

Builders FirstSource, Inc.
Form 8-K
July 31, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT**

Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 31, 2008

Builders FirstSource, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-51357

52-2084569

(Commission File Number)

(IRS Employer Identification No.)

2001 Bryan Street, Suite 1600, Dallas, Texas 75201

(Address of Principal Executive Offices, Including Zip Code)

(214) 880-3500

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. Results of Operations and Financial Condition

On July 31, 2008, the Company issued the news release attached hereto as Exhibit 99.1 reporting the financial results of the Company for the quarter ended June 30, 2008 (the Earnings Release). In the Earnings Release, the Company utilized the non-GAAP financial measures and other items discussed in Appendix A hereto. Appendix A hereto (incorporated herein by reference) also contains certain statements of the Company s management regarding the use and purposes of the non-GAAP financial measures utilized therein. A reconciliation of the non-GAAP financial measures discussed in the Earnings Release to the comparable GAAP financial measures is attached to the Earnings Release.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

See Exhibit Index.

All of the information furnished in Items 2.02 and 9.01 of this report and the accompanying appendix and Exhibit 99.1 shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended.

Cautionary Notice

Statements in this report which are not purely historical facts or which necessarily depend upon future events, including statements about the impact of expected market share gains, plans to reduce costs, forecasted financial performance or other statements about anticipations, beliefs, expectations, hopes, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned not to place undue reliance on forward-looking statements. All forward-looking statements are based upon information available to Builders FirstSource, Inc. on the date this report was submitted. Builders FirstSource, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks or uncertainties related to the Company s growth strategies, including market share gains, potential acquisitions, or the Company s revenues and operating results being highly dependent on, among other things, the homebuilding industry, lumber prices and the economy. Builders FirstSource, Inc. may not succeed in addressing these and other risks. Further information regarding factors that could affect our financial and other results can be found in the risk factors section of Builders FirstSource, Inc. s most recent filing on Form 10-K with the Securities and Exchange Commission. Consequently, all forward-

looking statements in this report are qualified by the factors, risks and uncertainties contained therein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

BUILDERS FIRSTSOURCE, INC.

By: /s/ Donald F. McAleenan

Name: Donald F. McAleenan

Title: Senior Vice President,

General Counsel and Secretary

Dated: July 31, 2008

APPENDIX A

Use of Non-GAAP Financial Measures

The Company occasionally utilizes financial measures and terms not calculated in accordance with accounting principles generally accepted in the United States (GAAP) in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We also believe the non-GAAP measures provide investors with a better baseline for modeling the Company s future earnings expectations. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. The Company s calculation of EBITDA, Adjusted EBITDA, and Return on Net Assets is not necessarily comparable to similarly titled measures reported by other companies. We have provided definitions below for certain non-GAAP financial measures, together with an explanation of why management uses these measures and why management believes that these non-GAAP financial measures are useful to investors. In addition, we have provided tables with the Earnings Release to reconcile some of the non-GAAP financial measures utilized therein to their equivalent GAAP financial measures.

EBITDA and Adjusted EBITDA

We define EBITDA as GAAP net income before depreciation and amortization, impairments (if applicable), interest expense, and income taxes. Adjusted EBITDA is defined as EBITDA (as defined previously) adjusted for stock compensation expense. Our management uses EBITDA and Adjusted EBITDA as a supplemental measure in the evaluation of our business and believes that EBITDA and Adjusted EBITDA provide a meaningful measure of our performance because it eliminates the effects of period to period changes in taxes, costs associated with capital investments, interest expense, stock compensation expense, and other non-cash charges. EBITDA is not a financial measure calculated in accordance with GAAP. Accordingly, it should not be considered in isolation or as a substitute for net income or other financial measures prepared in accordance with GAAP. When evaluating EBITDA and adjusted EBITDA, investors should consider, among other factors, (i) increasing or decreasing trends in EBITDA and Adjusted EBITDA, (ii) whether EBITDA and Adjusted EBITDA has remained at positive levels historically, and (iii) how EBITDA and Adjusted EBITDA compares to our debt outstanding. We provide a reconciliation of EBITDA and Adjusted EBITDA to GAAP net income. Because EBITDA and Adjusted EBITDA excludes some, but not all, items that affect net income and may vary among companies, the EBITDA and Adjusted EBITDA presented by the Company may not be comparable to similarly titled measures of other companies. EBITDA and Adjusted EBITDA does not give effect to the cash we must use to service our debt or pay income taxes and thus does not reflect the funds generated from operations or actually available for capital investments.

RETURN ON NET ASSETS (RONA)

This measure is calculated as (loss) income from operations divided by average net assets. Net assets is calculated as total assets, less cash and total current liabilities. Our management uses RONA as a supplemental measure in the evaluation of our business. Management believes that RONA is a meaningful performance measure because it considers the assets used to generate earnings. RONA is not a financial measure calculated in accordance with GAAP. Accordingly, it should not be considered in isolation or as a substitute for net income as an indicator of company performance, or as a substitute for cash flows from operating activities as a measure of liquidity. When evaluating RONA, investors should consider, among other factors, increasing or decreasing trends in RONA and whether RONA has remained at positive levels historically. We provide a reconciliation of RONA to GAAP net income.

Other Definitions

Market Share

Our market share calculation compares commodity price-adjusted change in sales to estimated changes in housing starts on a same-store basis. Estimated housing starts represent permits obtained in our markets lagged one month to become an assumed start.

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|---|
| 99.1 | News release reporting financial results for the quarter ended June 30, 2008, issued by Builders FirstSource, Inc., on July 31, 2008. |