

**BUILDING MATERIALS HOLDING CORPORATION**  
**BOARD OF DIRECTORS GUIDELINES ON CORPORATE GOVERNANCE**

**Approved and Adopted**

**February 10, 2003**

**Amended and Restated**

**November 24, 2003**

**Amended and Restated**

**February 09, 2004**

**Amended and Restated**

**May 1, 2006**

**Amended and Restated**

**November 12, 2007**

**Amended and Restated**

**November 18, 2008**

Mission Statement

The Board of Directors of Building Materials Holding Corporation (the “Company”) is responsible for good corporate management. It selects, monitors, evaluates and supports the Chief Executive Officer and actively participates in the development and review of corporate policies and strategies. Its primary purpose is to add value for the Company’s shareholders through a strong commitment to the effective and ethical management of the Company in a manner which optimizes sustainable long term profitability. It is also responsive to the legitimate interests of other corporate constituencies, such as employees, customers, suppliers and the communities in which the Company operates. The Board provides advice and counsel to management, imparting a focus on long-range financial and business strategies, thus enhancing management’s ability to make executive decisions from a well-informed and balanced perspective.

1. Selection of Chair and CEO

The bylaws of the Company presently provide for a Chairman of the Board and a President and Chief Executive Officer. The Board is free to determine whether the Chairman and Chief Executive Officer positions should be held by different individuals in any manner that seems best for the Company at a given point in time. At the present, the Board believes that combining the positions of Chairman and Chief Executive Officer is appropriate. In the event that the Chairman and the Chief Executive Officer positions are both held by the same person, it is incumbent upon that person to be aware of the differences in the nature of the two roles and to differentiate between them in the performance of his or her duties. The Board believes that, as part of the succession planning process, in the future selection of a new Chief Executive Officer it is appropriate for the Board to determine whether these two roles should be separated.

2. Presiding Director

The Board will designate a Presiding Director following the annual meeting which may rotate among the chairs of the following board committees in the order listed: Nominating and Corporate Governance Committee, Compensation Committee and Audit Committee effective

05/02/06. The duties of the presiding director shall be among other things to chair the board meetings in the absence of the Chairman; act as a liaison between the Chairman and the independent directors and to provide input to the Chairman on the agenda for board meetings.

### 3. Committees

The Board has the following standing Committees: Audit, Compensation, and Nominating and Corporate Governance Committee. The Audit Committee provides assistance to the Board in matters relating to corporate accounting, financial reporting practices and the quality and integrity of the Company's financial reports. The Compensation Committee provides guidance and monitoring for all executive compensation and benefits matters. The Nominating and Corporate Governance committee acts for the Board with respect to identifying, screening and recommending qualified candidates to serve as directors of the Company and in administering the corporate governance policies of the Company and maintaining and overseeing the operations and effectiveness of the Board of Directors. Committees will be given authority to engage consultants and advisors. The Chairman will select the Chairperson of each of the standing Committees in consultation with the Nominating and Corporate Governance Committee.

The Board has the flexibility to form new committees or disband existing committees as it deems appropriate. An annual review will be made of the independence of committee members in order to comply with requirements for New York Stock Exchange ("NYSE") issuers and SEC regulations concerning publicly traded companies to give maximum credibility to the efficacy of the committee process. It is the policy of the Board that only independent directors serve on standing Committees.

### 4. Assignment and Rotation of Committee Members

The Chairman (in collaboration with the Chief Executive Officer, if other than the Chairman, and the Nominating and Corporate Governance Committee), with the concurrence of the Board, designates the members of the Committees, taking into account the desires of the individual Board members and any special competencies which qualify them for service on a particular committee. The Audit, Compensation, and Nominating and Corporate Governance Committees will be composed solely of independent directors.

The Board will consider rotating Committee members periodically, but it does not feel that such a rotation should be mandatory, since there may be reasons at a given point in time to maintain an individual director's Committee membership for a longer period or to shorten the period. Rotation of Committee members may be initiated by the Nominating and Corporate Governance Committee or the Board in consultation with the Chief Executive Officer.

### 5. Frequency and Length of Committee Meetings

Each Committee Chairperson, in consultation with the members of his or her Committee, determines the frequency and length of the meetings of the Committee, with a minimum number of meetings being determined annually.

6. Committee Charter and Agenda

Each Committee will adopt a charter setting forth its duties and responsibilities. The charter will be prepared by the Committee Chairperson and will be approved by the members of the Committee and the Board. The Committee Chairperson will report to the Board as to the proceedings of his or her Committee.

Each Committee Chairperson, in collaboration with the appropriate officers, will develop or approve an agenda for each meeting of the Committee. The Committee Chairperson will, to the extent practicable, cause the agenda to be distributed to the Committee members prior to meetings.

7. Responsibilities of Committee Chairpersons

Committee Chairpersons are expected to chair regularly scheduled meetings of the Committee, to act as Chairperson of meetings of the independent directors on matters relating to the responsibilities of his or her Committee, to consider the effectiveness of the Committee, the procedures under which the Committee operates and the adequacy of information provided to the members of the Committee, to consult with the Chief Executive Officer in setting agendas for Committee meetings, to coordinate periodic evaluation of the Committee's performance and to act as a resource to consult with other Board members on issues related to the Committee's responsibilities.

8. Selection of Agenda Items for Board Meetings and Number of Meetings

The Chairman (in collaboration with the Chief Executive Officer if other than the Chairman) will establish the agenda for each Board meeting.

Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is encouraged to raise at any Board meeting subjects that are not on the agenda for that meeting.

In addition, a calendar of subjects to be covered at each Board meeting will be prepared. This calendar, which may be modified as circumstances arise, sets forth all subjects of ongoing importance which should be covered during the course of the year. Its purpose is to focus directors and management on the real imperatives which must be considered regularly and, by scheduling when such matters will be addressed, to make sure that everyone is well prepared and able to participate fully in the discussions of these matters.

There will be at least four regular Board meetings each year. At least one Board meeting every year will be at an appropriate Company facility or at another suitable "offsite" location during which the Board will review, with appropriate members of management, long-term strategic plans, the annual business plan and budget and the principal issues that the Company is likely to face in the future.

9. Board Meeting Format; Board Materials

The Chairman (in collaboration with the Chief Executive Officer if other than the Chairman) will endeavor to promote, as a principal element of the format of Board meetings, active dialogue among Board members with respect to topics relating to the long-term growth and development of the Company as well as policy-related topics of more immediate relevance. This element will differ in purpose and content from the normal reporting element of Board meetings which is intended primarily for management to impart information to the directors and allow them to ask questions which they deem pertinent.

In order to enhance the quality of discussion at Board meetings, information and data that are important to the Board's understanding of the business and of pending agenda items should be distributed in writing to the Board at least five days prior to each meeting (except where emergencies make this impossible). Such material will be kept as brief as possible while still providing the desired information. Full discussion by Board members of subjects considered at meetings is encouraged. Directors are encouraged to request presentations on specific subjects which they believe deserve a presentation to the Board.

In addition to Board materials, from time to time the Chief Executive Officer will distribute to the Board a report of operating results and key issues and developments during the preceding month, copies of SEC reports, press releases and other materials relevant to the Company and the building materials industry.

10. Site Visits and Director Reports

The Board members are encouraged to make personal visits to representative building materials centers of the Company on at least an annual basis. The purpose of such visits is to create a well-informed Board which is motivated to help management in its critical assessment of the business and the improvement of its practices and processes. It is also desirable for each director to make a brief annual presentation of what he or she considers to be state-of-the-art practices in his or her area of expertise.

11. Attendance of Non-Directors at Board Meetings

The Chairman (in collaboration with the Chief Executive Officer if other than the Chairman) will invite senior officers periodically to attend Board meetings, with a view to creating an ongoing dialogue between Board members and key management personnel.

12. Executive Sessions of Independent Directors

The independent directors will meet in executive session regularly. However, provision will be made on the agenda for each Board meeting for an executive session, should the directors deem such a session to be advisable. The format of these meetings may include a discussion with the Chief Executive Officer or other relevant personnel if the independent directors so desire.

13. Review of Board Compensation and Stock Ownership Requirements

Management shall report periodically to the Compensation Committee the status of the Company's compensation of the independent directors in relation to other U.S. companies of similar size. Together, they will consider the total amount of compensation which is appropriate to attract and retain highly qualified and responsible directors who will be willing to devote the time and attention necessary to satisfy their responsibilities. The Board believes that its directors must be highly qualified, experienced and responsible people who will be willing to devote as much time and attention as is necessary to fulfill their duties.

Board compensation will be reviewed periodically. Changes in independent director compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and concurrence by the Board.

Presently, all independent director compensation is in the form of cash and stock or stock options. This policy should be considered periodically at the request of the Chief Executive Officer or the Chairperson of the Compensation or Nominating and Corporate Governance Committee, but it is the present sense of the Board that the cash portion of director compensation should not exceed fifty percent of total compensation.

There is no better means for motivating directors than for them to have a financial stake in the Company. Also, investor confidence is generally increased when directors are required to own a minimum number of shares. Therefore, the Board is recommending that each Independent Director will be required to hold their annual stock grants each year, less what might be needed to pay taxes.

14. Size of the Board

The Bylaws currently provide for a board of from 5 to 11 persons. The Board has previously fixed the number of directors at 10. It is the sense of the Board that the current number of directors is about right. The Board would be willing to adjust the size of the Board to accommodate businesses requirements. Shareholder approval is required to change the size of the Board to a number greater or lesser than the existing range.

15. Mix of Inside and Independent Directors

The Board believes that as a matter of policy there should be a substantial majority of independent directors on the Company's Board. Decisions relating to matters of corporate governance will be made by the independent directors in consultation with the Chairman (in collaboration with the Chief Executive Officer if other than the Chairman) and the Nominating and Corporate Governance Committee.

16. Board Definitions of What Constitutes Independence for Independent Directors

The Board believes that a substantial majority of the directors should be independent. The Board will apply the standards of independence in effect from time to time as published by the NYSE.

17. Former Chief Executive Officer's Board Membership

The Board believes this is a matter to be decided in each individual instance. When the Chief Executive Officer resigns from that position, he or she should offer his or her resignation from the Board at the same time. Whether the individual continues to serve on the Board is a matter for discussion at that time by the new Chief Executive Officer and the Board.

A former Chief Executive Officer serving on the Board will be considered an inside director for purposes of corporate governance for a period of three years after such individual has ceased to be Chief Executive Officer or other senior executive officer.

18. Board Membership Criteria

The Nomination and Corporate Governance Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment should include issues of diversity, age, skills such as understanding the production, marketing, finance, regulation and public policy, etc., all in the context of an assessment of the perceived needs of the Board at that point in time.

19. Selection of New Director Candidates

The Board itself should be responsible, in fact as well as procedure, for selecting its own members. The Board delegates the screening process involved to the Nominating and Corporate Governance Committee with direct input from the Chairman.

20. Extending the Invitation to a New Potential Director to Join the Board

The invitation to join the Board should be extended by the Chairperson of the Nominating and Corporate Governance Committee and the Chairman (in collaboration with the Chief Executive Officer). Prior to selection, each candidate will personally meet with at least two members of the Nominating and Corporate Governance Committee.

21. Assessing the Board's Performance

The Nominating and Corporate Governance Committee is responsible for developing a process for assessing the Board's performance and for reporting periodically to the Board its assessment of the Board's performance. If the Nominating and Corporate Governance Committee so desires, it may be assisted by an outside consultant in making its assessment of the Board's performance. This will be discussed with the full Board. This should be done following the end of a fiscal year and at the same time as the report on Board membership criteria.

This assessment should be of the Board's contribution as a whole and specifically review areas in which the Board and/or the management believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to target individual Board members, although if any members show a lack of commitment to their duties, this may be brought to their attention by the Chairman if it is felt to be appropriate to do so.

22. Directors Who Change Their Present Job Responsibility

Individual directors who change the job responsibility which they held when they were elected to the Board should volunteer to resign from the Board, although directors who retire or change from the position they held when they came on the Board should not necessarily leave the Board. There should, however, be an opportunity for the Board via the Nomination and Corporate Governance Committee to review the continued appropriateness of Board membership under these circumstances.

23. Term Limits and Mandatory Retirement

In order to help ensure that there are fresh ideas and viewpoints available to the Board, each of its directors will tender his or her resignation upon attaining the age of 72. Although term limits for directors do not appear to be appropriate at this time, the issue should be revisited by the Nominating and Corporate Governance Committee periodically in the future.

24. Formal Evaluation of the Chief Executive Officer

A process for formal evaluation of the Chief Executive Officer will be developed by the Nominating and Corporate Governance Committee in conjunction with the Compensation Committee and their recommendations will be submitted to the full Board. The Board will make this evaluation annually, based on criteria previously adopted by it, and it should be communicated to the Chief Executive Officer by the Chairpersons of the Nominating and Corporate Governance Committee and the Compensation Committee. The Chief Executive Officer is encouraged to submit to the independent directors those criteria which he or she considers to be the most relevant to evaluating his or her performance.

The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc.

The evaluation will be used by the Nominating and Corporate Governance Committee and the Compensation Committee in the course of their deliberations when considering the compensation and evaluation of the Chief Executive Officer.

25. Management Development and Succession Planning

This is the shared responsibility of the Chief Executive Officer and the Board. To this end, the Chief Executive Officer and the Board should confer periodically on the Company's program for management development and succession planning.

26. Board Interaction with Institutional Investors, the Press, Customers, Etc.

The Board believes that the management speaks for the Company. Direct participation by the Board in communications with institutional investors and the press would be rare, and only in the case of an extraordinary event(s) requiring formal "crisis management" by the Board. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company when requested to do so by the Chief Executive Officer.

27. Directors Represent the Interests of All Shareholders

The Board believes that each director should represent the interests of all shareholders, not those of any single individual or group of shareholders or any single interest group.

28. Director Education

The Board believes that each director should attend one director education program every 24 months. Each director attending a seminar will provide a brief report to the Board regarding the program at the next board meeting.

29. Annual Meeting Attendance

Each director is encouraged to attend the annual meeting each year.

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