

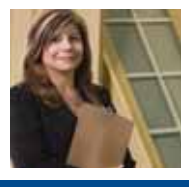
2005  
Annual  
Report



Strength in Numbers



BMHC



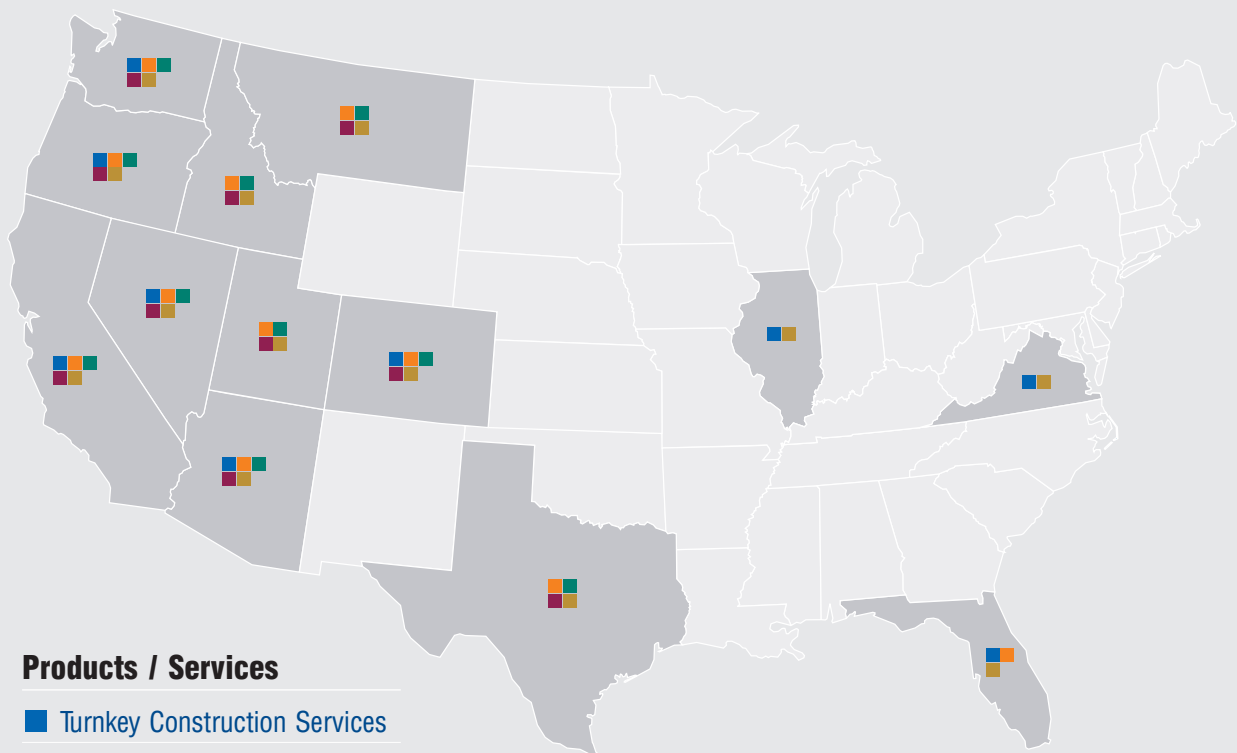
# We Are 20,000 Employees Strong and Growing...

Our industry expertise and commitment to our customers enable us to continue building our reputation and growing market share in targeted homebuilding markets across the United States.



# Nationwide

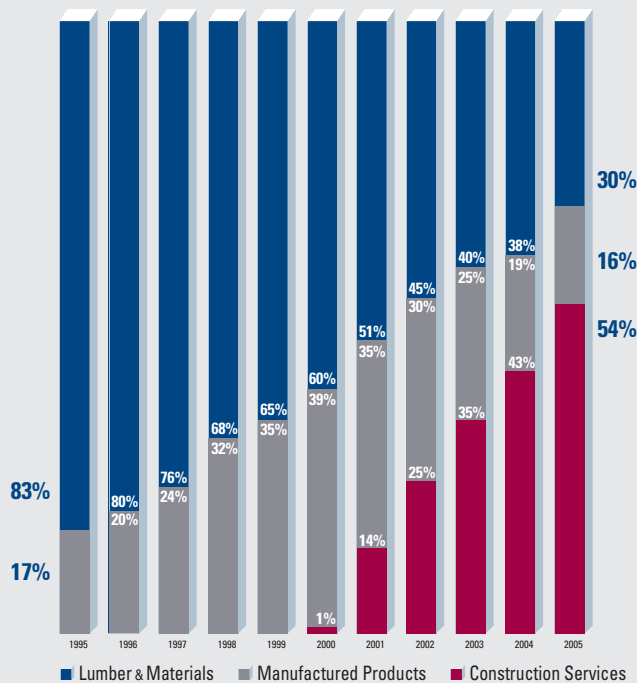
BMHC is one of the largest suppliers of construction services and building materials to the U.S. homebuilding industry.



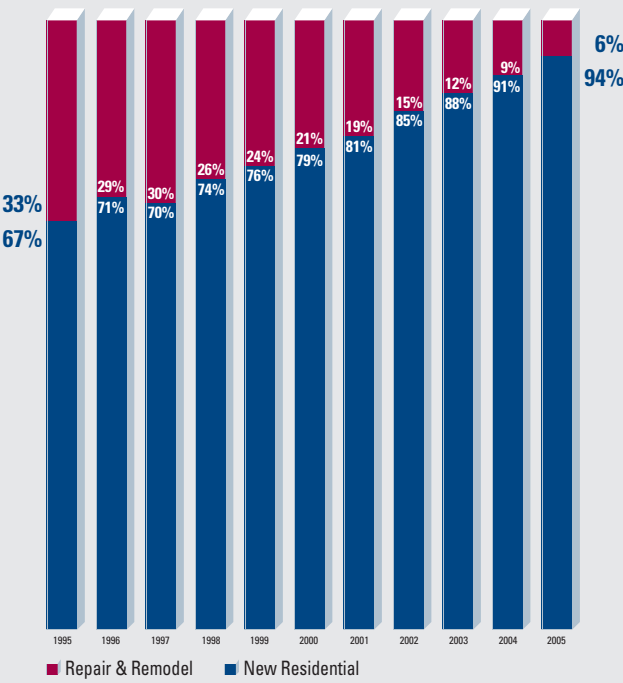
## Products / Services

- Turnkey Construction Services
- Component Manufacturing
- Materials Distribution
- Millwork Installation
- Value Engineering

Change in Service and Product Mix



Change in Customer Mix





## ■ Turnkey Construction Services

BMHC builds houses on-site from the foundation to the roof line for high-volume production homebuilders. We provide integrated services spanning project estimation, labor and risk management, value engineering, materials procurement and handling, truss and component manufacturing, and millwork installation. In certain markets, our skilled labor crews pour foundations, set and anchor walls, frame walls, construct concrete block walls, build stairs, set and fasten roof trusses, and sheath roofs.

Turnkey Construction  
Services



## ■ Component Manufacturing

BMHC designs and manufactures roof trusses, floor trusses and wall panels using state-of-the-art equipment and software systems, as well as disciplined quality control procedures, and delivers them to the job site ready for installation. In certain markets, we have component manufacturing capabilities dedicated to serving the high-throughput needs of production homebuilders.

Component  
Manufacturing



## ■ Materials Distribution

BMHC supplies a broad range of professional-grade building materials, including lumber, siding, roofing, insulation, windows, doors, cabinets, tools and supplies. We analyze a project's materials requirements, prepare materials takeoffs and establish preliminary manufacturing and delivery schedules to streamline the procurement, handling and distribution of lumber and materials. Our customized lumber and materials packages are sequenced for specific job sites, and we utilize our fleet of more than 2,000 handling and delivery vehicles to coordinate on-time delivery.

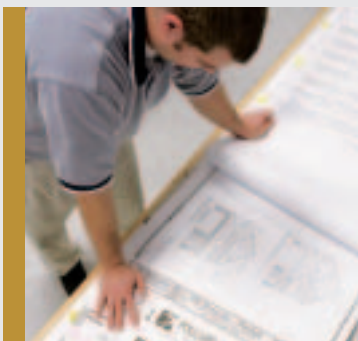
Materials  
Distribution



## ■ Millwork Installation

BMHC assembles, delivers and installs pre-hung doors and windows, stairs, custom cabinets, and interior and exterior trim. In certain markets, we build custom windows and doors, produce interior finish millwork and offer in-house pre-finishing of products.

Millwork  
Installation



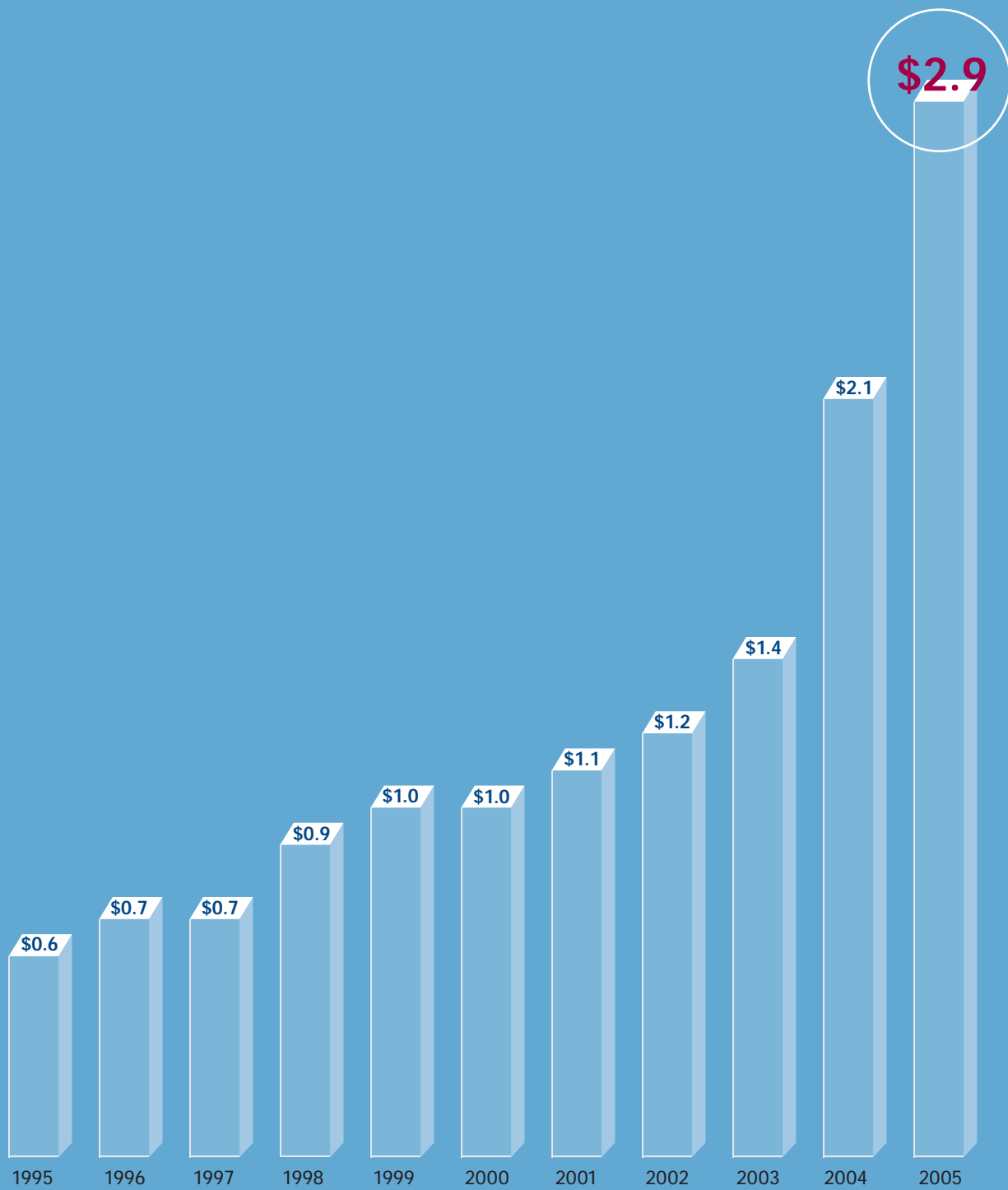
## ■ Value Engineering

BMHC analyzes builders' plans and makes recommendations to minimize materials usage, reduce construction cycle time and improve the quality of the finished home. Our expertise in materials selection and procurement, component manufacturing techniques and industry-leading construction practices enables us to improve the home construction process through more efficient use of resources, reduced materials handling and shorter job site cycle time.

Value  
Engineering

# A history of growth

(sales in billions)





**BOISE,  
IDAHO**



"BMHC has knowledgeable people working for the Company, and we work hard on the quality of the products we manufacture. We go to market with a superior product. Our workforce is well-trained and is quick to respond to customer needs. We find the most efficient way to manufacture a truss, which sometimes requires working directly with the designers and customers, or going out to a job site to help fit or modify the trusses as needed."

**DARCY RITZ,  
PRODUCTION MANAGER, BMC WEST/BOISE**

"Safety is a priority at BMHC and in 2005 we conducted 500,000 man hours of training in safety alone. We have produced training documents and demonstration videos and regularly conduct tests for all aspects of our business. In addition to internal efforts, we collaborate with others in our industry as well as government organizations such as the Department of Labor and the National Institute of Occupational Safety and Health to stay on top of new regulations and ensure we have the right procedures in place."

**JIM SCHREIBER,  
DIRECTOR — SAFETY AND FLEET, BMHC**



**Pictured:** Darcy Ritz (top); Jim Schreiber (bottom)



## ISSAQUAH, WASHINGTON



"Customers are our focal point and we thrive on meeting their needs. We monitor inventory levels, cycle counting and receiving, working with our vendors to ensure we have the right product at the right time. We run a neat, clean lumber yard. We coordinate deliveries to ensure loads are built and delivered in the manner required for each job. We take time to visit job sites with our customers to get a visual on the project and how to deal with any problems. There are no dead ends — we figure out a way to get the job done."

**RAYMOND VAUGHN,**  
**OPERATIONS MANAGER,**  
**BMC WEST/ISSAQUAH**

"BMHC is innovative in the products and construction services that the Company has pursued and introduced. We have the market prowess and financial clout to manage the risk of offering integrated construction services and one-stop shopping for our customers. One of BMHC's biggest advantages is our size and ability to communicate between the different regions in which we operate. We have established steering committees that cross-pollinate different regional groups and councils within both BMC West and BMC Construction, focused on trades including door, millwork, truss and framing operations."

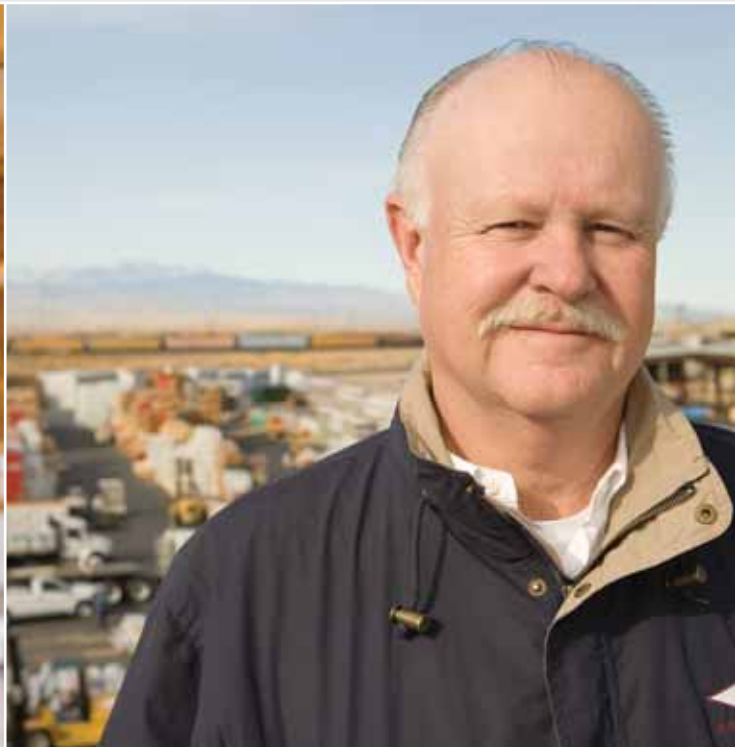
**JIM LEE,**  
**VICE PRESIDENT & GENERAL MANAGER,**  
**BMC WEST/NORTHWEST REGION**



**Pictured:** Raymond Vaughn (top); Jim Lee (bottom)



## PHOENIX, ARIZONA



"As BMHC acquires and integrates companies, our focus is on being one corporation with one vision, goal and business strategy. BMHC has invested in companies based on their success and ability to understand their specific trades and markets. We enable local management to tailor services to regional market conditions and customer needs. At the same time, we provide the consistency offered through our Company's size. As we integrate acquired companies and expand our construction services, common customers from one market to another have an understanding of what they can expect from BMHC."

**RANDY FOLTS,**  
**VICE PRESIDENT & CHIEF OPERATING**  
**OFFICER, BMC CONSTRUCTION**



**Pictured:** Randy Shipp, President, Southwest Region, BMC Construction (top left);  
Duncan Hossack, General Manager, KBI Distribution (top right); Randy Folts (bottom)

# BMC Construction

## Integrated construction services for high-volume production homebuilders

In 2005, BMC Construction continued to successfully implement our strategy of creating an integrated, multi-trade residential construction company serving high-volume production homebuilders. We have established ourselves as a leader in the construction services market and continue to evolve and strengthen our business. The benefits we offer to our customers — efficient labor management and focus on quality, supported by our scale, geographic reach and financial strength — are unmatched in the industry and enable our large national homebuilder customers to be more productive.

BMC Construction's outstanding performance in 2005 was a combination of three important factors: (1) external growth through acquisitions, (2) strong organic growth in key markets and (3) continued strength in homebuilding activity. Capitalizing on these trends, BMC Construction set new records in 2005, surpassing \$1 billion in sales for the first time in its history.

External growth was a key area of focus for BMC Construction in 2005 and resulted in five new investments. To ensure a good cultural fit, we looked for companies where the management teams shared our belief in the importance of respecting employees and valuing customer relationships and where the leadership shared our vision for the future of the industry. Additionally, the companies we selected to join our family had excellent reputations for quality, dependable performance and responsive service. Our acquisitions for the year were in line with our overall objectives — entry into new markets as well as expansion and the addition of new services in our existing markets.

**Entered New Markets:** At the beginning of the year we acquired a 51% interest in RCI Construction, which marked our entry into the Chicago area and provided a foundation to grow our framing services in this attractive homebuilding market. In October, we acquired HnR Framing Systems and the assets of Home Building Components, which provide framing services and manufactured building components to high-volume production homebuilders in San Diego. These acquisitions extended our presence into a new area in California.

**Added New Services in Existing Markets:** Arizona is an attractive market for high-volume production homebuilders, and we made two very substantial additions to our operations there during the year. In 2005, we invested in Riggs Plumbing, which provides turnkey rough and finish plumbing installation services that we are



integrating with our framing and concrete trades. In July, we acquired a 51% interest in BBP Companies, which provides concrete foundation services and complements our framing and plumbing services in the greater Phoenix and Tucson markets. We believe both Riggs and BBP will be integral parts of our overall service package in the Southwest. Additionally, in September we acquired the assets of The Campbell Companies, which provide concrete and plumbing services in the Las Vegas and Southern California markets.

In January 2006, we acquired two additional framing companies, MWB Building Contractors and Benedetti Construction Management, which further strengthen our existing trades while also allowing us to enter a new market. Benedetti is the largest framing company in Palm Springs and the low desert area of Southern California, and MWB strengthens our operations in Northern California while also extending our construction services capabilities to the Reno, Nevada market.

In 2005, we continued to generate significant growth as we extended our geographic reach and deepened our market penetration. We successfully completed and integrated major acquisitions designed to position us for continued growth in our key markets. While expanding through external growth, we also strengthened our management team to better execute our overall strategy. We will continue to work toward our vision of being a superior construction services business through disciplined external expansion and internal integration. As we continue to grow our reputation as the provider of choice for high-volume production homebuilders, we will focus on consistently providing the high-quality services that our customers have come to expect.

### The BMC Construction Family of Companies





## PORTLAND, OREGON



"A key to our success is how we have marketed our products and services. We developed and conducted marketing programs, which resulted in a better understanding by our customers of the scale, resources and stability that BMHC offers. We also strategically mapped out a customer service plan to provide access to our senior location management, which allows us to improve problem-solving and provide the right product and service solutions for each construction project."

**CAMERON CROP,**  
**GENERAL MANAGER, PORTLAND/VANCOUVER**  
**MARKET AREA, BMC WEST**



**Pictured:** Cameron Crop (top); Craig Kerschen, Millwork Manager, BMC West/Sherwood (bottom left); Steve Wethern, Assistant Location Manager, BMC West/Sherwood (bottom right)



## LAS VEGAS, NEVADA



"We view our relationship with our customers as a partnership. It's a two-way street of information and problem-solving. An important aspect of managing the building supply chain is information flow, and technology can be a large part of productivity gains in high-volume markets. BMHC utilizes electronic scheduling, bar coding on our tools and equipment, and tablet PCs out in the field to help streamline operations and improve communication between us and our customers."

**JOHN MIERZWA,**  
**GENERAL MANAGER, FRAMING,**  
**BMC CONSTRUCTION/LAS VEGAS DIVISION**

"The root of everything BMHC does is based on processes in the field, and communication with our customers is allowing us to evolve our business model in a positive way. BMHC has strong systems in place, a good corporate structure and superior follow-through on all of our construction projects. Our strengths are our people, our corporate principles and the value proposition we provide our customers."

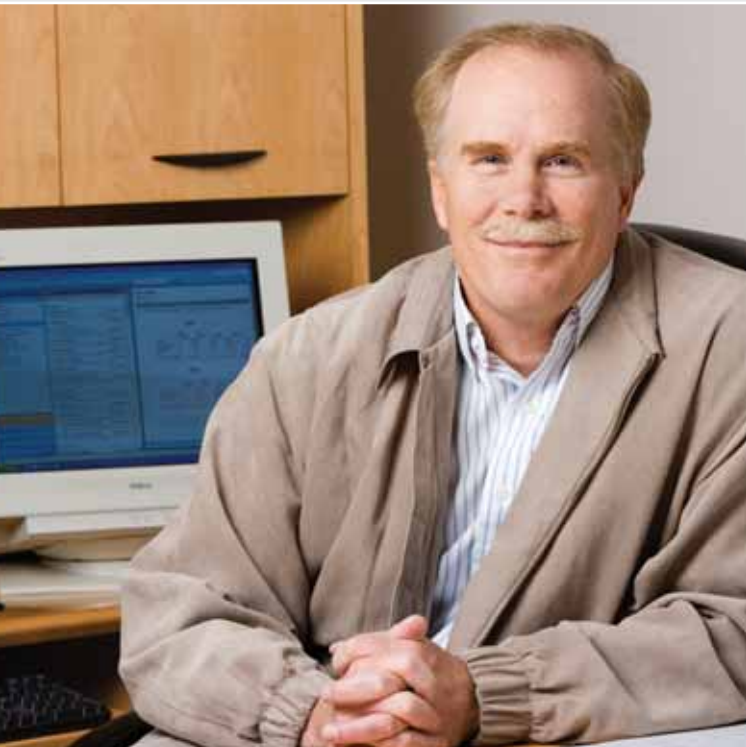
**MIKE LANDGREN,**  
**PRESIDENT, BMC CONSTRUCTION/**  
**LAS VEGAS DIVISION**



**Pictured:** John Mierzwa (top left); Mike Kearney, President, BMC Construction/Southwest Region (top right); Mike Landgren (bottom center); Jim Cleven, Executive Vice President – Operations, BMC Construction/Pacific Region (bottom right)



## SAN DIEGO, CALIFORNIA



“Part of my role is to establish goals for the organization so everyone stays energized. Leading people doesn’t always happen at the front of the group, sometimes it happens by supporting the group. Everyone’s job description, no matter what level, is to make our customers’ projects run as smoothly as possible. Working with BMHC, our customers should have better service, more closings and the quality every consumer demands in a home.”

**RYAN HOLMES,**  
**GENERAL MANAGER, SAN DIEGO FRAMING,**  
**BMC CONSTRUCTION**



**Pictured:** Ryan Holmes



## MODESTO, CALIFORNIA



"BMHC doesn't just provide products or construction services. We work with our customers from the beginning of a project until they pass their framing inspection. We provide design suggestions, value engineering and project consultations to ensure there are no issues with construction, delivery or installation. The integrated construction services that BMHC provides go a step further by allowing teams involved with different trades to establish plans prior to beginning field production. We take the time at the start of each project to make group decisions that will save time and effort on the project as a whole."

**ADRIAN "ACE" ANAYA,  
TRUSS PLANT MANAGER,  
BMC WEST/MODESTO**



**Pictured:** Maria "Christy" Miller, Door Plant Manager, BMC West/Modesto (top left); Joe Zuendel, Vice President & General Manager, BMC West/Southwest Region (top right); Ace Anaya (bottom)

## BMC West

### Materials, components and services for the professional homebuilder

BMC West's record results in 2005 demonstrate the strength of our management team and the Company's success in providing a full range of building materials and services in key homebuilding markets. We are committed to being the preferred supplier of high-quality building materials, manufactured building components and installation services to custom and regional homebuilders, and we are creating value through an expansion of the products and services we provide in existing and new markets.

The growth of the housing industry and high demand for new homes over the last five years has provided BMC West with significant opportunity to be successful in its markets. Capitalizing on industry trends, we have continued to increase our sales of installed product services while also effectively managing our inventory and streamlining our operations to create efficiencies and improve returns. During the year, we maintained our focus on operating under our unified market management structure. Unified market management provides our managers with the independence necessary to react to local market shifts and customer needs, while at the same time ensuring best practices throughout the organization. This structure is based on utilization of closest-point shipping and coordination of product offerings to provide rapid response and improved customer service from our business units within a specific market. Our strategy allows us to evaluate the changing demands in our markets and then subsequently grants us the flexibility to enhance our regional services independently.

In 2005, BMC West continued to grow its business through organic methods as well as through acquisitions. Each of our acquisitions and expansion initiatives was aimed at achieving the Company's overall objective of providing the best service possible to our customers. We completed the acquisition of Quality Truss in September, which provides truss and roof components in the Boise, Idaho market. The transaction complements BMC West's existing business in the InterMountain region, as well as enhances our ability to service our customer base. BMC West also added a truss plant to expand our operations and value-added services in Montana. Finally, through the consolidation of two locations into a single new state-of-the-art millwork facility and the expansion of operations in Austin, we have increased our capacity and productivity. These changes are allowing us to manage our costs and better serve our customers in an important area of the Texas market.



In February of 2006, BMC West acquired the assets of Home Lumber, which provides lumber, building materials and millwork to professional contractors and builders from three locations in Houston. This transaction significantly expands our operations in the Houston market. We believe Home Lumber will be a valuable addition to BMC West and will enable us to increase our market coverage and further strengthen our successful operations in the greater Houston market, which is one of the top five markets in the country.

BMC West continues to approach the market with a "Best Value Model," operating under the philosophy that we provide the best combination of services, product mix and level of professionalism. We approach our customers as consultants, assisting with the evaluation of a project, conducting field visits and determining the best solution to meet their needs. Providing innovative products and cost-saving ideas has enabled BMC West to perform with excellence and continue serving our regional, local and custom homebuilding customers in new ways and new markets. The products and services we offer add value to the homebuilding equation.

#### The BMC West Family of Companies





**DIXON,  
CALIFORNIA**



“The rise in housing starts has placed increased demand on the homebuilding supply chain. At BMHC, we are forward thinkers, procuring product and negotiating supply contracts in our customers’ best interests. Our goal is to maintain a mutually beneficial relationship among the manufacturer, distributor, installer and homebuilder, and to ensure that everyone perceives value from that relationship. We work with counterparts across regions and use BMHC’s economies of scale to negotiate supply contracts with one voice. As BMHC expands, we are ensuring that we have supply chain and distribution capabilities to meet our growth.”

**WAYNE WITHERS,**  
**EXECUTIVE VICE PRESIDENT — DISTRIBUTION,**  
**BMC CONSTRUCTION/PACIFIC REGION**



**Pictured:** Wayne Withers (top); John Volkman, President, BMC Construction/Pacific Region (bottom left); Paul Kinser, Vice President — Sales, BMC Construction/Northern California Division (bottom right)



## HOUSTON, TEXAS



"We have built our business focusing on customer service. Part of how we provide superior service is through state-of-the-art equipment. At our facility we use a fully automated, computer-run CNC machine for door production and cutting. We have expanded our operations in Houston over the years, from a single focus on millwork for custom homebuilders, to include a variety of services and product offerings for both custom and production homebuilders."

**DAVE ONDRASEK,**  
**VICE PRESIDENT & GENERAL MANAGER,**  
**BMC WEST/HOUSTON REGION**



**Pictured:** Dave Ondrasek (top); Loren Cook, Regional Operations Manager, BMC West/Houston Region (bottom left); Randy Lutz, Sales Manager, BMC West/Houston (bottom right)



## FORT LAUDERDALE, FLORIDA



"BMHC adheres to an established set of operating procedures including safety practices and quality production. We have a robust training program, which is tracked through a formalized process and used as a quality control tool. We spend a lot of time developing our people and making a concerted effort to hone their skills while also enabling professional growth within our industry. We want to be a big company with a small company culture, and we work hard to maintain a family atmosphere. Putting all of this together has resulted in BMHC having a value proposition readily recognized by our customers."

**JIM CHAMBERLIN,**  
**VICE PRESIDENT, WBC CONSTRUCTION/  
NORTHEAST FLORIDA DIVISION**



**Pictured:** Steve Valle, Vice President, WBC Construction/West Coast Florida Division (top left);  
Bruce Willard, President, BMC Construction/Southeast Region (top right), Jim Chamberlin (bottom)

## Financial Highlights

Year Ended December 31

(thousands, except share data)

	2005	2004	2003	2002	2001
Sales <sup>(1)</sup>					
Construction services	\$ 1,586,509	\$ 904,362	\$ 498,052	\$ 293,063	\$ 147,363
Building products	1,325,651	1,186,663	917,019	868,431	945,504
<b>Total sales</b>	<b>\$ 2,912,160</b>	<b>\$2,091,025</b>	<b>\$ 1,415,071</b>	<b>\$ 1,161,494</b>	<b>\$ 1,092,867</b>
Income from operations <sup>(2)</sup>	\$ 239,356	\$ 108,108	\$ 40,429	\$ 39,121	\$ 42,629
Net income <sup>(3)</sup>	\$ 129,507	\$ 53,910 <sup>(4)</sup>	\$ 19,929	\$ 7,015 <sup>(5)</sup>	\$ 20,844
Net income per share:					
Basic	\$ 9.22	\$ 4.00	\$ 1.50	\$ 0.54	\$ 1.61
Diluted	\$ 8.82	\$ 3.87	\$ 1.48	\$ 0.53	\$ 1.60
Annual cash dividends declared per share <sup>(6)</sup>	\$ 0.48	\$ 0.28	\$ 0.21	\$ 0.05	\$ —
Working capital	\$ 304,459	\$ 284,173	\$ 216,898	\$ 170,492	\$ 160,904
Total assets	\$ 1,150,525	\$ 743,044	\$ 604,199	\$ 503,074	\$ 485,742
Long-term debt, net of current portion	\$ 278,169	\$ 206,419	\$ 186,773	\$ 157,375	\$ 167,417
Shareholders' equity	\$ 470,061	\$ 327,678	\$ 271,010	\$ 251,300	\$ 242,894
Cash flows provided by operations	\$ 199,280	\$ 33,677	\$ 12,479	\$ 35,726	\$ 63,687

(1) Acquisitions provided sales of \$403.9 million in 2005; \$221.4 million in 2004; \$155.2 million in 2003; \$117.4 million in 2002 and \$100.5 million in 2001.

(2) Acquisitions provided income (loss) from operations of \$31.6 million in 2005; \$2.8 million in 2004; (\$3.6) million in 2003; \$9.8 million in 2002 and \$7.7 million in 2001.

(3) Impairments of assets net of tax were \$0.8 million in 2005; \$1.4 million in 2004; \$0.5 million in 2003; \$4.1 million in 2002 and \$1.1 million in 2001.

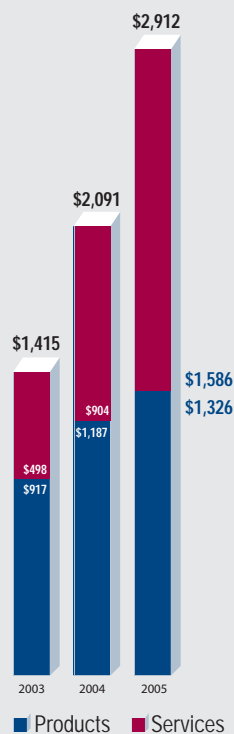
(4) Includes a reduction of expenses for lower than expected insurance costs of \$3.8 million net of tax.

(5) The transitional impairment analysis of goodwill resulted in an impairment of \$11.7 million net of tax.

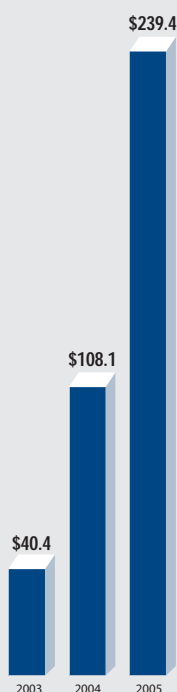
(6) In February 2006, our Board of Directors approved a two for one split of our outstanding common shares and first quarter cash dividend. The first quarter cash dividend will be \$0.10 per share after the split or \$0.20 per share prior to the split of our common shares. The cash dividend was initiated in the fourth quarter of 2002.

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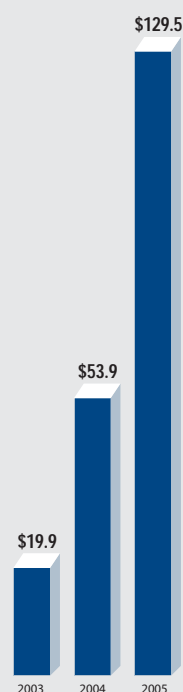
### Sales (in millions)



### Operating Income (in millions)



### Net Income (in millions)



# To Our Valued Shareholders



**BMHC continued to raise the bar and set new records in 2005. For the second consecutive year we generated the best financial results in the Company's history, with sales approaching \$3 billion, net income of \$130 million and return on equity of 33%. In addition, our market capitalization reached \$1 billion for the first time. Our positive momentum continued throughout the year as we used BMHC's strong and growing operations to capitalize on the overall strength of the homebuilding industry.**

The Company's success in 2005 can be summed up in three central themes:

- 1) Our focus on anticipating and meeting the needs of our customers as we expand our construction services capabilities and extend our geographic reach;
- 2) Our adherence to BMHC's core values as we grow the business, maintaining an entrepreneurial culture and a focus on customer service;
- 3) Our employees' dedication to successfully meeting the demands of our business and their ability to assimilate tremendous growth.

For the last several years, we have charted a strategy focused on becoming the leading construction services provider in targeted U.S. homebuilding markets that are experiencing positive growth trends. As the homebuilding industry has consolidated — resulting in large national builders controlling more of the residential development across the country — we have concentrated our efforts on meeting the specific needs of high-volume production homebuilders. We have always operated our business centered on a philosophy of anticipating and meeting our customers' requirements. Reflecting what we view as a partnership with our customers, we have developed a business model that works for them and for BMHC.

We have been proactive in the growth and expansion of our business by continuing to invest in the Company and our people. In the past year, we not only completed a number of strategic acquisitions, but also purchased real estate for new facilities and expanded

our existing locations. We also successfully executed supply chain initiatives in certain target markets, such as integrating lumber and truss operations with our framing services. In all of our markets we remain committed to meeting the needs of our customers. We believe that BMHC is now firmly positioned in the right markets with the right products and services to serve our customers on the scale they require.

The Company's outstanding performance in 2005 was due in large part to our ability to execute our business strategy. We completed seven transactions in 2005, which played a significant role in driving our business to new heights during the year. We have continued this momentum, completing an additional three acquisitions in the first quarter of 2006. A large part of our business strategy has been to expand our range of services at BMC Construction as we become an integrated multi-trade residential construction company. By investing in the BBP Companies and acquiring the assets of Campbell Companies, we successfully expanded our services to include concrete and plumbing in high-growth markets, including Phoenix, Las Vegas and Southern California. We also extended our geographic reach to the Chicago market by investing in RCI Construction, and to the San Diego market through our acquisition of HnR Framing Systems. In January 2006, we acquired the assets of Benedetti Construction Management, a framing company in Southern California's Inland Empire region, and MWB Building Contractors, which expands our Northern California framing operation and extends it into the Reno, Nevada market.

In 2005, BMC West acquired the assets of Quality Truss, a provider of truss and roof components in Idaho, which complements our operations in the InterMountain region. We further expanded our BMC West millwork facility in Houston to support continued strong growth. In February 2006, we acquired the assets of Home Lumber in Houston, adding lumber and materials distribution and further increasing our millwork capabilities. This transaction significantly expands our operations in this important homebuilding market.

We remained diligent in our evaluation of acquisition opportunities aimed at ensuring that each company we acquired was not only a leader in its market but also a good fit with our culture and business model. Prior to becoming part of the BMHC organization, all of the companies we acquired were leading service providers in their construction trades working with the top national and regional production homebuilders.

dividend. The stock split and the third consecutive year of dividend increases reflect our ongoing confidence in our long-term growth prospects. Our dividend program enables shareholders to participate in BMHC's success, and we believe the stock split should improve liquidity and allow broader ownership of the Company's shares.

Throughout this exciting phase of BMHC's growth, we took important steps to ensure our infrastructure and systems were able to support our continuing expansion. We continued to identify and implement best practices throughout all levels of our organization. We improved the systems and controls essential to managing our business profitably and integrating newly acquired companies. We made significant progress in our plan to standardize our information technology platforms to support our field operations and back office, and added high-quality systems staff to support our rapid growth.

## **The Company's ability to grow successfully starts with our people. be able to support our growth and consistently provide the superior**

**Robert E. Mellor** — Chairman, President and Chief Executive Officer

The principals and employees of each company acquired in 2005 share our dedication to customer service and our vision of BMHC's future in the industry. With this shared dedication and vision, all of our acquired companies have maintained the entrepreneurial spirit that is vital to our success in every market.

The business strategy we developed several years ago is beginning to demonstrate its potential. We increased sales 39% in 2005, largely due to the acquisitions we completed and to the continued strength of our markets. Our efforts to leverage expenses against increased sales and to enhance operating efficiencies proved successful, and resulted in a 140% improvement to our bottom line. We reinforced our strong financial position by expanding our syndicated credit facility from \$350 million to \$500 million with an option to further increase the size to \$650 million over the five-year-term. Further demonstrating our strong financial performance and commitment to enhancing shareholder value, we increased our quarterly dividend twice in 2005, by a total of 88%. In the first quarter of 2006, our board of directors approved a two-for-one stock split and another 33% increase in our cash

BMHC's ability to grow successfully starts with our people. Without talented and motivated employees, we would not be able to support our growth and consistently provide the superior service our customers have come to expect from BMHC. We continued to make employee-focused initiatives a priority — including professional and industry certification training, management training, financial and management support for participation in outside education and our constant attention to keeping safety a core component of our operations. The professional credibility, competence and business integrity of our people is evidenced by a growing number of our locations receiving quality certifications from the National Association of Home Builders. We also remain sensitive to the various cultures and needs of our employees. We have conducted outreach to minority communities in our markets and our corporate notices and information are bilingual. While we focus on being a leader in our industry, we also create a rewarding environment for our employees.

Two individuals who have played major roles at BMHC have recently left the Company. Dr. James Brown, a director since 1991, retired from our board of directors in February 2006. Jim's counsel and unique insights into the nation's housing industry have been valuable contributions to the Company over the years. Ellis Goebel, a founder of BMC West in 1987, retired at the end of 2005. As Senior Vice President — Business Development and Investor Relations, and in his previous position as Senior Vice President of Finance and Treasurer, Ellis played a significant part in the development and expansion of the Company. On behalf of everyone involved with BMHC, I thank Jim and Ellis for their hard work and dedication.

We also made two appointments to our board of directors in 2005, both of whom are nominated for election at this year's annual meeting of shareholders. Dr. Eric Belsky and Mr. Norman Metcalfe bring a

2005 was a terrific year for BMHC, and was one in which everything came together — the strategy of the business as well as positive trends in the homebuilding industry. We are pleased with the acquisitions we completed, and the way our people continued to provide superior service to our customers. Employees and management recognized evolving industry trends and proactively pursued the growth of our business. Everyone worked hard in supporting our strategy and we are pleased to have been recognized for our efforts by those outside the Company, as BMHC was named 2005 Pro-Dealer of the Year by Home Channel News and was included for the first time on the Forbes Platinum 400 list.

As we establish ourselves as the leader in our markets, our high standards and commitment to excellence continue to be the foundation upon which we build customer relationships and our reputation in

## **Without talented and motivated employees, we would not service our customers have come to expect from BMHC.**

wealth of knowledge and industry expertise to the board and will be valuable contributors to us as we continue to grow our business.

In this time of continued critical focus on corporate ethics, BMHC continues to consistently institute and follow a broad range of programs to ensure sound corporate governance and ethical business conduct throughout the organization, as the Company has done since its formation almost 19 years ago. Our strong corporate values and focus on good corporate citizenship have fostered a culture that encourages us to give back to the communities in which we operate, by donating time, resources and funds. We also made significant contributions during the year toward the recovery efforts from the Asian tsunami and Hurricane Katrina. Additionally, we continued our many years of work with Habitat for Humanity, which is a natural charitable opportunity for BMHC and a way to use our operations and the expertise of our people to benefit those in need.

the marketplace. Because of the steps we have taken, we are better positioned to capitalize on future opportunities in the homebuilding industry. In 2006, we expect the large homebuilders will continue to gain market share. We believe BMHC is in the right geographic areas where there will be strong demand for new homes. Our willingness to invest in the business enhances our leadership position. BMHC's entrepreneurial spirit and strong culture drive our success.

I appreciate and greatly value the hard work and loyalty of all our employees and our board of directors, and the continued support of our customers, suppliers and shareholders.

Sincerely,



**Robert E. Mellor**

Chairman, President and Chief Executive Officer



## Adding Value for the Company's Stakeholders through a Strong Commitment to Effective and Ethical Management

### Our Corporate Culture

Responsible corporate citizenship is integral to BMHC's culture and business practices. We are committed to operating our business openly and responsibly, and to generating value for all of our stakeholders through effective and ethical management. Our objectives are to:

- Foster a positive environment for employees that supports leadership, diversity and safety;
- Promote a corporate culture that adheres to the highest ethical standards;
- Generate superior returns for our shareholders;
- Provide our customers with the best value and quality in products and services.

### Employees

A strong management and employee framework is a critically important component of BMHC's success. The combination of our corporate leadership and decentralized management structure enables us to leverage expertise across the Company and provide necessary autonomy and authority to respond to individual market trends. We enhance corporate performance by investing in our employees' training and development and helping them reach their own career and personal goals. Our strong safety, training and quality assurance programs are top priorities, to protect our employees as well as our reputation in the marketplace. We are committed to being the employer of choice. Attracting the best people and investing in their growth ensures that our customers are served by the most reliable, experienced and motivated team in the industry.

### Shareholders

Strong and effective corporate governance is a key element in how BMHC carries out its business. We maintain compliance and control systems throughout our organization and adhere to sound financial reporting practices. As a public company, we take seriously our responsibilities to our shareholders and the investment community, and remain committed to conducting our business activities according to the highest business ethics.

### Customers

We maintain strong relationships with our customers and strive to be the provider of choice to both high-volume production homebuilders and regional and custom homebuilders by anticipating and serving their different requirements. Satisfied customers are essential to the continued growth and success of BMHC. Responding to customer needs and adapting our product and service offerings to meet their changing needs is a critical part of how we operate our business.

### Communities

BMHC's responsibility extends beyond our facilities and job sites into the communities that support our operations. The Company and our employees are dedicated to having a direct positive impact on the communities in which we operate. BMHC gives back to its communities through programs including annual Habitat for Humanity projects, The United Way, Junior Achievement, Hispanic Scholarship Support and, in 2005, relief efforts after the Asian tsunami and Hurricane Katrina. Our employees also personally volunteer their time and energy to local educational, youth and cultural organizations.

### Environment

BMHC is committed to environmental protection. We take seriously our responsibility to minimize the environmental impact of our operations. We will continue our efforts to support processes that ensure the wood and wood-related products we use or distribute in the residential construction industry are from sustainable forests managed according to sound environmental principles certified by independent third-party programs.

# Corporate Information

## INVESTOR INFORMATION

### Corporate Headquarters

Building Materials Holding Corporation  
Four Embarcadero Center, Suite 3200  
San Francisco, CA 94111  
415.627.9100  
415.627.9119 fax

### Stock Listing

Building Materials Holding Corporation common stock is traded over-the-counter and is listed with the Nasdaq National Market under the symbol BMHC.

### Shareholder Services

Shareholders, interested investors, financial analysts and others may obtain a copy of the Company's 2005 Form 10-K filed with the Securities and Exchange Commission by contacting:

Building Materials Holding Corporation  
Attn: Investor Relations  
Four Embarcadero Center, Suite 3200  
San Francisco, CA 94111  
415.627.9100  
E-mail: investor@bmhc.com

Additional information is also available through the Company's website: [www.bmhc.com](http://www.bmhc.com), including the ability to register for automatic delivery via e-mail of news releases, SEC filings, financial reports and more.

### Transfer Agent

The transfer agent and registrar for BMHC is:  
Wells Fargo Shareowner Services  
Postal mail:  
PO Box 64874  
St. Paul, MN 55164-0874  
  
Street address:  
161 North Concord Exchange  
South St. Paul, MN 55075  
[www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices)  
800.468.9716

### Annual Meeting

The annual meeting of BMHC shareholders will be held:

Tuesday, May 2, 2006, 8:00 a.m.  
Boca Raton Resort & Club  
501 East Camino Real  
Boca Raton, FL 33421-0824

Proxy materials will be mailed to shareholders of record prior to the meeting.

### Legal Counsel

Gibson, Dunn & Crutcher LLP

### Independent Registered Public Accounting Firm

KPMG LLP

## BOARD OF DIRECTORS

(as of March 2006)

### Robert E. Mellor

*Chairman of the Board*

### Alec F. Beck

*Audit Committee Member  
Finance Committee Member*

### Sara L. Beckman

*Audit Committee Member  
Compensation Committee Member*

### Eric S. Belsky

*Audit Committee Member  
Nominating and Corporate Governance  
Committee Member*

### James K. Jennings, Jr.

*Audit Committee Chair  
Finance Committee Member*

### Norman J. Metcalfe

*Audit Committee Member  
Finance Committee Member*

### R. Scott Morrison, Jr.

*Compensation Committee Member  
Finance Committee Chair*

### Peter S. O'Neill

*Compensation Committee Chair  
Nominating and Corporate Governance  
Committee Member*

### Richard G. Reiten

*Compensation Committee Member  
Nominating and Corporate Governance  
Committee Chair*

## OFFICERS

(as of March 2006)

### Robert E. Mellor

*Chairman, President and Chief Executive Officer*

### William M. Smartt

*Senior Vice President and Chief Financial Officer*

### Jeffrey F. Lucchesi

*Senior Vice President and Chief Information Officer*

### Michael D. Mahre

*Senior Vice President, Corporate Development  
President and Chief Executive Officer, BMC  
Construction, Inc.*

### Steven H. Pearson

*Senior Vice President, Human Resources*

### Paul S. Street

*Senior Vice President, Chief Administrative Officer,  
General Counsel and Corporate Secretary*

### Stanley M. Wilson

*Senior Vice President President and Chief Executive  
Officer, BMC West Corporation*

### Eric R. Beem

*Vice President and Controller*

### John D. Fa

*Vice President, Real Estate*

### Mark R. Kailer

*Vice President, Treasurer and Investor Relations*

### Lesa D. Thomas

*Assistant Corporate Secretary*



BMHC

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