

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**IN RE:**

**BUILDING MATERIALS HOLDING  
CORPORATION, *et al.*,<sup>1</sup>**

**Debtors.**

)  
) **Chapter 11**

)  
) **Case No. 09-12074 (KJC)**

)  
) **Jointly Administered**

)  
) **Objection Deadline: September 3, 2009 at 4:00 p.m. (ET)**

)  
) **Hearing Date: September 10, 2009 at 3:00 p.m. (ET)**

**DEBTORS' SUPPLEMENTAL APPLICATION PURSUANT TO SECTIONS  
327(a), 328 (a), AND 330 OF THE BANKRUPTCY CODE AND BANKRUPTCY  
RULES 2014(a) AND 2016 EXPANDING THE SCOPE OF EMPLOYMENT  
AND RETENTION OF KPMG LLP TO INCLUDE FURTHER AUDIT  
SERVICES, NUNC PRO TUNC TO AUGUST 7, 2009**

Building Materials Holding Corporation ("**BMHC**") and its affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"), submit this supplemental application (the "**Supplemental Application**") for entry of an order pursuant to sections 327(a), 328(a) and 330 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), substantially in the form annexed hereto as **Exhibit A**, expanding the scope of employment and retention of KPMG LLP ("**KPMG**") to include further audit services, *nunc pro tunc* to August 7, 2009. In support thereof, the Debtors respectfully represent:

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<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

## JURISDICTION AND VENUE

1. The Court has jurisdiction to consider this Application pursuant to 28 U.S.C. sections 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. section 157(b). Venue is proper pursuant to 28 U.S.C. sections 1408 and 1409.

## RELIEF REQUESTED

2. On June 26, 2009, the Debtors filed their *Application Pursuant to Section 327(a) and 328(a) of the Bankruptcy Code for an Order Authorizing the Debtors to Retain and Employ KPMG LLP as Auditors and Tax Consultants Nunc Pro Tunc to the Petition Date, and Waiving the Requirements of Local Rule 2016* [Docket No. 104] (the "**Original Application**"), as well as the Declaration of Glenn M. Farrell in support of the Original Application (the "**Original Declaration**").

3. On July 28, 2009, this Court entered an order approving the Original Application [Docket No. 326] (the "**Original Retention Order**"). Specifically, the Original Retention Order approved the retention of KPMG to provide the Debtors with audit and tax advisory services during these cases. A copy of the Original Retention Order is attached as **Exhibit B** to this Supplemental Application.

4. In support of this Supplemental Application, the Debtors have filed a supplemental declaration of Glenn M. Farrell, which is attached as **Exhibit C** to this Supplemental Application (the "**Supplemental Declaration**," and together with the Original Declaration, the "**Declarations**").

5. By this Supplemental Application, the Debtors seek entry of an order, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016, expanding the scope of the employment and retention of KPMG to provide additional

audit services, *nunc pro tunc* to August 7, 2009, upon the terms and conditions contained in the letters between BMHC and KPMG dated June 25, 2008 and July 15, 2009 (the "***Additional Engagement Letters***") amending the terms and conditions contained in the Engagement Letters (as defined in the Original Application) that were filed with the Original Application and approved, as amended, by the Original Retention Order. The Additional Engagement Letters is attached to the Supplemental Affidavit as ***Exhibit 1*** thereto and incorporated by reference herein.

### **BACKGROUND**

6. On June 16, 2009 (the "***Petition Date***"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "***Chapter 11 Cases***"). The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases. On July 26, 2009, the Office of the United States Trustee (the "***U.S. Trustee***") appointed the official committee of unsecured creditors (the "***Creditors Committee***").

7. The Debtors are one of the largest providers of residential building products and construction services in the United States. The Debtors distribute building materials, manufacture building components (e.g., millwork, floor and roof trusses, and wall panels), and provide construction services to professional builders and contractors through a network of 31 distribution facilities, 43 manufacturing facilities, and five regional construction services facilities.

8. The Debtors operate under two brand names: BMC West® and SelectBuild®.

- ***BMC West.*** Under the BMC West brand, the Debtors market and sell building products, manufacture building components, and provide construction services to professional builders and contractors. Products include structural lumber and building materials purchased from manufacturers, as well as manufactured building components such as millwork, trusses, and wall panels. Construction services include installation of various building products and framing. The Debtors currently offer these products and services in major metropolitan markets in Texas, Washington, Colorado, Idaho, Utah, Montana, North Carolina, California, and Oregon.
- ***SelectBuild.*** Under the SelectBuild brand, the Debtors offer integrated construction services to production homebuilders, as well as commercial and multi-family builders. Services include wood framing, concrete services, managing labor and construction schedules, and sourcing materials. The Debtors currently offer these services in major metropolitan markets in California, Arizona, Nevada and Illinois.

9. On the Petition Date, the Debtors filed the Plan and the related Disclosure Statement. The Debtors filed amended versions of the Plan and Disclosure Statement on July 27, 2009. As set forth in greater detail in the Plan and Disclosure Statement, the Plan contemplates a restructure of the Debtors' balance sheet and ownership structure, as well as an immediate cash distribution to unsecured creditors and an opportunity for such creditors to receive full payment from the Reorganized Debtors, depending on business performance. The Debtors believe that the restructuring proposal embodied in the Plan provides the Debtors' creditors with the best means of maximizing value of the Debtors and their businesses. To facilitate operations during the Chapter 11 Cases, the Debtors have obtained \$80 million in the debtor-in-possession financing (the "***DIP Financing***"), which the Court approved on a final basis on July 1, 2009.

#### **SCOPE OF THE ADDITIONAL AUDIT SERVICES**

10. Pursuant to the Additional Engagement Letters, subject to Court approval, KPMG will provide the Debtors with professional audit services to Building Materials Holding Corporation Employees Savings and Retirement Plan, Building Materials Holding Corporation

Union Employees Savings and Retirement Plan, and Building Materials Holding Corporation BMC Construction Employees Savings and Retirement Plan (the "*Additional Audit Services*"). The scope of the Additional Audit Services is set forth in further detail in the Additional Engagement Letters.

### **COMPENSATION**

11. Estimated fees for the Additional Audit Services under the Additional Engagement Letters are approximately \$80,000 to \$95,000.<sup>2</sup> KPMG will also seek reimbursement for reasonable and necessary expenses incurred in connection with the Additional Audit Services, including, without limitation, travel, meals, lodging, photocopying, messenger services, postage, vendor charges, internal per ticket charges for booking travel, and other out-of-pocket expenses incurred in providing professional services to the Debtors.

12. All compensation and expenses will continue to be sought in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and any applicable orders of this Court. KPMG will continue to file interim and final applications for payment of fees and expenses with the Court as may be necessary. Any such interim and final applications shall continue to set forth in reasonable detail the services performed, the professional persons providing such services and the time spent, subject to the limited waiver of Local Rule 2016-2 granted in the Original Retention Order which allows KPMG to account for time in 1/2 hour increments. KPMG will continue to maintain detailed records of any actual and necessary costs incurred in connection with the aforementioned services.

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<sup>2</sup> KPMG has advised the Debtors that circumstances encountered during the performance of the Additional Audit Services that warrant additional time could cause KPMG to be unable to deliver the services within this estimate. KPMG has stated that it will notify the Debtors of any such circumstances as soon as they are assessed.

### **DISINTERESTEDNESS**

13. Except as otherwise disclosed in the Declarations, KPMG is a "disinterested person" within the meaning of Section 101(14) of the Bankruptcy code in that KPMG:

- (a) is not a creditor, equity security holder, or insider of the Debtors;
- (b) is not a and was not within two years before the date of filing of the petition, a director, officer or employer of the Debtors; and
- (c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

### **BASIS FOR RELIEF**

14. The Additional Audit Services are necessary to the Debtors' fulfillment of their duties and to maximize the value of the estates under applicable federal regulations, as promulgated by state and federal taxing authorities. KPMG has specific and extensive expertise in performing the Additional Audit Services.

15. The Additional Audit Services will not duplicate the services that other professionals have been and will be providing to the Debtors in these cases. The Debtors, KPMG, and the Debtors' other professionals will work together to assure that there is no duplication of services among the professionals in these cases.

16. At the Debtors' request, due to the Debtors' need for the Additional Audit Services, KPMG commenced performing the Additional Audit Services on August 7, 2009, prior to the filing of this Supplemental Application. Therefore, the Debtors seek the approval of this Supplemental Application *nunc pro tunc* to August 7, 2009.

### **NOTICE**

17. No trustee or examiner has been appointed in the Chapter 11 Cases. The Debtors have provided notice of filing of the Application to: (a) the U.S. Trustee; (b) counsel to the Creditors' Committee; (c) counsel to Wells Fargo Bank, as agent under the Debtors' Prepetition Credit Agreement and DIP Facility (as defined in the Plan); and (d) any persons who have filed a request for notice in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002. Due to the nature of the relief requested, the Debtors respectfully submit that no further notice of this Application is required.

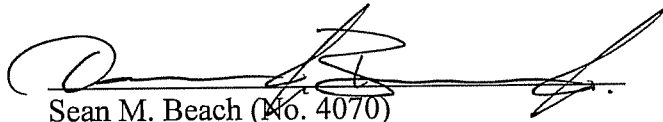
### **NO PRIOR REQUEST**

18. Other than as set forth in the Original Application, no prior request for the relief sought in this Application has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: Wilmington, Delaware  
August 18, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



Sean M. Beach (No. 4070)  
Donald J. Bowman, Jr. (No. 4383)  
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---- and ----

GIBSON, DUNN & CRUTCHER LLP  
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ATTORNEYS FOR DEBTORS AND DEBTORS IN  
POSSESSION



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

<b>In re:</b>	)	<b>Chapter 11</b>
	)	
<b>BUILDING MATERIALS HOLDING CORPORATION, <i>et al.</i>,<sup>1</sup></b>	)	<b>Case No. 09-12074 (KJC)</b>
	)	
<b>Debtors.</b>	)	<b>Jointly Administered</b>
	)	
	)	<b>Objection Deadline: September 3, 2009 at 4:00 p.m. (ET)</b>
	)	<b>Hearing Date: September 10, 2009 at 3:00 p.m. (ET)</b>

**NOTICE OF SUPPLEMENTAL APPLICATION**

TO: (A) The Office of the United States Trustee for the District of Delaware; (B) Counsel to Wells Fargo Bank, as Agent Under the Prepetition Credit Facility and the DIP Facility (as Defined in the Plan); (C) Counsel to the Official Committee of Unsecured Creditors; and (D) All Parties That Have Requested Notice Pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure.

**PLEASE TAKE NOTICE** that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) have filed the attached **Debtors’ Supplemental Application Pursuant to Sections 327(a), 328(a), and 330 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016 Expanding the Scope of Employment and Retention of KPMG LLP to Include Further Audit Services, *Nunc Pro Tunc* to August 7, 2009** (the “Application”).

**PLEASE TAKE FURTHER NOTICE** that any objections to the Application must be filed on or before **September 3, 2009 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must serve a copy of the objection upon the undersigned counsel to the Debtors so as to be received on or before the Objection Deadline.

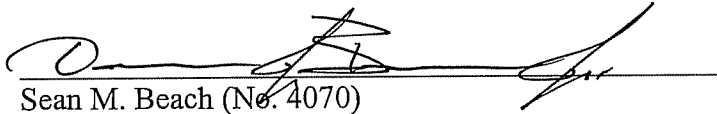
**PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE APPLICATION WILL BE HELD ON SEPTEMBER 10, 2009 AT 3:00 P.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.**

<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

**PLEASE TAKE FURTHER NOTICE** that if you fail to respond in accordance with this notice, the Court may grant the relief requested in the Application without further notice or hearing.

Dated: Wilmington, Delaware  
August 18, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



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ATTORNEYS FOR THE DEBTORS  
AND DEBTORS-IN-POSSESSION

# **EXHIBIT A**

**Proposed Order**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

IN RE:	)	
	)	Chapter 11
BUILDING MATERIALS HOLDING	)	
CORPORATION, <i>et al.</i> , <sup>1</sup>	)	Case No. 09-12074 (KJC)
	)	
Debtors.	)	Jointly Administered
	)	
	)	Ref. Docket No. _____

ORDER PURSUANT TO SECTIONS 327(a), 328 (a), AND 330 OF THE BANKRUPTCY  
CODE AND BANKRUPTCY RULES 2014(a) AND 2016 EXPANDING THE SCOPE OF  
EMPLOYMENT AND RETENTION OF KPMG LLP TO INCLUDE FURTHER AUDIT  
SERVICES, *NUNC PRO TUNC* TO AUGUST 7, 2009

Upon consideration of the supplemental application (the "*Supplemental Application*") of Building Materials Holding Corporation and its affiliates, as debtors and debtors in possession (collectively, the "*Debtors*") for entry of an order pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "*Bankruptcy Code*"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "*Local Rules*") expanding the scope of employment and retention of KPMG LLP ("*KPMG*") to include further audit services, *nunc pro tunc* to August 7, 2009, all as set forth in the Supplemental Application; and upon the Declarations of Glenn M. Farrell in

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<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

support of the Supplemental Application;<sup>2</sup> and the Court having found that venue of this proceeding and the Application in this district is proper pursuant to 28 U.S.C. sections 1408 and 1409; and the Court having found that the relief requested in the Application is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and notice of the Supplemental Application and the opportunity for a hearing on the Supplemental Application was appropriate under the particular circumstances; and the Court having reviewed the Supplemental Application and having considered the statements in support of the relief requested therein at a hearing before the Court (the "**Hearing**"); and the Court having determined that the legal and factual bases set forth in the Supplemental Application and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED:**

1. The Supplemental Application is granted as set forth below.
2. The Additional Engagement Letters are hereby approved.
3. In accordance with sections 327(a) and 328(a) of the Bankruptcy Code, the Debtors are authorized to expand the scope of KPMG's employment and retention in these cases for KPMG to provide additional audit services, *nunc pro tunc* to August 7, 2009, in accordance with the Additional Engagement Letters.
4. KPMG will file fee applications for interim and final allowance of compensation and reimbursement of expenses pursuant to the procedures set forth in sections 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court, as applicable.

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<sup>2</sup> Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Application.

5. Notwithstanding the possible applicability of Rules 6004(g), 7062, and 9014 of the Bankruptcy Rules, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: September \_\_\_\_, 2009  
Wilmington, Delaware

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Kevin J. Carey  
Chief United States Bankruptcy Judge

# **EXHIBIT B**

**Original Retention Order**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

IN RE:	)	Chapter 11
BUILDING MATERIALS HOLDING CORPORATION, <i>et al.</i> , <sup>1</sup>	)	Case No. 09-12074 (KJC)
	)	Jointly Administered
Debtors.	)	Ref. Docket Nos. 104 and <u>318</u>

**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO RETAIN AND EMPLOY KPMG LLP AS AUDITORS AND TAX ADVISOR *NUNC PRO TUNC* TO THE PETITION DATE AND WAIVING CERTAIN REQUIREMENTS OF LOCAL RULE 2016-2**

Upon consideration of the application (the "*Application*") of Building Materials Holding Corporation and its affiliates, as debtors and debtors in possession (collectively, the "*Debtors*") for entry of an order pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the "*Bankruptcy Code*"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "*Local Rules*") for authorization to employ and retain KPMG LLP ("*KPMG*") as auditors and tax consultants to the Debtors, all as set forth in the Application; and upon the declaration of Glenn M. Farrell in support of the Application;<sup>2</sup> and the Court having found that venue of this

<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

<sup>2</sup> Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Application.



proceeding and the Application in this district is proper pursuant to 28 U.S.C. sections 1408 and 1409; and the Court having found that the relief requested in the Application is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and notice of the Application and the opportunity for a hearing on the Application was appropriate under the particular circumstances; and the Court having reviewed the Application; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED:**

1. The Application is granted as set forth below.
2. In accordance with sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, the Debtors are authorized to employ and retain KPMG *nunc pro tunc* to the Petition Date as their auditors and tax consultants on the terms set forth in the Application as modified by this Order.
3. KPMG shall be compensated in accordance with the procedures set forth in section 330 of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and such procedures as may be fixed by order of this Court; *provided, however*, that KPMG shall be granted a limited waiver of the information requirements set forth in Local Rule 2016-2 to keep time records in half-hour increments.
4. The indemnification provisions of the January 22, 2009 Engagement Letter (the "January 2009 Engagement Letter") to provide tax consulting services are approved, subject to the following clarifications:
  - (a) Subject to the provisions of subparagraphs (c) and (d) below, the Debtors are authorized to indemnify, and shall indemnify, KPMG, in accordance with the January 2009 Engagement Letter and to the extent permitted by

applicable law, for any claim arising from, related to, or in connection with KPMG's performance of the services described in the January 2009 Engagement Letter;

- (b) KPMG shall not be entitled to indemnification, contribution, or reimbursement for services provided under the January 2009 Engagement Letter, unless such services and the indemnification, contribution, or reimbursement therefor are approved by the Court;
- (c) Notwithstanding anything to the contrary in the January 2009 Engagement Letter, the Debtors shall have no obligation to indemnify any person, or provide contribution or reimbursement to any person, for any claim or expense to the extent that it is (i) judicially determined (the determination having become final and no longer subject to appeal) to have arisen from that person's gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtors allege the breach of KPMG's contractual obligations unless the Court determines that indemnification, contribution, or reimbursement would be permissible pursuant to *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii), but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution, or reimbursement under the terms of the January 2009 Engagement Letter as modified by this Order; and
- (d) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing the Chapter 11 Cases, KPMG believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution, or reimbursement obligations under the January 2009 Engagement Letter, including without limitation the advancement of defense costs, KPMG must file an application before this Court, and the Debtors may not pay any such amounts to KPMG before the entry of an order by this Court approving the payment. This subparagraph (d) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for payment by KPMG for indemnification, contribution, or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify KPMG.

5. Notwithstanding any terms of the Engagement Letters to the contrary, paragraph 6 of the terms and conditions annexed to the January 2009 Engagement Letter shall be struck in its entirety.

6. Notwithstanding any terms of the Engagement Letters to the contrary, the Court shall have jurisdiction over any controversy arising from or related to the Application, the Engagement Letters, or KPMG's retention in the Chapter 11 Cases.

7. Notwithstanding paragraph 6 of the Farrell Declaration or any similar provision in the Engagement Letters, KPMG shall not provide such other consulting, advice, research, planning, and analysis regarding audit and tax and advisory services as may be necessary, desirable, or requested from time to time by the Debtors without prior authorization from the Court after notice and a hearing.

8. Notwithstanding paragraph 17 of the Farrell Declaration or any similar provision in the Engagement Letters, during the pendency of these chapter 11 cases and without prejudice to KPMG seeking different terms in other bankruptcy cases, KPMG shall not employ any independent contractors to provide professional services to the Debtors or otherwise with respect to these chapter 11 cases without prior authorization from the Court after notice and a hearing; *provided, however*, that the foregoing limitation shall not apply to services related to non-professional expenses.

9. Notwithstanding anything in the Application, the Engagement Letters or the attachments thereto to the contrary, reimbursement of expenses for legal advice is not being pre-approved as a term or condition of employment under section 328(a) of the Bankruptcy Code, and expense reimbursement requests for legal counsel shall remain subject to applicable law.

10. Upon the resolution of the Internal Revenue Service audit referenced in the second and third full paragraphs on page 2 of the January 2009 Engagement Letter, the Debtors shall provide notice to the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") of such resolution; *provided, however*, that the Debtors and the U.S. Trustee may

establish reasonable procedures which address the handling of any information provided by the Debtors to the U.S. Trustee in connection therewith; *provided further, however*, that the parties reserve the right to seek any and all appropriate relief from this Court with respect to the establishment or scope of such procedures and to defend, dispute, or otherwise oppose any requests for such relief on any and all grounds.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

12. The Court shall retain jurisdiction with respect to all matters arising under or relating to the implementation and enforcement of this Order.

Dated: Wilmington, Delaware  
July 28, 2009



Kevin J. Carey  
Chief United States Bankruptcy Judge

# **EXHIBIT C**

**Supplemental Declaration of Glenn M. Farrell**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

IN RE:	)	
	)	Chapter 11
BUILDING MATERIALS HOLDING	)	
CORPORATION, <i>et al.</i> , <sup>1</sup>	)	Case No. 09-12074 (KJC)
	)	
Debtors.	)	Jointly Administered
	)	
	)	

**SUPPLEMENTAL DECLARATION OF GLENN M. FARRELL IN SUPPORT OF  
DEBTORS' SUPPLEMENTAL APPLICATION PURSUANT TO SECTIONS  
327(A), 328 (A), AND 330 OF THE BANKRUPTCY CODE AND BANKRUPTCY  
RULES 2014(A) AND 2016 EXPANDING THE SCOPE OF EMPLOYMENT  
AND RETENTION OF KPMG LLP TO INCLUDE FURTHER AUDIT  
SERVICES, NUNC PRO TUNC TO AUGUST 7, 2009**

I, Glenn M. Farrell, being duly sworn, hereby deposes and says:

1. I am a Certified Public Accountant and a partner of KPMG LLP, a professional services firm ("**KPMG**"). KPMG is the United States member firm of KPMG International, a Swiss cooperative. I submit this declaration on behalf of KPMG in support of the supplemental application (the "**Supplemental Application**") of Building Materials Holding Corporation and certain of its affiliates as debtors and debtors in possession (collectively, the "**Debtors**") for entry of an order pursuant to sections 327(a) and 328(a) of the Bankruptcy Code,<sup>2</sup> Bankruptcy Rule 2014(a), and Local Rule 2014-1(a) expanding the scope of employment of

---

<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

<sup>2</sup> Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Supplemental Application.

KPMG LLP to include further audit services, *nunc pro tunc* to August 7, 2009. I have personal knowledge of the matters set forth herein.<sup>3</sup>

### **QUALIFICATIONS OF KPMG**

2. KPMG is a firm of independent public accountants as defined under the Code of Professional Conduct of the American Institute of Certified Public Accountants.

3. The Debtors have selected KPMG as their auditors and tax consultants because of the firm's diverse experience and extensive knowledge in the fields of accounting, taxation, and operational controls for large sophisticated companies both in chapter 11 as well as outside of chapter 11.

4. The Debtors have employed KPMG since 2004. By virtue of its prior engagements, KPMG is familiar with the books, records, financial information and other data maintained by the Debtors and is qualified to continue to provide audit and tax services to the Debtors. As such, retaining KPMG is an efficient and cost effective manner in which the Debtors may obtain the requisite services.

### **SCOPE OF ADDITIONAL AUDIT SERVICES**

5. Pursuant to the Additional Engagement Letters, subject to Court approval, KPMG will provide the Debtors with professional audit services to Building Materials Holding Corporation Employees Savings and Retirement Plan, Building Materials Holding Corporation Union Employees Savings and Retirement Plan, and Building Materials Holding Corporation BMC Construction Employees Savings and Retirement Plan (the "*Additional Audit Services*"). The scope of the Additional Audit Services is set forth in further detail in the Additional Engagement Letters.

---

<sup>3</sup> Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at KPMG and are based on information provided by them.

## **DISINTERESTEDNESS AND ELIGIBILITY**

19. Except as otherwise disclosed in the Declarations, KPMG is a "disinterested person" within the meaning of Section 101(14) of the Bankruptcy code in that KPMG:

- (a) is not a creditor, equity security holder, or insider of the Debtors;
- (b) is not a and was not within two years before the date of filing of the petition, a director, officer or employer of the Debtors; and
- (c) does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

## **PROFESSIONAL COMPENSATION**

6. Estimated fees for the Additional Audit Services under the Additional Engagement Letters are approximately \$80,000 to \$95,000.<sup>4</sup> KPMG will also seek reimbursement for reasonable and necessary expenses incurred in connection with the Additional Audit Services, including, without limitation, travel, meals, lodging, photocopying, messenger services, postage, vendor charges, internal per ticket charges for booking travel, and other out-of-pocket expenses incurred in providing professional services to the Debtors.

7. All compensation and expenses will continue to be sought in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and any applicable orders of this Court. KPMG will continue to file interim and final applications for payment of fees and expenses with the Court as may be necessary. Any such interim and final applications shall continue to set forth in reasonable detail the services

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<sup>4</sup> KPMG has advised the Debtors that circumstances encountered during the performance of the Additional Audit Services that warrant additional time or expense could cause KPMG to be unable to deliver the services within this estimate. KPMG has stated that it will notify the Debtors of any such circumstances as soon as they are assessed.



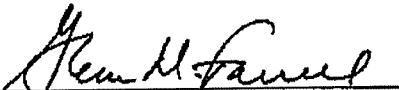
performed, the professional persons providing such services and the time spent, subject to the limited waiver of Local Rule 2016-2 granted in the Original Retention Order which allows KPMG to account for time in 1/2 hour increments. KPMG will continue to maintain detailed records of any actual and necessary costs incurred in connection with the aforementioned services.

8. This supplemental declaration is provided in accordance with sections 327 and 328 of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Rule 2014-1.

*[Signature Page Follows]*

Pursuant to 28 U.S.C. section 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated this 17<sup>th</sup> day of August 2009

By:   
Glenn M. Farrell  
Partner

# **EXHIBIT 1**

## **Additional Engagement Letters**



KPMG LLP  
Suite 900  
801 Second Avenue  
Seattle, WA 98104

Telephone 206 913 4000  
Fax 206 913 4444  
Internet www.us.kpmg.com

June 25, 2008

**PRIVATE & CONFIDENTIAL**

Mr. William M. Smartt  
Senior Vice President and Chief Financial Officer  
Building Materials Holding Corporation  
Four Embarcadero Center, Suite 3250  
San Francisco, California 94111

Dear Mr. Smartt:

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to Building Materials Holding Corporation Employees Savings and Retirement Plan, Building Materials Holding Corporation Union Employees Savings and Retirement Plan and Building Materials Holding Corporation BMC Construction Employees Savings and Retirement Plan (the Plans).

**Objectives and Limitations of Services**

***Audit Services***

We will issue a written report upon our audit of the Plans' financial statements and supplemental schedules as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit in accordance with auditing standards generally accepted in the United States of America with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms with U.S. generally accepted accounting principles and whether the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole and in conformity with the Department of Labor's (DOL's) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA).

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America except that, as permitted by Regulation 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and as instructed by you, we will not perform any auditing procedures with respect to investment information prepared and certified to by the custodian, other than comparing that information with the related information included in the financial statements and supplemental schedules. Because of the significance of the information that we will not audit, we will not express an opinion on the financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified to by the trustee, will be audited by us in accordance with auditing standards generally accepted in the United States of America, and will be subjected to tests of your accounting records and such other procedures as we consider necessary in the circumstances to enable us to express an opinion as to whether they are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Our audit of the financial statements and supplemental schedules is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature



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Mr. William M. Smartt  
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June 25, 2008

of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, defalcations or fraud (including fraud that may be an illegal act), prohibited transactions with parties in interest, other violations of ERISA rules and regulations, and other illegal acts may exist and not be detected by an audit performed in accordance with auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Our report will be addressed to the Plans' Administrator. We cannot provide assurance that a limited scope opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

You have not engaged us to prepare or review the Plans' Form 5500 filing with the DOL; however, the audited financial statements and supplemental schedules of the Plan are required to be filed with the Form 5500. Professional standards require that we read the Plans' Form 5500 prior to its filing. The purpose of this procedure is to consider whether such information, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, appearing in the financial statements. These procedures are not sufficient to nor intended to ensure that the form is completely and accurately prepared. In the event that our auditors' report is issued prior to our having read the Plans' Form 5500, you agree not to attach such auditors' report to the financial statements included with the Form 5500 filing until we have read the completed Form 5500.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit, we will consider the Plans' internal control in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

The objective of our audit of the financial statements is not to report on the Plans' internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

#### ***Our Responsibility to Communicate with Those Charged with the Plans' Governance***

While the objective of our audit of the financial statements is not to report on the Plans' internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements, we will communicate, in writing, significant deficiencies or material weaknesses to you to the extent they come to our attention.

We will report to those charged with governance, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on the Plans' financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by



Page 3  
Mr. William M. Smartt  
Building Materials Holding Corporation  
June 25, 2008

management and, in our judgment, may not have been detected except through the auditing procedures performed.

- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.
- Any disagreements with management or other significant difficulties encountered in performance of our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of committee meetings for consistency with our understanding of the communications made to those charged with governance and determine that it has received copies of all material written communications between ourselves and management. We will also determine that the committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform management and the audit committee about any material errors and any instances of fraud or illegal acts, and we will assess whether all identified prohibited party-in-interest transactions are included in the supplemental schedule of nonexempt transactions. Further, to the extent that they come to our attention, we will inform the members of the Plan Sponsor's audit committee about fraud and illegal acts that involve senior management, fraud that in our judgment causes a material misstatement of the financial statements of the Plan, and illegal acts, unless clearly inconsequential.

As a part of our audit, we will perform certain procedures, as required by auditing standards generally accepted in the United States of America, directed at considering the Plans' compliance with applicable Internal Revenue Code (IRC) requirements for tax-exempt status, including inspecting the Plans' latest tax determination letter from the IRS. As we conduct our audit, we will be aware of the possibility that events affecting the Plans' tax status may have occurred. Similarly, we will be aware of the possibility that events affecting the Plans' compliance with the requirements of ERISA may have occurred. We will inform those charged with governance of any instances of tax or ERISA noncompliance that come to our attention during the course of our audit. However, our audit is not designed to nor is it intended to determine the Plans' overall compliance with applicable provisions of the IRC or ERISA.

If, during the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to our reasons for withdrawal.

#### **Management Responsibilities**

The Plans' Administrator is responsible for the fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. This includes, among others, the responsibility (1) for making the fair value measurements and disclosures included in the financial statements as of the end of the Plan year, including determining the fair value of investments for which a readily determinable fair value does not exist and (2) for establishing appropriate



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Mr. William M. Smartt  
Building Materials Holding Corporation  
June 25, 2008

user controls when plan operations include processes performed by service organizations. The audit of the financial statements does not relieve the Plans' Administrator or those charged with governance of their responsibilities.

The Plans' Administrator also is responsible for identifying and ensuring that the Plans comply with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. The Plans' Administrator is also responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. The Plans' Administrator is also responsible for informing us, of which it has knowledge, of all significant deficiencies or material weaknesses in the design or operation of such controls and maintaining effective internal control over financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements.

The Plans and Building Materials Holding Corporation (the Plans' Sponsor) also agree that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the Plans' and Plans Sponsor's personnel. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements. We may request written confirmation from the Plans' attorney as part of this engagement, which may result in the Plans incurring costs for the attorney's response.

The Plans' Administrator is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon taken as a whole.

#### **Dispute Resolution**

Any dispute or claim arising out of or relating to this Engagement Letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of KPMG LLP (KPMG) or any of its subcontractors or agents to Building Materials Holding Corporation or at its request, shall be submitted first to non-binding mediation (unless either party elects to forego mediation by initiating a written request for arbitration) and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution then in effect ("CPR Arbitration Rules"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction.



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Mr. William M. Smartt  
Building Materials Holding Corporation  
June 25, 2008

Mediation, if selected, may take place at a location to be designated by the parties using Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in CPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

#### **Other Matters**

This letter shall serve as the Plans' authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between KPMG and the Plans and between KPMG and outside specialists or other entities engaged by either KPMG or the Plans. The Plans acknowledge that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the Plans' Sponsor hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the Plans' Sponsor solely for presentations or reports to the Plans or for internal KPMG presentations and intranet sites.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this letter.

While the audit report may be sent to the Plans' Sponsor electronically by the KPMG engagement partner for the Plans' Sponsor's convenience, only the signed (electronically or manually) report constitutes the Plans' Sponsor's record copy.

KPMG member firms located outside the United States and other third-party service providers operating under our supervision may also participate in providing the services described in this letter.

#### ***Work Paper Access by Regulators and Others***

The work papers for this engagement are the property of KPMG. In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement for the Plans in judicial or administrative proceedings to which KPMG is not a party, the Plans shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.





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Mr. William M. Smartt  
Building Materials Holding Corporation  
June 25, 2008

We may also be requested to make certain work papers available to the DOL pursuant to authority given to it by law or regulation. If requested, access to such work papers will be provided under the supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected work papers to the DOL. The DOL may intend, or decide, to distribute the photocopies or information contained therein to others, including other government agencies. We agree to communicate to you on a timely basis any requests by the DOL for access to the work papers as part of its inspection process and when it desires direct contact with members of the audit committee or those charged with governance.

\*\*\*\*\*

Our engagement herein is for the provision of annual audit services for the financial statements and for the periods described in Appendix I, and it is understood that such services are provided as a single engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of the Plans' subsequent fiscal years until either the Plans or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by the Plans' Administrator.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

KPMG LLP

Linda D. Hunter  
Partner

LDH:kw

Enclosures (to be returned)

**ACCEPTED:**

Building Materials Holding Corporation

William M. Smartt  
Senior Vice President and Chief Financial Officer

7-6-08  
Date



## Appendix I

### Fees for Services

Our fees for services we will perform are estimated as follows:

Limited scope audit of financial statements and supplemental schedules of the Plan as of December 31, 2007 and 2006, and for the year ended December 31, 2007, all of which are to be included in the Plans' Form 5500 filing with the DOL.	\$65,000 – \$80,000
---	---------------------

- Building Materials Holding Corporation Employees Savings and Retirement Plan.
- Building Materials Holding Corporation Union Employees Savings and Retirement Plan.
- Building Materials Holding Corporation BMC Construction Employees Savings and Retirement Plan.

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.



KPMG LLP  
Suite 900  
801 Second Avenue  
Seattle, WA 98104

Telephone 206 913 4000  
Fax 206 913 4444  
Internet www.us.kpmg.com

July 15, 2009

**PRIVATE & CONFIDENTIAL**

Mr. William M. Smartt  
Senior Vice President and Chief Financial Officer  
Building Materials Holding Corporation  
Four Embarcadero Center, Suite 3250  
San Francisco, California 94111

Dear Mr. Smartt:

This letter amends our engagement letter dated June 25, 2008, confirming our understanding to provide professional audit services to Building Materials Holding Corporation Employees Savings and Retirement Plan, Building Materials Holding Corporation Union Employees Savings and Retirement Plan and Building Materials Holding Corporation BMC Construction Employees Savings and Retirement Plan (the Plans) by substituting the attached Appendix I for the Appendix I originally attached to our engagement letter.

The attached Appendix I lists the services to be rendered and related fees to provide each specified service for the identified time period. Except as specified in this letter and in the Appendix I attached to this letter, all provisions of the aforementioned engagement letter remain in effect until either the audit committee or we terminate this agreement or mutually agree to the modification of its terms.

KPMG member firms located outside the United States and other third-party service providers operating under our supervision may also participate in providing the services described in this letter.

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign in the space provided and return the copy to us.

Very truly yours,

KPMG LLP

Linda D. Hunter  
Partner

LDH:kw

Enclosures (to be returned)

ACCEPTED:

**Building Materials Holding Corporation:**

Name

William M. Smartt, Senior Vice President and Chief Financial Officer

Signature

Date

  
August 7, 2009



Page 2  
Mr. William M. Smartt  
Building Materials Holding Corporation  
July 15, 2009

## Appendix I

### Fees for Services

Our fees for services we will perform are estimated as follows:

Limited scope audits of financial statements and supplemental schedules of the Plan as of December 31, 2008 and 2007, and for the year ended December 31, 2008, all of which are to be included in the Plans' Form 5500 filing with the DOL. \$80,000 – \$95,000

- Building Materials Holding Corporation Employees Savings and Retirement Plan.
- Building Materials Holding Corporation Union Employees Savings and Retirement Plan.
- Building Materials Holding Corporation BMC Construction Employees Savings and Retirement Plan.

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

BUILDING MATERIALS HOLDING  
CORPORATION, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 09-12074 (KJC)

Jointly Administered

**AFFIDAVIT OF SERVICE**

STATE OF DELAWARE     )  
                                      ) SS  
NEW CASTLE COUNTY    )

Casey S. Cathcart, an employee of the law firm of Young Conaway Stargatt & Taylor, LLP, co-counsel to the above-captioned debtors, being duly sworn according to law, deposes and says that on August 18, 2009, she caused a copy of the **Debtors' Supplemental Application Pursuant to Sections 327(a), 328(a), and 330 of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016 Expanding the Scope of Employment and Retention of KPMG LLP to Include Further Audit Services, *Nunc Pro Tunc* to August 7, 2009** to be served as indicated upon the parties identified on the attached service list.

  
Casey S. Cathcart

SWORN TO AND SUBSCRIBED before me this 18th day of August, 2009.

  
Notary Public  
My Commission Expires:

**ANGELA M. COLSON**  
**NOTARY PUBLIC**  
**STATE OF DELAWARE**  
My commission expires Aug. 31, 2011

<sup>1</sup> The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C Construction, Inc. (8206), TWF Construction, Inc. (3334), H.N.R. Framing Systems, Inc. (4329), SelectBuild Southern California, Inc. (9378), SelectBuild Nevada, Inc. (8912), SelectBuild Arizona, LLC (0036), and SelectBuild Illinois, LLC (0792). The mailing address for the Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

**2002 SERVICE LIST**  
**BUILDING MATERIALS HOLDING CORPORATION**  
**8/18/2009**

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(Counsel to Grace Bay Holdings, II, LLC)  
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(Counsel to Westchester Fire Insurance  
Company and ACE USA)  
***Hand Delivery***

**2002 SERVICE LIST**  
**BUILDING MATERIALS HOLDING CORPORATION**  
**8/18/2009**

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Erin R. Fay, Esq.  
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Services, Inc.)  
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