operations and prospects may have changed since those respective dates. We are not, and the underwriters are not, making offers to sell the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

References in this prospectus supplement to the terms Owens Corning, Company, we, our and us refer to Owens Corning, a Delaware corporation, and its subsidiaries, unless we state otherwise or the context indicates otherwise.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Our disclosures and analysis in this prospectus supplement and the accompanying prospectus and the materials we have filed or will file with the Securities and Exchange Commission, or the SEC, including documents incorporated by reference or deemed incorporated by reference herein or therein, as well as information included in our other written or oral statements, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Forward-looking statements present our current forecasts and estimates of future events. These statements do not strictly relate to historical or current results and can be identified by words such as anticipate, appear, assume, believ estimate, expect, forecast, intend, likely, may, plan, project, seek, should, strategy, will and meaning or import in connection with any discussion of future operating, financial or other performance. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected in the statements. These risks, uncertainties and other factors include, without limitation: relationships with key customers; levels of residential and commercial construction activity; competitive and pricing factors; levels of global industrial production; demand for our products; industry and economic conditions that affect the market and operating conditions of our customers, suppliers or lenders; foreign exchange and commodity price fluctuations; our level of indebtedness; weather conditions; availability and cost of credit; availability and cost of energy and raw materials; issues involving implementation and protection of information technology systems; domestic and international economic and political conditions, including new legislation or other governmental actions; labor disputes; legal and regulatory proceedings, including litigation and environmental actions; our ability to utilize our net operating loss carryforwards; research and development activities and intellectual property protection; interest rate movements; uninsured losses; issues related to acquisitions divestitures and joint ventures; achievement of expected synergies and cost reductions and/or productivity improvements; and defined benefit plan funding obligations.

All forward-looking statements in this prospectus supplement and the accompanying prospectus (including documents incorporated by reference or deemed incorporated by reference herein or therein) should be considered in the context of the risks and other factors described above and in Item 1A Risk factors in Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Any forward-looking statements speak only as of the date the statement is made and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws. It is not possible to identify all of the risks, uncertainties and other factors that may affect future results. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus supplement and the accompanying prospectus and the documents incorporated or deemed incorporated by reference herein and therein may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, users of this prospectus supplement and the accompanying prospectus (including documents incorporated by reference or deemed incorporated by reference herein or therein) are cautioned not to place undue reliance on the forward-looking statements.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational reporting requirements of the Exchange Act. We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available over the Internet at the SEC s website at www.sec.gov. You may read and copy any reports, statements and other information filed by us at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the Public Reference Room. You may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

We make available free of charge on or through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. You may access these documents on the Investor Relations page of our website at *www.owenscorning.com*. We do not intend for information contained on or accessible through our website to be part of this prospectus, other than the documents that we file with the SEC that are incorporated by reference into this prospectus supplement or the accompanying prospectus.

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INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in or omitted from this prospectus supplement, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the completion of the offering of securities described in this prospectus supplement:

- our Annual Report on Form 10-K (File No. 001-33100) for the year ended December 31, 2015;

- our Quarterly Reports on Form 10-Q (File No. 001-33100) for the quarterly periods ended March 31, 2016 and June 30, 2016; and

- our Current Reports on Form 8-K (File No. 001-33100) filed with the SEC on February 10, 2016, February 24, 2016 and April 22, 2016.

We will not, however, incorporate by reference in this prospectus supplement any documents or portions thereof that are not deemed filed with the SEC, including any information furnished pursuant to Item 2.02 or Item 7.01 of our current reports on Form 8-K unless, and except to the extent, specified in such current reports.

You may obtain copies of these filings without charge by requesting the filings in writing or by telephone at the following address.

Owens Corning

One Owens Corning Parkway

Toledo, Ohio 43659

Attention: Corporate Secretary

Telephone: (419) 248-8000

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information from this prospectus supplement and does not contain all of the information that you should consider in making your investment decision. You should read this summary together with the more detailed information appearing elsewhere in this prospectus supplement, as well as the information in the accompanying prospectus and in the documents incorporated by reference or deemed incorporated by reference into this prospectus supplement or the accompanying prospectus. You should carefully consider, among other things, the matters discussed in the sections titled Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. In addition, certain statements include forward-looking information that involves risks and uncertainties. See Cautionary Statement Concerning Forward-Looking Statements above.

Our Company

Owens Corning is a world leader in composite and building materials systems, delivering a broad range of high-quality products and services. Our products range from glass fiber used to reinforce composite materials for transportation, electronics, marine, infrastructure, wind-energy and other high-performance markets to insulation and roofing for residential, commercial and industrial applications. The Company s business operations have been reported, as disclosed in our historical financial statements incorporated by reference herein, within three reportable segments: Composites, which includes our Reinforcements and Downstream businesses; Insulation; and Roofing, which includes the InterWrap (as defined herein) business. Through these lines of business, we manufacture and sell products worldwide. We maintain leading market positions in many of our major product categories.

Our principal executive offices are located at One Owens Corning Parkway, Toledo, Ohio 43659 and our telephone number is (419) 248-8000.

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The Offering

The following summary contains basic information about the notes. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this prospectus supplement titled Description of the Notes and the section of the accompanying prospectus titled Description of Debt Securities.

Issuer	Owens Corning.
Notes Offered	$400,000,000 aggregate principal amount of 3.400% Senior Notes due 2026.
Maturity	August 15, 2026.
Interest Payment Dates	February 15 and August 15 of each year, beginning February 15, 2017.
Guarantees	All payments with respect to the notes (including principal and interest) will be fully and unconditionally guaranteed, jointly and severally, by each of our current and future domestic subsidiaries that is a borrower or guarantor under our Amended and Restated Credit Agreement, which we refer to as our Credit Agreement.
Ranking	The notes and the subsidiary guarantees will be our and the guarantors general senior unsecured obligations. They will rank equally in right of payment with our and the guarantors existing and future senior unsecured indebtedness. The notes and the subsidiary guarantees will be effectively subordinated to any of our and the guarantors existing and future secured debt, to the extent of the value of the collateral securing such debt, and will be structurally subordinated to all existing and future obligations of our subsidiaries that are not guarantors.
	The indenture does not restrict our ability or the ability of our subsidiaries to incur other unsecured indebtedness. At June 30, 2016:

our consolidated senior secured indebtedness, including capital leases, totaled approximately $143 million;

our consolidated senior unsecured indebtedness totaled approximately $2,124 million; and

our subsidiaries guaranteeing the notes had indebtedness, including subsidiary guarantees of the Company s indebtedness, of approximately $2,148 million, of which approximately $15 million was secured.

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	As of and for the six months ended June 30, 2016, and the fiscal year ended December 31, 2015, including eliminations for investments in subsidiaries and intercompany transactions between and among our non-guarantor subsidiaries, our non-guarantor subsidiaries (i) had net sales of $1,025 million and $1,944 million and net earnings attributable to Owens Corning of $147 million and $224 million, respectively, (ii) had total assets of $3,150 million and $2,523 million, respectively, and (iii) had indebtedness of $128 million and $27 million, respectively. For a presentation of the financial information required by Rule 3-10 of Regulation S-X for our subsidiaries guaranteeing the notes and our non-guarantor subsidiaries, see Note to Consolidated Financial Statements No. 19, Condensed Consolidating Financial Statements, in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 and Note to Consolidated Financial Statements No. 21, Condensed Consolidating Financial Statements, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
Optional Redemption	The notes will be redeemable, in whole at any time or in part from time to time, at our option. If we elect to redeem the notes prior to May 15, 2026 (three months prior to the maturity date of the notes), the redemption price will include a make-whole premium, plus accrued and unpaid interest to, but not including, the redemption date. If we elect to redeem the notes on or after May 15, 2026 (three months prior to the maturity date of the notes), we will pay a redemption price of 100% of the aggregate principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date. See Description of the Notes Optional Redemption in this prospectus supplement.
Change of Control	If we experience a Change of Control Repurchase Event, we will be required to make an offer to repurchase the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date. See Description of the Notes Change of Control in this prospectus supplement.

Certain Covenants	The indenture governing the notes contains certain covenants that limit, among other things, our ability and the ability of our subsidiaries to: incur liens on certain properties to secure debt; engage in sale-leaseback transactions; and

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	merge or consolidate with another entity or sell, lease or transfer substantially all of our properties or assets to another entity.
	These covenants are subject to a number of important exceptions and limitations, which are described in the sections titled Description of Debt Securities Certain Covenants and Description of Debt Securities Merger or Consolidation in the accompanying prospectus.
Sinking Fund	None.
Use of Proceeds	We estimate the net proceeds to us from the sale of the notes will be approximately $394.5 million, after deducting the underwriting discount and other expenses of the offering payable by us. We intend to use the net proceeds from the sale of the notes offered hereby for general corporate purposes, including to exercise the make-whole call to redeem all of our outstanding 2016 Notes and to repay outstanding debt, including but not limited to a portion of the borrowings under our Receivables Securitization Facility. See Use of Proceeds.
Conflicts of Interest	Certain affiliates of the underwriters hold some of our 2016 Notes, participate in our Amended and Restated Receivables Securitization Facility, which we refer to as our Receivables Securitization Facility, and are lenders under our Credit Agreement and our incremental term loan under our Credit Agreement, which we refer to as our Incremental Term Loan, and may receive some of the net proceeds from this offering. In the event that any of the underwriters, together with their respective affiliates, receives at least 5% of the net proceeds of this offering, such underwriter will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. However, in accordance with FINRA Rule 5121, no qualified independent underwriter is required because the notes are investment grade-rated by one or more nationally recognized statistical rating agencies. See Underwriting Conflicts of Interest in this prospectus supplement.

Denominations	The notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.
Form of Note	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company,

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	or DTC, or its nominee. See Description of the Notes Book-Entry, Delivery and Form.
Trustee	Wells Fargo Bank, National Association.
Governing Law	The laws of the State of New York govern the indenture and the notes, without regard to conflicts of law principles thereof.
Risk Factors	An investment in the notes involves risks. Please refer to the risk factors in this prospectus supplement and in the accompanying prospectus and the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

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Summary Consolidated Financial Data

The table below sets forth a summary of our consolidated financial data for the periods presented. We derived the financial data as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 from our audited financial statements incorporated by reference in this prospectus supplement, except where noted by footnote (a). We derived the financial data as of December 31, 2013 from our audited financial statements that are not incorporated herein by reference, except where noted by footnote (a). The consolidated financial data as of June 30, 2016 and for the six months ended June 30, 2016 and 2015 are derived from our unaudited financial statements incorporated by reference in this prospectus supplement, except where noted by footnotes (a) and (b). The interim unaudited consolidated financial data have been prepared in accordance with United States generally accepted accounting principles for interim financial information and the instructions to Form 10-Q. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation for such periods have been included. The results for the six months ended June 30, 2016 may not necessarily be indicative of full-year results. Prospective investors should read the summary of consolidated financial data in conjunction with our consolidated financial statements, the related notes and other financial information incorporated by reference in this prospectus supplement.

	Six Months Ended June 30,		Twelve Months Ended December 31,		
(in millions except per share data)	**2016**	**2015**	**2015**	**2014**	**2013**
Statement of Earnings (Loss) Data:					
NET SALES	$ 2,776	$ 2,606	$ 5,350	$ 5,260	$ 5,295
COST OF SALES	2,088	2,089	4,197	4,284	4,329
Gross margin	688	517	1,153	976	966
OPERATING EXPENSES					
Marketing and administrative expenses	285	259	525	487	530
Science and technology expenses	40	35	73	76	77
Charges related to cost reduction actions			(6)	37	8
Other expenses (income), net	7	9	13	(16)	(34)
Total operating expenses	332	303	605	584	581
EARNINGS BEFORE INTEREST AND TAXES	356	214	548	392	385
Interest expense, net	52	52	100	114	112
(Gain) loss on extinguishment of debt		(5)	(5)	46	
EARNINGS BEFORE TAXES	304	167	453	232	273
Income tax expense	107	57	120	5	68
Equity in net earnings of affiliates	1	1	1	1	
NET EARNINGS	198	111	334	228	205
Net earnings attributable to noncontrolling interests	3	2	4	2	1
NET EARNINGS ATTRIBUTABLE TO OWENS CORNING	$ 195	$ 109	$ 330	$ 226	$ 204
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO OWENS CORNING COMMON STOCKHOLDERS					

Basic	$	1.69	$	0.93	$	2.82	$	1.92	$	1.73
Diluted	$	1.67	$	0.92	$	2.79	$	1.91	$	1.71
Dividend	$	0.36	$	0.34	$	0.68	$	0.64	$	
WEIGHTED AVERAGE COMMON SHARES										
Basic		115.3		117.6		117.2		117.5		118.2
Diluted		116.5		118.3		118.2		118.3		119.1
Balance Sheet Data:										
Total assets(a)(b)	$	7,977	$	7,628	$	7,344	$	7,501	$	7,591
Long-term debt, net of current portion(b)	$	2,099	$	2,152	$	1,702	$	1,978	$	2,012
Total equity	$	3,905	$	3,748	$	3,779	$	3,730	$	3,830

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(a) In the first quarter of 2016, the Company discovered an error related to the gross vs. net presentation of certain Value Added Tax balances of its non-guarantor Subsidiaries. In our Form 10-Q for the quarterly period ended March 31, 2016, we revised the previously reported Total assets figure for December 31, 2015, as explained in Note 1 of the Notes to Consolidated Financial Statements on page 7 of such Form 10-Q. Accordingly, we have revised the previously reported figures here by decreasing Total assets for June 30, 2015, December 31, 2014 and December 31, 2013 by $38 million, $41 million and $44 million, respectively. These revisions were not material to any previously issued financial statements.

(b) In the fourth quarter of 2015, the Company adopted Financial Accounting Standard Board Accounting Standards Update 2015-03. The retrospective adoption of this standard resulted in a re-classification of previously reported debt issuance costs. Accordingly, the Total assets and Long-term debt, net of current portion figures for June 30, 2015 have been decreased by $13 million. Please refer to Note 1 of the Notes to Consolidated Financial Statements on page 52 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for additional information on this revision.

RISK FACTORS

An investment in the notes involves risk. Prior to making a decision about investing in our securities, and in consultation with your own financial and legal advisors, you should carefully consider the following risk factors, as well as the risk factors incorporated by reference in this prospectus supplement from our annual report on Form 10-K for the fiscal year ended December 31, 2015 under the heading Risk Factors and other filings we may make from time to time with the SEC. You should also refer to the other information in this prospectus supplement and the accompanying prospectus, including our financial statements and the related notes incorporated by reference in this prospectus supplement. Additional risks and uncertainties that are not yet identified may also materially harm our business, operating results and financial condition and could result in a complete loss of your investment.

Risks Relating to the Notes

The notes will be effectively subordinated to all of our existing and future secured debt, to the existing and future secured debt of our subsidiary guarantors, and to the existing and future debt of our subsidiaries that do not guarantee the notes.

The notes are not secured by any of our assets or the assets of our subsidiary guarantors. As a result, the indebtedness represented by the notes will effectively be subordinated to any secured indebtedness we or our subsidiary guarantors may incur, to the extent of the value of the assets securing such indebtedness. The terms of the indenture permit us and the subsidiary guarantors to incur secured debt, subject to certain limitations. In the event of any distribution or payment of our assets in any dissolution, winding up, liquidation or reorganization, or bankruptcy proceeding, any secured creditors would have a superior claim to their collateral. In the event of the dissolution, winding up, liquidation or reorganization, or bankruptcy proceeding of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. If any of the foregoing occur, we cannot assure you that there will be sufficient assets to pay amounts due on the notes.

The indenture does not restrict our ability or the ability of our subsidiaries to incur other unsecured indebtedness. At June 30, 2016:

- our consolidated senior secured indebtedness, including capital leases, totaled approximately $143 million;
- our consolidated senior unsecured indebtedness totaled approximately $2,124 million; and
- our subsidiaries guaranteeing the notes had indebtedness, including subsidiary guarantees of the Company s indebtedness, of approximately $2,148 million, of which approximately $15 million was secured.

As of and for the six months ended June 30, 2016 and the fiscal year ended December 31, 2015, including eliminations for investments in subsidiaries and intercompany transactions between and among our non-guarantor subsidiaries, our non-guarantor subsidiaries (i) had net sales of approximately $1,025 million and $1,944 million and net earnings attributable to Owens Corning of approximately $147 million and $224 million, respectively, (ii) had total assets of approximately $3,150 million and $2,523 million, respectively, and (iii) had indebtedness of approximately $128 million and $27 million, respectively. For a presentation of the financial information required by Rule 3-10 of Regulation S-X for our subsidiaries guaranteeing the notes and our non-guarantor subsidiaries, see Note to Consolidated Financial Statements No. 19, Condensed Consolidating Financial Statements in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 and Note to Consolidated Financial Statements No. 21, Condensed Consolidating Financial Statements, in our Annual Report on form 10-K for the fiscal year ended December 31, 2015.

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The notes are obligations of Owens Corning and our operations are conducted through, and substantially all of our consolidated assets are held by, our subsidiaries.

The notes are obligations of Owens Corning and are jointly and severally and fully and unconditionally guaranteed by each of our existing and future domestic subsidiaries that is a borrower or a guarantor under our Credit Agreement, but are not otherwise guaranteed. Each of the guarantees may be released upon the occurrence of certain customary circumstances described in Description of the Notes The Subsidiary Guarantees. Our ability to service our debt, including the notes, depends on the results of operations of our subsidiaries and upon the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or unfavorable to us. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time and we may not be able to refinance any of our indebtedness or incur new indebtedness on commercially reasonable terms to us or at all.

We may be unable to repurchase the notes if we experience a change of control and a related downgrade in the credit rating of the notes.

Under certain circumstances, we are required, under the terms of the notes, to offer to purchase all of the outstanding notes at 101% of their principal amount if we experience a change of control and a related downgrade in the credit rating of the notes. Our failure to repay holders tendering notes upon a change of control and related downgrade will result in an event of default under the notes. If a change in control and a related downgrade were to occur, we cannot assure you that we would have sufficient funds to purchase the notes, or any other securities that we would be required to offer to purchase, particularly if that change of control event triggers a similar repurchase requirement for, or results in the acceleration of, other indebtedness. All of our currently outstanding senior notes also are subject to similar change of control repurchase requirements. In addition, our Credit Agreement currently provides that certain change of control events will constitute a default and could result in the acceleration of our indebtedness. We may require additional financing from third parties to fund any such purchases, but we cannot assure you that we would be able to obtain such financing.

The change of control provision may not protect you in the event we consummate a highly leveraged transaction, reorganization, restructuring, merger or other similar transaction, unless such transaction constitutes a change of control repurchase event. Such a transaction may not involve a change of the magnitude required under the definition of change of control or may not result in a ratings downgrade to trigger our obligation to repurchase the notes. Except as described under Description of the Notes Change of Control, the notes do not contain provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

You may not be able to sell your notes if a public market for the notes does not develop.

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any securities exchange or to include the notes in any automated quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. Accordingly, there can be no assurance that a trading market for the notes will develop or be maintained. If the notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent that an active trading market does not develop, you may not be able to resell your notes at their fair market value or at all.

A court may use fraudulent conveyance considerations to avoid or subordinate the subsidiary guarantees.

Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use fraudulent conveyance laws to subordinate or avoid the subsidiary guarantees of the notes issued by any of our subsidiary guarantors. It is also possible that under certain circumstances a court could hold that the direct obligations of a subsidiary guaranteeing the notes could be superior to the obligations under that guarantee. A court could avoid or subordinate the guarantee of the notes by any of our subsidiaries in favor of that subsidiary s other debts or liabilities to the extent that the court determined either of the following were true at the time the subsidiary issued the guarantee:

- that subsidiary incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or that subsidiary contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or

- that subsidiary did not receive fair consideration or reasonable equivalent value for issuing the guarantee and, at the time it issued the guarantee, that subsidiary:

  - was insolvent or rendered insolvent by reason of the issuance of the guarantee;

  - was engaged or about to engage in a business or transaction for which the remaining assets of that subsidiary constituted unreasonably small capital; or

  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, an entity would be considered insolvent for purposes of the foregoing if the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation, or if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and matured.

Among other things, a legal challenge of a subsidiary s guarantee of the notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by that subsidiary as a result of our issuance of the notes. To the extent a subsidiary s guarantee of the notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the note holders would cease to have any claim in respect of that guarantee.

The terms of the indenture and the notes provide only limited protection against significant events that could adversely impact your investment in the notes.

As described under Description of the Notes Change of Control, upon the occurrence of a Change of Control Repurchase Event, holders are entitled to require us to repurchase their notes. However, the definition of the term Change of Control Repurchase Event is limited and does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively impact the value of your notes. As such, if we were to enter into a significant corporate transaction that would negatively impact the value of the notes, but which would not constitute a Change of Control Repurchase Event, you would not have any rights to require us to repurchase the notes prior to their maturity.

Furthermore, the indenture for the notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;

- limit our ability to incur indebtedness or other obligations that are equal in right of payment to the notes or prohibit us from incurring secured debt to which the notes would be effectively subordinated and which could affect our credit ratings;

- restrict our subsidiaries ability to issue securities or otherwise incur indebtedness or other obligations that would be senior to our equity interests in our subsidiaries and therefore rank effectively senior to the notes with respect to the assets of our subsidiaries;

- restrict our ability to repurchase or prepay any other of our securities or other indebtedness; or

- restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of, our common stock or other securities ranking junior to the notes.

As a result of the foregoing, when evaluating the terms of the notes, you should be aware that the terms of the indenture and the notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the notes.

Redemption may adversely affect your return on the notes.

The notes will be redeemable, in whole at any time or in part from time to time, at our option. See Description of the Notes Optional Redemption. If prevailing interest rates are lower at the time of redemption, you may not be able to reinvest the redemption proceeds in a comparable security at an interest rate as high as the interest rate of the notes being redeemed.

An increase in market interest rates could result in a decrease in the value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase the notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Changes in our credit ratings may adversely affect your investment in the notes, and may not reflect all risks of an investment in the notes.

The credit ratings of our indebtedness are an assessment by rating agencies of our ability to pay our debts when due. These ratings are not recommendations to purchase, hold or sell the notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor, are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. The ratings are based on current information furnished to the ratings agencies by us and information obtained by the ratings agencies from other sources. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency s judgments, circumstances so warrant. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could affect the market value and liquidity of the notes and increase our borrowing costs.

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USE OF PROCEEDS

We estimate the net proceeds to us from the sale of the notes will be approximately $394.5 million, after deducting the underwriting discount and other expenses of the offering payable by us. We intend to use the net proceeds from the sale of the notes offered hereby for general corporate purposes, including to exercise the make-whole call to redeem all of our outstanding 2016 Notes and to repay outstanding debt, including but not limited to a portion of the borrowings under our Receivables Securitization Facility. Pending final use, we may invest the net proceeds from this offering in short-term, investment grade, interest-bearing securities.

As of August 1, 2016, $158 million aggregate principal amount of our 2016 Notes was outstanding. The 2016 Notes bear interest at 6.50% per annum and mature on December 1, 2016. As of August 1, 2016, we had $82 million of borrowings outstanding under our Receivables Securitization Facility bearing interest at a weighted average interest rate of 1.0% per annum. We used approximately $150 million of borrowings under the Receivables Securitization Facility to finance a portion of the purchase price of our acquisition of InterWrap Holdings, Inc., which we refer to as InterWrap, in April 2016. The Receivables Securitization Facility matures on January 13, 2018.

Certain affiliates of the underwriters hold some of our 2016 Notes, a portion of which we intend to redeem with net proceeds of the sale of the notes, participate in our Receivables Securitization Facility, a portion of the borrowings under which we intend to repay with net proceeds of the sale of the notes, and are lenders under our Credit Agreement and Incremental Term Loan. In the event that any of the underwriters, together with their respective affiliates, receives at least 5% of the net proceeds of this offering, such underwriters will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121. However, in accordance with FINRA Rule 5121, no qualified independent underwriter is required because the notes are investment grade-rated by one or more nationally recognized statistical rating agencies. See Underwriting Conflicts of Interest in this prospectus supplement.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

	Six Months Ended June 30, 2016	Twelve Months Ended December 31, 2015	2014	2013	2012	2011
Ratio of Earnings to Fixed Charges	5.0	4.1	2.5	2.8	(a)	3.3

The computation of the ratio of earnings to fixed charges is as follows (in millions):

	Six Months Ended June 30, 2016	Twelve Months Ended December 31, 2015	2014	2013	2012	2011
Earnings:						
Earnings from continuing operations before taxes	$ 304	453	232	273	(40)	353
Fixed charges (see below)	75	143	157	153	158	151
Amortization of capitalized interest	5	9	8	7	6	4
Capitalized interest	(9)	(14)	(10)	(8)	(13)	(13)
Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges						
Earnings, as adjusted	$ 375	591	387	425	111	495
Fixed charges:						
Portion of rents representative of interest expense(b)	$ 13	29	30	28	26	24
Interest on indebtedness, including amortization of deferred loan costs(c)	53	100	117	117	119	114
Capitalized interest	9	14	10	8	13	13
Total fixed charges	$ 75	$ 143	$ 157	$ 153	$ 158	$ 151

(a) In 2012, the ratio of earnings to fixed charges was less than 1.0. During 2012, the Company needed to generate an additional $47 million of earnings from continuing operations before taxes to attain a 1.0 ratio of earnings to fixed charges.

(b) The Company estimates that 33% of its rental costs represent interest expense. This factor has been applied to all periods presented in the table above.

(c) Interest on indebtedness excludes interest income, gain or loss on extinguishment of debt, and interest associated with uncertain tax positions, which is included in Income tax expense in the Consolidated Statements of

Earnings.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our:

- actual consolidated capitalization as of June 30, 2016; and

- consolidated capitalization as of June 30, 2016, as adjusted to give effect to this offering and the use of the net proceeds therefrom as described under Use of Proceeds in this prospectus supplement.

You should read this table in conjunction with our consolidated financial statements, the related notes and other financial information contained in our quarterly report on Form 10-Q for the quarterly period ended June 30, 2016, which is incorporated by reference in this prospectus supplement, as well as the other financial information incorporated by reference in this prospectus supplement.

	As of June 30, 2016			
	Actual		Pro Forma, As Adjusted	
	(unaudited) (in millions, except per share amounts)			
Cash and cash equivalents	$	67	$	191
Accounts payable and accrued liabilities		979		978
Short-term debt				
Long-term debt:				
6.50% senior notes, due 2016		158		
9.00% senior notes, due 2019		143		143
4.20% senior notes, net of discount, due 2022		596		596
4.20% senior notes, net of discount, due 2024		391		391
7.00% senior notes, net of discount, due 2036		536		536
Notes offered hereby(a)				400
Receivables Securitization Facility, maturing in 2018(b)		108		
Credit Agreement, maturing in 2020(c)		300		300
Various capital leases, due through and beyond 2050		35		35
Fair value adjustment to debt		9		8
Total long-term debt		2,276		2,409
Less current portion		177		18

Long-term debt, net of current portion	2,099	2,391
Owens Corning Stockholders equity:		
Preferred stock, par value $0.01 per share(d)		
Common stock, par value $0.01 per share(e)	1	1
Additional paid in capital	3,965	3,965
Accumulated earnings	1,208	1,205
Accumulated other comprehensive deficit	(635)	(635)
Cost of common stock in treasury(f)	(675)	(675)
Total Owens Corning stockholders equity	3,864	3,861
Noncontrolling interests	41	41
Total equity	3,905	3,902
Total capitalization	$ 6,181	$ 6,311

(a) Borrowings pursuant to this offering do not reflect the discount to the public of 0.413% and the underwriting discount of 0.650%.

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(b) As of June 30, 2016, we had $108 million in borrowings outstanding under our Receivables Securitization Facility and we had $2 million of outstanding letters of credit and $140 million available under this facility. As of August 1, 2016, we had $82 million in borrowings outstanding under our Receivables Securitization Facility, and we had $2 million of outstanding letters of credit and $166 million available under this facility.

(c) As of June 30, 2016, we had fully utilized our commitment for $300 million under our Incremental Term Loan provided by our Credit Agreement. Also as of June 30, 2016, no borrowings were outstanding under the revolving credit facility provided by our Credit Agreement and we had $9 million of outstanding letters of credit and $791 million available under this facility.

(d) 10.0 million shares of preferred stock are authorized; none were issued or outstanding at June 30, 2016.

(e) 400.0 million shares of common stock are authorized; 135.5 million were issued and 114.9 million were outstanding at June 30, 2016.

(f) 20.4 million shares were held in treasury at June 30, 2016, and 19.6 million shares were held in treasury at December 31, 2015.

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DESCRIPTION OF THE NOTES

The notes will be issued under an indenture dated as of June 2, 2009, among us, the Guarantors and Wells Fargo Bank, National Association, as trustee, as amended and as supplemented to reflect the terms of the notes. We refer to such indenture, as amended or supplemented from time to time, as the indenture. The following description of the particular terms of the notes supplements, and to the extent inconsistent therewith replaces, the section entitled Description of Debt Securities included in the accompanying prospectus. You should read the accompanying prospectus and this prospectus supplement together for a more complete description of the indenture and the notes. This description and the section entitled Description of Debt Securities in the accompanying prospectus are summaries and are not complete, and are subject to and are qualified in their entirety by, the provisions of the indenture. Capitalized terms used in this Description of the Notes have the meanings specified in the indenture and are generally summarized in this description or under Description of Debt Securities Certain Definitions in the accompanying prospectus. References to Owens Corning, we, us and our in this Description of the Notes refer only to Owens Corning and not any of its subsidiaries.

General

The Notes

The notes:

- will be our general senior unsecured obligations;
- will rank equal in right of payment with our existing and future senior unsecured indebtedness;
- will be effectively subordinated to our senior secured indebtedness to the extent of the value of the collateral securing such indebtedness; and
- will be fully and unconditionally guaranteed by the Guarantors (as defined below).

The Subsidiary Guarantees

The notes will be guaranteed by each of our current and future Domestic Subsidiaries that is a borrower or guarantor under our Credit Agreement (each a Guarantor and, collectively, the Guarantors).

Each guarantee of the notes:

- will be the Guarantors general senior unsecured obligations;
- will rank equal in right of payment with the Guarantors existing and future senior unsecured indebtedness; and

will be effectively subordinated to the Guarantors secured indebtedness to the extent of the value of the collateral securing such indebtedness.

Principal, Maturity and Interest

In this offering, we will issue $400 million in aggregate principal amount of our 3.400% Senior Notes due 2026 (the notes). The notes will mature on August 15, 2026. We may issue additional notes from time to time after this offering. See Issuance of Additional Notes.

Interest on the notes will accrue at a rate per annum of 3.400% from the issue date or from the most recent date on which interest has been paid or provided for, payable semi-annually in arrears to holders of record at the close of business on February 1 or August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, beginning on February 15, 2017. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date, maturity date or redemption date falls on a day that is not a business day, the payment will be made on the next business day with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date. Unless we default on a payment, no interest will accrue for that period from and after the applicable interest payment date, maturity date or redemption date.

The notes will be issued in book-entry form only in denominations of $2,000 and in integral multiples of $1,000 in excess of $2,000.

No Sinking Fund

The notes will not be entitled to any sinking fund.

Payment on the Notes

If a holder of notes has given wire transfer instructions to us, we will, directly or through the paying agent, pay all principal, interest and premium, if any, on that holder s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar unless we elect to make interest payments by check mailed to the note holders at their address set forth in the register of holders.

The trustee will initially act as paying agent and registrar. We may change the paying agent or registrar without prior notice to the holders of the notes, and we or any of our Subsidiaries may act as paying agent or registrar.

Issuance of Additional Notes

We may from time to time, without the consent of, or notice to, the holders of the notes, reopen the series of debt securities of which the notes are a part and issue additional notes having the same ranking and the same interest rate, maturity and other terms as the notes, except for the public offering price and the issue date and, if applicable, the initial interest payment date. Any additional notes having similar terms, together with the notes, will constitute a single series of debt securities under the indenture and will have the same CUSIP provided they are fungible for U.S. federal income tax purposes. No such additional notes may be issued if an event of default has occurred and is continuing with respect to the series of debt securities of which such notes are a part. Unless the context otherwise requires, for all purposes of the indenture and this Description of the Notes, references to the notes include any additional notes of the same series actually issued.

In addition, we may issue from time to time other series of debt securities under the indenture consisting of debentures, other series of notes or other evidences of indebtedness, but such other securities will be separate from and independent of the notes. The indenture does not limit the amount of debt securities or any other debt (whether secured or unsecured or whether senior or subordinated) which we or our subsidiaries may incur.

Payment and Paying Agents

We will maintain in the place of payment for the notes an office or agency where the notes may be presented or surrendered for payment or for registration of transfer or exchange and where holders may serve us with notices and demands in respect of the notes and the indenture.

We will give prompt written notice to the trustee of the location, and any change in the location, of such office or agency. If we fail to maintain any required office or agency or fail to furnish the trustee with the address of such office or agency, presentations, surrenders, notices and demands may be made or served at the corporate trust office of the trustee. We have appointed the trustee as our agent to receive all presentations, surrenders, notices and demands with respect to the notes.

Subsidiary Guarantees

The notes will be guaranteed by each of our current and future Domestic Subsidiaries that is a borrower or a guarantor under the Credit Agreement. The Subsidiary Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors A court may use fraudulent conveyance considerations to avoid or subordinate the subsidiary guarantees.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than Owens Corning or another Guarantor, unless immediately after giving effect to that transaction, no Default or Event of Default exists.

The guarantee of a Guarantor will be released:

1) in connection with any sale or other disposition of all of the Capital Stock of such Guarantor to a Person that is not (either before or after giving effect to such transaction) Owens Corning or a Subsidiary of Owens Corning;

2) in connection with any sale or other disposition of all or substantially all of the assets of such Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) Owens Corning or a Subsidiary of Owens Corning;

3) upon the release of such Guarantor s guarantee of the Credit Agreement; or

4) upon legal defeasance or satisfaction and discharge of the indenture as provided below under the section titled Discharge, Legal Defeasance and Covenant Defeasance.

We shall notify the trustee and the holders of the Subsidiary Guarantee of any Guarantor that is released. The trustee shall execute and deliver an appropriate instrument confirming the release of any such Guarantor upon our request as provided in the indenture.

Optional Redemption

The notes will be redeemable, in whole at any time or in part from time to time, at our option. If we elect to redeem the notes at any time prior to May 15, 2026 (three months prior to their maturity), we will pay a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed, and (ii) as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (excluding any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 30 basis points, plus, in each case, accrued and unpaid interest thereon to, but not including, the redemption date. If the notes are redeemed on or after May 15, 2026 (three months prior to their maturity), the redemption price will equal 100% of the aggregate principal amount of the notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the redemption date. Calculation of the redemption price will be made by us or on our behalf by such person as we shall designate; *provided* that such calculation or the correctness thereof shall not be a duty or obligation of the trustee.

Notice of any redemption will be mailed by first class mail or otherwise delivered in accordance with applicable DTC procedures at least 30 days, but not more than 60 days, before the redemption date to each registered holder of notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portion thereof called for redemption.

We are not required (i) to register, transfer or exchange notes during the period from the opening of business 15 days before the day a notice of redemption relating to the notes selected for redemption is sent to the close of business on the day that notice is sent, or (ii) to register, transfer or exchange any such note so selected for redemption, except for the unredeemed portion of any note being redeemed in part.

Selection and Notice

If less than all of the notes are to be redeemed at any time, and if the notes are global notes held by DTC, the applicable operational procedures of DTC for selection of notes for redemption will apply. If the notes are not global notes held by DTC, the trustee will select notes for redemption on a pro rata basis unless otherwise required by law or applicable stock exchange requirements.

No notes of $2,000 can be redeemed in part. Notices of redemption will be mailed by first class mail or otherwise delivered in accordance with applicable DTC procedures at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed or sent more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note (or cause to be transferred by book entry). Notes called for redemption become due on the date fixed for redemption.

Change of Control

If a Change of Control Repurchase Event occurs with respect to the notes, unless we have exercised our option to redeem the notes by giving notice of such redemption to the holders thereof, each holder of notes will have the right to require us to repurchase all or any part (equal to $2,000 or integral multiples of $1,000 in excess of $2,000) of that holder s notes pursuant to a Change of Control Offer. In the Change of Control Offer, we will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest on the notes repurchased to, but not including, the repurchase date, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date (the Change of Control Payment). Within 30 days following any Change of Control Repurchase Event, we will mail or deliver in accordance with DTC procedures a notice to each holder and the trustee:

1) describing the transaction or transactions that constitute the Change of Control Repurchase Event;

2) offering to repurchase notes on the date specified in the notice (the Change of Control Payment Date), which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or sent; and

3) stating the instructions determined by us, consistent with this covenant, that a holder must follow in order to have its notes purchased.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the indenture, we will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Repurchase Event provisions of the notes or the indenture by virtue of such compliance.

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On the Change of Control Payment Date, we will, to the extent lawful:

1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

3) deliver or cause to be delivered to the trustee the notes properly accepted together with an Officers Certificate stating the aggregate principal amount of notes or portions of notes being purchased by us.

The paying agent will promptly mail to each holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any. We will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

We will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements applicable to a Change of Control Offer made by us and purchases all notes properly tendered and not withdrawn under the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of our properties or assets and our Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase our notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and our Subsidiaries taken as a whole to another Person or group may be uncertain.

Covenant Modification

The indenture contains a covenant (Section 4.10 of the indenture), which, subject to certain exceptions, requires that we preserve and keep in full force and effect (i) our corporate existence and the entity existence of each of our subsidiaries in accordance with our and our subsidiaries respective organizational documents and (ii) our and each of our subsidiaries rights, licenses and franchises; provided that we are not required to preserve any such right, license, franchise or entity existence if the Board of Directors (as defined in the indenture) shall determine that the preservation thereof is no longer desirable in the conduct of our and our subsidiaries business, taken as a whole, and that the loss thereof is not adverse in any material respect to the holders of securities issued under the indenture.

The indenture also contains a covenant (Section 4.07 of the indenture), which requires that the Company and each Subsidiary Guarantor file with the Trustee copies of the annual reports and of the information, documents, and other reports which the Company and each Subsidiary Guarantor is required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act.

In a previous supplement to the indenture, we have modified Section 4.10 of the indenture as it applies to the notes so that the determination regarding the preservation of any right, license, franchise or entity existence by us or any of our subsidiaries will need to be made by Owens Corning, but not specifically by our Board of Directors. In the supplement to the indenture which creates the terms of the notes offered hereby, we have also modified Section 4.07 of the indenture as it applies to the notes so that if the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any notes are outstanding, the Company is required to furnish to the Trustee and the holders of the notes certain consolidated financial statements.

Discharge, Legal Defeasance and Covenant Defeasance

We may be discharged from all of our obligations with respect to the outstanding notes, be discharged from our obligations with respect to the notes (except as otherwise specified in the indenture) or be released from our obligation to comply with the provisions of the indenture with respect to the notes as described under Description of Debt Securities Discharge, Legal Defeasance and Covenant Defeasance in the accompanying prospectus.

The Trustee Under the Indenture

We maintain ordinary banking relationships and, from time to time, obtain credit facilities and lines of credit with a number of banks, including the trustee, Wells Fargo Bank, National Association, and its affiliates. Wells Fargo Bank, National Association, acts as the administrative agent for our Credit Agreement. Wells Fargo Securities, LLC, one of the joint book-running managers in this offering, is an affiliate of the trustee. Neither the trustee nor any paying agent shall be responsible for monitoring our rating status, making any request upon any rating agency, or determining whether any Ratings Downgrade or Change of Control Repurchase Event has occurred.

Governing Law; Jury Trial Waiver

The indenture is, and any notes will be, governed by and construed in accordance with the laws of the State of New York. The indenture provides that the Company, the Guarantors and the Trustee, and each holder of a Note by its acceptance thereof, irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture, the Notes, the Subsidiary Guarantees, or any transaction contemplated thereby.

Book-Entry, Delivery and Form

Global Notes

We will issue the notes in the form of one or more global notes in definitive, fully registered, book-entry form. The global notes will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC (including Euroclear Bank, S.A./N.V. and Clearstream Banking, *société anonyme*).

DTC

Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC s participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of which own DTC. Access to DTC s book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

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We have provided the description of the operations and procedures of DTC in this prospectus supplement solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to change by DTC from time to time. None of us, the underwriters or the trustee takes any responsibility for these operations or procedures, and you are urged to contact DTC or its participants directly to discuss these matters.

We expect that under procedures established by DTC:

- upon deposit of the global notes with DTC or its custodian, DTC will credit on its book-entry registration and transfer system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global notes; and

- ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of those securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to those persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer those interests to persons or entities that do not participate in DTC s system, or otherwise to take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by that global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee, or receive notices. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or a global note.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC or for maintaining, supervising or reviewing any records of DTC relating to the notes. Neither we nor the Trustee has any responsibility or liability for any act or omission of DTC.

Payments on the notes represented by the global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global note, will credit participants accounts with payments in amounts proportionate to their respective beneficial interests in the global note as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Certificated Notes

We will issue certificated notes in registered form to each person that DTC identifies as the beneficial owner of the notes represented by a global note upon surrender by DTC of the global note if:

- DTC notifies us that it is no longer willing or able to act as a depositary for such global note or ceases to be a clearing agency registered under the Exchange Act and we have not appointed a successor depositary within 90 days of that notice or becoming aware that DTC is no longer so registered;

an event of default has occurred and is continuing, and DTC requests the issuance of certificated notes; or

we determine not to have the notes represented by a global note.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the certificated notes to be issued.

Certain Definitions

Beneficial Owner has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person (as that term is used in Section 13(d)(3) of the Exchange Act), such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms Beneficially Owns and Beneficially Owned have a corresponding meaning.

Board of Directors means:

1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act for the corporation;

2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

4) with respect to any other Person, the board or committee of such Person serving a similar function.

Change of Control means the occurrence of any of the following:

1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Owens Corning and its Subsidiaries taken as a whole to any person (as that term is used in Section 13(d) of the Exchange Act);

2) the adoption of a plan relating to the liquidation or dissolution of Owens Corning;

3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any person (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Owens Corning, measured by voting power rather than number of shares; or

4) the first day on which a majority of the members of the Board of Directors of Owens Corning are not Continuing Directors.

Change of Control Offer has the meaning assigned to that term in the indenture governing the notes.

Change of Control Repurchase Event means the occurrence of a Change of Control and a Ratings Downgrade.

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Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate notes of comparable maturity to the remaining term of the notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of four Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Quotation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Continuing Directors means, as of any date of determination, any member of the Board of Directors of Owens Corning who:

1) was a member of such Board of Directors on the date of the indenture; or

2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

Credit Agreement means the Amended and Restated Credit Agreement, dated as of November 13, 2015, as amended, among Owens Corning, the lending institutions party thereto and Wells Fargo Bank, National Association, as administrative agent, and any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon termination or otherwise) or refinanced in whole or in part from time to time.

Officers Certificate means a certificate signed by two officers or by an officer and either an assistant treasurer or an assistant secretary of Owens Corning.

Quotation Agent means a Reference Treasury Dealer appointed by us.

Rating Agency means each of Moody s Investors Service Inc. and Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc., or any of their successors.

Ratings Downgrade means when, at the time of a Change of Control, the notes carry:

1) an investment grade credit rating (BBB-/Baa3, or equivalent, or better) from both Rating Agencies, and such rating from both Rating Agencies is within 60 days of the occurrence of the Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) either downgraded to a non-investment grade credit rating (BB+/Ba1 or equivalent, or worse) or withdrawn and is not within such period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating or (in the case of a withdrawal) replaced by an investment grade credit rating;

2) a non-investment grade credit rating (BB+/Ba1, or equivalent, or worse) from both Rating Agencies, and such rating from both Rating Agencies is within 60 days of the occurrence of the Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such period subsequently upgraded to its earlier credit rating or better by both Rating Agencies;

3) both (A) an investment grade credit rating (BBB-/Baa3, or equivalent, or better) from one Rating Agency, and such rating is within 60 days of the occurrence of the Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) either downgraded to a non-investment grade credit rating (BB+/Ba1, or equivalent, or worse) or withdrawn and is not

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within such period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from such Rating Agency and (B) a non-investment grade credit rating (BB+/Ba1, or equivalent, or worse) from one Rating Agency, and such rating is within 60 days of the occurrence of the Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such period subsequently upgraded to its earlier credit rating or better by such Rating Agency;

4) both (A) an investment grade credit rating (BBB-/Baa3, or equivalent, or better) from one Rating Agency, and such rating is within 60 days of the occurrence of the Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) either downgraded to a non-investment grade credit rating (BB+/Ba1, or equivalent, or worse) or withdrawn and is not within such period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from such Rating Agency and (B) no credit rating from one Rating Agency, and such Rating Agency does not assign within 60 days of the occurrence of the Change of Control an investment grade credit rating to the notes;

5) both (A) a non-investment grade credit rating (BB+/Ba1, or equivalent, or worse) from one Rating Agency, and such rating is within 60 days of the occurrence of the Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such period subsequently upgraded to its earlier credit rating or better by such Rating Agency and (B) no credit rating from one Rating Agency, and such Rating Agency does not assign within 60 days of the occurrence of the Change of Control an investment grade credit rating to the notes; or

6) no credit rating from either Rating Agency and both Rating Agencies do not assign within 60 days of the occurrence of the Change of Control an investment grade credit rating to the notes;

and in making the relevant decision(s) referred to above to downgrade or withdraw such ratings, as applicable, the relevant Rating Agency announces publicly or confirms in writing to Owens Corning that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

Reference Treasury Dealer means (i) each of Merrill Lynch, Pierce, Fnt style="font-family:inherit;font-size:10pt;">(22

)

27,093

Asset-backed securities
9,352

167

—

9,519

$
85,351

$
1,638

$
(44
)

$
86,945

	December 26, 2014			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Municipal debt securities	$52,406	$882	$(92)	$53,196
Corporate debt securities	27,715	179	(144)	27,750
Asset-backed securities	9,974	157	(11)	10,120
	$90,095	$1,218	$(247)	$91,066

The amortized cost and fair value by contractual maturity of our held-to-maturity investments are as follows (in thousands):

	March 27, 2015	
	Amortized Cost	Fair Value
Due in one year or less	$8,649	$8,691
Due after one year through five years	40,368	40,906
Due after five years through ten years	36,334	37,348
	$85,351	$86,945

Actual maturities may differ from contractual maturities because the issuers of certain debt securities have the right to call or prepay their obligations without penalty. We have no significant concentrations of counterparties in our held-to-maturity investment portfolio.

Notes to Consolidated Financial Statements—(Continued)

NOTE 5: PROPERTY AND EQUIPMENT, NET

Property and equipment are stated at cost and consist of the following (in thousands):

	March 27, 2015	December 26, 2014
Buildings and land	$30,769	$30,381
Computers and software	117,000	115,419
Furniture and equipment	11,629	11,690
Construction in progress	5,001	5,415
	164,399	162,905
Less accumulated depreciation	(105,808)	(101,513)
	$58,591	$61,392

Capitalized software costs, net of accumulated depreciation, were $28.7 million and $30.2 million as of March 27, 2015 and December 26, 2014, respectively, excluding amounts in Construction in progress. Construction in progress consists primarily of purchased and internally-developed software.

Depreciation expense of property and equipment totaled $5.4 million and $3.7 million for the thirteen weeks ended March 27, 2015 and March 28, 2014, respectively.

NOTE 6: GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table reflects goodwill at March 27, 2015 and December 26, 2014 (in thousands):

	Legacy TrueBlue	Unallocated Goodwill (1)	Total Company
Balance at December 26, 2014			
Goodwill before impairment	$128,449	$159,616	$288,065
Accumulated impairment loss	(46,210)	—	(46,210)
Goodwill, net	82,239	159,616	241,855
Balance at March 27, 2015			
Goodwill before impairment	128,449	159,616	288,065
Accumulated impairment loss	(46,210)	—	(46,210)
Goodwill, net	$82,239	$159,616	$241,855

(1) Management is still determining the allocation of our goodwill acquired to our new reportable segments, which will be finalized in Q2 2015. See Note 16: Segment Information, for additional details.

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Notes to Consolidated Financial Statements—(Continued)

Intangible assets
The following table presents our purchased finite-lived intangible assets (in thousands):

	March 27, 2015			December 26, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets (1):						
Customer relationships	$123,940	$(26,316)	$97,624	$123,940	$(22,195)	$101,745
Trade name/trademarks	4,422	(3,090)	1,332	4,422	(2,878)	1,544
Non-compete agreements	1,800	(907)	893	1,800	(817)	983
Technologies	18,300	(2,940)	15,360	18,300	(2,212)	16,088
Total finite-lived intangible assets	$148,462	$(33,253)	$115,209	$148,462	$(28,102)	$120,360

(1) Excludes assets that are fully amortized.

Amortization of our finite-lived intangible assets was $5.2 million and $1.5 million for the thirteen weeks ended March 27, 2015 and March 28, 2014, respectively.
The following table provides the estimated future amortization of finite-lived intangible assets as of March 27, 2015 (in thousands):

Remainder of 2015	$13,836
2016	18,186
2017	16,157
2018	14,638
2019	11,942
Thereafter	40,450
Total future amortization	$115,209

We also held indefinite-lived trade name/trademarks of $16.2 million as of March 27, 2015 and December 26, 2014.

We did not perform an interim impairment test of our goodwill and indefinite-lived intangible assets as we noted no significant indicators of impairment as of March 27, 2015.

NOTE 7: WORKERS' COMPENSATION INSURANCE AND RESERVES

We provide workers' compensation insurance for our temporary and permanent employees. The majority of our current workers' compensation insurance policies cover claims for a particular event above a $2.0 million deductible limit, on a "per occurrence" basis. This results in our being substantially self-insured.

For workers' compensation claims originating in Washington, North Dakota, Ohio, Wyoming, Canada, and Puerto Rico (our "monopolistic jurisdictions"), we pay workers' compensation insurance premiums and obtain full coverage under government-administered programs (with the exception of our Labor Ready service line in the state of Ohio where we have a self-insured policy). Accordingly, because we are not the primary obligor, our financial statements do not reflect the liability for workers' compensation claims in these monopolistic jurisdictions. Our workers' compensation reserve is established using estimates of the future cost of claims and related expenses that have been reported but not settled, as well as those that have been incurred but not reported.

Our workers' compensation reserve for claims below the deductible limit is discounted to its estimated net present value using discount rates based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred. The weighted average discount rate was 1.6% and 1.7% at March 27, 2015 and December 26, 2014, respectively. Payments made against self-insured claims are made over a weighted average period of approximately 4.5 years at March 27, 2015.

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Notes to Consolidated Financial Statements—(Continued)

The table below presents a reconciliation of the undiscounted workers' compensation claims reserve to the discounted workers' compensation reserve for the periods presented as follows (in thousands):

	March 27, 2015	December 26, 2014
Undiscounted workers' compensation reserve	$257,177	$256,220
Less discount on workers' compensation reserve	14,179	13,381
Workers' compensation reserve, net of discount	242,998	242,839
Less current portion	61,784	64,556
Long-term portion	$181,214	$178,283

Payments made against self-insured claims were $16.8 million and $13.7 million for the thirteen weeks ended March 27, 2015 and March 28, 2014, respectively.

Our workers' compensation reserve includes estimated expenses related to claims above our self-insured limits ("excess claims"), and we record a corresponding receivable for the insurance coverage on excess claims based on the contractual policy agreements we have with insurance carriers. We discount this reserve and corresponding receivable to its estimated net present value using the discount rates based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred. The claim payments are made and the corresponding reimbursements from our insurance carriers are received over an estimated weighted average period of approximately 14.7 years. The discounted workers' compensation reserve for excess claims was $41.3 million and $42.6 million as of March 27, 2015 and December 26, 2014, respectively. The discounted receivables from insurance companies, net of valuation allowance, were $37.4 million and $38.7 million as of March 27, 2015 and December 26, 2014, respectively, and are included in Other assets, net on the accompanying Consolidated Balance Sheets.

Management evaluates the adequacy of the workers' compensation reserves in conjunction with an independent quarterly actuarial assessment. Factors considered in establishing and adjusting these reserves include, among other things:

- changes in medical and time loss ("indemnity") costs;
- changes in mix between medical only and indemnity claims;
- regulatory and legislative developments impacting benefits and settlement requirements;
- type and location of work performed;
- impact of safety initiatives; and
- positive or adverse development of claims.

Workers' compensation expense consists primarily of changes in self-insurance reserves net of changes in discount, monopolistic jurisdictions' premiums, insurance premiums, and other miscellaneous expenses. Workers' compensation expense of $21.5 million and $15.9 million was recorded in Cost of services for the thirteen weeks ended March 27, 2015 and March 28, 2014, respectively.

NOTE 8: LONG-TERM DEBT

The components of our borrowings were as follows (in thousands):

	March 27, 2015	December 26, 2014
Revolving Credit Facility	$83,995	$ 171,994
Term Loan	29,089	29,656
Total debt	113,084	201,650
Less current portion	2,267	2,267
Long-term debt	$110,817	$ 199,383

Second amended and restated credit agreement

Effective June 30, 2014, we entered into a Second Amended and Restated Revolving Credit Agreement for a secured revolving credit facility of $300.0 million with Bank of America, N.A., Wells Fargo Bank, National Association, HSBC and PNC Capital Markets LLC ("Revolving Credit Facility") in connection with our acquisition of Seaton. The Revolving Credit Facility, which matures June 30, 2019, amended and restated our previous credit facility, and replaced the Seaton credit facility.

Notes to Consolidated Financial Statements—(Continued)

The maximum amount we can borrow under the Revolving Credit Facility is subject to certain borrowing limits. Specifically, we are limited to the sum of 90% of our eligible billed accounts receivable, plus 85% of our eligible unbilled accounts receivable limited to 15% of all our eligible receivables, plus the value of our Tacoma headquarters office building. The real estate lending limit is $17.4 million, and is reduced quarterly by $0.4 million. As of March 27, 2015, the Tacoma headquarters office building liquidation value totaled $16.6 million. The borrowing limit is further reduced by the sum of a reserve in an amount equal to the payroll and payroll taxes for our temporary employees for one payroll cycle and other reserves, if deemed applicable. Each borrowing has a stated maturity of 90 days or less. At March 27, 2015, $240.9 million was available under the Revolving Credit Facility, $84.0 million was utilized as a draw on the facility, and $5.0 million was utilized by outstanding standby letters of credit, leaving $151.9 million available for additional borrowings. The letters of credit collateralize a portion of our workers' compensation obligation.

The Revolving Credit Facility requires that we maintain an excess liquidity of $37.5 million. Excess liquidity is an amount equal to the unused borrowing capacity under the Revolving Credit Facility plus certain unrestricted cash, cash equivalents, and marketable securities. We are required to satisfy a fixed charge coverage ratio in the event we do not meet that requirement. The additional amount available to borrow at March 27, 2015 was $151.9 million and the amount of cash, cash equivalents and certain marketable securities under control agreements was $15.1 million for a total of $167.0 million, which is well in excess of the liquidity requirement. We are currently in compliance with all covenants related to the Revolving Credit Facility.

Under the terms of the Revolving Credit Facility, we pay a variable rate of interest on funds borrowed that is based on London Interbank Offered Rate (LIBOR) plus an applicable spread between 1.25% and 2.00%. Alternatively, at our option, we may pay interest based upon a base rate plus an applicable spread between 0.25% and 1.00%. The applicable spread is determined by certain liquidity to debt ratios. The base rate is the greater of the prime rate (as announced by Bank of America), the federal funds rate plus 0.50%, or the one-month LIBOR rate plus 1.00%. Until April 1, 2015, the applicable spread on LIBOR was 1.75% and the applicable spread on the base rate was 0.75%. As of March 27, 2015, the interest rate was 2.00%.

A fee of 0.375% is applied against the Revolving Credit Facility's unused borrowing capacity when utilization is less than 25%, or 0.25% when utilization is greater than or equal to 25%. Letters of credit are priced at the margin in effect for LIBOR loans, plus a fronting fee of 0.125%.

Obligations under the Revolving Credit Facility are guaranteed by TrueBlue and material U.S. domestic subsidiaries, and are secured by a pledge of substantially all of the assets of TrueBlue and material U.S. domestic subsidiaries. The Revolving Credit Facility has variable rate interest and approximates fair value as of March 27, 2015 and December 26, 2014.

Term loan agreement

On February 4, 2013, we entered into an unsecured Term Loan Agreement (“Term Loan”) with Synovus Bank in the principal amount of $34.0 million. The Term Loan has a five-year maturity with fixed monthly principal payments, which total $2.3 million annually based on a loan amortization term of 15 years. Interest accrues at the one-month LIBOR index rate plus an applicable spread of 1.50%, which is paid in addition to the principal payments. At our discretion, we may elect to extend the term of the Term Loan by five consecutive one-year extensions. At March 27, 2015, the interest rate for the Term Loan was 1.67%.

At March 27, 2015 and December 26, 2014, the remaining balance of the Term Loan was $29.1 million and $29.7 million, respectively, of which $2.3 million is current and is included in Other current liabilities on our Consolidated Balance Sheets. The Term Loan has variable rate interest and approximates fair value as of March 27, 2015 and

December 26, 2014.

Our obligations under the Term Loan may be accelerated upon the occurrence of an event of default under the Term Loan, which includes customary events of default, as well as cross-defaults related to indebtedness under our Revolving Credit Facility and other Term Loan specific defaults. The Term Loan contains customary negative covenants applicable to the Company and our subsidiaries such as indebtedness, certain dispositions of property, the imposition of restrictions on payments under the Term Loan, and other Term Loan specific covenants. We are currently in compliance with all covenants related to the Term Loan.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Workers' compensation commitments

Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation, for which they become responsible should we become insolvent. The collateral typically takes the form of cash and cash equivalents, highly rated investment grade debt securities, letters of credit, and/or surety bonds. On a regular

Notes to Consolidated Financial Statements—(Continued)

basis these entities assess the amount of collateral they will require from us relative to our workers' compensation obligation. The majority of our collateral obligations are held in the Trust.

We have provided our insurance carriers and certain states with commitments in the form and amounts listed below (in thousands):

	March 27, 2015	December 26, 2014
Cash collateral held by insurance carriers	$22,497	$22,639
Cash and cash equivalents held in Trust	51,066	43,856
Investments held in Trust	85,351	90,095
Letters of credit (1)	6,787	6,513
Surety bonds (2)	16,861	16,861
Total collateral commitments	$182,562	$179,964

(1) We have agreements with certain financial institutions to issue letters of credit as collateral. We had $1.9 million of restricted cash collateralizing our letters of credit at March 27, 2015 and December 26, 2014.

(2) Our surety bonds are issued by independent insurance companies on our behalf and bear annual fees based on a percentage of the bond, which are determined by each independent surety carrier. These fees do not exceed 2.0% of the bond amount, subject to a minimum charge. The terms of these bonds are subject to review and renewal every one to four years and most bonds can be canceled by the sureties with as little as 60 days' notice.

Legal contingencies and developments

We are involved in various proceedings arising in the normal course of conducting business. We believe the liabilities included in our financial statements reflect the probable loss that can be reasonably estimated. The resolution of those proceedings is not expected to have a material effect on our results of operations or financial condition.

NOTE 10: STOCK-BASED COMPENSATION

We record stock-based compensation expense for restricted and unrestricted stock awards, performance share units, stock options, and shares purchased under an employee stock purchase plan.

Our 2005 Long-Term Equity Incentive Plan, as amended and restated effective May 2013 ("Incentive Plan"), provides for the issuance or delivery of up to 7.95 million shares of our common stock over the full term of the Incentive Plan.

Restricted and unrestricted stock awards and performance share units

Under the Incentive Plan, restricted stock awards are granted to executive officers and key employees and vest annually over three or four years. Unrestricted stock awards granted to our Board of Directors vest immediately. Restricted and unrestricted stock-based compensation expense is calculated based on the grant-date market value. We recognize compensation expense on a straight-line basis over the vesting period, net of estimated forfeitures.

Performance share units have been granted to executive officers and certain key employees. Vesting of the performance share units is contingent upon the achievement of revenue and/or profitability growth goals at the end of each three-year performance period. Each performance share unit is equivalent to one share of common stock. Compensation expense is calculated based on the grant-date market value of our stock and is recognized ratably over the performance period for the performance share units which are expected to vest. Our estimate of the performance units expected to vest is reviewed and adjusted as appropriate each quarter.

Notes to Consolidated Financial Statements—(Continued)

Restricted and unrestricted stock awards and performance share units activity for the thirteen weeks ended March 27, 2015, was as follows (shares in thousands):

	Shares	Weighted-average grant-date price
Non-vested at beginning of period	1,547	$20.03
Granted	455	$21.77
Vested	(495)	$17.02
Forfeited	(241)	$14.02
Non-vested at the end of the period	1,266	$22.29

As of March 27, 2015, total unrecognized stock-based compensation expense related to non-vested restricted stock was approximately $12.9 million, which is estimated to be recognized over a weighted average period of 1.89 years. As of March 27, 2015, total unrecognized stock-based compensation expense related to performance share units was approximately $5.2 million which is estimated to be recognized over a weighted average period of 2.07 years.

Stock options

Our Incentive Plan provides for both nonqualified stock options and incentive stock options (collectively, "stock options") for directors, officers, and certain employees. We issue new shares of common stock upon exercise of stock options. All of our stock options are vested and expire if not exercised within seven to ten years from the date of grant. Stock option activity was de minimis for the thirteen weeks ended March 27, 2015.

Employee stock purchase plan

Our Employee Stock Purchase Plan ("ESPP") reserves for purchase 1.0 million shares of common stock. The plan allows eligible employees to contribute up to 10% of their earnings toward the monthly purchase of the Company's common stock. The employee's purchase price is the lesser of 85% of the fair market value of shares on either the first day or the last day of each month. We consider our ESPP to be a component of our stock-based compensation and accordingly we recognize compensation expense over the requisite service period for stock purchases made under the plan. The requisite service period begins on the enrollment date and ends on the purchase date, the duration of which is one month.

During the thirteen weeks ended March 27, 2015 and March 28, 2014, participants purchased approximately 20,000 and 17,000 shares from the plan, for cash proceeds of $0.4 million and $0.3 million, respectively.

Stock-based compensation expense

Total stock-based compensation expense, which is included in Selling, general and administrative expenses on our Consolidated Statements of Operations and Comprehensive Income, was $3.4 million and $2.9 million for the thirteen weeks ended March 27, 2015 and March 28, 2014, respectively.

NOTE 11: DEFINED CONTRIBUTION PLANS

We offer both qualified and non-qualified defined contribution plans to eligible employees. Participating employees may elect to defer and contribute a portion of their eligible compensation. The plans offer discretionary matching contributions. The liability for the non-qualified plans was $11.3 million and $10.1 million as of March 27, 2015 and December 26, 2014, respectively. The current and non-current portion of the deferred compensation liability is included in Other current liabilities and Other long-term liabilities, respectively, on the Consolidated Balance Sheets, and is largely offset by restricted investments recorded in Restricted cash and investments on the Consolidated Balance Sheets.

NOTE 12: INCOME TAXES

Our tax provision or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Our quarterly tax provision, and our quarterly estimate of our annual effective tax rate, is subject to variation due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, audit developments,

Notes to Consolidated Financial Statements—(Continued)

changes in law, regulations and administrative practices, and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items, tax credits, and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

Our effective tax rate on earnings for the thirteen weeks ended March 27, 2015 was 20.5% compared to 40.0% for the same period in 2014. During the thirteen weeks ended March 27, 2015, we recognized $1.3 million of discrete tax benefits from prior year federal and state hiring credits. These hiring credits include the federal Work Opportunity Tax Credit ("WOTC") and the California Enterprise Zone Tax Credit.

Our effective tax rate on earnings for the thirteen weeks ended March 28, 2014, was 40.0% compared to 83.4% on losses, for the same period in 2013. The principal difference between the statutory federal income tax rate of 35.0% and our effective income tax rate of 40.0%, results from state income taxes, certain non-deductible expenses, and the WOTC earned in 2014 for prior year hires.

As of March 27, 2015 and December 26, 2014, we had gross unrecognized tax benefits of $2.1 million and $2.0 million recorded in accordance with current accounting guidance on uncertain tax positions.

NOTE 13: NET INCOME PER SHARE

Diluted common shares were calculated as follows (in thousands, except per share amounts):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Net income	$5,716	$1,656
Weighted average number of common shares used in basic net income per common share	41,031	40,572
Dilutive effect of outstanding stock options and non-vested restricted stock	331	319
Weighted average number of common shares used in diluted net income per common share	41,362	40,891
Net income per common share:		
Basic	$0.14	$0.04
Diluted	$0.14	$0.04
Anti-dilutive shares	266	—

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares and potential common shares outstanding during the period. Potential common shares include the dilutive effects of outstanding options, non-vested restricted stock, performance share units, and shares issued under the employee stock purchase plan, except where their inclusion would be anti-dilutive. Anti-dilutive shares include unvested restricted stock, performance share units, and in-the-money options for which the sum of the assumed proceeds, including unrecognized compensation expense, exceeds the average stock price during the periods presented. Anti-dilutive shares associated with our stock options relate to those stock options with an exercise price higher than the average market value of our stock during the periods presented.

Notes to Consolidated Financial Statements—(Continued)

NOTE 14: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) is reflected as a net increase (decrease) to shareholders' equity. Changes in the balance of each component of accumulated other comprehensive income (loss) during the years presented were as follows (in thousands):

	Foreign currency translation adjustment	Unrealized gain on marketable securities (1)	Total other comprehensive income, net of tax
Balance at beginning of period	$848	$23	$ 871
Current-period other comprehensive income (loss) (2)	(1,412)	167	(1,245)
Balance at end of period	$(564)	$190	$ (374)

(1) Consists of deferred compensation plan accounts, which includes mutual funds.

(2) The tax impact on foreign currency translation adjustment and unrealized gain on marketable securities was de minimis for the period ending March 27, 2015.

There were no material reclassifications out of accumulated other comprehensive income (loss) during the fiscal period presented.

NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosure of cash flow information (in thousands):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Cash paid during the period for:		
Interest	$1,137	$254
Income taxes	$565	$913

As of March 27, 2015 and March 28, 2014 we had acquired $0.2 million and $0.9 million, respectively, of property, plant and equipment on account that was not yet paid. These are considered non-cash investing items.

NOTE 16: SEGMENT INFORMATION

Our operating segments are based on the organizational structure for which financial results are regularly evaluated by the chief operating decision maker, our Chief Executive Officer, to determine resource allocation and assess performance. Our service lines are our operating segments. Our reportable segments are described below:

Our Staffing Services segment provides temporary staffing through the following service lines:

- Labor Ready: On-demand general labor;
- Spartan Staffing: Skilled manufacturing and logistics labor;
- CLP Resources: Skilled trades for commercial, industrial, and energy construction as well as building and plant maintenance;
- PlaneTechs: Skilled mechanics and technicians to the aviation and transportation industries;
- Centerline Drivers: Temporary and dedicated drivers to the transportation and distribution industries; and
- Staff Management On-premise Staffing: Exclusive recruitment and on-premise management of a facility's contingent industrial workforce.

Our Managed Services segment provides high-volume permanent employee recruitment process outsourcing and management of outsourced labor service providers through the following service lines:

- PeopleScout and hrX: Outsourced recruitment of permanent employees on behalf of clients; and

- Staff Management: Management of multiple third party staffing vendors on behalf of clients.

We have two measures of segment performance; revenue from services and income from operations. Income from operations for each segment includes net sales to third parties, related cost of sales, and operating expenses directly attributable to the segment. Costs excluded from segment income from operations include various corporate general and administrative expenses, depreciation and amortization expense, interest income (expense), other income (expense), and income taxes. Asset information by reportable

Notes to Consolidated Financial Statements—(Continued)

segment is not presented, since we do not manage the performance of our segments on a balance sheet basis. There are no material internal revenue transactions between our reporting segments.

Revenue from services and income from operations associated with our segments were as follows (in thousands):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Revenue from services		
Staffing Services	$549,712	$396,063
Managed Services	23,603	—
Total Company	$573,315	$396,063
Income from operations		
Staffing Services	$24,229	$15,545
Managed Services	3,478	—
Depreciation and amortization	(10,520)	(5,161)
Corporate unallocated	(9,464)	(7,968)
Total Company	7,723	2,416
Interest and other income (expense), net	(534)	344
Income before tax expense	$7,189	$2,760

NOTE 17: SUBSEQUENT EVENTS

We evaluated events and transactions occurring after the balance sheet date through the date the financial statements were issued, and noted no other events that were subject to recognition or disclosure.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMMENT ON FORWARD LOOKING STATEMENTS

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including the following sections: “Management’s Discussion and Analysis,” and “Risk Factors.” Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. Actual events or results may differ materially. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” be,” “will continue,” “will likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. We describe risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements in “Risk Factors” (Part II, Item 1A of this Form 10-Q), “Quantitative and Qualitative Disclosures about Market Risk” (Part I, Item 3), and “Management’s Discussion and Analysis” (Part I, Item 2). We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is designed to provide the reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and certain other factors that may affect future results. Our MD&A is presented in the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Contractual Obligations and Commitments
- Summary of Critical Accounting Estimates
- New Accounting Standards

OVERVIEW

TrueBlue, Inc. (“TrueBlue,” “we,” “us,” “our”) is a leading provider of specialized workforce solutions helping clients improve growth and performance by providing staffing, recruitment process outsourcing, and managed service provider solutions. Our workforce solutions meet clients’ needs for a reliable, efficient workforce in a wide variety of industries. Through our workforce solutions, we help over 135,000 businesses be more productive and we connect as many as 750,000 people and work each year. We are headquartered in Tacoma, Washington.

Revenue grew to $573.3 million for the thirteen weeks ended March 27, 2015, a 44.8% increase compared to the same period in the prior year. The revenue increase is primarily due to the acquisition of Staffing Solutions Holdings, Inc. ("Seaton"), which we completed effective June 30, 2014. The acquired on-premise staffing and recruitment process outsourcing businesses continue to deliver strong results, each posting record first quarter results. Revenue for Seaton was $175.8 million for the thirteen weeks ended March 27, 2015, or 44.4 percentage points of our revenue growth. Organic revenue growth for the legacy TrueBlue business was 0.4%, or 2.6%, excluding our services to the green energy industry. Revenue from green energy projects declined in 2014. We expect the decline in the green energy business will negatively impact organic revenue growth through the second quarter of 2015 by approximately 1.0%. Gross profit as a percentage of revenue for the thirteen weeks ended March 27, 2015 was 22.6% compared to 25.1% for the first quarter of 2014 for a decline of 2.5% of revenue. The Seaton acquisition carries a lower gross margin than the legacy TrueBlue business, dropping the new blended rate by approximately 2.9% of revenue. This was partially offset by gross margin improvement in the legacy TrueBlue business of approximately 0.4% of revenue from widespread attention to customer bill rates.

Selling, general and administrative ("SG&A") increased by $19.6 million to $111.6 million for the thirteen weeks ended March 27, 2015 compared to the same period in 2014. The increase is primarily related to $20.4 million of expense from the acquired operations of Seaton and $1.2 million of integration costs offset by a $2.0 million decrease within the legacy TrueBlue operations.

SG&A expenses as a percentage of revenue decreased to 19.5% for the thirteen weeks ended March 27, 2015 from 23.2% for the same period in 2014. The decline is largely due to the blended impact of the Seaton acquisition, which carries a lower SG&A percentage than the legacy TrueBlue business.

Depreciation and amortization increased $5.4 million for the thirteen weeks ended March 27, 2015 primarily due to the amortization of intangible assets acquired in connection with the Seaton acquisition of $3.8 million and the depreciation of the fair value of acquired tangible assets.

Income from operations grew to $7.7 million for the thirteen weeks ended March 27, 2015, or an increase of 219.7%, compared to the $2.4 million for the same period in 2014. The improved performance reflects strong revenue growth, disciplined pricing, and effective cost control.

Our effective tax rate on earnings for the thirteen weeks ended March 27, 2015 was 20.5%, compared to 40.0%, for the same period in 2014. During the thirteen weeks ended March 27, 2015, we recognized $1.3 million of discrete tax benefits from prior year federal and state hiring credits.

Net income more than tripled to $5.7 million, or $0.14 per diluted share for the thirteen weeks ended March 27, 2015, compared to $1.7 million, or $0.04 per diluted share, for the same period in 2014.

We believe we are in a strong financial position to fund working capital needs for growth opportunities. We had cash and cash equivalents of $17.8 million at March 27, 2015. As of March 27, 2015, we had $151.9 million available under the Revolving Credit Facility.

RESULTS OF OPERATIONS

Total company results

The following table presents selected financial data (in thousands, except percentages and per share amounts):

	Thirteen weeks ended			
	March 27, 2015		March 28, 2014	
Revenue from services	$573,315		$396,063	
Total revenue growth %	44.8	%	14.3	%
Gross profit	$129,836		$99,559	
Gross profit as a % of revenue	22.6	%	25.1	%
Selling, general and administrative expenses	$111,593		$91,982	
Selling, general and administrative expenses as a % of revenue	19.5	%	23.2	%
Depreciation and amortization	$10,520		$5,161	
Depreciation and amortization as a % of revenue	1.8	%	1.3	%
Income from operations	$7,723		$2,416	
Income from operations as a % of revenue	1.3	%	0.6	%
Interest and other income (expense), net	$(534	)	$344	
Net income	$5,716		$1,656	
Net income per diluted share	$0.14		$0.04	

Our year over year trends are significantly impacted by the acquisition of Seaton. We completed the acquisition of all of the outstanding equity interests of Seaton effective June 30, 2014, the first business day of our third quarter of the prior year. The Seaton acquisition added a full service line of on-premise blue-collar contingent staffing and added new complementary outsourced service offerings in RPO and MSP solutions. On-premise temporary staffing is large scale exclusive sourcing, screening, recruitment, and management of a customer's on-premise contingent labor workforce. RPO is high-volume sourcing, screening, and recruiting of permanent

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employees for all major industries and jobs. The MSP solution provides customers with improved quality and spend management of their contingent labor vendors. Through the Seaton acquisition we added industry leaders Staff Management | SMX ("Staff Management") for on-premise contingent staffing, PeopleScout and Australia-based hrX for RPO services, and MSP solutions under the Staff Management brand. The service lines offer staffing and outsourced workforce solutions as an integrated partner with their customers. They have dedicated customer on-site and virtual teams which leverage highly centralized support services for recruiting and delivering services to the specialized needs of each customer. They do not operate a branch network and accordingly operate more flexible service lines. We are pleased with the Seaton integration and the retention of the senior leadership team and customers. The Seaton acquisition added new services and capabilities to better meet our objective of providing our customers with talent and flexible workforce solutions they need to enhance their business performance.

The impact of Seaton on our consolidated results is highlighted as follows (in thousands):

	Thirteen weeks ended			
	March 27, 2015			March 28, 2014
	Legacy TrueBlue	Seaton (1)	Total Company	Total Company
Revenue from services	$397,556	$175,759	$573,315	$396,063
Earnings before interest, depreciation and amortization	10,264	7,979	18,243	7,577
Depreciation and amortization			10,520	5,161
Income from operations			7,723	2,416
Interest and other income (expense), net			(534)	344
Income before tax expense			7,189	2,760
Income tax expense			1,473	1,104
Net income			$5,716	$1,656

(1) Seaton was acquired effective June 30, 2014. Therefore, the comparative prior year amounts are not presented.

Revenue from services

Revenue from services was as follows (in thousands, except percentages):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Revenue from services	$573,315	$396,063
Total revenue growth %	44.8 %	14.3 %

Revenue grew to $573.3 million for the thirteen weeks ended March 27, 2015, a 44.8% increase compared to the same period in the prior year. The revenue increase is primarily due to the acquisition of Seaton. Revenue for Seaton was $175.8 million for the thirteen weeks ended March 27, 2015 or 44.4% of our revenue growth.

In addition to revenue growth from our acquisition of Seaton, we experienced legacy TrueBlue organic revenue growth for the thirteen weeks ended March 27, 2015 of approximately 0.4%, or 2.6%, excluding our service to the green energy industry. Green energy projects declined and slowed in 2014. We expect the decline in the green energy business will negatively impact organic revenue growth through the second quarter of 2015 by approximately 1.0%. Further, excluding our green energy services, we experienced improved year over year monthly growth trends during the first quarter of 2015.

Gross profit

Gross profit was as follows (in thousands, except percentages):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014

Gross profit	$129,836		$99,559	
Percentage of revenue	22.6	%	25.1	%

Gross profit represents revenues from services less direct costs of services, which consist of payroll, payroll taxes, workers' compensation costs, and reimbursable costs.

Gross profit as a percentage of revenue for the thirteen weeks ended March 27, 2015 was 22.6% compared to 25.1% for the same period in the prior year for a decline of 2.5% of revenue. This was due largely to the impact of the Seaton acquisition, which carries lower gross margins in comparison to our blended company average prior to the acquisition. The impact on our blended rate is a decline of approximately 2.9% of revenue. This was partially offset by improved gross margins in our legacy TrueBlue business of approximately 0.4% of revenue resulting from disciplined pricing and management of increasing minimum wage, payroll taxes and benefits for our temporary labor.

Workers' compensation expense as a percentage of revenue was 3.8% for the thirteen weeks ended March 27, 2015, compared to 4.0%, for the same period in the prior year. The decline is primarily due to the acquisition of Seaton and the lower cost of workers' compensation cost as a percentage of revenue due to the nature of their business.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses were as follows (in thousands, except percentages):

	Thirteen weeks ended			
	March 27, 2015		March 28, 2014	
Selling, general and administrative expenses	$111,593		$91,982	
Percentage of revenue	19.5	%	23.2	%

SG&A spending increased by $19.6 million to $111.6 million for the thirteen weeks ended March 27, 2015 compared to the same period in 2014. The increase is primarily related to the acquired operations of Seaton of approximately $20.4 million. We incurred $1.2 million of of integration costs during the first quarter of 2015 and expect to complete our integration of Seaton by mid-2015. Legacy TrueBlue SG&A expenses declined by approximately $2.0 million through disciplined cost management.

SG&A expenses as a percentage of revenue decreased to 19.5% for the thirteen weeks ended March 27, 2015 from 23.2% for the same period in 2014 primarily due to Seaton's lower cost of doing business as a percent of sales. The acquired service lines offer workforce solutions as an integrated partner with our customers, which are delivered through highly centralized operations in Chicago, Illinois with support from on-site and virtual employee teams. We do not operate a branch network to service these customers and accordingly these services utilize a more flexible centralized support structure resulting in lower SG&A as a percent of sales.

Depreciation and amortization

Depreciation and amortization were as follows (in thousands, except percentages):

	Thirteen weeks ended			
	March 27, 2015		March 28, 2014	
Depreciation and amortization	$10,520		$5,161	
Percentage of revenue	1.8	%	1.3	%

Depreciation and amortization increased $5.4 million for the thirteen weeks ended March 27, 2015 primarily due to the amortization of intangible assets acquired in connection with the Seaton acquisition of $3.8 million and the depreciation of the fair value of acquired tangible assets. We continue to make significant investments in projects that are designed to further improve our efficiency and effectiveness in recruiting, retaining our temporary workers, and attracting and retaining our customers.

Interest and other income (expense), net

Interest and other income (expense), net is as follows (in thousands):

	Thirteen weeks ended		
	March 27, 2015		March 28, 2014
Interest and other income (expense), net	$(534	)	$344

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Net interest expense for the thirteen weeks ended March 27, 2015 was $0.5 million compared to net interest income of $0.3 million over the same period in 2014. The increase in interest expense is primarily due to the use of our Revolving Credit Facility to acquire Seaton at the beginning of the third quarter in 2014.

Income taxes

The income tax expense and the effective income tax rate were as follows (in thousands, except percentages):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Income tax expense	$1,473	$1,104
Effective income tax rate	20.5 %	40.0 %

Our tax provision or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Our quarterly tax provision and our quarterly estimate of our annual effective tax rate are subject to variation due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, audit developments, changes in law, regulations and administrative practices, and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items, tax credits and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

Our effective tax rate on earnings for the thirteen weeks ended March 27, 2015 was 20.5%, compared to 40.0%, for the same period in 2014. During the thirteen weeks ended March 27, 2015, we recognized $1.3 million of discrete tax benefits from prior year federal and state hiring credits. These hiring credits include the federal Work Opportunity Tax Credit ("WOTC") and the California Enterprise Zone Tax Credit (“EZTC”).

Changes to our effective tax rate as a result of hiring credits were as follows:

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Effective income tax rate without hiring credits	39.7 %	41.4 %
Hiring credits estimate from current year wages	(1.7)%	(1.4)%
Effective income tax rate before prior year adjustments	38.0 %	40.0 %
Additional hiring credits from prior year wages	(17.5)%	— %
Effective income tax rate with hiring credits	20.5 %	40.0 %

Both the federal WOTC and the California EZTC have expired and do not apply to 2015 hires. However, both continue to generate trailing credits related to 2015 wages of certified workers hired prior to 2015.

Segment results

In the fourth quarter of 2014, we changed our organizational structure as a result of our acquisition of Seaton. Legacy TrueBlue operations were all in the blue-collar staffing market of the temporary staffing industry and supplied customers with temporary workers, which we aggregated into one reportable segment in accordance with U.S. GAAP. The acquisition of Seaton added a full service line of on-premise temporary blue-collar staffing. On-premise staffing is large scale exclusive sourcing, screening, recruitment and management of an on-premise contingent labor workforce at a customer's facility. This service line is an operating segment which is aggregated with our blue-collar staffing services and reported as Staffing Services.

The acquisition of Seaton also added complementary outsourced service offerings in RPO and MSP solutions. RPO is high-volume sourcing, screening and recruitment of permanent employees for all major industries and jobs. MSP solutions provide customers with improved quality and spend management of their contingent labor vendors. The complementary service lines are operating segments which are aggregated and reported as Managed Services.

We completed the acquisition of Seaton effective June 30, 2014, the first business day of our third quarter of the prior year. Our year over year segment trends will include Seaton commencing in the third quarter of 2015.

Revenue from services and income from operations associated with our segments were as follows (in thousands, except percentages):

	Thirteen weeks ended			
	March 27, 2015		March 28, 2014	
Revenue from services		Revenue growth %		Revenue growth %
Staffing Services	$549,712	38.8%	$396,063	14.3%
Managed Services	23,603		—	
Total Company	$573,315	44.8%	$396,063	14.3%
		% of revenue		% of revenue
Income from operations				
Staffing Services	$24,229	4.4%	$15,545	3.9%
Managed Services	3,478	14.7%	—	
Depreciation and amortization	(10,520)		(5,161)	
Corporate unallocated	(9,464)		(7,968)	
Total Company	7,723	1.3%	2,416	0.6%
Interest and other income (expense), net	(534)		344	
Income before tax expense	$7,189		$2,760	

Results of Operations Future Outlook

The following highlights represent our expectations regarding operating trends for the remainder of fiscal year 2015. These expectations are subject to revision as our business changes with the overall economy:

- Our top priority is to produce strong organic revenue and gross profit growth, and leverage our cost structure to generate increasing operating income as a percentage of revenue. The acquisition of Seaton provides new opportunities to leverage technology and best practice processes in centralized, high-volume, and rapid recruitment of quality workers which are deployed to customers with multi-location demand for temporary staffing. These centralized capabilities when combined with our local presence provide opportunities to accelerate staffing services growth.
- The addition of Seaton added new services and capabilities to better meet our objective of providing customers with talent and flexible workforce solutions they need to enhance business performance. PeopleScout and hrX are recognized industry leaders of recruitment process outsourcing services, which are in the early stages of their adoption cycles. We expect continued growth with a differentiated service that leverages innovative technology for high-volume scalable sourcing and dedicated client service teams for connecting the best talent to work opportunity, reducing the cost of hiring, and delivering a better outcome for the customer.
- Acquisitions are a key element of our growth strategy. We have a proven track record of successfully acquiring and integrating companies and believe we have a strong business competence to continue to do so.
- We are committed to technology innovation that makes it easier for our customers to do business with us and easier to connect workers to work opportunity. We are making significant investments in online and mobile applications to improve access, speed, and ease of connecting our customers and workers. We will continue to invest in technology which increases our sustainability, scalability, and agility. These investments improve the efficiency and effectiveness of delivering our service. These investments are reducing our dependence on local branches. Additionally, these investments advance our ability to centralize high-volume activities which have increased the reliability of our service delivery and allowed our field personnel to focus on matching the customer's needs with the best solution to enhance

their performance.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion highlights our cash flow activities for the thirteen weeks ended March 27, 2015 and March 28, 2014.

Cash flows from operating activities

Our cash flows from operating activities were as follows (in thousands):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Net income	$5,716	$1,656
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	10,520	5,161
Provision for doubtful accounts	1,745	3,487
Stock-based compensation	3,389	2,876
Deferred income taxes	(299)	(1,433)
Other operating activities	(316)	(435)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	67,411	9,949
Income taxes	943	3,567
Accounts payable and other accrued expenses	370	(1,927)
Workers' compensation claims reserve	159	261
Other assets and liabilities	6,122	333
Net cash provided by operating activities	$95,760	$23,495

Net cash provided by operating activities was $95.8 million for the thirteen weeks ended March 27, 2015, compared to $23.5 million for the same period in 2014.

- Net income of $5.7 million increased over 2014 due to a combination of the acquisition of Seaton and improved profitability of the legacy TrueBlue business.
- Depreciation and amortization increased over 2014 by $5.4 million primarily due to the amortization of acquired finite-lived intangible assets in connection with the acquisition of Seaton on the first day of our third quarter in 2014.
- Stock-based compensation increased for performance shares due to improved future performance expectations from the acquisition of Seaton.
- The significant decrease in accounts receivable for the thirteen weeks ended March 27, 2015 compared to the prior year is due to a change in the seasonal peak of accounts receivable with the acquisition of Seaton. Historically, legacy TrueBlue accounts receivable peaked in the third quarter and de-leveraged in the fourth quarter. Subsequent to the acquisition of Seaton and its significant seasonal peak in the fourth quarter, the seasonal de-leveraging of accounts receivable now occurs in the first quarter.

Cash flows from investing activities

Our cash flows from investing activities were as follows (in thousands):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Capital expenditures	$(3,458)	$(2,091)
Purchases of marketable securities	—	(25,057)
Sales and maturities of marketable securities	1,500	9,450
Change in restricted cash and cash equivalents	(8,215)	(1,491)
Maturities of restricted investments	4,288	4,215
Net cash used in investing activities	$(5,885)	$(14,974)

Cash flows used in investing activities was $5.9 million for the thirteen weeks ended March 27, 2015 compared to $15.0 million for the same period in 2014.

- During the thirteen weeks ended March 27, 2015, we did not purchase marketable securities. We intend to use excess cash to pay down debt on the Revolving Credit Facility.

- When combining the change in restricted cash and cash equivalents with maturities of restricted investments, restricted cash and investments decreased by $3.9 million for the thirteen weeks ended March 27, 2015. This decrease is primarily due to the timing of collateral payments to our workers' compensation insurance providers.

Cash flows from financing activities

Our cash flows from financing activities were as follows (in thousands):

	Thirteen weeks ended	
	March 27, 2015	March 28, 2014
Net proceeds from stock option exercises and employee stock purchase plans	$411	$602
Common stock repurchases for taxes upon vesting of restricted stock	(3,026)	(2,474)
Net change in revolving credit facility	(88,000)	—
Payments on debt and other liabilities	(566)	(567)
Other	865	973
Net cash used in financing activities	$(90,316)	$(1,466)

The increase to net cash used in financing activities is primarily due to repayments on our Revolving Credit Facility. See Note 8: Long-Term Debt, to our Consolidated Financial Statements found in Item 1 of this Quarterly Report on Form 10-Q, for details of our Revolving Credit Facility.

Future outlook

Our cash-generating capability provides us with financial flexibility in meeting our operating and investing needs. Our current financial position is highlighted as follows:

- Our Revolving Credit Facility of up to a maximum of $300.0 million expires on June 30, 2019. The Revolving Credit Facility is an asset backed facility which is secured by a pledge of substantially all of the assets of TrueBlue, Inc, and material U.S. domestic subsidiaries. The additional amount available to borrow at March 27, 2015 was $151.9 million. We believe the Revolving Credit Facility provides adequate borrowing availability.
- We had cash and cash equivalents of $17.8 million at March 27, 2015. We expect to continue to apply any excess cash towards the outstanding balance on our Revolving Credit Facility.
- The majority of our workers' compensation payments are made from restricted cash rather than cash from operations. At March 27, 2015, we had restricted cash and investments totaling $172.0 million.

We believe that cash provided from operations and our capital resources will be adequate to meet our cash requirements for the foreseeable future.

Capital resources

Revolving Credit Facility

See Note 8: Long-term Debt, to our Consolidated Financial Statements found in Item 1 of this Quarterly Report on Form 10-Q, for details of our Revolving Credit Facility.

Restricted Cash and Investments

Restricted cash and investments consist principally of collateral that has been provided or pledged to insurance carriers for workers' compensation and state workers' compensation programs. Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation. We have agreements with certain financial institutions that allow us to restrict cash and cash equivalents and investments for the purpose of providing collateral instruments to our insurance carriers to satisfy workers' compensation claims. At March 27, 2015, we had restricted cash and investments totaling $172.0 million. The majority of our collateral obligations are held in a trust at the Bank of New York Mellon ("Trust").

We established investment policy directives for the Trust with the first priority to ensure sufficient liquidity to pay workers' compensation claims, second to maintain and ensure a high degree of liquidity, and third to maximize after-tax returns. Trust investments must meet minimum acceptable quality standards. The primary investments include U.S. Treasury securities, U.S.

agency debentures, U.S. agency mortgages, corporate securities, and municipal securities. For those investments rated by the Nationally Recognized Statistical Rating Organizations the minimum ratings are:

	S&P	Moody's	Fitch
Short-term Rating	A-1/SP-1	P-1/MIG-1	F-1
Long-term Rating	A-	A3	A-

Workers’ compensation insurance, collateral and claims reserves

Workers' compensation insurance

We provide workers’ compensation insurance for our temporary and permanent employees. The majority of our current workers’ compensation insurance policies cover claims for a particular event above a $2.0 million deductible limit, on a “per occurrence” basis. This results in our being substantially self-insured.

For workers’ compensation claims originating in Washington, North Dakota, Ohio, Wyoming, Canada and Puerto Rico (our “monopolistic jurisdictions”), we pay workers’ compensation insurance premiums and obtain full coverage under government-administered programs (with the exception of our Labor Ready service line in the state of Ohio where we have a self-insured policy). Accordingly, because we are not the primary obligor, our financial statements do not reflect the liability for workers’ compensation claims in these monopolistic jurisdictions.

Workers' compensation collateral

Our insurance carriers and certain state workers’ compensation programs require us to collateralize a portion of our workers’ compensation obligation, for which they become responsible should we become insolvent. The collateral typically takes the form of cash and cash-backed instruments, highly rated investment grade securities, letters of credit, and/or surety bonds. On a regular basis, these entities assess the amount of collateral they will require from us relative to our workers’ compensation obligation. Such amounts can increase or decrease independent of our assessments and reserves. We generally anticipate that our collateral commitments will continue to grow as we grow our business. We pay our premiums and deposit our collateral in installments. The majority of the restricted cash and investments collateralizing our self-insured workers' compensation policies are held in the Trust.

Our total collateral commitments were made up of the following components for the fiscal period end dates presented (in thousands):

	March 27, 2015	December 26, 2014
Cash collateral held by insurance carriers	$22,497	$22,639
Cash and cash equivalents held in Trust	51,066	43,856
Investments held in Trust	85,351	90,095
Letters of credit (1)	6,787	6,513
Surety bonds (2)	16,861	16,861
Total collateral commitments	$182,562	$179,964

(1) We have agreements with certain financial institutions to issue letters of credit as collateral. We had $1.9 million of restricted cash collateralizing our letters of credit as of March 27, 2015 and December 26, 2014.

(2) Our surety bonds are issued by independent insurance companies on our behalf and bear annual fees based on a percentage of the bond, which is determined by each independent surety carrier. These fees do not exceed 2.0% of the bond amount, subject to a minimum charge. The terms of these bonds are subject to review and renewal every one to four years and most bonds can be canceled by the sureties with as little as 60 days' notice.

Workers' compensation reserve

The following table provides a reconciliation of our collateral commitments to our workers’ compensation reserve as of the fiscal period end dates presented (in thousands):

	March 27, 2015	December 26, 2014
Total workers’ compensation reserve	$242,998	$ 242,839
Add back discount on workers' compensation reserve (1)	14,179	13,381
Less excess claims reserve (2)	(41,346)	(42,612)
Reimbursable payments to insurance provider (3)	9,424	8,336
Less portion of workers' compensation not requiring collateral (4)	(42,693)	(41,980)
Total collateral commitments	$182,562	$ 179,964

(1) Our workers’ compensation reserves are discounted to their estimated net present value while our collateral commitments are based on the gross, undiscounted reserve.

(2) Excess claims reserve includes the estimated obligation for claims above our deductible limits. These are the responsibility of the insurance carriers against which there are no collateral requirements.

(3) This amount is included in restricted cash and represents a timing difference between claim payments made by our insurance carrier and the reimbursement from cash held in the Trust. When claims are paid by our carrier, the amount is removed from the workers' compensation reserve but not removed from collateral until reimbursed to the carrier.

(4) Represents deductible and self-insured reserves where collateral is not required.

Our workers’ compensation reserve is established using estimates of the future cost of claims and related expenses, which are discounted to their estimated net present value. We discount our workers' compensation liability as we believe the estimated future cash outflows are readily determinable. The discounted workers’ compensation claims reserve was $243.0 million at March 27, 2015.

Our workers' compensation reserve for deductible and self-insured claims is established using estimates of the future cost of claims and related expenses that have been reported but not settled, as well as those that have been incurred but not reported. Reserves are estimated for claims incurred in the current year, as well as claims incurred during prior years.

Management evaluates the adequacy of the workers’ compensation reserves in conjunction with an independent quarterly actuarial assessment. Factors considered in establishing and adjusting these reserves include, among other things:

- Changes in medical and time loss (“indemnity”) costs;
- Mix changes between medical only and indemnity claims;
- Regulatory and legislative developments impacting benefits and settlement requirements;
- Type and location of work performed;
- The impact of safety initiatives; and
- Positive or adverse development of claims.

Our workers’ compensation claims reserves are discounted to their estimated net present value using discount rates based on returns of “risk-free” U.S. Treasury instruments with maturities comparable to the weighted average lives of our workers’ compensation claims. At March 27, 2015, the weighted average rate was 1.6%. The claim payments are made over an estimated weighted average period of approximately 4.5 years.

Our workers’ compensation reserves include estimated expenses related to claims above our deductible limits (“excess claims”), and a corresponding receivable for the insurance coverage on excess claims based on the contractual policy agreements we have with insurance carriers. We discount this reserve and corresponding receivable to its estimated net present value using the discount rates based on average returns of “risk-free” U.S. Treasury instruments available during the year in which the liability was incurred. At March 27, 2015, the weighted average rate was 3.5%. The claim payments are made and the corresponding reimbursements from our insurance carriers are received over an estimated weighted average period of approximately 14.7 years. The discounted workers' compensation reserve for excess claims and the corresponding receivable for the insurance on excess claims were $41.3 million and $42.6 million as of March 27, 2015 and December 26, 2014, respectively.

Certain workers’ compensation insurance companies with which we formerly did business are in liquidation and have failed to pay a number of excess claims to date. We have recorded a valuation allowance against all of the insurance receivables from the insurance companies in liquidation.

We continue to actively manage workers’ compensation expense through the safety of our temporary workers with our safety programs and actively control costs with our network of service providers. These actions have had a positive impact creating favorable adjustments to workers’ compensation liabilities recorded in prior periods. Continued favorable adjustments to our workers' compensation liabilities are dependent on our ability to continue to aggressively lower accident rates and costs of our claims. We expect diminishing favorable adjustments to our workers' compensation liabilities as the opportunity for significant reduction to frequency and severity of accident rates diminishes.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There have been no material changes during the period covered by this quarterly report, outside of the ordinary course of our business, to the contractual obligations specified in the table of contractual obligations included in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the fiscal year ended December 26, 2014.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates are discussed in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations; Summary of Critical Accounting Estimates” in our Annual Report on Form 10-K for the fiscal year ended December 26, 2014.

NEW ACCOUNTING STANDARDS

See Note 1: Summary of Significant Accounting Policies, to our Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our quantitative and qualitative disclosures about market risk are discussed in Part II, “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended December 26, 2014.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO") as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of management, including our CEO and CFO, of the effectiveness of the design and operation of the disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our CEO and CFO concluded that, as of March 27, 2015, our disclosure controls and procedures are effective.

Effective June 30, 2014, we completed the acquisition of all of the outstanding equity interests of Staffing Solutions Holdings, Inc. ("Seaton"). Accordingly, the acquired assets and liabilities of Seaton are included in our Consolidated Balance Sheet as of March 27, 2015, and the result of its operations and cash flows are reported in our consolidated statements of operations and cash flows for the thirteen weeks ended March 27, 2015. We are currently in the process of evaluating and integrating the controls and systems of Seaton into the Company’s system of internal control over financial reporting.

During the fiscal quarter ended March 27, 2015, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that materially affected or are reasonably likely to materially affect internal control over financial reporting.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Quarterly Report on Form 10-Q.

PART II. OTHER INFORMATION
Item 1. LEGAL PROCEEDINGS
See Note 9: Commitments and Contingencies, to our Consolidated Financial Statements found in Item 1 or Part I of this Quarterly Report on Form 10-Q.
Item 1A. RISK FACTORS
Investing in our securities involves risk. The following risk factors and all other information set forth in this Quarterly Report on Form 10-Q should be considered in evaluating our future prospects. If any of the events described below occurs, our business, financial condition, results of operations, liquidity, or access to the capital markets could be materially and adversely affected.
Our workforce solutions and services are significantly affected by fluctuations in general economic conditions.
The demand for workforce solutions and services is highly dependent upon the state of the economy and upon the workforce needs of our customers which creates uncertainty and volatility. As economic activity slows, companies tend to reduce their use of contingent workers and reduce their recruitment of new employees. Significant declines in demand of any region or specific industry in which we have a significant presence may severely reduce the demand for our services and thereby significantly decrease our revenues and profits. Deterioration in economic conditions or the financial or credit markets could also have adverse impacts on our customers' ability to pay us for services we have already provided.
It is difficult for us to forecast future demand for our services due to the inherent difficulty in forecasting the direction and strength of economic cycles, and the project nature of our staffing assignments. This situation can be exacerbated by uncertain and volatile economic conditions, which may cause clients to reduce or defer projects for which they utilize our services, thereby negatively affecting demand for them. When it is difficult for us to accurately forecast future demand, we may not be able to determine the optimal level of personnel and investment necessary to profitably take advantage of growth opportunities.
Our workforce solutions and services are subject to extensive government regulation and the imposition of additional regulations that could materially harm our future earnings.
Our workforce solutions and services are subject to extensive regulation. The cost to comply, and any inability to comply with government regulation could have a material adverse effect on our business and financial results. Increased government regulation of the workplace or of the employer-employee relationship, or judicial or administrative proceedings related to such regulation, could materially harm our business.
Our temporary staffing services employ contingent workers. The wage rates we pay to temporary workers are based on many factors, including government mandated minimum wage requirements, payroll taxes and benefits. If we are not able to increase the fees charged to customers to absorb any increased costs related to government mandated minimum wages, payroll-related taxes and benefits, our results of operations and financial condition could be adversely affected.
We offer our temporary workers in the United States government mandated health insurance in compliance with the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the “ACA”). Because the requirements, regulations, and legislation related to the ACA may change, the full financial effect of the ACA is not yet known, and additional requirements, regulations, or legislation changes could increase our costs. If we are unable to comply with such additional changes, or sufficiently raise the rates we charge our customers to cover any additional costs, such increases in costs could materially harm our business.
We may incur employment related claims and costs that could materially harm our business.
We are in the business of employing people and placing them in the workplaces of other business. We incur a risk of liability for claims for personal injury, wage and hour violations, immigration, discrimination, harassment, and other liabilities arising from the actions of our customers and temporary workers. Some or all of these claims may give rise to negative publicity and/or litigation, including class action litigation. A material adverse impact on our financial statements could occur for the period in which the effect of an unfavorable final outcome becomes probable and can be reasonably estimated.

We maintain insurance with respect to certain claims and costs. We cannot be certain that our insurance will be available, or if available, will be in sufficient amount or scope to cover all claims that may be asserted against us. Should the ultimate judgments or settlements exceed our insurance coverage, they could have a material effect on our business. We cannot be certain we will be able to obtain appropriate types or levels of insurance in the future, that adequate replacement policies will be available on acceptable terms, or at all, or that the companies from which we have obtained insurance will be able to pay claims we make under such policies.

We are dependent on workers' compensation insurance coverage at commercially reasonable terms. Unexpected changes in claim trends on our workers' compensation may negatively impact our financial condition.

Our temporary staffing services employ contingent workers for which we provide workers' compensation insurance. Our workers' compensation insurance policies are renewed annually. The majority of our insurance policies are with AIG. Our insurance carriers require us to collateralize a significant portion of our workers' compensation obligation. The majority of collateral is held in trust by a third-party for the payment of these claims. The loss or decline in value of the collateral could require us to seek additional sources of capital to pay our workers' compensation claims. We cannot be certain we will be able to obtain appropriate types or levels of insurance in the future or that adequate replacement policies will be available on acceptable terms. As our business grows or if our financial results deteriorate, the amount of collateral required will likely increase and the timing of providing collateral could be accelerated. Resources to meet these requirements may not be available. The loss of our workers' compensation insurance coverage would prevent us from doing business in the majority of our markets. Further, we cannot be certain that our current and former insurance carriers will be able to pay claims we make under such policies.

We self-insure, or otherwise bear financial responsibility for, a significant portion of expected losses under our workers' compensation program. Unexpected changes in claim trends, including the severity and frequency of claims, changes in state laws regarding benefit levels and allowable claims, actuarial estimates, or medical cost inflation, could result in costs that are significantly different than initially reported. There can be no assurance that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to cover increased costs as a result of any changes in claims-related liabilities.

We actively manage the safety of our temporary workers with our safety programs and actively control costs with our network of workers' compensation related service providers. These activities have had a positive impact creating favorable adjustments to workers' compensation liabilities recorded in prior periods. The benefit of these adjustments has been declining and there can be no assurance that we will be able to continue to reduce accident rates and control costs to produce these results in the future.

Our level of debt and restrictions in our credit agreement could negatively affect our operations and limit our liquidity and our ability to react to changes in the economy.

Extensions of credit under our Second Amended and Restated Revolving Credit Agreement ("Revolving Credit Facility") are permitted based on a borrowing base, which is an agreed percentage of eligible accounts receivable and an agreed percentage of the appraised value of our Tacoma headquarters building, less required reserves and other adjustments. If the amount or quality of our accounts receivable deteriorates, then our ability to borrow under the Revolving Credit Facility will be directly affected. Our lenders can impose additional conditions which may reduce the amounts available to us under the Revolving Credit Facility.

Our principal sources of liquidity are funds generated from operating activities, available cash and cash equivalents, and borrowings under our Revolving Credit Facility. We must have sufficient sources of liquidity to meet our working capital requirements, fund our workers' compensation collateral requirements, service our outstanding indebtedness, and finance investment opportunities. Without sufficient liquidity, we could be forced to curtail our operations or we may not be able to pursue promising business opportunities.

Our Revolving Credit Facility and Term Loan Agreement contain restrictive covenants that require us to maintain certain financial conditions. Our failure to comply with these restrictive covenants could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. We may not have sufficient funds on hand to repay these loans, and if we are forced to refinance these borrowings on less favorable terms, or are unable to refinance at all, our results of operations and financial condition could be materially adversely affected by increased costs and rates.

Our increased debt levels could have significant consequences for the operation of our business, including: requiring us to dedicate a significant portion of our cash flow from operations to servicing our debt rather than using it for our operations; limiting our ability to obtain additional debt financing for future working capital, capital expenditures, or other corporate purposes; limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities; limiting our ability to react to changes in market or industry conditions; and putting us at a competitive disadvantage compared to competitors with less debt.

Acquisitions and new business initiatives may have an adverse effect on our business.

We expect to continue making acquisitions and entering into new business initiatives as part of our business strategy. This strategy may be impeded, however, if we cannot identify suitable acquisition candidates or new business initiatives, or if acquisition candidates are not available under terms that are acceptable to us. Future acquisitions could result in our incurring additional debt and contingent liabilities, an increase in interest expense, an increase in amortization expense, and/or significant charges related to integration costs. Acquisitions and new business initiatives, including initiatives outside of our workforce solutions and services business, could involve significant unanticipated challenges and risks, including that they may not advance our business strategy, we may not realize our anticipated return on our investment, we may experience difficulty in implementing initiatives or integrating acquired operations, or management's attention may be diverted from our other business. These events could cause material harm to our business, operating results, or financial condition.

If our acquired intangible assets become impaired we may be required to record a significant charge to earnings.

We regularly review acquired intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. We test goodwill and indefinite-lived intangible assets for impairment at least annually. Factors that may be considered a change in circumstances, indicating that the carrying value of the intangible assets may not be recoverable, include: macroeconomic conditions, such as deterioration in general economic conditions; industry and market considerations, such as deterioration in the environment in which we operate; cost factors, such as increases in labor or other costs that have a negative effect on earnings and cash flows; our financial performance, such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods; and other relevant entity-specific events, such as changes in management, key personnel, strategy, or customers, and sustained decreases in share price. We may be required to record a significant charge in our financial statements during the period in which we determine an impairment of our acquired intangible assets has occurred, negatively impacting our financial results.

We operate in a highly competitive business and may be unable to retain customers or market share.

Our business is highly competitive and rapidly innovating. Our competitors include large, well-financed competitors, small local competitors, and internet-based companies providing a variety of flexible workforce solutions. We face extensive pricing pressure and the requirement to innovate changes in the way we do business to remain relevant to our customers. Therefore, there can be no assurance that we will be able to retain customers or market share in the future. Nor can there be any assurance that we will, in light of competitive pressures, be able to remain profitable or, if profitable, maintain our current profit margins.

The loss of or substantial decline in revenue from a major customer could have a material adverse effect on our revenues, profitability, and liquidity.

We experience revenue concentration with large customers. The loss of, or reduced demand for our services related to major customers could have a material adverse effect on our business, financial condition and results of operations. In addition, customer concentration exposes us to concentrated credit risk, as a significant portion of our accounts receivable may be from a small number of customers.

Our management information systems may not perform as anticipated and are vulnerable to damage and interruption.

The efficient operation of our business is dependent on our management information systems. We rely heavily on proprietary and third-party management information systems, mobile device technology and related services, and other technology which may not yield the intended results. Our systems may experience problems with functionality and associated delays. The failure of our systems to perform as we anticipate could disrupt our business and could result in decreased revenue and increased overhead costs, causing our business and results of operations to suffer materially. Our primary computer systems and operations are vulnerable to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events, and errors in usage by our employees. Failure of our systems to perform may require significant additional capital and management resources to resolve, causing material harm to our business.

Improper disclosure of, or access to, our confidential and/or proprietary information or our employees' or customers' information could materially harm our business.

Our business involves the use, storage, and transmission of information about applicants, candidates, contingent workers, permanent placements, our employees, and customers. Additionally, our employees may have access or exposure to confidential customer information about applicants, candidates, contingent workers, permanent placements, other employees, and customers. We and our third party vendors have established policies and procedures to help protect the security and privacy of this information. It is possible that our security controls over sensitive or confidential data and other practices we and our third party vendors follow may not prevent the improper access to, disclosure of, or loss of such information, resulting in increased costs or loss of revenue. Failure to protect the integrity and security of such confidential and/or proprietary information, could expose us to litigation and materially damage our relationships. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which we do business. Our failure to adhere to or successfully implement changes in response to the changing regulatory requirements could result in legal liability, additional compliance costs, and damage to our reputation.

Our results of operations could materially deteriorate if we fail to attract, develop and retain qualified employees.

Our performance is dependent on attracting and retaining qualified employees who are able to meet the needs of our customers. We believe our competitive advantage is providing unique solutions for each individual customer, which requires us to have trained and engaged employees. Our success depends upon our ability to attract, develop and retain a sufficient number of qualified employees, including management, sales, recruiting, service and administrative personnel. The turnover rate in the employment services industry is high, and qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply. Our inability to recruit, train, and motivate a sufficient number of qualified individuals may delay or affect the speed of our strategy execution and planned growth. Delayed expansion, significant increases in employee turnover rates or significant increases in labor costs could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to attract sufficient qualified candidates to meet the needs of our customers.

We compete to meet our customers' needs for workforce solutions and services and we must continually attract qualified candidates to fill positions. Attracting qualified candidates depends on factors such as desirability of the assignment, location, and the associated wages and other benefits. We have in the past experienced shortages of qualified candidates and we may experience such shortages in the future. Further, if there is a shortage, the cost to employ these individuals could increase. If we are unable to pass those costs through to our customers, it could materially and adversely affect our business. Organized labor periodically engages in efforts to represent various groups of our contingent workers. If we are subject to unreasonable collective bargaining agreements or work disruptions, our business could be adversely affected.

We may have additional tax liabilities that exceed our estimates.

We are subject to federal taxes and a multitude of state and local taxes in the United States and taxes in foreign jurisdictions. In the ordinary course of our business, there are transactions and calculations where the ultimate tax determination is uncertain. We are regularly subject to audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax provisions and accruals. The results of an audit or litigation could materially harm our business.

Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting.

If our management is unable to certify the effectiveness of our internal controls or if our independent registered public accounting firm cannot render an opinion on the effectiveness of our internal control over financial reporting, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause our stock price to fall.

Outsourcing certain aspects of our business could result in disruption and increased costs.

We have outsourced certain aspects of our business to third party vendors that subject us to risks, including disruptions in our business and increased costs. For example, we have engaged third parties to host and manage certain aspects of our data center, information and technology infrastructure, mobile texting and electronic pay solutions, to provide certain back office support activities, and to support business process outsourcing for our customers. Accordingly, we are subject to the risks associated with the vendors' ability to provide these services to meet our needs. If the cost of these services is more than expected, or if we or the vendors are unable to adequately protect our data and information is lost, or our ability to deliver our services is interrupted, then our business and results of operations may be negatively impacted.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below includes repurchases of our common stock pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs during the thirteen weeks ended March 27, 2015.

Period	Total number of shares purchased (1)	Weighted average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares (or approximate dollar value) that may yet be purchased under plans or programs at period end (3)
12/27/14 through 1/23/15	416	$21.38	—	$35.2 million
1/24/15 through 2/20/15	137,979	$21.63	—	$35.2 million
2/21/15 through 3/27/15	1,357	$23.42	—	$35.2 million
Total	139,752	$21.65	—	

(1) During the thirteen weeks ended March 27, 2015, we purchased 139,752 shares in order to satisfy employee tax withholding obligations upon the vesting of restricted stock. These shares were not acquired pursuant to any publicly announced purchase plan or program.

(2) Weighted average price paid per share does not include any adjustments for commissions.

(3) Our Board of Directors authorized a $75.0 million share repurchase program in July 2011 that does not have an expiration date. As of March 27, 2015, $35.2 million remains available for repurchase of our common stock under the current authorization.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description
31.10	Certification of Steven C. Cooper, Chief Executive Officer of TrueBlue, Inc., Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.20	Certification of Derrek L. Gafford, Chief Financial Officer of TrueBlue, Inc., Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.10	Certification of Steven C. Cooper, Chief Executive Officer of TrueBlue, Inc. and Derrek L. Gafford, Chief Financial Officer of TrueBlue, Inc., Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

TrueBlue, Inc.

/s/ Steven C. Cooper	4/29/2015
Signature	Date
By: Steven C. Cooper, Director, Chief Executive Officer and President	
/s/ Derrek L. Gafford	4/29/2015
Signature	Date
By: Derrek L. Gafford, Chief Financial Officer and Executive Vice President	
/s/ Norman H. Frey	4/29/2015
Signature	Date
By: Norman H. Frey, Chief Accounting Officer and Senior Vice President	