

1 IN THE UNITED STATES BANKRUPTCY COURT  
2 FOR THE DISTRICT OF DELAWARE

CLERK  
US BANKRUPTCY COURT  
DISTRICT OF DELAWARE

2009 DEC -3 AM 11:58

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3  
4 IN RE:  
5 BUILDING MATERIALS HOLDING  
6 CORPORATION, et al,  
7 Debtors,

Chapter 11  
Case No. 09-12074 (KJC)  
Jointly Administered  
Cure Objection Deadline: 12/3/09 4:00 p.m. EST

8  
9  
10 **CREDITOR C&I TAX CONSULTANTS OBJECTION**  
11 **TO DEBTOR'S CURE AMOUNT**

12 PLEASE TAKE NOTICE that creditor C&I Tax Consultants (CITC) hereby objects to the  
13 cure amount (\$0) identified in Debtor's July 13, 2009 Solicitation Procedures Motion.

14 **Background:**

15 CITC is a tax consultant specializing in state based Enterprise Zone hiring credits. Debtor  
16 signed its contract with CITC on February 17, 2009. [Exhibit A] CITC's services included  
17 identifying and documenting any Enterprise Zone Tax Credits (EZTC) available to Debtor. At the  
18 time of CITC's engagement, Debtor was in audit in regards to EZTC identified by someone other  
19 than CITC. The FTB auditor was of the opinion that some of the ETZC that Debtor had claimed on  
20 its 2004-2005 returns were invalid and Debtor should therefore pay additional taxes to compensate  
21 for the improperly claimed EZTC. CITC commenced to identify additional credits that could offset  
22 the invalid credits. Probably 80% of CITC's services were performed pre petition, including  
23 identifying which of Debtor's employees qualify for the EZTC, obtaining the documentation to  
24 support each employee's voucher application to the state, preparing the voucher applications,  
25 calculating the credits and negotiating with the auditor regarding the credits. The auditor agreed to  
26 all of the credits identified by CITC, most of which was done pre petition. [Exhibit B – Auditor's  
27 July 29, 2009 letter] About 20% involved post petition work, including continued analysis of the  
28 auditor's findings, negotiation and recalculating the analysis based on the auditor's findings and




1 presenting the auditor with our revised findings as well as identifying what we believed were errors  
2 in the auditor's findings. This was done orally with the auditor and BMHC. Post petition, the  
3 auditor finalized the audit, however, to the best of CITC's knowledge, the refunds have not yet  
4 issued. Based on CITC's work, Debtor's refund amount is \$86,639. CITC is to be compensated at  
5 20% of the amount of any credits utilized or tax abatement resulting from CITC's work. [Exhibit A,  
6 page 1, par. PROFESSIONAL FEES] Thus, the cure amount for CITC's services for the 2004-2005  
7 tax years is \$23,033.99. However, C&I is not entitled to any compensation unless and until the  
8 refunds are issued or abatements are assessed.

9 CITC's wishes to advise the Court that based on recent tax changes relating to carry backs of  
10 Net Operating Losses (NOL), Debtor may be entitled to additional refunds. Those refunds may have  
11 an impact on the amount of EZTC that may be claimed and thus refunded to Debtor.

12 In addition, pursuant to its contract with Debtor (Exhibit A), CITC continues to perform  
13 services related to the 2006 tax year. All of the work related to the 2006 year was commenced post  
14 petition.

15 Last, CITC notes that the Debtors filed a motion to dismiss CITC's claim which the court has  
16 granted. However, CITC maintains that its claim was submitted timely as evidenced by Debtor's  
17 claim that it received the claim two days after the deadline. Debtor did not provide any envelopes  
18 stamped with a post mark. CITC's claim was mailed on August 31, 2009. No objection was raised  
19 because CITC is not yet entitled, and may never become entitled to any compensation based on the  
20 auditor's findings. CITC received a notice to cure further indicating that its claim was still valid.  
21 Also, CITC's services post petition continue to increase Debtor's revenue and CITC will likely be  
22 considered a vendor and be compensated for its professional services. CITC can and will continue  
23 to provide additional tax savings to Debtor for its pre and post petition work and asks the court to set  
24 aside the order dismissing its claim.

25 DATED: December 3, 2009

26 By:   
27 A. Steven Dotan  
28 CEO of C&I Tax Consultants



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I, A. STEVEN DOTAN, declare:

I am the CEO of C&I Tax Consultants. The matters set forth in this Objection are known to me personally, and if necessary, I could competently testify to each of them.

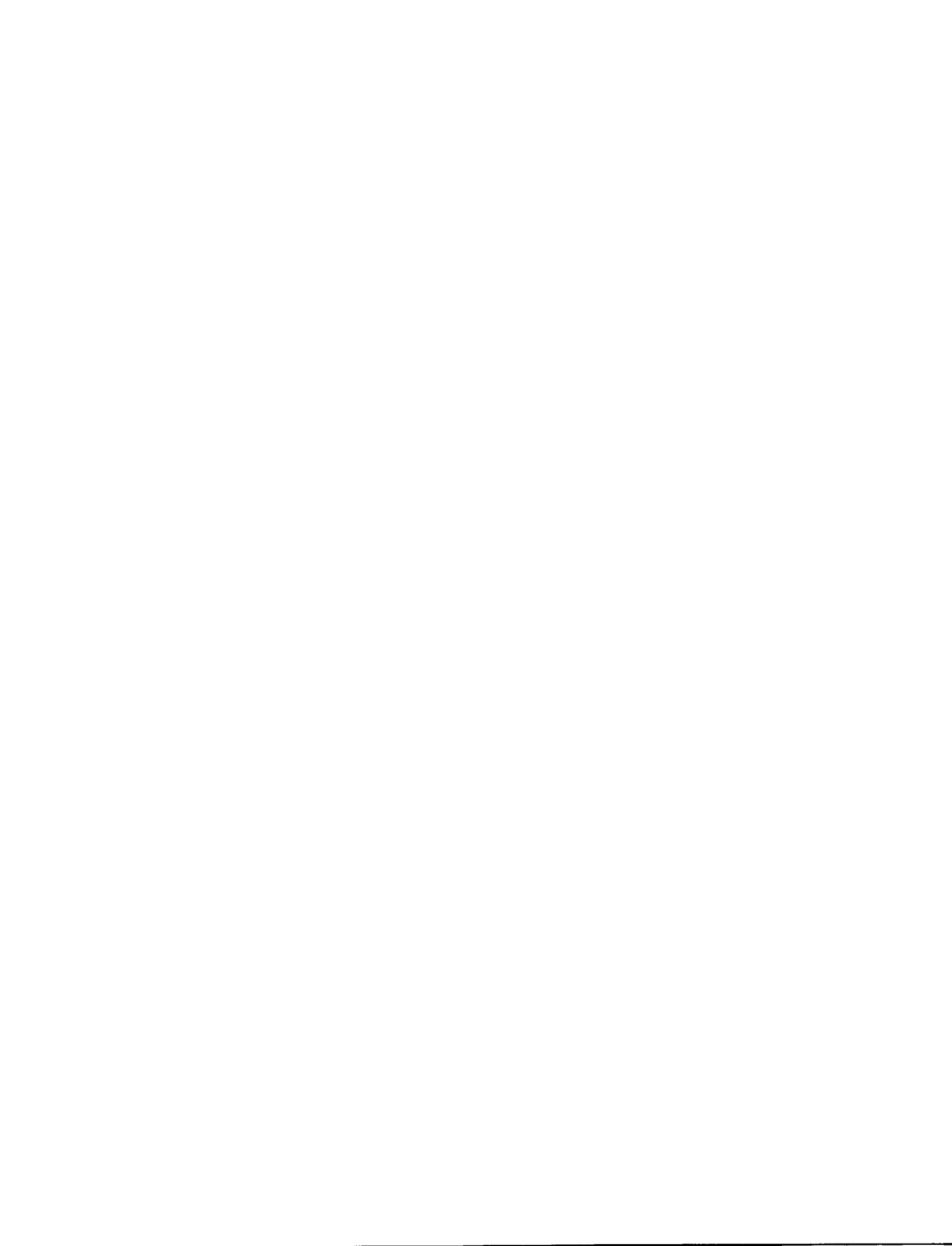
I declare under penalty of perjury under the laws of the United States of America, the State of California and the State of Delaware that the foregoing is true and correct.

Executed this 3<sup>rd</sup> day of December, 2009 at Los Angeles, California.

  
A. STEVEN DOTAN



# EXHIBIT A





January 30, 2009



Brad Armitage  
Tax Director  
Building Materials Holdings Corporation  
720 Park Boulevard, Suite 200  
Boise, ID 83712-7764

Dear Brad:

C&I Tax Consultants ("C&I") appreciates the opportunity to submit this engagement letter to Building Materials Holdings Corporation ("BMHC" or "Client") to perform a California Enterprise Zone Tax Credit Study.

### **OBJECTIVE AND APPROACH**

The objective of this engagement is to identify and calculate the Enterprise Zone tax credits available to BMHC and to provide the supporting documentation required by the California Franchise Tax Board ("FTB") in order to obtain these tax benefits.

Our approach to the Enterprise Zone Credit Study will include the following tax consulting services:

- Research and analysis of Client's employees for qualification for the Enterprise Zone Credit. This may include analysis of payroll records, employee files, onsite interviews and cross references to public records databases to determine employee eligibility for the credit.
- Coordinate and communicate with the appropriate Enterprise Zone governing bodies to secure certified vouchers for qualified employees. C&I will bear the cost of obtaining the vouchers from the issuing governmental agency.
- Research and review documentation of qualified assets to determine eligibility for the California Enterprise Zone Credit.
- Calculate and document available tax credits and present our written analysis to allow Client's accountant to complete California FTB Form 3805Z to claim the credits, including counseling the Client on methods to maximize credit utilization through apportionment planning strategies.
- If the credits are selected for audit, we will represent and defend client before the FTB regarding the tax credits identified by C&I. BMHC is currently in audit. C&I will participate in the audit relative to any credits identified by C&I. There will be no additional fee for audit defense of the present audit or for any future audits relating to the credits identified by C&I.

### **PROFESSIONAL FEES**

In exchange for these services, we are in the position to offer a performance-based fee arrangement equal to twenty (20%) percent of the credits used by BMHC, its affiliated companies, and its owners to offset prior, current or future tax liability, including refunds of interest or penalties attributable to the credits identified by C&I. Payment is due upon use of the credits. Credits are deemed used when claimed on a current year return to offset any tax liability, when refunds are received or when tax abatements are assessed when claimed on a prior year's return.

BA 2/12/09



Brad Armitage  
Building Materials Holdings Corporation  
January 30, 2009  
Page 2

C&I guaranties that our credit analysis will withstand audit scrutiny. If the FTB subsequently determines that a credit is improperly generated, C&I will refund the twenty (20%) percent performance based fee for the amount disallowed by the FTB. Credits are to be used in the order generated.

### GENERAL PROVISIONS

1. **Term.** This Agreement shall become effective as of the date of this Agreement and shall continue for a period of one (1) year (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for consecutive one (1) year periods (each a "Term"), unless either Party provides the other written notice of termination 30 days prior to the expiration date of such Term.
2. **Notices.** All notices required by this Agreement shall be sent in writing (by certified or registered mail, overnight courier or telefax) to the Parties at the following addresses:

Building Materials Holdings Corporation  
720 Park Boulevard, Suite 200  
Boise, ID 83712-7764  
Attn: Brad Armitage

C&I Tax Consultants  
5670 Wilshire Blvd., Suite 1530  
Los Angeles, CA 90036  
Attn: Naomi Dotan

3. **Client Participation.** Client agrees to provide C&I with payroll, employee, and other financial documents necessary for C&I to perform its analysis. Client will sign the necessary authorizations to allow C&I to obtain relevant tax information from Clients accountant. Client will provide C&I with a copy of all relevant parts of tax returns reflecting said credits until all credits documented by C&I are used.
4. **Limitation of Liability.** C&I and Client intend to share in credits generated and used by Client. C&I's liability shall not exceed the fees it receives hereunder for the portion of the work giving rise to liability nor include any special, consequential, incidental or exemplary damages or loss (nor any lost profits, savings or business opportunity).
5. **Assignment.** Neither Party may assign or transfer any rights under this Agreement without the prior written consent of the other, and any attempt of assignment or transfer without such consent shall be void.
6. **Binding Agreement.** This Agreement is binding on the Parties and their respective heirs, legatees, executors, successors and assigns. This Agreement is the entire agreement between the Parties and supersedes all prior written or oral agreements between the Parties relating to the subject matter hereof. No amendment to this Agreement shall be binding or enforceable unless reduced to a writing executed by the Parties. If any portion of this Agreement is found to be void or unenforceable, the remaining portion shall be enforceable with the invalid portion removed, giving all reasonable construction to permit the essential

BA 2/7/09



Brad Armitage  
Building Materials Holdings Corporation  
January 30, 2009  
Page 3

purposes of the Agreement to be achieved. The Parties' various rights and remedies hereunder shall be construed to be cumulative.

7. Governing Law and Arbitration. This Agreement shall be governed by the laws of the State of California. Prior to any action being instituted, the parties shall hold a good faith mediation with a professional mediator. If the mediation is unsuccessful, the parties are then free to initiate arbitration under the AAA rules. All disputes regarding this Agreement are to be handled via binding arbitration in Los Angeles, California.
8. Relationship of Parties. Nothing in this Agreement shall be construed or deemed to create any agency, joint venture, partnership or employer-employee relationship between the Parties. For all purposes of this Agreement, each Party acknowledges and agrees that C&I is an independent contractor. Nothing in this Agreement shall be construed to constitute or appoint either Party as the agent or representative of the other Party for any purpose whatsoever, or to grant either Party any rights or authority to assume or create any obligation or responsibility, whether express or implied, for or on behalf of or in the name of the other, or to bind the other in any way or manner whatsoever. Each Party represents and warrants that it has the full power to enter into this Agreement and to grant all of the rights herein granted to the other Party, and that its undersigned representative is duly authorized to execute this Agreement on its behalf; and each Party acknowledges that the other is relying upon such representations and warranties. These and all other warranties and representations shall survive the termination of this Agreement.
9. General. Captions and headings used in this Agreement are for purposes of convenience only and shall not be deemed to limit, affect the scope, meaning or intent of this Agreement, nor shall they otherwise be given any legal effect. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law. It is understood that unless client and C&I agree otherwise, in writing, C&I shall have no responsibility to update any of its work after its completion. C&I reserves the right to in whole or in part decline to perform services if information comes to C&I's attention indicating that performing such services could cause C&I to be in violation of applicable law, regulations or standards or in a conflict of interest, to cause C&I to incur a loss on the project or to suffer damage to its reputation. The language used in this Agreement is language chosen by both Parties to express their mutual intent, and no rule of strict construction against any or either Party will apply to any term or condition of this Agreement.

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GA 2/17/09



Brad Armitage  
Building Materials Holdings Corporation  
January 30, 2009  
Page 4

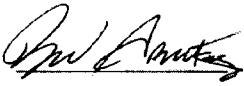
If this letter accurately describes the arrangement for our services to Building Materials Holdings Corporation, please sign the enclosed copy of this letter and return it to us. By signing below, the signatory represents that he or she has the legal power and authority to act on behalf of and to bind the entity or entities to which this letter is addressed.

Sincerely,

*C&I Tax Consultants*

AGREED AND ACCEPTED:

**BUILDING MATERIALS HOLDINGS CORPORATION**

Signature:  Date: 2/17/09 February 17, 2009  
Name: BRAD Armitage Title: Director of Tax





## EXHIBIT B





State of California  
**Franchise Tax Board**

221 Main Street Suite 1400  
San Francisco CA 94105-3685  
ftb.ca.gov

BRAD ARMITAGE - TAX DIRECTOR  
BUILDING MATERIALS HOLDINGS CORPORATION  
720 PARK BLVD., SUITE 200  
BOISE ID 83712-7764

Date: 07.29.09  
Case: 4010323517665086  
Case Unit: 4010323517665493  
In reply refer to: 360:MNV:L-10

Regarding: California Franchise Tax Audit  
CCN: 2126799  
Taxpayer's Name: Building Materials Holding Corp.  
Taxable Year(s): 12/2004-12/2005

Mr. Brad Armitage:

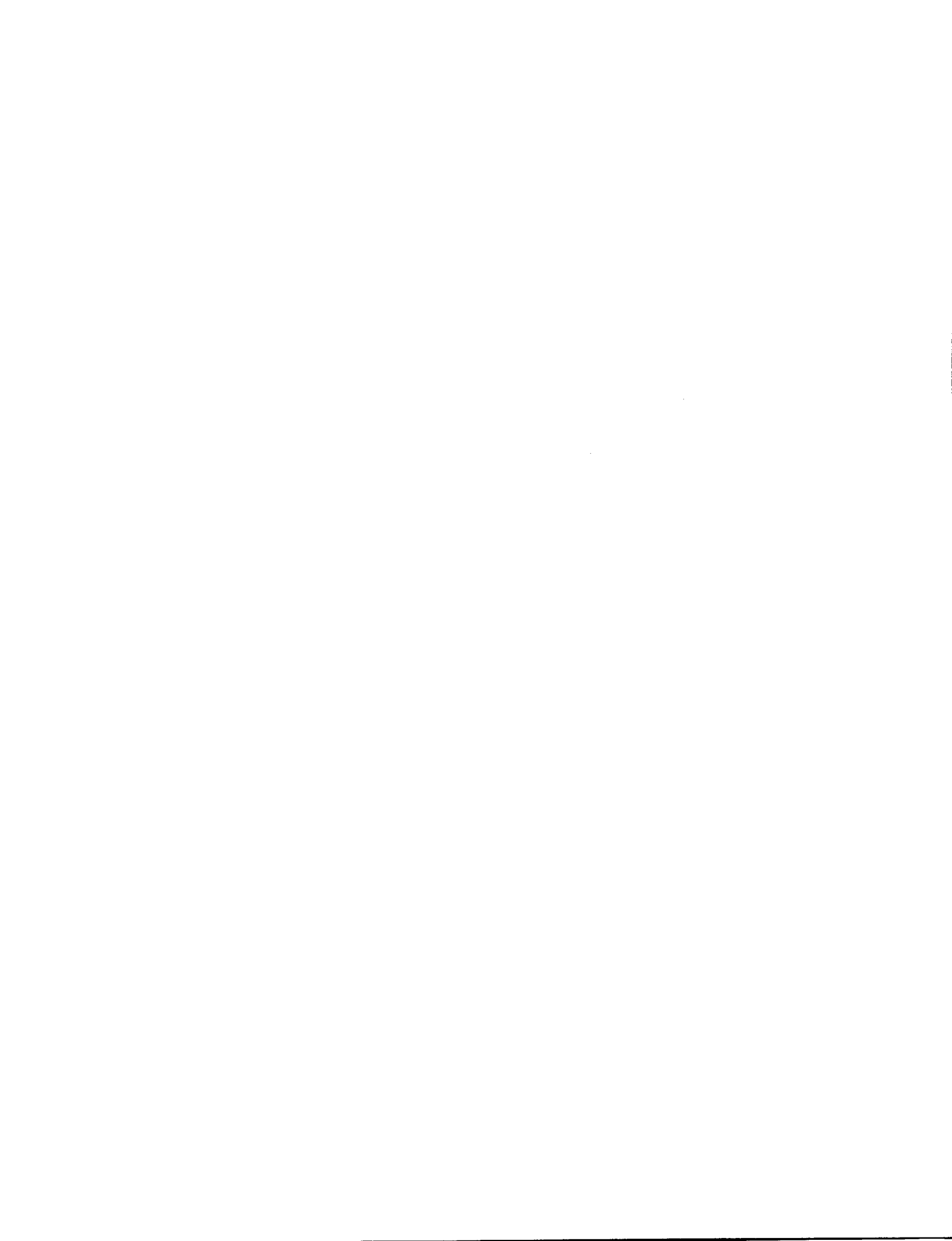
The audit of Building Materials Holding Company and Subsidiaries for the above referenced years has been completed. The audit resulted in the following adjustments:

1. A reduction of the Yuba/Sutter Enterprise Zone Hiring Credits generated for the 2004-2005 tax years as well as the 2003 carryover and 2006 carryforward credit amounts.
2. An increase in the Merced Enterprise Zone Hiring Credit for 2004 and 2005, resulting from additional EZ credit claims submitted by the taxpayer and incorporated into the audit.
3. An increase in the Merced Enterprise Zone Sales and Use Tax Credit for 2005.
4. An increase in taxable income as a result of the EZ Hiring Credit Wage Add-back.

For your review, the audit principal schedules are enclosed. As a reminder, the audit is subject to internal review, which may disclose the need for further development or changes in issues already agreed to. Please let me know by August 7, 2009 if you have any questions or concerns regarding the above proposed adjustments.

Thank you for your cooperation in this matter.

Maria N. Valladolid  
Tax Auditor  
Telephone: (415) 904-5808  
Fax: (916) 843-5422



Building Materials Holding Corp.  
2126799  
12/2004 - 12/2005

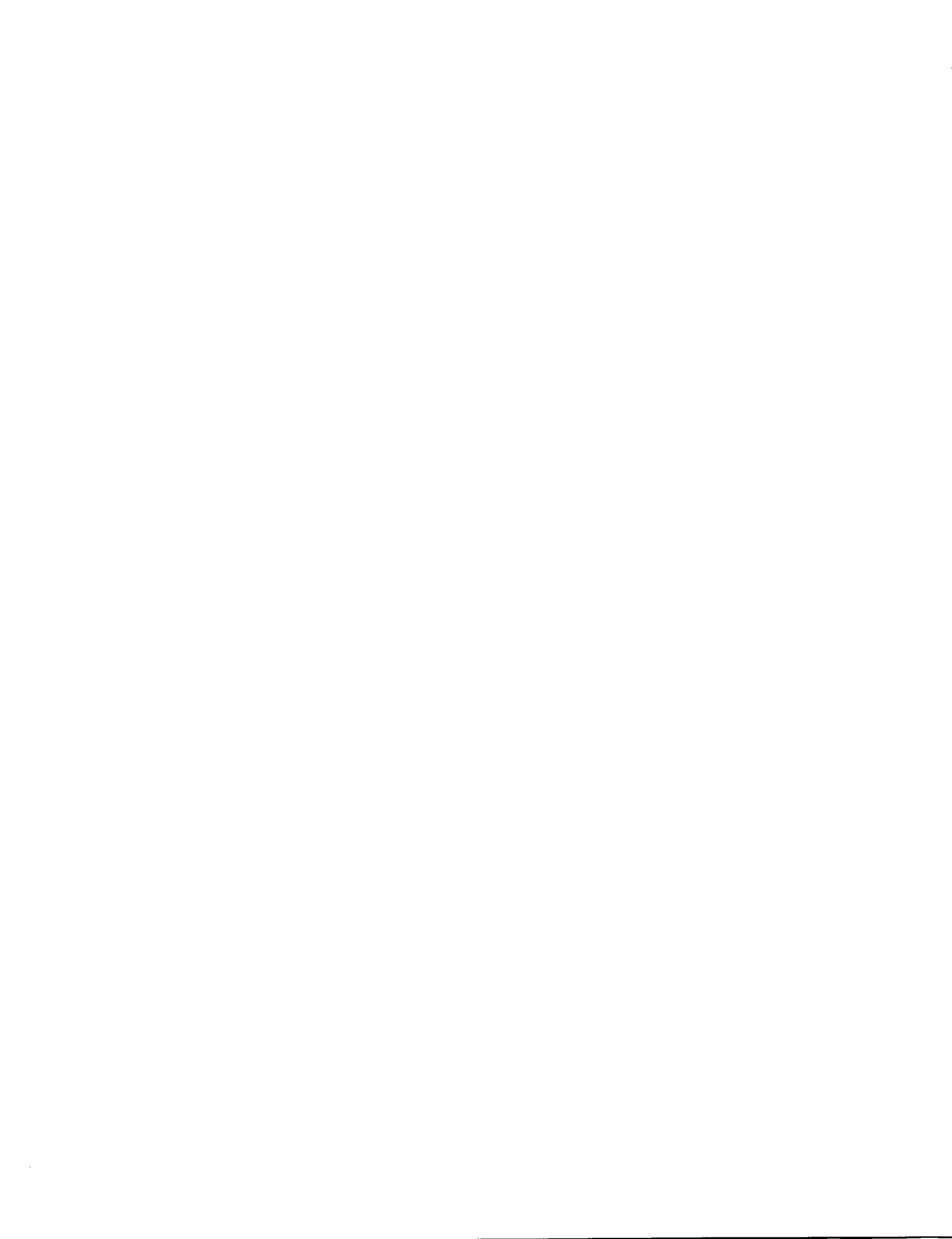
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Date Modified: 07/28/2009

**Summary of Revised Tax Changes**

	Reference	12/2004	12/2005
Net Income After State Adjustments	Sch. Ia	79,595,380	174,168,509
Total Nonbusiness Items	Sch. Ib	0	0
Balance		79,595,380	174,168,509
Add: Interest Offset	Sch. Id	0	0
Unitary Business Income		79,595,380	174,168,509
Apportionment Percentage	Sch. I	16.4966%	19.9106%
Amount Apportioned to California	Sch. I	13,130,532	34,677,995
Rounding	Sch. I		
Applicable Adjustments to Calif. Income	Sch. I	-92,042	-100,730
Nonbusiness Income (or Losses) wholly Attributable to California			
Total California Nonbusiness Items	Sch. Ib	0	0
Less: Interest Offset	Sch. Id	0	0
Net Income Before Contributions Adjustment	Sch. I	13,038,490	34,577,265
Contributions Adjustment	Sch. I	1	27
Net Income after Contributions Adjustment	Sch. I	13,038,491	34,577,292
Apport. CA Income - Separate Trade or Bus.	Sch. I	0	0
Net Income Before NOL		13,038,491	34,577,292
NOL Allowed / Other Carryover Allowed	Sch. I	0	0
Net Income for State Purposes		13,038,491	34,577,292
Tax Rate (See Schedule I)			
Tax	Sch. I	1,153,396	3,060,935
Minimum Tax Corporations	Sch. I	0	0
Other Taxes	Sch. I	0	0
Less : Tax Credits	Sch. I	276,824	450,960
Net Tax	Sch. I	876,572	2,609,975
Alternative Minimum Tax	Sch. I	0	0
Total Tax	Sch. I	876,572	2,609,975
Penalty (If any)	Sch. I	0	0
Less : Previously Assessed	Sch. I	915,104	2,658,082
<b>TOTAL</b>			
Additional Tax <Overassessment>		-86,639	-48,107









Building Materials Holding Corp.  
2126799  
12/2004

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Date Modified: 07/28/2009

**Computation of Revised Tax Change**

		1	2	3	4
Corporations Within California		Building Materials H	BMC West Corp	BMC West SC	BMC Construction
Corporation Name		2126799	1598535	2252663	2359784
Corporation Number					
<b>Amount</b>	<b>Total</b>	<b>California Total</b>			
Property	474,595,878	64,880,280	14,061,784	29,736,767	0
Payroll	269,135,857	58,997,705	2,961,475	14,495,692	0
Sales	1,999,972,319	303,939,751	0	147,764,559	2,169
<b>Percentage Applicable</b>					
Property		13.8706%	2.9829%	6.2657%	0.0000%
Payroll		21.9212%	1.1004%	5.3860%	0.0000%
Sales		15.1972%	0.0000%	7.3883%	0.0001%
Double Weighted Sales (if appropriate)		15.1972%	0.0000%	7.3883%	0.0001%
<b>Totals</b>		65.9862%	4.0633%	26.4283%	0.0002%
<b>Average Percentage (Divide By 4)</b>		16.4966%	1.0159%	6.6071%	0.0001%
<b>UBI As Revised</b>	79,595,380	13,130,532	808,530	5,258,946	80
<b>Applicable Adjustments to California Income: (if any)</b>					
Nonunitary Partnership/LLC Income/(Loss)	0	0	0	0	0
Income/(Loss) Deferred From Prior Years	0	0	0	0	0
Post-Appportioned Capital Gain/(Loss) Netting	0	0	0	0	0
-	-92,042	-5,656	-36,980	-1	-49,405
-	0	0	0	0	0
<b>Nonbus. Income (or Loss) Wholly Attributable to Calif.</b>					
Total California Nonbusiness Items	0	0	0	0	0
<b>Less: Interest Offset</b>	0	0	0	0	0
<b>Net Income Before Contributions Adjustment</b>	13,038,490	802,874	5,221,966	79	7,013,571
Contributions Adjustment (Fr. Sch. 1c)	1	0	1	0	0
<b>Net Income After Contributions Adjustment</b>	13,038,491	802,874	5,221,967	79	7,013,571
Apportioned Calif. Income - Separate Trade or Business	0	0	0	0	0
<b>Net Income Before NOL</b>	13,038,491	802,874	5,221,967	79	7,013,571
NOL Allowed / Other Carryover Allowed	0	0	0	0	0
<b>Net Income for State Purposes</b>	13,038,491	802,874	5,221,967	79	7,013,571
<b>Tax Rate</b>		0.08840	0.08840	0.08840	0.08840
<b>Tax</b>	1,153,396	70,974	461,622	800	620,000
<b>Minimum Tax Corporations</b>	0	0	0	0	0
<b>Other Taxes</b>	0	0	0	0	0
<b>Less : Other Credits</b>	276,824	0	60,754	0	216,070
<b>Net Tax</b>	876,572	70,974	400,868	800	403,930
<b>Alternative Minimum Tax (From Sch. 1f)</b>	0	0	0	0	0
<b>Total Tax</b>	876,572	70,974	400,868	800	403,930
<b>Penalty (if any)</b>	0	0	0	0	0
<b>Less: Previously Assessed</b>	915,104	70,511	444,024	800	399,769
<b>Additional Tax &lt;Overassessment&gt;</b>	-38,532	463	-43,156	0	4,161

Footnote:



Building Materials Holding Corp.  
2126799  
12/2005

Created by: MNV  
Date Modified: 07/28/2009

**Computation of Revised Tax Change**

Corporations Within California		1	2	3	4
Corporation Name		Building Materials H	BMC West Corp	BMC West SC	Selectbuild(BMC Con)
Corporation Number		2126799	1598535	2252663	2359784
<b>Amount</b>	<b>Total</b>	<b>California Total</b>			
Property	566,354,303	97,713,196	15,623,419	33,539,135	0
Payroll	531,735,791	142,993,136	20,501,359	23,529,359	0
Sales	2,681,752,518	475,972,206	0	156,143,402	7,945
					211,113,530
<b>Percentage Applicable</b>					
Property	17.2530%	2.7586%	5.9219%	0.0000%	5.8252%
Payroll	26.8919%	3.8556%	4.4250%	0.0000%	12.8064%
Sales	17.7484%	0.0000%	5.8224%	0.0003%	7.8722%
Double Weighted Sales (if appropriate)	17.7484%	0.0000%	5.8224%	0.0003%	7.8722%
<b>Totals</b>	<b>79.6417%</b>	<b>6.6142%</b>	<b>21.9917%</b>	<b>0.0008%</b>	<b>34.3760%</b>
<b>Average Percentage (Divide By 4)</b>	<b>19.9106%</b>	<b>1.6536%</b>	<b>5.4979%</b>	<b>0.0002%</b>	<b>8.5940%</b>
<b>UBI As Revised</b>	<b>174,168,509</b>	<b>34,677,995</b>	<b>2,880,050</b>	<b>9,575,610</b>	<b>348</b>
					14,968,042
<b>Applicable Adjustments to California Income: (if any)</b>					
Nonunitary Partnership/LLC Income/(Loss)	0	0	0	0	0
Income/(Loss) Deferred From Prior Years	0	0	0	0	0
Post-Apportioned Capital Gain/(Loss) Netting	-100,730	-8,347	-27,754	-1	-43,604
-	0	0	0	0	0
-	0	0	0	0	0
<b>Nonbus. Income (or Loss) Wholly Attributable to Calif.</b>					
Total California Nonbusiness Items	0	0	0	0	0
<b>Less: Interest Offset</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income Before Contributions Adjustment</b>	<b>34,577,265</b>	<b>2,871,703</b>	<b>9,547,856</b>	<b>347</b>	<b>14,924,438</b>
Contributions Adjustment (Fr. Sch. 1c)	27	0	0	0	0
<b>Net Income After Contributions Adjustment</b>	<b>34,577,292</b>	<b>2,871,703</b>	<b>9,547,856</b>	<b>347</b>	<b>14,924,438</b>
Apportioned Calif. Income - Separate Trade or Business	0	0	0	0	0
<b>Net Income Before NOL</b>	<b>34,577,292</b>	<b>2,871,703</b>	<b>9,547,856</b>	<b>347</b>	<b>14,924,438</b>
NOL Allowed / Other Carryover Allowed	0	0	0	0	0
<b>Net Income for State Purposes</b>	<b>34,577,292</b>	<b>2,871,703</b>	<b>9,547,856</b>	<b>347</b>	<b>14,924,438</b>
<b>Tax Rate</b>		<b>0.08840</b>	<b>0.08840</b>	<b>0.08840</b>	<b>0.08840</b>
<b>Tax</b>	<b>3,060,935</b>	<b>253,859</b>	<b>844,030</b>	<b>800</b>	<b>1,319,320</b>
<b>Minimum Tax Corporations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Less : Other Credits</b>	<b>450,960</b>	<b>0</b>	<b>70,072</b>	<b>0</b>	<b>380,888</b>
<b>Net Tax</b>	<b>2,609,975</b>	<b>253,859</b>	<b>773,958</b>	<b>800</b>	<b>938,432</b>
<b>Alternative Minimum Tax (From Sch. 1f)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Tax</b>	<b>2,609,975</b>	<b>253,859</b>	<b>773,958</b>	<b>800</b>	<b>938,432</b>
<b>Penalty (if any)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Less: Previously Assessed</b>	<b>2,658,082</b>	<b>252,447</b>	<b>828,928</b>	<b>800</b>	<b>936,876</b>
<b>Additional Tax &lt;Overassessment&gt;</b>	<b>-48,107</b>	<b>1,412</b>	<b>-54,970</b>	<b>0</b>	<b>1,556</b>

Footnote:



Building Materials Holding Corp.  
2126799  
12/2005

Created by: MNV  
Date Modified: 07/28/2009

**Computation of Revised Tax Change**

Corporations Within California

Corporation Name  
Corporation Number

5	6	7	8
BMC Realty	KBI Norcal Window	KBI Stucco, Inc.	C Construction
20-2704230	2671791	2746915	2757019

Amount

	Total	California Total				
Property	566,354,303	97,713,196	0	1,623,967	0	2,618,328
Payroll	531,735,791	142,993,136	0	1,727,457	0	16,314,015
Sales	2,681,752,518	475,972,206	0	6,906,686	0	62,628,265

Percentage Applicable

Property	17.2530%	0.0000%	0.2867%	0.0000%	0.4623%
Payroll	26.8919%	0.0000%	0.3249%	0.0000%	3.0681%
Sales	17.7484%	0.0000%	0.2575%	0.0000%	2.3353%
Double Weighted Sales (if appropriate)	17.7484%	0.0000%	0.2575%	0.0000%	2.3353%

Totals

	79.6417%	0.0000%	1.1266%	0.0000%	8.2010%
--	----------	---------	---------	---------	---------

Average Percentage (Divide By 4)

	19.9106%	0.0000%	0.2817%	0.0000%	2.0503%
--	----------	---------	---------	---------	---------

UBI As Revised

	174,168,509	34,677,995	0	490,633	0	3,570,977
--	-------------	------------	---	---------	---	-----------

Applicable Adjustments to California Income: (if any)

Nonunitary Partnership/LLC Income/(Loss)	0	0	0	0	0
Income/(Loss) Deferred From Prior Years	0	0	0	0	0
Post-Appportioned Capital Gain/(Loss) Netting	-100,730	0	0	-1,422	0
-	0	0	0	0	0
-	0	0	0	0	0

Nonbus. Income (or Loss) Wholly Attributable to Calif.

Total California Nonbusiness Items	0	0	0	0	0
------------------------------------	---	---	---	---	---

Less: Interest Offset

	0	0	0	0	0
--	---	---	---	---	---

Net Income Before Contributions Adjustment

	34,577,265	0	490,633	-1,422	3,570,977
--	------------	---	---------	--------	-----------

Contributions Adjustment (Fr. Sch. Ic)

	27	0	0	0	0
--	----	---	---	---	---

Net Income After Contributions Adjustment

	34,577,292	0	490,633	-1,422	3,570,977
--	------------	---	---------	--------	-----------

Apportioned Calif. Income - Separate Trade or Business

	0	0	0	0	0
--	---	---	---	---	---

Net Income Before NOL

	34,577,292	0	490,633	-1,422	3,570,977
--	------------	---	---------	--------	-----------

NOL Allowed / Other Carryover Allowed

	0	0	0	0	0
--	---	---	---	---	---

Net Income for State Purposes

	34,577,292	0	490,633	-1,422	3,570,977
--	------------	---	---------	--------	-----------

Tax Rate

	0.08840	0.08840	0.08840	0.08840
--	---------	---------	---------	---------

Tax

	3,060,935	800	43,372	800	315,674
--	-----------	-----	--------	-----	---------

Minimum Tax Corporations

	0	0	0	0	0
--	---	---	---	---	---

Other Taxes

	0	0	0	0	0
--	---	---	---	---	---

Less : Other Credits

	450,960	0	0	0	0
--	---------	---	---	---	---

Net Tax

	2,609,975	800	43,372	800	315,674
--	-----------	-----	--------	-----	---------

Alternative Minimum Tax (From Sch. If)

	0	0	0	0	0
--	---	---	---	---	---

Total Tax

	2,609,975	800	43,372	800	315,674
--	-----------	-----	--------	-----	---------

Penalty (if any)

	0	0	0	0	0
--	---	---	---	---	---

Less: Previously Assessed

	2,658,082	800	43,005	800	313,008
--	-----------	-----	--------	-----	---------

Additional Tax <Overassessment>

	-48,107	0	367	0	2,666
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Footnote:



Building Materials Holding Corp.  
2126799  
12/2005

Created by: MNV  
Date Modified: 07/28/2009

**Computation of Revised Tax Change**

Corporations Within California  
Corporation Name  
Corporation Number

9	10	11	12
HNR Framing	FSC Construction	TWF Construction	KBI Windows, Inc.
1562795	2804171	20-3573334	20-3565920

Amount	Total	California Total			
Property	566,354,303	97,713,196	4,682,960	6,634,161	0
Payroll	531,735,791	142,993,136	11,450,265	1,374,513	0
Sales	2,681,752,518	475,972,206	33,341,327	5,831,051	0

Percentage Applicable	Total	California Total			
Property	17.2530%	0.8269%	1.1714%	0.0000%	0.0000%
Payroll	26.8919%	2.1534%	0.2585%	0.0000%	0.0000%
Sales	17.7484%	1.2433%	0.2174%	0.0000%	0.0000%
Double Weighted Sales (if appropriate)	17.7484%	1.2433%	0.2174%	0.0000%	0.0000%

<b>Totals</b>	79.6417%	5.4669%	1.8647%	0.0000%	0.0000%
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<b>Average Percentage (Divide By 4)</b>	19.9106%	1.3667%	0.4662%	0.0000%	0.0000%
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<b>UBI As Revised</b>	174,168,509	34,577,995	2,380,361	811,974	0
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**Applicable Adjustments to California Income: (if any)**

Nonunitary Partnership/LLC Income/(Loss)	0	0	0	0	0
Income/(Loss) Deferred From Prior Years	0	0	0	0	0
Post-Apporioned Capital Gain/(Loss) Netting	-100,730	-10,350	-6,899	-2,353	0
	0	0	0	0	0
	0	0	0	0	0

**Nonbus. Income (or Loss) Wholly Attributable to Calif.**

Total California Nonbusiness Items	0	0	0	0	0
------------------------------------	---	---	---	---	---

**Less: Interest Offset**

	0	0	0	0	0
--	---	---	---	---	---

**Net Income Before Contributions Adjustment**

Contributions Adjustment (Fr. Sch. Ic)	34,577,265	2,370,011	805,075	-2,353	0
--	------------	-----------	---------	--------	---

Net Income After Contributions Adjustment	27	12	15	0	0
---	----	----	----	---	---

Apportioned Calif. Income - Separate Trade or Business	34,577,292	2,370,023	805,090	-2,353	0
--	------------	-----------	---------	--------	---

Net Income Before NOL	0	0	0	0	0
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NOL Allowed / Other Carryover Allowed	34,577,292	2,370,023	805,090	-2,353	0
---------------------------------------	------------	-----------	---------	--------	---

Net Income for State Purposes	0	0	0	0	0
-------------------------------	---	---	---	---	---

	34,577,292	2,370,023	805,090	-2,353	0
--	------------	-----------	---------	--------	---

**Tax Rate**

	0.08840	0.08840	0.08840	0.08840	0.08840
--	---------	---------	---------	---------	---------

**Tax**

	3,060,935	209,510	71,170	800	800
--	-----------	---------	--------	-----	-----

**Minimum Tax Corporations**

	0	0	0	0	0
--	---	---	---	---	---

**Other Taxes**

	0	0	0	0	0
--	---	---	---	---	---

**Less: Other Credits**

	450,960	0	0	0	0
--	---------	---	---	---	---

**Net Tax**

	2,609,975	209,510	71,170	800	800
--	-----------	---------	--------	-----	-----

**Alternative Minimum Tax (From Sch. If)**

	0	0	0	0	0
--	---	---	---	---	---

**Total Tax**

	2,609,975	209,510	71,170	800	800
--	-----------	---------	--------	-----	-----

**Penalty (if any)**

	0	0	0	0	0
--	---	---	---	---	---

**Less: Previously Assessed**

	2,658,082	208,646	71,172	800	800
--	-----------	---------	--------	-----	-----

**Additional Tax <Overassessment>**

	-48,107	864	-2	0	0
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Footnote:





**BUILDING MATERIALS HOLDINGS CORP**  
**2126799**  
**12/2004-12/2005**

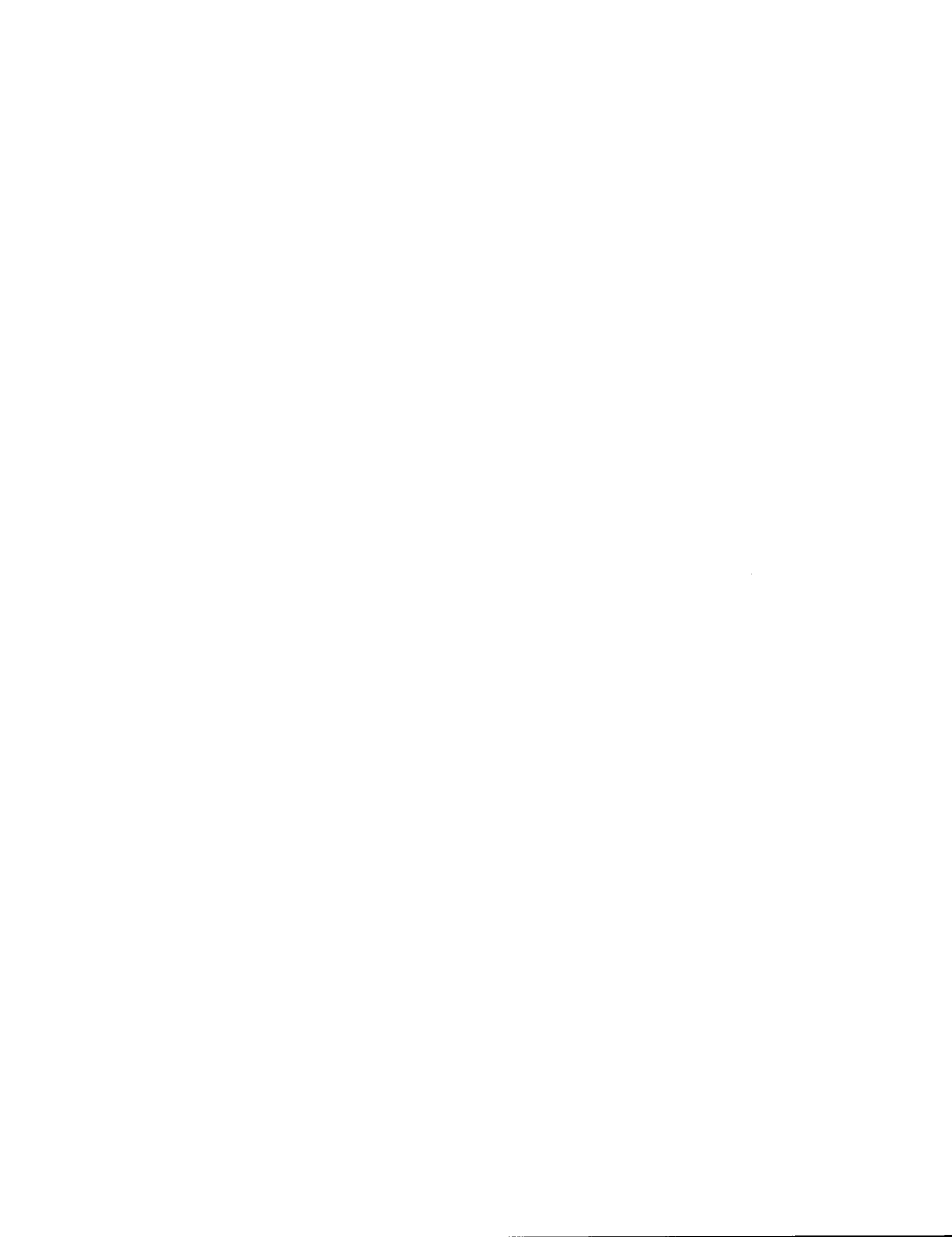
Created by: MNV  
Date Modified: 07/29/2009

**Calculation of the Credit Limitation**

<b>CALCULATION OF WW INCOME</b>	<b>TYE 12/2004</b>	<b>TYE 12/2005</b>
UBI Per Return	79,246,953	173,584,336
EZ Credit Addback - Merced EZ	60,754	70,072
EZ Credit Addback - Yuba-Sutter EZ	287,673	514,101
UBI Per Audit	79,595,380	174,168,509

<b>BMC West Corp (Merced EZ)</b>	<b>TYE 12/2004</b>	<b>TYE 12/2005</b>
Apportionment Factor	6.6071%	5.4979%
CA Intrastate Business Income	5,258,946	9,575,610
Applicable CA Income Adjustments		(27,754)
Post Apportioned Capital Gain/Loss	(36,980)	-
L1 Adj CA Intrastate Business Income	5,221,966	9,547,856
L2 Average % (from Form 3805Z)	13.3400%	11.9000%
L3 Multiply L1 by L2	696,610	1,136,195
L4 EZ NOL Deduction	-	-
L5 Enterprise Zone Taxable Income	696,610	1,136,195
L6a Tax Due on L5	61,580	100,440
L6b Tax Due on L1	461,622	844,031
L7 (Credit Limit) Smaller of L6a or L6b	61,580	100,440
<b>Credit Limitation - Per Return</b>	<b>61,941</b>	<b>100,172</b>
<b>Credit Limitation - Adjustment</b>	<b>(361)</b>	<b>268</b>

<b>BMC Construction (Yuba/Sutter EZ)</b>	<b>TYE 12/2004</b>	<b>TYE 12/2005</b>
Apportionment Factor	8.8736%	8.5940%
CA Intrastate Business Income	7,062,976	14,968,042
Applicable CA Income Adjustments		(43,604)
Post Apportioned Capital Gain/Loss	(49,405)	-
L1 Adj CA Intrastate Business Income	7,013,571	14,924,438
L2 Average % (from Form 3805Z)	34.8500%	28.8700%
L3 Multiply L1 by L2	2,444,229	4,308,685
L4 EZ NOL Deduction	-	-
L5 Enterprise Zone Taxable Income	2,444,229	4,308,685
L6a Tax Due on L5	216,070	380,888
L6b Tax Due on L1	620,000	1,319,320
L7 (Credit Limit) Smaller of L6a or L6b	216,070	380,888
<b>Credit Limitation - Per Return</b>	<b>216,181</b>	<b>381,821</b>
<b>Credit Limitation - Adjustment</b>	<b>(111)</b>	<b>(933)</b>





C & I TAX CONSULTANTS

## INVOICE

### ***C&I Tax Consultants***

5670 Wilshire Blvd, Suite 1530  
Los Angeles, CA 90036  
Phone (310) 402-2780

INVOICE #110686  
DATE: DECEMBER 2, 2009

### ***To:***

Brad Armitage  
Building Materials Holdings Corporation  
720 Park Boulevard, Suite 200  
Boise, ID 83712-7764

DESCRIPTION	CREDITS USED	AMOUNT
California Enterprise Zone Credits	2004 Additional Credits Documented and Used	\$50,613
	2005 Additional Credits Documented and Used	\$64,557
TOTAL BILLABLE AMOUNT		\$115,170
	Rate	20%
<b>TOTAL AMOUNT DUE</b>		<b>\$23,034</b>

**Thank you for your business!**

