

TrueBlue, Inc.
Form 10-Q
October 28, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: September 27, 2013

or

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

Commission File Number: 001-14543

TrueBlue, Inc.

(Exact name of Registrant as specified in its charter)

Washington

(State of Incorporation)

91-1287341

(IRS Employer ID)

1015 A Street, Tacoma, Washington

(Address of principal executive offices)

98402

(Zip Code)

Registrant's telephone number, including area code: (253) 383-9101

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ✓ No ☐

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

Large accelerated filer ☐ Accelerated filer ✓ Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ✓
As of October 18, 2013, there were 41,052,055 shares of the registrant's common stock outstanding.

Table of Contents

TrueBlue, Inc.

Index

Part I. Financial Information

Item 1.	<u>Financial Statements (unaudited)</u>	
	<u>Consolidated Balance Sheets as of September 27, 2013 and December 28, 2012</u>	<u>3</u>
	<u>Consolidated Statements of Operations and Comprehensive Income for the thirteen and thirty-nine weeks ended September 27, 2013 and September 28, 2012</u>	<u>4</u>
	<u>Consolidated Statements of Cash Flows for the thirty-nine weeks ended September 27, 2013 and September 28, 2012</u>	<u>5</u>
	<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>30</u>
Item 4.	<u>Controls and Procedures</u>	<u>30</u>
Part II. Other Information		
Item 1.	<u>Legal Proceedings</u>	<u>31</u>
Item 1A.	<u>Risk Factors</u>	<u>31</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>34</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>34</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>34</u>
Item 5.	<u>Other Information</u>	<u>34</u>
Item 6.	<u>Exhibits</u>	<u>35</u>
	<u>Signatures</u>	<u>36</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRUEBLUE, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par value data)

	September 27, 2013	December 28, 2012
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 109,544	\$ 129,513
Marketable securities	29,342	—
Accounts receivable, net of allowance for doubtful accounts of \$6,013 and \$4,999	213,193	167,292
Prepaid expenses, deposits and other current assets	12,158	8,541
Income tax receivable	513	6,373
Deferred income taxes	5,525	5,447
Total current assets	370,275	317,166
Property and equipment, net	55,765	58,171
Restricted cash and investments	138,457	136,259
Deferred income taxes	4,177	2,562
Goodwill	74,629	48,079
Intangible assets, net	24,829	16,554
Other assets, net	30,381	22,952
Total assets	\$ 698,513	\$ 601,743
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 25,932	\$ 27,292
Accrued wages and benefits	51,303	35,102
Current portion of workers' compensation claims reserve	47,596	44,652
Other current liabilities	2,542	6,510
Total current liabilities	127,373	113,556
Workers' compensation claims reserve, less current portion	160,159	150,937
Note payable, less current portion	30,222	—
Other long-term liabilities	3,923	3,576
Total liabilities	321,677	268,069
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, \$0.131 par value, 20,000 shares authorized; No shares issued and outstanding	—	—
Common stock, no par value, 100,000 shares authorized; 41,063 and 40,220 shares issued and outstanding	1	1
Accumulated other comprehensive income	2,342	2,818
Retained earnings	374,493	330,855
Total shareholders' equity	376,836	333,674
Total liabilities and shareholders' equity	\$ 698,513	\$ 601,743
See accompanying notes to consolidated financial statements		

Table of Contents

TRUEBLUE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(UNAUDITED)

(in thousands, except per share data)

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27,	September 28,	September 27,	September 28,
	2013	2012	2013	2012
Revenue from services	\$451,169	\$ 379,467	\$1,219,977	\$ 1,044,915
Cost of services	327,641	274,237	897,937	766,914
Gross profit	123,528	105,230	322,040	278,001
Selling, general and administrative expenses	90,767	77,634	268,538	221,243
Depreciation and amortization	4,771	4,660	15,133	14,156
Income from operations	27,990	22,936	38,369	42,602
Interest expense	(350	) (266	) (919	) (900
Interest and other income	766	675	2,086	1,986
Interest and other income, net	416	409	1,167	1,086
Income before tax expense	28,406	23,345	39,536	43,688
Income tax expense	9,454	8,998	9,124	17,474
Net income	\$18,952	\$ 14,347	\$30,412	\$ 26,214
Net income per common share:				
Basic	\$0.47	\$ 0.36	\$0.76	\$ 0.66
Diluted	\$0.47	\$ 0.36	\$0.75	\$ 0.66
Weighted average shares outstanding:				
Basic	40,330	39,516	40,085	39,547
Diluted	40,670	39,858	40,395	39,841
Total other comprehensive income (loss), net of tax	\$79	\$ 504	\$(476	) \$ 372
Comprehensive income	\$19,031	\$ 14,851	\$29,936	\$ 26,586
See accompanying notes to consolidated financial statements				

Table of Contents

TRUEBLUE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

	Thirty-nine weeks ended		
	September 27, 2013	September 28, 2012	
Cash flows from operating activities:			
Net income	\$30,412	\$26,214	
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	15,133	14,156	
Provision for doubtful accounts	8,785	4,305	
Stock-based compensation	6,428	6,268	
Deferred income taxes	(1,694	) 1,191
Other operating activities	1,213	1,196	
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(24,776) (33,528)
Income taxes	6,580	2,206	
Other assets	(4,703) (592)
Accounts payable and other accrued expenses	(6,728) (2,906)
Accrued wages and benefits	11,419	8,248	
Workers' compensation claims reserve	2,785	5,930	
Other liabilities	423	280	
Net cash provided by operating activities	45,277	32,968	
Cash flows from investing activities:			
Capital expenditures	(10,350) (13,930)
Acquisition of businesses, net of cash acquired	(54,872) —	
Purchases of marketable securities	(35,300) —	
Maturities of marketable securities	205	—	
Change in restricted cash and cash equivalents	(1,338	) 487
Purchases of restricted investments	(9,175) (18,153)
Maturities of restricted investments	13,337	14,418	
Other	—	(250)
Net cash used in investing activities	(97,493) (17,428)
Cash flows from financing activities:			
Purchases and retirement of common stock	—	(4,386)
Net proceeds from stock option exercises and employee stock purchase plans	8,731	3,806	
Common stock repurchases for taxes upon vesting of restricted stock	(2,653) (2,076)
Proceeds from note payable	34,000	—	
Payments on debt and other liabilities	(8,115) (3,987)
Other	719	764	
Net cash provided by (used in) financing activities	32,682	(5,879)
Effect of exchange rates on cash	(435	) 369
Net change in cash and cash equivalents	(19,969	) 10,030
CASH AND CASH EQUIVALENTS, beginning of period	129,513	109,311	
CASH AND CASH EQUIVALENTS, end of period	\$109,544	\$119,341	
See accompanying notes to consolidated financial statements			

Table of Contents

Notes to Consolidated Financial Statements

NOTE 1: ACCOUNTING PRINCIPLES AND PRACTICES

Financial Statement Preparation

The accompanying unaudited Consolidated Financial Statements ("financial statements") of TrueBlue, Inc. (the "Company", "we", "us", "our", and "TrueBlue") are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures usually found in financial statements prepared in accordance with GAAP have been condensed or omitted. The financial statements reflect all adjustments which, in the opinion of management, are necessary to fairly state the financial statements for the interim periods presented. We follow the same accounting policies for preparing both quarterly and annual financial statements.

These financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2012. The results of operations for the thirteen and thirty-nine weeks ended September 27, 2013 are not necessarily indicative of the results expected for the full fiscal year or for any other fiscal period.

Cash and Cash Equivalents and Marketable Securities

We consider all highly liquid instruments purchased with an original maturity of three months or less at date of purchase to be cash equivalents. Investments with original maturities greater than three months are classified as marketable securities. Our marketable securities consist of variable-rate demand notes and certificate of deposits. All of our marketable securities are classified as available-for-sale and are reported at fair value, with any unrealized gains and losses, net of tax, recorded in Other comprehensive income (loss). We manage our cash equivalents and marketable securities as a single portfolio of highly liquid securities.

Recently Issued Accounting Pronouncements not yet Adopted

In July 2013, the FASB issued authoritative guidance for the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except to the extent when, for certain reasons, it is not available. The guidance will be effective for our first quarter of fiscal 2014. Management does not expect the adoption of this guidance to have a material impact on our financial statements.

NOTE 2: ACQUISITIONS

We account for our business acquisitions using the purchase method of accounting in accordance with ASC 805, Business Combinations. The fair value of the net assets acquired and the results of the acquired business are included in the financial statements from the acquisition date forward. We are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and results of operations during the reporting period. Estimates are used in accounting for, among other things, the fair value of acquired net operating assets, property and equipment, intangible assets, useful lives of property and equipment and amortizable lives for acquired intangible assets. Any excess of the purchase consideration over the identified fair value of the assets and liabilities acquired is recognized as goodwill. All acquisition related costs are expensed as incurred and recorded in operating expenses. Additionally, we recognize liabilities for anticipated restructuring costs that will be necessary due to the elimination of excess capacity, redundant assets or unnecessary functions and record them as operating expenses. We estimate the preliminary fair value of acquired assets and liabilities as of the date of acquisition based on information available at that time. The valuation of these tangible and identifiable intangible assets and liabilities is subject to further management review and may change between the preliminary allocation and the final allocation. Any changes to these estimates may have a material impact on our operating results or financial condition.

Effective February 4, 2013, we acquired substantially all of the assets and assumed certain liabilities of MDT Personnel, LLC and its subsidiaries ("MDT") for \$53.4 million in cash. MDT supplied blue-collar labor to industries similar to those served by TrueBlue, including construction, event staffing, disaster recovery, hospitality, and

manufacturing through its network of 105 branches in 25 states. We expect the acquisition of MDT to enhance TrueBlue's national position as the leading provider of blue-collar temporary labor.

We have fully integrated and blended MDT's operations with our existing service lines. MDT was primarily integrated into the Labor Ready service line. The integration of the MDT sales and branch operations was completed during the first quarter of 2013. We consolidated 65 branches, blended our sales and service teams and fully integrated all former MDT locations into our enterprise

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

systems to optimize our combined operational efficiencies during the first quarter of 2013. We completed the integration of all remaining administrative services during the second quarter of 2013. We incurred restructuring costs related to our integration of MDT of \$2.8 million for the thirty-nine weeks ended September 27, 2013. No restructuring costs were incurred during the thirteen weeks ended September 27, 2013. These activities consisted of integrating our branch network capacity, sales and services teams and infrastructure and included closing, consolidating and relocating certain branch offices and administrative operations, eliminating redundant assets, and reducing excess administrative workforce and capacity. These integration costs are included in Selling, general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income and Cash flows from operating activities in the Consolidated Statements of Cash Flows. At September 27, 2013, we have a liability for incurred but not yet paid integration costs of \$0.2 million included in accounts payable and other accrued expenses in our Consolidated Balance Sheets.

Purchase price allocation

The following table summarizes the final allocation of the purchase price, based on the estimated fair value of the assets acquired and liabilities assumed as of the acquisition date of February 4, 2013 (in millions):

	Purchase Price Allocation February 4, 2013
Cash	\$0.4
Accounts receivable (1)	29.9
Prepaid expenses, deposits and other current assets	0.6
Property and equipment	0.3
Restricted cash	6.9
Intangible assets	10.2
Total assets acquired	48.3
Accounts payable and other accrued expenses	6.3
Accrued wages and benefits	4.8
Workers' compensation claims reserve	9.4
Other long-term liabilities	0.1
Total liabilities assumed	20.6
Net identifiable assets acquired	27.7
Goodwill (2)	25.7
Net assets acquired	\$53.4

(1) The gross contractual amount of accounts receivable was \$32.9 million of which \$3.0 million was estimated to be uncollectible.

(2) The goodwill acquired is deductible for income tax purposes.

Intangibles assets include identifiable intangible assets for customer relationships, the trade name/trademarks and a non-compete agreement. We estimated the fair value of the acquired identifiable intangible assets, which are subject to amortization using the income approach. No residual value is estimated for any of the intangible assets. The following table sets forth the components of identifiable intangible assets and their estimated useful lives as of February 4, 2013 (in millions, except for estimated useful lives, in years):

	Estimated Fair Value	Estimated Useful Life
Customer relationships	\$7.8	8.0
Trade name/trademarks	1.0	1.5

Non-compete agreement

1.4

5.0

The acquired assets and liabilities of MDT are included in our Consolidated Balance Sheets as of September 27, 2013 and the results of its operations and cash flows are reported in our Consolidated Statements of Operations and Comprehensive Income and Consolidated Statements of Cash Flows from February 4, 2013.

Page - 7

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

MDT operations have been fully integrated with our existing operations and our customers, temporary workforce, field employees and locations have been merged. The nature of the customers and the services provided by TrueBlue and the former MDT are substantially the same. We competed in the marketplace for the same customers, temporary workers, sales and service personnel. Accordingly, subsequent to merging our operations, it is not possible to segregate and to accurately estimate the revenues and expenses related exclusively to the former MDT operations.

Pro forma financial information

The following table reflects the pro forma consolidated results of operations for the periods presented, as though the acquisition of MDT had occurred as of the beginning of the period being reported on, after giving effect to related income taxes.

The pro forma financial information combines our results of operations with the unaudited financial information of MDT used by MDT management for internal reporting purposes. Any changes required by an audit of the MDT financial information could be material. The pro forma financial information presented is for illustrative purposes only and is not indicative of the results of operations that would have been realized if the acquisition had been completed on the dates indicated, nor is it indicative of future operating results.

The pro forma consolidated results of operations do not include, among other items, the effects of potential losses in gross profit due to revenue attrition from combining the two companies, differences in our operating costs structure, and any costs of restructuring and integration associated with the acquisition. It does include differences in workers' compensation and certain payroll taxes for temporary employees, and amortization of finite-lived intangible assets.

Pro forma financial data is presented below (in millions, except per share data).

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27, 2013	September 28, 2012	September 27, 2013	September 28, 2012
Revenue from services	\$451.2	\$ 438.0	\$1,244.1	\$ 1,207.2
Net income	19.0	13.6	34.5	22.6
Net income per common share - diluted	0.47	0.34	0.85	0.57
Other immaterial acquisition				

We acquired certain assets of Crowley Transportation Services, LLC ("Crowley") in June 2013. The total cost of the acquisition was \$2.4 million, including contingent consideration of \$0.6 million. The Crowley operations were integrated with the Centerline Drivers service line during the second quarter ended June 28, 2013.

NOTE 3: FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We apply a fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1 inputs are valued using quoted market prices in active markets for identical assets or liabilities. Our Level 1 assets primarily include cash and cash equivalents and mutual funds.

Level 2 inputs are valued based upon quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active. Our Level 2 assets are marketable securities, which primarily consist of variable-rate demand notes ("VRDNs") and certificate of deposits ("CD"), and restricted investments, which primarily consist of municipal debt-securities, corporate-debt securities, asset-backed securities, and U.S. agency debentures. Our Level 2 liability is a term loan. We obtain our inputs from quoted market prices and independent pricing vendors.

Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. We currently have no Level 3 assets or liabilities.

The carrying value of our cash and cash equivalents, marketable securities, restricted cash, other restricted investments and accounts receivable approximates fair value due to their short-term nature. We also hold certain restricted investments, which collateralize workers' compensation programs and are classified as held-to-maturity and carried at

amortized cost on our Consolidated Balance Sheets.

Page - 8

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

The following tables present the fair value and hierarchy for our financial assets and liabilities (in millions):

	September 27, 2013				
	Carrying Value	Total Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents (1)	\$109.5	\$109.5	\$109.5	\$—	\$—
Marketable securities classified as available-for-sale (2)	35.1	35.1	—	35.1	—
Restricted cash and cash equivalents (1)	47.4	47.4	47.4	—	—
Other restricted assets (3)	5.8	5.8	5.8	—	—
Restricted investments classified as held-to-maturity (4)	85.3	85.7	—	85.7	—
Financial liabilities:					
Term loan (5)	32.5	32.5	—	32.5	—
	December 28, 2012				
	Carrying Value	Total Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents (1)	\$129.5	\$129.5	\$129.5	\$—	\$—
Restricted cash and cash equivalents (1)	38.1	38.1	38.1	—	—
Other restricted assets (3)	7.0	7.0	7.0	—	—
Restricted investments classified as held-to-maturity (4)	91.2	92.7	—	92.7	—

(1) Cash equivalents and restricted cash equivalents consist of money market funds, deposits, and investments with original maturities of three months or less.

Marketable securities include CDs and VRDNs, which are classified as available-for-sale. Our CDs include \$5.8 million with maturities greater than one year and are classified as Other assets on our Consolidated Balance Sheets. VRDNs with contractual maturities beyond one year are classified as short-term based on their highly liquid nature

(2) and because they represent the investment of cash that is available for current operations. Despite the long-term nature of their stated contractual maturities, we routinely buy and sell these securities and believe we have the ability to quickly sell them to the re-marketing agent at par value plus accrued interest in the event we decide to liquidate our investment in a particular VRDN.

(3) Other restricted investments primarily consist of deferred compensation investments, which are comprised of mutual funds. We have an offsetting accrued liability related to the deferred compensation plan.

(4) Restricted investments classified as held-to-maturity consist of highly rated investment grade securities, primarily in municipal-debt securities, corporate-debt securities, asset-backed securities, and U.S. agency debentures.

(5) In connection with our acquisition of MDT effective February 4, 2013, we entered into an unsecured Term Loan Agreement with Synovus Bank. The Term Loan has a variable interest rate and approximates fair value. See Note 9: Commitments and Contingencies for further discussion.

NOTE 4. MARKETABLE SECURITIES

Marketable securities consist of variable-rate demand notes ("VRDN") and certificate of deposits ("CD"), which are classified as available-for-sale. VRDNs are long-term municipal and corporate securities with an interest rate that is reset frequently. All of the VRDNs currently in our portfolio are backed by a Letter of Credit from a bank. Our VRDNs may be tendered at any time with a typical settlement date of less than one week. We did not hold any marketable securities at December 28, 2012.

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The following table presents the amortized cost and fair value of our available-for-sale investments, which are carried at fair value (in millions):

	September 27, 2013	
	Amortized Cost	Fair Value
Certificates of deposit	\$9.5	\$9.5
Variable-rate demand notes	25.6	25.6
	\$35.1	\$35.1

Page - 9

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

Unrealized gains and losses for our CDs were de minimis for the thirty-nine weeks ended September 27, 2013. We held no available-for-sale securities during the fifty-two weeks ended December 28, 2012.

The amortized cost and fair value by contractual maturity of our available-for-sale investments are as follows (in millions):

	September 27, 2013	
	Amortized Cost	Fair Value
Due in one year or less (1)	\$29.3	\$29.3
Due after one year (2)	5.8	5.8
	\$35.1	\$35.1

(1) Amounts due in one year or less include CDs and VRDNs. The VRDNs have contractual terms ranging from two to 26 years. Although these securities are issued as long-term securities, they are priced and traded as short-term instruments because of the high liquidity provided through the tender feature. It is not our intent to hold to maturity.

(2) Amounts due after one year include CDs with maturities between one and two years and are recorded in Other assets on the Consolidated Balance Sheets.

Subsequent to the issuance of our unaudited Consolidated Financial Statements for the twenty-six weeks ended June 28, 2013, we discovered a misclassification error in the classification of VRDNs in our financial statements. The VRDNs, in the amount of \$19.9 million, were inappropriately reported in Cash and cash equivalents on the unaudited Consolidated Balance Sheets for the period ended June 28, 2013, which also resulted in a corresponding understatement of Marketable securities. The misclassification also resulted in an overstatement of Cash and cash equivalents and understatement of Net cash used in investing activities of \$19.9 million in the unaudited Consolidated Statements of Cash Flows for the twenty-six weeks ended June 28, 2013. This misclassification in our unaudited Consolidated Financial Statements did not affect the unaudited Consolidated Statements of Operations and Comprehensive Income or Net income per share.

The misclassification also resulted in VRDNs being inappropriately reported as Level 1 financial assets in the notes to our unaudited Consolidated Financial Statements. All VRDNs are now properly reported as Level 2 financial assets in the notes to our unaudited Consolidated Financial Statements. We do not consider the classification error to be material to the Company's previously issued unaudited Consolidated Financial Statements.

The VRDNs have been properly reported and separately disclosed as Marketable securities on the unaudited Consolidated Balance Sheets and unaudited Consolidated Statement of Cash Flows for the period ended September 27, 2013.

NOTE 5: 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. The collateral typically takes the form of cash and cash equivalents and highly rated investment grade securities, primarily in municipal-debt securities, corporate-debt securities, asset-backed securities and U.S. agency debentures. Our investments have not resulted in any other-than-temporary impairments. The majority of our collateral obligations are held in a trust ("Trust") at the Bank of New York Mellon.

The following is a summary of restricted cash and investments (in millions):

	September 27, 2013	December 28, 2012
Cash collateral held by insurance carriers	\$24.4	\$21.5

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Cash and cash equivalents held in Trust (1)	21.2	14.8
Investments held in Trust	85.3	91.2
Cash collateral backing letters of credit	1.8	1.8
Other (2)	5.8	7.0
Total restricted cash and investments	\$138.5	\$136.3

(1) Included in this amount is \$0.8 million and \$0.9 million of accrued interest at September 27, 2013 and December 28, 2012, respectively.

(2) Primarily consists of restricted cash in money market accounts and deferred compensation plan accounts which are comprised of mutual funds.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

The following tables present fair value disclosures for our held-to-maturity investments which are carried at amortized cost (in millions):

	September 27, 2013			Fair Value
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Municipal debt securities	\$56.1	\$0.7	\$(0.4)	) \$56.4
Corporate debt securities	15.6	0.2	(0.2)	) 15.6
Asset-backed securities	13.6	0.2	(0.1)	) 13.7
	\$85.3	\$1.1	\$(0.7)	) \$85.7
	December 28, 2012			Fair Value
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	
Municipal debt securities	\$57.3	\$1.0	\$(0.1)	) \$58.2
Corporate debt securities	17.9	0.3	—	) 18.2
Asset-backed securities	16.0	0.3	—	) 16.3
	\$91.2	\$1.6	\$(0.1)	) \$92.7

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

	September 27, 2013	
	Amortized Cost	Fair Value
Due in one year or less	\$10.3	\$10.3
Due after one year through five years	41.3	42.0
Due after five years through ten years	33.7	33.4
	\$85.3	\$85.7

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.

NOTE 6: PROPERTY AND EQUIPMENT, NET

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

	September 27, 2013	December 28, 2012
Buildings and land	\$26.4	\$25.9
Computers and software	101.7	91.7
Cash dispensing machines	1.0	1.0
Furniture and equipment	9.0	8.9
Construction in progress	3.1	7.7
	141.2	135.2
Less accumulated depreciation and amortization	(85.4)	(77.0)
	\$55.8	\$58.2

Capitalized software costs, net of accumulated amortization, were \$31.8 million and \$30.9 million as of September 27, 2013 and December 28, 2012, 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 \$3.6 million and \$3.9 million for the thirteen weeks ended September 27, 2013 and September 28, 2012, respectively. Depreciation expense of property and equipment totaled \$11.7 million and \$11.8 million for the thirty-nine weeks ended September 27, 2013 and September 28, 2012,

respectively.

Page - 11

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

NOTE 7: GOODWILL AND INTANGIBLE ASSETS

Goodwill

We acquired MDT effective February 4, 2013. The assets acquired and liabilities assumed were recorded at the date of acquisition at their estimated fair values. Assets acquired included finite-lived intangible assets of \$10.2 million with an estimated weighted average useful life of 7.0 years. The excess of the purchase price over the estimated fair values of the net assets acquired in the amount of \$25.7 million was recorded as goodwill and primarily represents synergies with our existing business, the acquired assembled workforce, and potential new customers.

Changes in the carrying amount of goodwill were as follows (in millions):

	Goodwill	Accumulated Impairment Losses	Goodwill, net
Balance at December 28, 2012	\$94.3	\$(46.2)	\$48.1
Goodwill acquired year to date (1)	26.5	—	26.5
Balance at September 27, 2013	\$120.8	\$(46.2)	\$74.6

(1) Goodwill acquired includes \$25.7 million due to the MDT acquisition. Goodwill acquired also includes \$0.8 million of goodwill related to our acquisition of Crowley.

Goodwill and indefinite-lived intangible assets are reviewed for impairment whenever events and circumstances indicate the carrying value may not be recoverable. We noted no such event or circumstance and accordingly no impairment loss has been recognized during the thirty-nine weeks ended September 27, 2013.

Intangible assets

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

	September 27, 2013			December 28, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets (1):						
Customer relationships (2)	\$28.3	\$(12.8)	\$15.5	\$19.1	\$(10.5)	\$8.6
Trade name/trademarks (2)	4.6	(2.3)	2.3	3.5	(1.6)	1.9
Non-compete agreements (2)	1.8	(0.4)	1.4	1.8	(1.4)	0.4
Total finite-lived intangible assets	\$34.7	\$(15.5)	\$19.2	\$24.4	\$(13.5)	\$10.9

(1) Excludes assets that are fully amortized.

(2) Includes customer relationships, trade name, and non-compete agreement resulting from the MDT acquisition of \$7.8 million, \$1.0 million, and \$1.4 million, respectively, and customer relationships and trade name resulting from the Crowley acquisition of \$1.4 million and \$0.1 million, respectively.

Intangible assets are amortized using the straight-line method over their estimated useful lives. Amortization of our finite-lived intangible assets was \$1.2 million and \$0.8 million for the thirteen weeks ended September 27, 2013 and September 28, 2012, respectively. Amortization of our finite-lived intangible assets was \$3.4 million and \$2.4 million for the thirty-nine weeks ended September 27, 2013 and September 28, 2012, respectively.

We also held indefinite lived trade name/trademarks of \$5.7 million as of September 27, 2013 and December 28, 2012.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

The following table provides the estimated future amortization of finite-lived intangible assets as of September 27, 2013 (in millions):

Remainder of 2013	\$1.2
2014	4.5
2015	4.1
2016	3.8
2017	1.8
Thereafter	3.8
Total intangible assets, net	\$19.2

Finite-lived intangible assets are reviewed for impairment whenever events and circumstances indicate the carrying value may not be recoverable. We noted no such event or circumstance and accordingly no impairment loss has been recognized during the thirty-nine weeks ended September 27, 2013.

NOTE 8: 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.

In connection with the acquisition of MDT, we assumed certain workers' compensation insurance policies which cover claims for the policy year ended February 13, 2013.

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 brand 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. At September 27, 2013, the weighted average rate was 2.1%. The claim payments are made over an estimated weighted average period of approximately 5.5 years. As of September 27, 2013 and December 28, 2012, the discounted workers' compensation claims reserves were \$207.8 million and \$195.6 million, respectively.

Our workers' compensation reserve includes estimated expenses related to claims above our deductible 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. At September 27, 2013, the weighted average rate was 4.6%. The claim payments are made and the corresponding reimbursements from our insurance carriers are received over an estimated weighted average period of approximately 19.8 years. The discounted workers' compensation reserve for excess claims and the corresponding receivable for the insurance on excess claims were \$29.0 million and \$27.1 million as of September 27, 2013 and December 28, 2012, respectively.

Certain workers' compensation insurance companies ("Troubled Insurance Companies") with which we formerly did business are in liquidation and have failed to pay a number of excess claims to date. These excess claims have been presented to the state guaranty funds of the states in which the claims originated. Some of these excess claims have been rejected by the state guaranty funds due to statutory eligibility limitations. We have recorded a valuation allowance of \$5.7 million and \$5.6 million against all receivables from Troubled Insurance Companies for the excess claims that have primarily been rejected by the state guaranty as of September 27, 2013 and December 28, 2012, respectively. Total discounted receivables from insurance companies, net of the valuation allowance, as of

September 27, 2013 and December 28, 2012 were \$23.3 million and \$21.4 million, respectively, and are included in Other assets, net in the accompanying Consolidated Balance Sheets.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

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 totaling \$16.7 million and \$14.8 million was recorded in Cost of services for the thirteen weeks ended September 27, 2013 and September 28, 2012, respectively. Workers' compensation expense totaling \$46.4 million and \$40.1 million was recorded in Cost of services for the thirty-nine weeks ended September 27, 2013 and September 28, 2012, respectively. Workers' compensation expense consists primarily of: self-insurance reserves net of changes in discount; monopolistic jurisdictions' premiums; insurance premiums; and other miscellaneous expenses.

NOTE 9: COMMITMENTS AND
CONTINGENCIES

Revolving credit facility

We have a credit agreement with Bank of America, N.A. and Wells Fargo Capital Finance, LLC for a secured revolving credit facility of up to a maximum of \$80 million (the "Revolving Credit Facility"). The Revolving Credit Facility expires in September 2016.

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 85% of our eligible accounts receivable and the liquidation value of our Tacoma headquarters office building not to exceed \$15 million, which is reduced quarterly by \$0.4 million. As of September 27, 2013, the Tacoma headquarters office building liquidation value totaled \$12.4 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. At September 27, 2013, \$80 million was available under the Revolving Credit Facility, and \$6.1 million was utilized by outstanding standby letters of credit, leaving \$73.9 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 liquidity in excess of \$12 million. We are required to satisfy a fixed charge coverage ratio in the event we do not meet that requirement. Liquidity is defined as the amount we are entitled to borrow as advances under the Revolving Credit Facility plus the amount of cash, cash equivalents, and certain marketable securities held in accounts subject to a control agreement benefiting the lenders. The amount we were entitled to borrow at September 27, 2013 was \$73.9 million and the amount of cash, cash equivalents and certain marketable securities under control agreements was \$112.2 million for a total of \$186.1 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) or the Prime Rate, at our option, plus an applicable spread based on excess liquidity as set forth below:

Excess Liquidity	Prime Rate Loans	LIBOR Rate Loans
Greater than \$40 million	0.50%	1.50%
Between \$20 million and \$40 million	0.75%	1.75%
Less than \$20 million	1.00%	2.00%

A fee on borrowing availability of 0.25% is also applied against the unused portion of the Revolving Credit Facility. 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 secured by substantially all of our domestic personal property and our headquarters located in Tacoma, Washington.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

Term Loan Agreement

On February 4, 2013, we entered into an unsecured Term Loan Agreement (the “Loan”) with Synovus Bank in the principal amount of \$34.0 million. The Loan has a five year maturity with fixed monthly principal payments, which total \$2.3 million annually based on a loan amortization term of fifteen 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 Loan by five consecutive one-year extensions.

At September 27, 2013, the remaining balance of the Loan was \$32.5 million, of which, \$2.3 million is short-term and is included in Other current liabilities in our Consolidated Balance Sheets. The long term portion of \$30.2 million is reported as Note payable. The loan is variable rate interest and approximates fair value as of September 27, 2013. Our obligations under the Loan may be accelerated upon the occurrence of an event of default under the Loan, which includes customary events of default, as well as cross-defaults related to indebtedness under our Revolving Credit Facility, and other Loan specific defaults. The Loan contains customary negative covenants applicable to the Company and its subsidiaries such as indebtedness, certain dispositions of property, the imposition of restrictions on payments under the Loan, and other Loan specific covenants. We are in compliance with all covenants related to the Loan as of September 27, 2013.

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 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 at the Bank of New York Mellon.

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

	September 27, 2013	December 28, 2012
Cash collateral held by insurance carriers	\$24.4	\$21.5
Cash and cash equivalents held in Trust (1)	21.2	14.8
Investments held in Trust	85.3	91.2
Letters of credit (2)	7.9	9.0
Surety bonds (3)	16.1	16.2
Total collateral commitments	\$154.9	\$152.7

(1) Included in this amount is \$0.8 million and \$0.9 million of accrued interest at September 27, 2013 and December 28, 2012, respectively.

(2) We have agreements with certain financial institutions to issue letters of credit as collateral. We had \$1.8 million of restricted cash collateralizing our letters of credit at September 27, 2013 and December 28, 2012, respectively.

(3) 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 bonds 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 amounts provided in our financial statements are adequate in consideration of the probable and estimable liabilities. The resolution of those proceedings is not expected to have a material effect on our results of operations or financial condition.

Deferred compensation plan

We make contributions to a nonqualified retirement plan for a select group of management or highly compensated employees. Our matching contributions are discretionary. Our deferred compensation liability was \$5.8 million and \$4.2 million at September 27, 2013 and December 28, 2012, respectively, which is largely offset by restricted investments recorded in Restricted cash and investments on the Consolidated Balance Sheets.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

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.

Stock-based compensation expense was as follows (in millions):

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27, 2013	September 28, 2012	September 27, 2013	September 28, 2012
Restricted and unrestricted stock and performance share units	\$ 1.7	\$ 1.4	\$ 6.2	\$ 6.0
Stock option	—	—	—	0.1
Employee stock purchase plan	0.1	0.1	0.2	0.2
Total stock-based compensation	\$ 1.8	\$ 1.5	\$ 6.4	\$ 6.3

Restricted and unrestricted stock and performance share units

Stock-based awards are issued under our 2005 Long-Term Equity Incentive Plan as amended. Restricted stock is granted to executive officers and key employees and vests annually over three or four years. Unrestricted stock granted to our directors vests 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 since 2010. 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 a 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.

Restricted and unrestricted stock and performance share units activity for the thirty-nine weeks ended September 27, 2013 was as follows (shares in thousands):

	Shares	Weighted average grant-date price
Non-vested at beginning of period	1,435	\$ 15.23
Granted	634	\$ 18.92
Vested	(417	) \$ 15.31
Forfeited	(96	) \$ 17.46
Non-vested at the end of the period	1,556	\$ 16.58

As of September 27, 2013, total unrecognized stock-based compensation expense related to non-vested restricted stock was approximately \$9.2 million, of which \$8.2 million is estimated to be recognized over a weighted average period of 1.3 years through 2017. As of September 27, 2013, total unrecognized stock-based compensation expense related to performance share units, assuming achievement of maximum financial goals, was approximately \$9.5 million, of which \$4.0 million is currently estimated to be recognized over a weighted average period of 1.8 years through 2016.

Stock options

Our 2005 Long-Term Equity Incentive Plan as amended 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. The majority of our unvested stock options “cliff vest” in three years from the date of grant and expire if not exercised within seven years from the date of grant. The maximum contractual term for our outstanding awards is ten years.

The fair value of each stock option granted is estimated on the grant date using the Black-Scholes valuation model, and the resulting expense is recognized over the requisite service period for each separately vesting portion of the award. The assumptions used to calculate the fair value of options granted reflect market conditions and our experience. Compensation expense is recognized only for those options expected to vest, with forfeitures estimated based on our historical experience and future expectations.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

There were no stock options granted during the thirty-nine weeks ended September 27, 2013 or during 2012. Stock option activity was as follows (shares in thousands):

	Shares	Weighted Average Exercise Price
Outstanding, December 28, 2012	639	\$ 16.91
Exercised	(449)	) \$ 16.09
Expired/Forfeited	(111)	) \$ 21.24
Outstanding, September 27, 2013	79	\$ 15.23
Exercisable, September 27, 2013	79	\$ 15.23

Total unrecognized stock-based compensation expense related to non-vested stock options was de minimis as of September 27, 2013.

Employee stock purchase plan

Our Employee Stock Purchase Plan (“ESPP”) 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. Under our ESPP we have reserved for purchase 1.0 million shares of common stock. 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 thirty-nine weeks ended September 27, 2013 and September 28, 2012, participants purchased 54,000 and 68,000 shares respectively, from the plan for cash proceeds of \$0.9 million for each period.

NOTE 11: 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, 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 thirty-nine weeks ended September 27, 2013, was 23.1% compared to 40.0% for the same period in 2012. The decrease in the effective tax rate is due primarily to the federal Work Opportunity Tax Credit (“WOTC”). The effective tax rate for 2012 excluded benefits of WOTC because it had largely expired at the end of 2011. The American Taxpayer Relief Act of 2012 (the “Act”) was signed into law on January 2, 2013, and retroactively restored the WOTC for 2012 and extended it through 2013. This tax credit is designed to encourage employers to hire workers from certain targeted groups with higher than average unemployment rates. Because a change in the law is accounted for in the period of enactment, the retroactive effect of the Act on our U.S. federal taxes for 2012 was recognized in the thirty-nine weeks ended September 27, 2013. The effective tax rate was also favorably impacted by the estimated increase to our WOTC benefits from the IRS extension of the 2012 WOTC certification request deadline to April 29, 2013, and by receipt of additional WOTC certification approvals related to years prior to 2012.

The primary difference between the statutory federal income tax rate of 35.0% and our annual effective income tax rate of 33.6%, excluding the prior year WOTC benefits, is from estimated current year WOTC, state income taxes, and certain non-deductible expenses.

As of September 27, 2013 and December 28, 2012, we had unrecognized tax benefits of \$2.0 million and \$1.9 million, respectively, recorded in accordance with current accounting guidance on uncertain tax positions.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

NOTE 12. NET INCOME PER SHARE

Adjusted net income and diluted common shares were calculated as follows (in millions, except per share amounts):

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27, 2013	September 28, 2012	September 27, 2013	September 28, 2012
Net income	\$19.0	\$14.3	\$30.4	\$26.2
Weighted average number of common shares used in basic net income per common share	40.3	39.5	40.1	39.5
Dilutive effect of outstanding stock options and non-vested restricted stock	0.4	0.4	0.3	0.3
Weighted average number of common shares used in diluted net income per common share	40.7	39.9	40.4	39.8
Net income per common share:				
Basic	\$0.47	\$0.36	\$0.76	\$0.66
Diluted	\$0.47	\$0.36	\$0.75	\$0.66

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 and performance share units except where their inclusion would be anti-dilutive.

Our anti-dilutive shares were 0.1 million for the thirty-nine weeks ended September 27, 2013 and 0.7 million for the thirteen and thirty-nine weeks ended September 28, 2012, respectively. We had no anti-dilutive shares for the thirteen weeks ended September 27, 2013. 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.

NOTE 13. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is reflected as a net increase (decrease) to shareholders' equity. The net-of-tax amount related to other comprehensive income (loss) during the reporting periods were as follows (in millions):

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 27, 2013	September 28, 2012	September 27, 2013	September 28, 2012
Total other comprehensive income (loss), net of tax				
Foreign currency translation	\$0.1	\$0.4	\$(0.5)	\$0.4
Unrealized gain (loss) on investments (1)	0.0	0.1	0.0	—
Total other comprehensive income (loss), net of tax (2)	\$0.1	\$0.5	\$(0.5)	\$0.4

(1) Consists of deferred compensation plan accounts, which are comprised of mutual funds, and available-for-sale securities, which are comprised of certificates of deposits.

(2) The tax impact of the components of other comprehensive income were immaterial.

Table of Contents

Notes to Consolidated Financial Statements—(Continued)

NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosure of cash flow information (in millions):

	Thirty-nine weeks ended	
	September 27, 2013	September 28, 2012
Cash paid during the period for:		
Interest	\$0.7	\$0.5
Income taxes		