

IN RE:)	
)	Chapter 11
BUILDING MATERIALS HOLDING)	
CORPORATION, <i>et al.</i>,¹)	Case No. 09-12074 (KJC)
)	
Debtors.)	Jointly Administered
)	
)	Objection Deadline: July 9, 2009 at 4:00 p.m. (ET)
)	Hearing Date: July 16, 2009 at 4:30 p.m. (ET)
)	

Building Materials Holding Corporation ("**BMHC**") and certain of its affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"), submit this Application (the "**Application**") 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**"), substantially in the form annexed hereto as **Exhibit A**, for authorization to employ and retain Alvarez & Marsal North America, LLC, together with its wholly owned subsidiaries, agents, affiliates (all of which are wholly-owned by Alvarez & Marsal North America, LLC's parent company and employees) and independent contractors (collectively, "**A&M**") to serve as

DB02:8366273.1

their restructuring advisors *nunc pro tunc* to June 16, 2009 (the "**Petition Date**") and to compensate A&M pursuant to section 330 of the Bankruptcy Code. In support thereof, the Debtors respectfully represent:

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. By this Application, the Debtors request, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014(a), and Local Rule 2014-1 entry of an order authorizing them to employ and retain A&M as restructuring advisors, effective as of the Petition Date, on the terms set forth herein and in that certain the engagement letter between BMHC and A&M, dated February 20, 2008 (the "**Engagement Letter**"), annexed hereto as **Exhibit B**.² In support of the Application, the Debtors submit the declaration of Steven Varner (the "**Varner Declaration**") annexed hereto as **Exhibit C**.

BACKGROUND

3. On 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

² In the event of any inconsistencies between the description of A&M's engagement with the Debtors in this Application and the terms of the Engagement Letter, the Engagement Letter shall control.

or examiner has been made in these Chapter 11 Cases, and no committees have been appointed or designated.

4. 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.

5. 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.

6. On the Petition Date, the Debtors filed their proposed chapter 11 plan (the "***Plan***") and accompanying disclosure statement (the "***Disclosure Statement***"). 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 implement this restructuring, the Debtors have obtained a commitment to provide \$80 million in the form of debtor-in-possession financing, which the Court approved on an interim basis on June 17, 2009.

A. A&M's Qualifications

7. The Debtors are familiar with the professional standing and reputation of A&M. The Debtors understand and recognize that A&M has a wealth of experience in providing advisory services to troubled companies and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States.

8. Steven Varner, the Managing Director of A&M leading this assignment, is well-suited to provide the restructuring services required by the Debtors. Mr. Varner has an extensive background in providing services to financially distressed companies and/or chapter 11 debtors. A copy of Mr. Varner's resume is annexed to the Varner Declaration as *Schedule C*.

9. Moreover, Mr. Varner and various other A&M employees have devoted substantial amounts of time and effort pre-filing to, among other things, supporting the Debtors in the management of their liquidity resources, assisting the Debtors in their contingency planning efforts, advising the Debtors on various operational and financial issues, and aiding the Debtors' efforts to obtain and negotiate the terms of debtor in possession financing. A&M professionals were invaluable to the Debtors throughout the pre-filing process and played an

instrumental role in their recent restructuring efforts to date, as evidenced by the inclusion as a covenant in the Debtors' DIP Facility that A&M continue to be retained by the Debtors.

B. Scope of Services

10. Among other things, A&M will provide assistance to the Debtors with respect to the management of the chapter 11 restructuring process, including (a) assisting in the administration of the Chapter 11 Cases, (b) supporting the development of business and financial analyses, and (c) advising on the restructuring negotiations between the Debtors and their creditors. With respect to this last point, such negotiations are necessary to the development of the Debtors' exit from chapter 11.

11. Pursuant to the Engagement Letter, and further agreement with the Debtors, A&M will provide such restructuring support services as A&M and the Debtors shall deem appropriate and feasible in order to manage and advise the Debtors in the course of the Chapter 11 Cases, if and to the extent needed. These restructuring services will include, without limitation:

- a. assistance in evaluation of the Debtors' current business plan and preparation of a revised operating plan and cash flow forecast and presentation of such plan and forecast to BMHC's Board of Directors and the Debtors' creditors;
- b. development and maintenance of a 13 week cash flow forecasting system;
- c. assistance with financing issues including preparation of reports and initiation of and maintenance of contact with creditors;
- d. assistance with the administration of the Chapter 11 Cases; and
- e. other activities as are approved by the Debtors and agreed to by A&M.

C. A&M's Disinterestedness

12. A&M has informed the Debtors that to the best of Mr. Varner's knowledge, A&M (a) has no connection with the Debtors, their creditors, or other parties in interest in the Chapter 11 Cases, (b) does not hold any interest adverse to the Debtors' estates, and (c) believes it is a "disinterested person" as defined by section 101(14) of the Bankruptcy Code.

13. If any new material facts or relationships are discovered or arise, A&M will provide the Court with a supplemental declaration.

14. A&M has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with the Chapter 11 Cases.

D. Terms of Retention

15. A&M is not owed any amounts with respect to its prepetition fees and expenses. Starting in February 2008 and continuing through the prepetition period, A&M received various retainers in connection with its prepetition services to the Debtors. The unapplied residual retainer, which is estimated to total approximately \$592,000, will constitute a general retainer for postpetition services, will be segregated by A&M in a separate account, and will be held until the end of the Chapter 11 Cases and applied to A&M's finally approved fees in these proceedings.

16. In the Chapter 11 Cases, an evergreen security retainer is appropriate for several reasons. *See In re Insilco Technologies, Inc.*, 291 B.R. 628, 634 (Bankr. D. Del. 2003) (Carey, J.) ("Factors to be considered, include...whether terms of an engagement agreement reflect normal business terms in the marketplace;...the relationship between the Debtor and the professionals, i.e., whether the parties involved are sophisticated business entities with equal

bargaining power who engaged in an arms-length negotiation[] [and]...whether the retention, as proposed, is in the best interests of the estate[..."); *see also* Statements of Chief Bankruptcy Judge Peter J. Walsh, *In re CTC Communications Group, Inc.*, Case No. 02-12873 (PJW) (Bankr. D. Del. May 22, 2003), transcript of hearing held May 22, 2003, at 43 ("I agree and adopt wholeheartedly Judge Carey's decision in the Insilco case."). First, these types of retainer agreements reflect normal business terms in the marketplace. *See In re Insilco Technologies, Inc.*, 291 B.R. at 634 ("[I]t is not disputed that the taking of [security] retainers is a practice now common in the market place."). Second, both A&M and the Debtors are sophisticated business entities that have negotiated the retainer at arm's length. Third, the retention of A&M is in the best interests of the Debtors' estates because the Engagement Letter and retainer allow the Debtors to maintain their prepetition relationship established with A&M. Thus, under the standards articulated in *In re Insilco Technologies, Inc.*, and adopted *In re CTC Communications Group, Inc.*, the facts and circumstances of the Chapter 11 Cases support the approval of the retainer.

17. The Debtors understand that A&M intends to apply to the Court for allowance of compensation and reimbursement of expenses for financial advisory support services. The ranges of customary hourly rates agreed to by the Debtors, subject to periodic adjustments, and charged by A&M professionals anticipated to be assigned to this case are as follows:

Managing Directors	\$575-700
Directors	\$400-550
Associates	\$300-400
Administration / Analysts	\$250-300

18. In addition to compensation for professional services rendered by A&M personnel, A&M will seek reimbursement for reasonable and necessary actual and direct

expenses incurred in connection with the Chapter 11 Cases, including but not limited to, transportation costs, lodging, food, telephone, third party copying, and messenger services.

19. A&M will seek interim and final allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, orders of this Court, and guidelines established by the Office of the United States Trustee for the District of Delaware (the "*U.S. Trustee*").

20. The Debtors are submitting, concurrently on the date hereof, a separate application for the retention of Peter J. Solomon & Co. ("*PJS*"), as investment banker and financial advisor to the Debtors. PJS and A&M have advised the Debtors that they will make every effort to avoid duplication of their work.

E. Indemnification

21. The Debtors have agreed to indemnify A&M in accordance with the indemnification provisions set forth in the Indemnification Agreement attached to the Engagement Letter (collectively, the "*Indemnification Provisions*"). Notwithstanding the Indemnification Provisions, such indemnity shall be modified to the extent set forth below (the "*Modified Indemnification Provisions*"):

- (a) Subject to the provisions of subparagraphs (c) and (d) below, the Debtors are authorized to indemnify, and shall indemnify, A&M, in accordance with the Engagement Letter and to the extent permitted by applicable law, for any claim arising from, related to, or in connection with A&M's performance of the services described in the Engagement Letter;
- (b) A&M shall not be entitled to indemnification, contribution, or reimbursement for services provided under the 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 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 A&M'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 Engagement Letter as modified by the Order approving this Application; 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, A&M 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 Engagement Letter, including without limitation the advancement of defense costs, A&M must file an application before this Court, and the Debtors may not pay any such amounts to A&M 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 A&M for indemnification, contribution, or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify A&M.

BASIS FOR RELIEF REQUESTED

22. Bankruptcy Code section 327(a) provides, in relevant part, as follows:

Except as otherwise provided in this section, the trustee, with the court's approval, may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title.

11 U.S.C. section 327(a).

23. Bankruptcy Code section 328(a) provides, in relevant part, as follows:

The trustee . . . with the court's approval, may employ or authorize the employment of a professional person under section 327 . . . of this title . . . on any reasonable terms and

conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis. Notwithstanding such terms and conditions, the court may allow compensation different from the compensation provided under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.

11 U.S.C. section 328(a).

24. The Debtors require the services to be provided by A&M to assist in the administration of the Debtors' estates. A&M has extensive experience and knowledge in performing the scope of the work described above. A&M's experience in restructuring matters is widely recognized, and it regularly provides such services to large and complex business entities in other chapter 11 cases. Thus, the Debtors believe that A&M is well suited and qualified to serve as the Debtors' restructuring advisors in a cost-effective and efficient manner.

25. A&M has acquired significant knowledge with respect to the Debtors' business affairs, which will allow A&M to provide the services contemplated in the Engagement Letter in the most cost-effective and efficient manner. Thus, the Debtors respectfully submit that the employment and retention of A&M would be in the best interests of the Debtors, their estates, and creditors.

NOTICE

26. No trustee, examiner, or creditors' committee 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) the 50 largest unsecured creditors of the Debtors on a consolidated basis as identified in the Debtors' chapter 11 petitions; (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

27. 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
June 25, 2009

BUILDING MATERIALS HOLDING
CORPORATION

A handwritten signature in black ink, appearing to read "P. Street", is written over a horizontal line.

By: Paul S. Street
Title: Senior Vice President,
General Counsel Chief Administrative
Officer, and Corporate Secretary

IN RE:

Debtors.

Case No. 09-12074 (KJC)

Jointly Administered

Objection Deadline: July 9, 2009 at 4:00 p.m. (ET)

Hearing Date: July 16, 2009 at 4:30 p.m. (ET)

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE; (II) THE DEBTORS' FIFTY LARGEST UNSECURED CREDITORS ON A CONSOLIDATED BASIS; (III) COUNSEL TO WELLS FARGO BANK, AS AGENT UNDER THE PREPETITION CREDIT FACILITY AND THE DIP FACILITY (AS DEFINED IN THE PLAN); AND (IV) ALL PARTIES ENTITLED TO NOTICE UNDER RULE 2002-1(b) OF THE LOCAL RULES OF BANKRUPTCY PRACTICE AND PROCEDURE FOR THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

PLEASE TAKE FURTHER NOTICE that any objections to the Application must be filed on or before **July 9, 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.

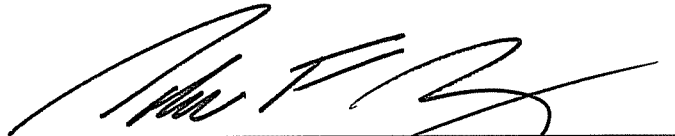
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PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE APPLICATION WILL BE HELD ON JULY 16, 2009 AT 4:30 P.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM NO. 5, WILMINGTON, DELAWARE 19801.

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
June 26, 2009

YOUNG CONAWAY STARGATT & TAYLOR, LLP



Sean M. Beach (No. 4070)
Donald J. Bowman, Jr. (No. 4383)
Robert F. Poppiti, Jr. (No. 5052)
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----and----

GIBSON, DUNN & CRUTCHER LLP
Michael A. Rosenthal (admitted *pro hac vice*)
Matthew K. Kelsey (admitted *pro hac vice*)
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Dallas, Texas 75201-6911
Telephone: (214) 698-3100
Facsimile: (214) 571-2900

PROPOSED ATTORNEYS FOR 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>,¹)	Case No. 09-12074 (KJC)
)	
Debtors.)	Jointly Administered
)	
)	Ref. Docket No. _____

**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
CODE AUTHORIZING THE DEBTORS TO RETAIN AND EMPLOY
ALVAREZ & MARSAL NORTH AMERICA, LLC AS RESTRUCTURING
ADVISORS *NUNC PRO TUNC* TO THE PETITION DATE**

Upon consideration of the application (the "*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 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 Alvarez & Marsal North America, LLC, together with its wholly owned subsidiaries, agents, affiliates (all of which are wholly-owned by Alvarez & Marsal North America, LLC's parent company and employees) and independent contractors (collectively, "*A&M*") to serve as restructuring advisors to the Debtors,

¹ 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.

all as set forth in the Application; and upon the declaration of Steven Varner in support of the Application; 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 Application and the opportunity for a hearing on the Application was appropriate under the particular circumstances; and the Court having reviewed the 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 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 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 A&M *nunc pro tunc* to the Petition Date as their restructuring advisors on the terms set forth in the Application.
3. A&M 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.

4. The indemnification provisions of the Engagement Letter² 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, A&M, in accordance with the Engagement Letter and to the extent permitted by applicable law, for any claim arising from, related to, or in connection with A&M's performance of the services described in the Engagement Letter;
- (b) A&M shall not be entitled to indemnification, contribution, or reimbursement for services provided under the 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 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 A&M'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 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, A&M 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 Engagement Letter, including without limitation the advancement of defense costs, A&M must file an application before this Court, and the Debtors may not pay any such amounts to A&M 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

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

payment by A&M for indemnification, contribution, or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify A&M.

5. Notwithstanding any terms of the Engagement Letter to the contrary, paragraph D of the Indemnification Agreement attached to the 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 A&M's retention in the Chapter 11 Cases.

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

8. 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 __, 2009

Kevin J. Carey
Chief United States Bankruptcy Judge

EXHIBIT B

A&M Engagement Letter



100 Pine Street, Suite 2200, San Francisco, CA 94111
Phone: 415.490.2300 Fax: 415.837.1684
www.alvarezandmarsal.com

~~DRAFT~~

February 20, 2008

Mr. William M. Smartt
Senior Vice President and Chief Financial Officer
Building Materials Holding Corporation
Four Embarcadero Center, Suite 3200
San Francisco, CA 94111

Dear Mr. Smartt:

This letter confirms and sets forth the terms and conditions of the engagement between Alvarez & Marsal North America, LLC ("A&M") and Building Materials Holding Corporation ("BMHC" or the "Company"), including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below and receipt of the retainer described below, this letter will constitute an agreement between the Company and A&M.

1. Description of Services

- (a) A&M shall provide consulting services to the Company's Chief Financial Officer in connection with his efforts in seeking to improve the Company's financial and operating performance, reporting directly to him, and assist the Company in its reorganization efforts. It is anticipated that A&M's activities shall include the following:
 - (i) assistance in evaluation of the Company's current business plan and in preparation of a revised operating plan and cash flow forecast and presentation of such plan and forecast to the Company's Board of Directors and its creditors;
 - (ii) development of a 13 week cash flow forecasting system;
 - (iii) assistance in financing issues including assistance in preparation of reports and liaison with creditors; and

- (iv) other activities as are approved by you and agreed to by A&M.

You understand that the services to be rendered by A&M may include the preparation of projections and other forward-looking statements, and numerous factors can affect the actual results of the Company's operations, which may materially and adversely differ from those projections. In addition, A&M will be relying on information provided by the Company in the preparation of those projections and other forward-looking statements. A&M makes no representation or guarantee that an appropriate restructuring proposal can be formulated for the Company, that restructuring is the best course of action for the Company or, if formulated, that any proposed restructuring plan will be accepted by the Company's creditors, shareholders and other constituents. Further, A&M assumes no responsibility for the implementation or selection of any restructuring proposal which it assists the Company in formulating.

- (b) William Kosturos, a Managing Director of A&M, will be responsible for the overall engagement. He will be assisted by Steven Varner, a Managing Director of A&M, and other A&M personnel. In connection with the services to be provided hereunder, from time to time A&M may utilize the services of employees of its affiliates. Such affiliates are wholly owned by A&M's parent company and employees. A&M personnel providing services to the Company may also work with other A&M clients in conjunction with unrelated matters.

2. Compensation

- (a) A&M will receive fees based on the following hourly rates:

Managing Directors	\$575-\$700
Directors	\$400-\$550
Associates	\$300-\$400
Analysts	\$250-\$300

Such rates shall be subject to adjustment annually at such time as A&M adjusts its rates generally.

- (b) In addition, A&M will be reimbursed for its reasonable out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging, duplicating, computer research, messenger and telephone charges. In addition, A&M shall be reimbursed for the reasonable fees and expenses of its counsel incurred in connection with the preparation, negotiation and enforcement and approval of this Agreement. All fees and expenses will be billed and payable on a monthly basis or, at A&M's discretion, more frequently. Invoices are due and payable upon receipt.
- (c) The Company shall promptly remit to A&M a retainer in the amount of \$250,000, which shall be credited against any amounts due at the termination of this engagement and returned upon the satisfaction of all obligations hereunder.

3. Term

The engagement will commence as of the date hereof and may be terminated by either party without cause by giving 30 days' written notice to the other party. A&M normally does not withdraw from an engagement unless the Company misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for A&M to continue to represent the Company, or unless other just cause exists. In the event of any such termination, any fees and expenses due to A&M shall be remitted promptly (including fees and expenses that accrued prior to but were invoiced subsequent to such termination). The Company may immediately terminate A&M's services hereunder at any time for Cause by giving written notice to A&M. Upon any such termination, the Company shall be relieved of all of its payment obligations under this Agreement, except for the payment of fees and expenses through the effective date of termination (including fees and expenses that accrued prior to but were invoiced subsequent to such termination) and its obligations under paragraph 8. For purposes of this Agreement, "Cause" shall mean if A&M breaches any of its material obligations hereunder and does not cure such breach within 30 days of the Company having given written notice of such breach to A&M describing in reasonable detail the nature of the alleged breach. A&M shall be entitled to immediately terminate its services hereunder for Good Reason. For purposes of this Agreement, termination for "Good Reason" shall mean either its resignation caused by a breach by the Company of any of its material obligations under this Agreement that is not cured within 30 days of A&M having given written notice of such breach to the Company describing in reasonable detail the nature of the alleged breach or a filing of a petition under Chapter 11 of the United States Bankruptcy Code in respect of the Company unless within 45 days thereafter (or,

if sooner, prior to the date on which a plan of reorganization is confirmed or the case is converted to one under Chapter 7), the Company has obtained judicial authorization to continue the engagement on the terms herein pursuant to an order which has become a final, nonappealable order.

4. Relationship of the Parties

The parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or subcontractors is to be considered an employee or agent of the Company and the personnel and subcontractors of A&M are not entitled to any of the benefits that the Company provides for the Company employees. The Company acknowledges that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the AICPA, SEC or other state or national professional or regulatory body.

5. No Third Party Beneficiary

The Company acknowledges that all advice (written or oral) given by A&M to the Company in connection with this engagement is intended solely for the benefit and use of the Company (limited to its Board of Directors and management) in considering the matters to which this engagement relates. The Company agrees that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without A&M's prior approval (which shall not be unreasonably withheld), except as required by law.

6. Conflicts

A&M is not currently aware of any relationship that would create a conflict of interest with the Company or those parties-in-interest of which you have made us aware. Because A&M is a consulting firm that serves clients on a national basis in numerous cases, both in and out of court, it is possible that A&M may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with the Company, including creditors of the Company. In the event you accept the terms of this engagement, A&M will not represent, and A&M has not represented, the interests of any such entities or people in connection with this matter. A&M personnel

(other than personnel working for the Company pursuant to this letter) can represent parties adverse to the Company in unrelated matters.

As you are aware, A&M represents several Home Builders across the country. A&M will not utilize any personnel who are currently working on Home Builder Clients, and personnel working on this assignment, will not work on Home Builder clients who may be customers of BMHC.

7. Confidentiality / Non-Solicitation

The attached confidentiality agreement is incorporated herein by reference and shall be executed upon the acceptance of this Agreement. Termination of this Agreement shall not affect this confidentiality agreement, which shall remain in full force and effect as a stand-alone agreement. The Company, on behalf of itself and its subsidiaries and affiliates and any person which may acquire all or substantially all of its assets agrees that, until two (2) years subsequent to the termination of this engagement, it will not solicit, recruit, hire or otherwise engage any employee of A&M who worked on this engagement while employed by A&M ("Solicited Person"). Should the Company or any of its subsidiaries or affiliates or any person who acquires all or substantially all of its assets extend an offer of employment to or otherwise engage any Solicited Person and should such offer be accepted, A&M shall be entitled to a fee from the party extending such offer equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement.

8. Indemnification

The attached indemnification agreement is incorporated herein by reference and shall be executed upon the acceptance of this Agreement. Termination of this engagement shall not affect these indemnification provisions, which shall remain in full force and effect.

9. Miscellaneous

This engagement letter (together with the attached indemnity provisions): (a) shall be governed and construed in accordance with the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws thereof; (b) incorporates the entire understanding of the parties with respect to the subject matter hereof; and (c) may not be amended

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or modified except in writing executed by both parties hereto. The Company and A&M agree to waive trial by jury in any action, proceeding or counterclaim brought by or on behalf of the parties hereto with respect to any matter relating to or arising out of the engagement or the performance or non-performance of A&M hereunder. The Company and A&M agree, to the extent permitted by applicable law, that any Federal Court sitting within the Southern District of New York shall have exclusive jurisdiction over any litigation arising out of this Agreement; to submit to the personal jurisdiction of the Courts of the United States District Court for the Southern District of New York; and to waive any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of New York for any litigation arising in connection with this Agreement. In the event the Company files under Chapter 11, the Company and A&M agree that the bankruptcy court shall have jurisdiction over any and all matters arising under or in connection with this engagement letter and the indemnity provisions in connection with the services rendered by A&M hereunder.

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If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

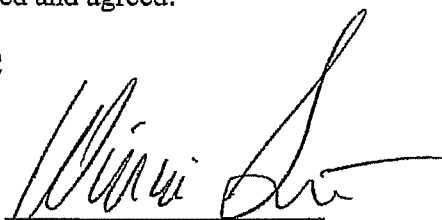
Very truly yours,

Alvarez & Marsal North America, LLC

By: 
William Kosturos
Title: Managing Director

Accepted and agreed:

BMHC

By: 
William Smartt, Chief Financial Officer

INDEMNIFICATION AGREEMENT

This indemnity is made part of an agreement, dated February 20, 2008 (which together with any renewals, modifications or extensions thereof, is herein referred to as the "Agreement") by and between Alvarez & Marsal North America, LLC ("A&M") and BMHC (the "Company"), for services to be rendered to the Company by A&M.

A. The Company agrees to indemnify and hold harmless each of A&M, its affiliates and their respective shareholders, members, managers, employees, agents, representatives and subcontractors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including the costs for counsel or others (including employees of A&M, based on their then current hourly billing rates) in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the engagement of A&M, except to the extent that any such liability for losses, claims, damages, liabilities or expenses are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. The Company further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceedings) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.

B. These indemnification provisions shall be in addition to any liability which the Company may otherwise have to the Indemnified Parties. In the event that, at any time whether before or after termination of the engagement or the Agreement, as a result of or in connection with the Agreement or A&M's and its personnel's role under the Agreement, A&M or any Indemnified Party is required to produce any of its personnel (including former employees) for examination, deposition or other written, recorded or oral presentation, or A&M or any of its personnel (including former employees) or any other Indemnified Party is required to produce or otherwise review, compile, submit, duplicate, search for, organize or report on any material within such Indemnified Party's possession or control pursuant to a subpoena or other legal (including administrative) process, the Company will reimburse the Indemnified Party for its out of pocket expenses, including the reasonable fees and expenses of its counsel, and will compensate the Indemnified Party for the time expended by its personnel based on such personnel's then current hourly rate.

C. If any action, proceeding or investigation is commenced to which any Indemnified Party proposes to demand indemnification hereunder, such Indemnified Party will notify the Company with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify the Company will not relieve the Company from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action. The Company shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is

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threatened to be made a party or otherwise is participating in by reason of the engagement under the Agreement, upon submission of invoices therefor, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise. Each Indemnified Party hereby undertakes, and the Company hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefor. If any such action, proceeding or investigation in which an Indemnified Party is a party is also against the Company, the Company may, in lieu of advancing the expenses of separate counsel for such Indemnified Party, provide such Indemnified Party with legal representation by the same counsel who represents the Company, provided such counsel is reasonably satisfactory to such Indemnified Party, at no cost to such Indemnified Party; provided, however, that if such counsel or counsel to the Indemnified Party shall determine that due to the existence of actual or potential conflicts of interest between such Indemnified Party and the Company such counsel is unable to represent both the Indemnified Party and the Company, then the Indemnified Party shall be entitled to use separate counsel of its own choice, and the Company shall promptly advance its reasonable expenses of such separate counsel upon submission of invoices therefor. Nothing herein shall prevent an Indemnified Party from using separate counsel of its own choice at its own expense. The Company will be liable for any settlement of any claim against an Indemnified Party made with the Company's written consent, which consent shall not be unreasonably withheld.

D. In order to provide for just and equitable contribution if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification, then the relative fault of the Company, on the one hand, and the Indemnified Parties, on the other hand, in connection with the statements, acts or omissions which resulted in the losses, claims, damages, liabilities and costs giving rise to the indemnification claim and other relevant equitable considerations shall be considered; and further provided that in no event will the Indemnified Parties' aggregate contribution for all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder exceed the amount of fees actually received by the Indemnified Parties pursuant to the Agreement. No person found liable for a fraudulent misrepresentation shall be entitled to contribution hereunder from any person who is not also found liable for such fraudulent misrepresentation.

E. In the event the Company and A&M seek judicial approval for the assumption of the Agreement or authorization to enter into a new engagement agreement pursuant to either of which A&M would continue to be engaged by the Company, the Company shall promptly pay expenses reasonably incurred by the Indemnified Parties, including attorneys' fees and expenses, in connection with any motion, action or claim made either in support of or in opposition to any such retention or authorization, whether in advance of or following any judicial disposition of such motion, action or claim, promptly upon submission of invoices therefor and regardless of whether such retention or authorization is approved by any court. The Company will also promptly pay the Indemnified Parties for any expenses reasonably incurred by them, including attorneys' fees and expenses, in seeking payment of all amounts owed it under the Agreement (or any new engagement agreement) whether through submission of a fee application or in any other manner, without offset, recoupment or counterclaim, whether as a secured claim, an administrative expense claim, an unsecured claim, a prepetition claim or a postpetition claim.

F. Neither termination of the Agreement nor termination of A&M's engagement nor the filing of a petition under Chapter 7 or 11 of the United States Bankruptcy Code (nor the conversion of an existing case to one under a different chapter) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.

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G. The rights provided herein shall not be deemed exclusive of any other rights to which the Indemnified Parties may be entitled under the certificate of incorporation or bylaws of the Company, any other agreements, any vote of stockholders or disinterested directors of the Company, any applicable law or otherwise.

BMHC

By: 

ALVAREZ & MARSAL NORTH AMERICA, LLC

By: 

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement, dated February 20, 2008, is by and between Alvarez & Marsal North America, LLC ("A&M") and Building Materials Holding Corporation, on behalf of itself and all of its direct and indirect and wholly-owned and partially-owned subsidiaries (collectively, the "Company"). The Company is prepared to furnish A&M with certain information which is either confidential or otherwise not generally available to the public during the exploration and/or duration of a business relationship between the Company and A&M (the "Business Relationship"). Company and A&M hereby agree as follows:

1. Information furnished to the A&M by or on behalf of the Company, whether in written form, orally or through any electronic facsimile or computer-related communication, together with all analyses, compilations, studies, personal notes, summaries or other documents or records prepared by or for A&M or any directors, officers, employees, agents, representatives or advisors (including, without limitation, accountants, attorneys and financial advisors) (collectively, "Representatives") of A&M or any of A&M's affiliates, to the extent that such analyses, compilations, studies, personal notes, summaries, documents or records contain or otherwise reflect or are generated from such information, are collectively referred to herein as the "Confidential Information". The term Confidential Information does not include information that is or becomes generally available to the public other than as a result of disclosure by (a) A&M or (b) a third party bound by a confidentiality agreement with, or other obligation of secrecy to, the Company.

2. A&M agrees that the Confidential Information will be kept confidential by it and its Representatives and will not be used other than in connection with the Business Relationship. A&M agrees not to disclose any Confidential Information to third-parties or to A&M's Representatives, except for those Representatives who are required to have the Confidential Information in order to participate in and further the Business Relationship. A&M agrees that it will (i) inform each such Representative of the confidential nature of the Confidential Information, (ii) cause such Representatives to treat the Information confidentially and not to disclose or use it other than in connection with the Business Relationship, and (iii) be responsible for any improper disclosure or use of the Information by any such Representatives. The standard of care to be utilized in the performance of this condition, as well as the performance of this agreement, shall be the standard of care utilized by a reasonable prudent business person in maintaining confidential information.

3. If A&M or any of A&M's Representatives are requested or required by applicable law to disclose any Confidential Information, A&M will promptly notify the Company to permit the Company to seek a protective order or to take other appropriate action. A&M will also

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cooperate in the Company's efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded to the Confidential Information.

4. Upon request by the Company, A&M will promptly return the Confidential Information to the Company. A&M will not retain any copies, extracts, or other reproductions in whole or in part of such written material. Also upon such request, all documents, memoranda, notes, or other writings prepared by A&M based on the Confidential Information shall be destroyed. The return or destruction of any Confidential Information, or documents or materials containing or reflecting any Confidential Information will not terminate A&M's or A&M's Representatives' obligations of confidentiality and other obligations hereunder.

5. A&M agrees to comply with all applicable federal and state securities laws with respect to any purchase or sale of the Company's securities. A&M acknowledges that it is (i) aware that the federal securities laws prohibit any person who has material nonpublic information about a company from purchasing or selling securities of such company, or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities and (ii) familiar with the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder and agrees that it will neither use, nor cause any third party to use, any Confidential Information in contravention of such Act or any such rules and regulations, including Rules 10b-5 and 14e-3.

6. This agreement shall remain in effect for a period of two years from the date of disclosure with respect to any Confidential Information, unless and until this agreement is terminated by the Company or is superseded by another agreement between the Company and the A&M that concerns your use of the Confidential Information. A&M agrees that any violation or threatened violation of this agreement may cause irreparable injury to the Company, and accordingly, the Company will be entitled to obtain injunctive relief in addition to all other legal remedies. This agreement may be modified or waived only by a separate writing signed by the parties hereto. This agreement constitutes the entire agreement between the parties.

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BUILDING MATERIALS HOLDING CORPORATION

By

Title

Willu Sw
CFO

ALVAREZ & MARSAL NORTH AMERICA, LLC

Name:

Title:

William Kest
Managing Director

EXHIBIT C

Varner Declaration

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

IN RE:

**BUILDING MATERIALS HOLDING
CORPORATION, *et al.*,¹**

Debtors.

Chapter 11

Case No. 09-12074 (KJC)

Jointly Administered

**DECLARATION OF STEVEN VARNER IN SUPPORT OF DEBTORS'
APPLICATION PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE
BANKRUPTCY CODE FOR AN ORDER AUTHORIZING THE DEBTORS TO
RETAIN AND EMPLOY ALVAREZ & MARSAL NORTH AMERICA, LLC AS
RESTRUCTURING ADVISORS *NUNC PRO TUNC* TO THE PETITION DATE**

I, Steven Varner, being duly sworn, hereby deposes and says as follows:

1. I am a Managing Director with Alvarez & Marsal North America, LLC, together with its wholly owned subsidiaries, agents, affiliates (all of which are wholly-owned by Alvarez & Marsal North America, LLC's parent company and employees) and independent contractors (collectively, "***A&M***"), a restructuring advisory services firm with numerous offices throughout the country. I submit this declaration on behalf of A&M (the "***Declaration***") in support of the application (the "***Application***") of Building Materials Holding Corporation and certain of its affiliates as debtors and debtors in possession (the "***Debtors***") for an order authorizing the employment and retention of A&M as restructuring advisors under the terms and

¹ 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.

conditions set forth in the Application. Except as otherwise noted, I have personal knowledge of the matters set forth herein.²

Qualifications of A&M

2. A&M has a wealth of experience in providing advisory services in restructurings and reorganizations and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States. Certain of A&M's recent representations include, without limitation, Chief Restructuring Officer for Lehman Brothers, Chief Financial Officer and Chief Restructuring Officer for Washington Mutual and Restructuring Advisor to Tribune Co.

3. I am well-suited to provide the restructuring services required by the Debtors. I have an extensive background in providing services to financially distressed companies and/or chapter 11 debtors in the past. Per my resume, annexed hereto as *Schedule C*, certain of my company-side representations include, without limitation, financial advisor to Accredited Home Lenders, COO of Sunterra Corporation and Chief Restructuring Officer of Aloha Airlines.

Scope of Services

4. Among other things, A&M will provide assistance to the Debtors with respect to the management of their chapter 11 restructuring process, including (a) assisting in the administration of the Chapter 11 Cases,³ (b) supporting the development of business and financial analyses, and (c) advising on the restructuring negotiations between the Debtors, their

² Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at A&M and are based on information provided by them.

³ Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Application.

advisors and their creditors, with respect to this last point, such negotiations are necessary to the development of the Debtors' exit from chapter 11.

5. Pursuant to the Engagement Letter, A&M will provide such restructuring support services as A&M and the Debtors shall deem appropriate and feasible in order to manage and advise the Debtors in the course of the Chapter 11 Cases, if and to the extent needed. These restructuring services will include, without limitation:

- a. assistance in evaluation of the Debtors' current business plan and preparation of a revised operating plan and cash flow forecast and presentation of such plan and forecast to BMHC's Board of Directors and the Debtors' creditors;
- b. development and maintenance of a 13 week cash flow forecasting system;
- c. assistance with financing issues including preparation of reports and initiation of and maintenance of contact with creditors;
- d. assistance with the administration of the Chapter 11 Cases; and
- e. other activities as are approved by the Debtors and agreed to by A&M.

Disinterestedness and Eligibility

6. In connection with the preparation of this Declaration, A&M conducted an analysis to determine whether it holds or represents any interests adverse to the Debtors. Such analysis consisted of a review of its contacts with the Debtors, their non-debtor affiliates, and certain entities holding large claims against or interests in the Debtors that were made reasonably known to A&M by the Debtors. A list of the parties reviewed is reflected in *Schedule A* to this Declaration. A&M's review included providing a list of such parties to all A&M employees worldwide and conducting a query of such parties in a database containing the names of individuals and entities that are represented by A&M. A summary of relationships between

A&M and parties on the list that A&M identified during this process is set forth in ***Schedule B*** hereto.

7. Based on the results of its review, to the best of my knowledge, except as discussed below, A&M does not have an active relationship with any of the parties listed in ***Schedule A*** in matters related to these proceedings.

8. A&M is crisis manager and certain A&M personnel are interim officers to Mercedes Homes and certain of its affiliates ("***Mercedes***") which recently filed for Chapter 11 protection in the Southern District of Florida (Case No. 09-11191). The Debtors are a vendor to Mercedes and have an outstanding critical vendor claim of approximately \$48,000 and a general unsecured claim of approximately \$271,000. No A&M personnel providing services to either Mercedes or the Debtors will work on the other engagement. A&M has agreed to recuse itself from advising the Debtors and Mercedes on matters directly related to any disputes or claims between the Debtors and Mercedes.

9. A&M is an advisor, providing various financial services, to Stock Building Supply Holdings, LLC and certain of its affiliates ("***Stock***"), which recently filed for Chapter 11 protection in the District of Delaware (Case No. 09-11554). Stock is a direct competitor of the Debtors in a number of the Debtors' markets and a vendor to the Debtors in one market with a prepetition amount owed of approximately \$67,000. No A&M personnel providing services to Stock or the Debtors will work on the other engagement. A&M has agreed to recuse itself from advising Stock and the Debtors with respect to matters directly related to any claims between the Debtors and Stock. A&M will institute an information screen between those A&M personnel that work on the Debtors' engagement and those A&M personnel that may work on the Stock engagement. Notwithstanding the foregoing, a Managing Director working

on the Stock engagement provided prepetition services to the Debtors with respect to a distinct matter, however A&M does not believe that her work related to the Debtors' Chapter 11 cases.

10. A&M is currently serving as the financial advisor to Woodside Group, LLC and affiliated Debtors ("*Woodside*") in its Chapter 11 proceedings in the central district of California (Case No. 08-20682). Woodside is a significant customer to the Debtors with an amount owed of approximately \$1.3 million. No A&M personnel providing services to Woodside or the Debtors will work on the other engagement. A&M has agreed to recuse itself from advising Woodside and the Debtors with respect to any matters directly related to any claims or disputes between Woodside and the Debtors.

11. A&M is current serving as a restructuring advisor to a private company in the home building sector ("*Company A*"). Company A is a significant customer of the Debtors and owes the Debtors an amount of approximately \$924,000. Due to confidentiality restrictions, A&M is unable to disclose the name of Company A. No A&M personnel providing services to this customer or the Debtors will work on the other engagement. A&M has agreed to recuse itself from advising the Debtors or Company A on matters directly related to any claims or disputes between Company A and the Debtors.

12. A&M is currently serving as restructuring advisor to Masonite International Corporation and certain of its affiliates ("*Masonite*"), in its Chapter 11 proceedings in the District of Delaware (Case No. 09-10844) and has served as an advisor to Masonite in various capacities in the past. Masonite is a significant vendor to the Debtors and has a prepetition claim of approximately \$420,000. None of the A&M professionals working on Debtors' engagement are participating (nor have they participated) in the Chapter 11 assignment

for Masonite. A&M has agreed to recuse itself from advising Masonite and the Debtors with respect to matters related directly to any claims or disputes between Masonite and the Debtors.

13. An employee of A&M ("**Employee A**") who will not be providing services to the Debtors previously worked as an investment professional for Bayside Capital ("**Bayside**"). Bayside is a prepetition secured lender and a lender to the Debtors under the DIP agreement. While at Bayside, Employee A did not work on matters related to Bayside's investment in the Debtors.

14. In addition to the above, A&M has provided and could reasonably be expected to continue to provide services unrelated to the Debtors' cases for the various other entities shown on **Schedule B**. A&M's assistance to these parties has been related to providing various financial restructuring, litigation support, business consulting, and/or tax services. To the best of my knowledge, no services have been provided to these parties in interest which involve their rights in the Debtors' cases, nor does A&M's involvement in the Chapter 11 Cases compromise its ability to continue such consulting services.

15. Further, as part of its diverse practice, A&M appears in numerous cases and proceedings, and participates in transactions that involve many different professionals, including attorneys, accountants, and financial consultants, who represent claimants and parties in interest in the Chapter 11 Cases. Further, A&M has performed in the past, and may perform in the future, advisory consulting services for various attorneys and law firms, and has been represented by several attorneys and law firms, some of whom may be involved in these proceedings. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these relationships create interests materially adverse to the Debtors in

matters upon which A&M is to be employed, and none are in connection with the Chapter 11 Cases.

16. A&M does not believe it is a "creditor" of any of the Debtors within the meaning of section 101(10) of the Bankruptcy Code. Further, neither I nor any member of the A&M engagement team serving the Debtors, to the best of my knowledge, is a holder of any of the Debtors' debt or equity securities.

17. To the best of my knowledge, no employee of A&M is a relative of, or has been connected with, any judge of the bankruptcy court for this district, the Office of the United States Trustee for the District of Delaware (the "*U.S. Trustee*"), or any employee of the U.S. Trustee. A&M has not reviewed the relationship that the members of the A&M engagement team may have against a comprehensive list of employees within the U.S. Trustee's office, but will do so upon being provided with a list of such persons by the U.S. Trustee.

18. To the best of my knowledge, other than described herein, A&M is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, in that A&M:

- a. is not a creditor, equity security holder, or insider of the Debtors;
- b. was not, within two years before the date of filing of the Debtors' chapter 11 petitions, a director, officer, or employee of the Debtors; and
- c. does not have an interest materially adverse to the interest of the Debtors' estates or of any class of creditors or equity security holders.

19. In addition, to the best of my knowledge and based upon the results of the relationship search described above and disclosed herein, other than as described herein, A&M neither holds nor represents an interest adverse to the Debtors.

20. If any new material relevant facts or relationships are discovered or arise, A&M will promptly file a supplemental declaration pursuant to Bankruptcy Rule 2014(a).

Professional Compensation

21. Subject to Court approval and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, applicable U.S. Trustee guidelines, and the Local Rules, A&M will seek payment for compensation on an hourly basis, plus reimbursement of actual and necessary expenses incurred by A&M. Ranges of A&M's customary hourly rates as charged in bankruptcy and non-bankruptcy matters of this type by the professionals assigned to this engagement are outlined in the Application. These hourly rates are adjusted annually.

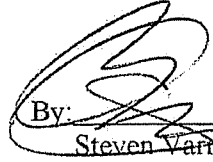
22. According to A&M's books and records, during the ninety-day period prior to the Petition Date, A&M received approximately \$1,970,000 from the Debtors for professional services performed and expenses incurred. Further, A&M's current estimate is that it has received unapplied advance payments from the Debtors in excess of prepetition billings in the amount of approximately \$592,000. The Debtors and A&M have agreed that any portion of the advance payments not used to compensate A&M for its prepetition services and expenses will be held and applied against its final postpetition billing and will not be placed in a separate account..

23. To the best of my knowledge, (a) no commitments have been made or received by A&M with respect to compensation or payment in connection with the Chapter 11 Cases other than in accordance with applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and (b) A&M has no agreement with any other entity to share with such entity any compensation received by A&M in connection with the Chapter 11 Cases.

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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 24 day of June 2009

By: 
Steven Varner
Managing Director

Sworn to and subscribed before
me this ____ day of _____, 2009

Please see attached
Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Francisco

On June 24, 2009 before me, Linda S. Robinson

Date

Here Insert Name and Title of the Officer

personally appeared Steven Varner

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

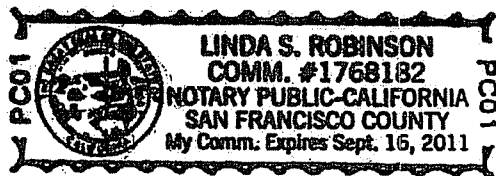
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Signature of Notary Public

Place Notary Seal Above



OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Debtor's Application to Retain and Employ

Document Date: June 24, 2009

Number of Pages: _____

Signer(s) Other Than Named Above: None

Capacity(ies) Claimed by Signer(s)

Signer's Name: Steven Varner

☐ Individual

☒ Corporate Officer — Title(s): Managing Director

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: Alvarez and Marsal



Signer's Name: _____

☐ Individual

☐ Corporate Officer — Title(s): _____

☐ Partner — ☐ Limited ☐ General

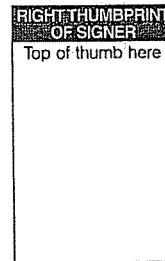
☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____



SCHEDULE A

Building Materials Holding Corporation (BMHC) – List of Interested Parties

Debtor entities (including f/k/a's):

- Building Materials Holding Corporation
- BMC West Corporation
- SelectBuild Construction, Inc.
- SelectBuild Nevada, Inc.
- KBI Stucco, Inc.
- SelectBuild, LP
- C Construction, Inc.
- TWF Construction, Inc.
- KBI Windows, Inc.
- H.N.R. Framing Systems, Inc.
- SelectBuild Florida, LLC
- SelectBuild Arizona, LLC
- SelectBuild Distribution, Inc.
- BMC Insurance, Inc.
- SelectBuild Northern California, Inc.
- SelectBuild Southern California, Inc.
- SelectBuild Mid-Atlantic, LLC
- SelectBuild Illinois, LLC
- SelectBuild Trim, LLC
- SelectBuild Mechanical, LLC
- A-1 Building Components, LLC

Equipment Leasing:

- GE Capital Corp.
- Penske

401(k) Management:

- Prudential

Lender Syndicate:

- Wells Fargo Bank
- BNP Paribas
- SunTrust Bank
- American AgCredit
- J.P. Morgan Chase
- U.S. Bank
- LaSalle Bank
- Rabobank
- Raymond James
- Union Bank of California
- Dimaio Ahmad Capital (Duane Street)
- HSBC
- PNC Bank
- Commerzbank
- Guaranty Federal Bank
- Van Kampen American
- Bank of New York (OWS)
- Bank of New York (Blue Mountain)
- Bank of New York (Jersey Street)
- Bank Leumi

- D. E. Shaw Laminar Portfolios
- West Coast Bank
- Whitebox Hedged HY Partnership
- Grandview Capital (Vinacasa, Waterfront)
- Whitney Bank
- Aladdin Capital Mgmt. (Landmark)
- Fraser Sullivan
- Denali Capital
- Phoenix
- PPM American
- Bank of America
- ACA Management
- Gulf Stream Asset Mgmt.
- Alliance Bernstein LP
- AIB Debt Management
- PHL Variable Insurance
- Morgan Stanley
- State Street (Qualcomm)
- Columbus Nova
- Third Avenue Spec. Sit. Fund
- Edwards Angell Palmer & Dodge (Marlborough St.)
- MFS
- The Hartford
- GPX LIX LLC
- Lehman Commercial Paper
- Bayside Capital (Grace Bay Holdings)

Substantial Equity Holders:

- Schneider Capital Management Corporation
- Royce & Associates, LLC
- Howard H. Leach
- Leach Capital LLC

Current and Former Officers and Directors (two-year look back):

- Robert E. Mellor
- William M. Smartt
- Stanley M. Wilson
- Paul S. Street
- Mark R. Kailer
- Michael D. Mahre
- Jeffrey F. Lucchesi
- Steven H. Pearson
- John D. Fa
- Danny McQuary
- Randy Folts
- Randall Shipp
- Doug Richards
- Ward Cole
- Michael Kearney
- Mike Landgren
- Robert Garcia
- John Volkman
- Steve Webster
- Alan Bruce Willard
- Jon Stone
- John Herring
- Tony Spagnola
- Robert Blose
- Edward Levato
- Keith Kotche
- Gerald Riggs
- Rick Jepson
- Sean Cavanaugh
- Jim Clevan
- Gary Burleson
- Robert R. Thomas
- Henry F. Rice
- Lawrence Calof
- Sara L. Beckman
- Eric S. Belsky
- James K. Jennings, Jr.
- Norman J. Metcalfe
- David M. Moffett
- R. Scott Morrison, Jr.
- Peter S. O'Neill
- Richard G. Reiten
- Norman R. Walker

Top 50 Largest Vendors:

- Weyerhaeuser NR Company
- Boise Cascade BMDD
- General Electric Co.
- Marvin Windows & Doors
- JP Morgan Chase Bank

- Masonite
- Hampton Distribution Companies
- James Hardie Building Products
- Guardian Building Products
- Bluelinx Corporation
- Louisiana Pacific Corp.
- DW Distribution
- SB Mira Loma Reload
- Columbia Forest Products
- Ainsworth Lumber Co Ltd.
- Mitek Industries Inc.
- Huttig Building Products
- Jeld Wen Windows & Doors
- American Intl. Forest Products
- Swanson Group
- Milgard Manufacturing Inc.
- SB Dist Nevada LBM
- Silver State Materials Corp.
- JM Thomas Forest Products
- Lumber Products
- Potlatch Land & Lumber LLC
- Orepac Bldg Products
- White Cap
- True Value
- Sauder Mouldings
- Therma Tru Corp.
- West Fraser Mills Ltd.
- All Coast Forest Products
- Taiga Forest Products Ltd.
- Woodgrain
- Sun Mountain Lumber Company
- Sierra Pacific Industries
- Db Constructors Inc.
- Capital Lumber Company
- Martco Partnership
- Coffman Stairs LLC
- Atrium Companies Inc.
- Riley Creek Co. Aristokraft
- Masonite Entry Systems
- Cedar Creek Lumber Inc.
- Lifetime Doors Inc.
- Ferguson Enterprises Inc.
- Lumber Yard Supply Co.
- Ready Mix Inc.

Unions:

- Chicago Regional Council of Carpenters
- General Teamsters
- Lumber, Production & Industrial Workers Union
- U.B.C. Industrial
- Western Council of Industrial Workers

Significant other counterparties:

- Microsoft
- CIT Technology Financing Services, Inc.

Professionals:

- Gibson, Dunn & Crutcher, LLP (Debtors Bankruptcy Counsel)
- Young Conaway Stargatt & Taylor, LLP (Debtors Local Counsel)
- The Garden City Group, Inc. (Claims Agent)
- Alvarez and Marsal North America, LLC (Restructuring Advisor)
- Peter J. Solomon Company (Financial Advisor)
- PricewaterhouseCoopers LLP (Tax Advisor)
- KPMG LLP (Auditor)
- Kekst and Company, Inc. (Communications Agent)
- Grant Thornton (Financial Advisor to Senior Secured Lenders)

Significant Customers:

- Western National Contractors
- D.R. Horton, Inc.
- K B Home
- The Chanen Corporation
- The Ryland Group Inc.
- Barratt American Incorporated
- Mel-Re Construction, Inc.
- Wilshire Homes Of Texas Ltd.
- The Astoria Corporation
- Woodrow Taylor Homes Inc.
- Pulte Homes, Inc.
- Woodside Group Inc.
- Ff Development L.P.
- Van Guard Construction, LLC
- Phi Holding Inc.
- Ashton Woods USA L.L.C.
- J.F. Shea Construction, Inc.
- Nevis Homes, LLC
- Ducati Development Group, LLC
- Framemax, Inc.
- Weekley Homes, L.P.
- David Powers Homes L.E., Ltd.
- Prime Investors & Developers Inc.
- Ivory Homes, Ltd.
- Weyerhaeuser Company
- WI Homes LLC
- Storybook Homes LLC
- Toll Brothers, Inc.
- Main Street Ltd.

- Lyle Homes, Inc.
- Prescott Homes Inc.
- Fantasy Construction Inc.
- Colrich Construction, Inc
- Mhi Mortgage
- Highland Homes, Ltd.
- Meritage Homes Corporation
- Davidson Communities LLC
- Standard Pacific Corp.
- Pannunzio, Inc.
- Greystone Multi-Family Builders, Inc.
- Summit Companies Of Jacksonville, Inc.
- Centex Corporation
- Signature Properties, Inc.
- Mercedes Homes

Utilities:

- AHA Macav Power Service
- Allied Waste Services # 538
- APS
- Black Hills Energy
- Araphahoe County
- Atmos Energy
- Bermuda Water Company
- Board of Water Works
- Bona Vista Water District
- CenterPoint Energy
- Central Texas Electric
- City Of Abilene
- City of Austin
- City of Boise
- City of Burlington
- City of Cedar Park (Whitestone) (Brushy Creek)
- City of Charlotte
- County of Mecklenburg
- City of Coppell
- City of Fort Collins
- City of Fresno
- City of Frisco
- City of Helena
- City of Houston
- City of Hurst
- City of Issaquah
- City of Kent
- City of Killeen
- City of Missoula
- City of Modesto
- City of North Las Vegas
- City of Orem
- City of Poway
- City of Rexburg

<ul style="list-style-type: none"> • Core Construction Svcs Nev Inc. 	
<ul style="list-style-type: none"> • City of Rosenberg • City of Shelley • City of Sparks • City of Terrell • City of Thornton • City of West Jordan • City Waste Paper, Inc • Clark Public Utilities • Clark Regional Waste Water • Colorado Springs Utilities • CPS Energy • Douglas County • Duke Energy • Duncan Disposal • EDCO Waste & Recycling Service • El Paso Electric Company • El Paso Water • Evergreen Disposal • Evergreen Metro District • Flathead County Water • Flathead Electric Cooperative, Inc. • Gas Company • Hargus Disposal • Harris County Mud 366 • Idaho Power • Imperial Irrigation District • Indio Water Authority • Intermountain Gas • Intermountain Rural Electric Association • Lakeview Light & Power • Lakewood Refuse Service • Las Vegas Valley Water District • Modesto Irrigation District • Mountain Water Co. • New Braunfels Utilities • NorthWestern Energy • NW Harris Co. Mud # 6 • NW Natural • Pedernales Electric • PG & E • PGE Portland General Electric • Piedmont Natural Gas • Pierce County • Pride Disposal Company • Puget Sound Energy • Questar Gas • Riverside Public Utilities • Rocky Mountain Power • Rubatino Refuse Removal Inc • Sammamish Plateau • San Diego Gas & Electric • Sierra Pacific Power Co. 	<ul style="list-style-type: none"> • Tualatin Valley Water District • United Power • United Water • Utility Services • Waste Connections - Vancouver District 210 • Waste Management • West Haven Special District • WTU Retail Energy • Xcel Energy • ADG Communications • AllTel • Arkadin Global • ATT • ATT Mobility • Broadwing/L3 Communications • CCI Network Services • Cellular One • CenturyTel • eFax Corporate • Embarq • Excel • Frontier • Gila River Telecom • Granite • Integra Telecom • InteCall • Matrix Telecom Inc • MetTel • NTS Communications Inc • PAETEC Communications • Qwest • Sprint-Nextel • TelePacific Comm • TW Telecom • UCN Inc • Verizon • Westel Fiber <p>Insurers and Brokers:</p> <ul style="list-style-type: none"> • Marsh USA, Inc. • Integro USA, Inc. • Aon, Inc. • ACE American Insurance Co. • Westchester Surplus Lines Ins. Co. • All Risks Ltd. • AXIS Surplus Insurance Company • Max Specialty Insurance Company • Aspen Insurance UK Limited • Marsh Global Markets (Dublin) Limited • Lexington Insurance Company UKB • Marsh Ltd.

- Snohomish County
- Southern California Edison
- London, N/A EC3R 5 BU
- XL Europe Limited
- Catlin Insurance Company (UK) Ltd.
- Max Re Ltd.
- SR International Business Insurance
- Marsh AG
- AIG Excess Liability Insurance Company Ltd.
- American Int'l Specialty Lines Ins. Co.
- Western Risk Specialists Inc.
- XL Specialty Ins. Co.
- W Brown & Associates Insurance Service
- Federal Ins. Co.
- National Union Fire Insurance Co. of Pittsburgh PA
- Arch Ins. Company
- XL Insurance Ltd.
- Starr Excess Liab Ins Co Ltd.
- Old Republic Insurance Company
- Zurich American Ins. Co.

Landlords:

- 3 Boulders, LLC
- Ralph Road LLC
- Gregg Street LLC
- ER Management/Federal Blvd Properties LP
- SRC Oates LLC
- Space Center Mira Loma, Inc.
- Hawley Family Trust
- MW LLC
- 2930 Marco St, LLC
- Northpark, LLC
- Eugene MonKarsh
- David Eckenrode
- JH Associates LLC
- Greenwood & McKenzie Real Estate Investments
- Darryl Crow
- Opus West Corporation
- Cactus Bloom LLC
- Scottsdale Ridge Prop Off LLC
- Condos LLC
- Walter Sargent
- John David Gillis
- Boston Properties
- Price Lakeshore LLC
- Sundance Investments L.P.
- Wooten Properties LLP
- WS Properties
- Union Pacific Railroad

- Tower Place
- Steve & Becky Studebaker
- Waycon Development
- SRC Polaris LLC
- VEPA III, LLC
- SRC Pellisier, LLC
- Leaman Building Materials, L.P.
- Thunderhead Holdings
- WESTLAND ENTERPRISES
- The Gateway
- David & Patricia Kubich
- Randolph Davis, Sandra Davis, George Davis & Jody Davis
- 3 Boulders, LLC
- Boulders West, LLC
- San Marcos Plaza /JVP LLC
- SSS Properties LLC
- SRC Spencer LLC
- Southwest Land Development
- RAMI Enterprises
- Lone Butte Industrial Park
- Beck Properties
- ViaWest
- Dependable Sheet Metal
- B&T LLC
- MK Plaza Trust
- Nyle Tanner
- The Outfitters Building
- Stutzman Properties, LLC
- Modern Building Systems, Inc.
- Intermountain Design & Display Center, LLC
- Dan Treinen
- Resun Leasing Inc.
- Youngquist Investments, Ltd.
- Elwood HA, LLC
- Hillcrest Partners Joint Venture
- NWV Center LTD
- Douglas C Moore
- Tivydale Business Park
- Sam Golden
- RUMA, Ltd.
- Railroad Management Company LLC
- Braker Center LP
- Chase Merritt/PW Plaza Phase I, Ltd.
- Kevin Mendenhall
- Steel Yards LLC
- Your Daily Home Show LLC
- Union Pacific Railroad
- Aramark-Wahweap Marina
- San Joaquin Valley RR Co
- CRP Holdings B.L.P
- LF Limited LP

<ul style="list-style-type: none"> • Massie & Co • Houston Distributing Company, Inc. • The Home Emporium 	<ul style="list-style-type: none"> • Cedar Mill Lumber & Hardware Co., Inc. • RRW LLC
<i>Significant Litigation Counterparties:</i> <ul style="list-style-type: none"> • DR Horton • Brett Laso • Merrill Bauchert • Campbell Companies • Weis Builders, Inc. • Chanen Construction • Fifth Third Bank 	

SCHEDULE B

BMHC Disclosure

Creditors¹

AIB Debt Management
AIG Excess Liability Insurance Co. Ltd.
Bank Leumi
Bank of America
Bank of New York (OWS)
BNP Paribas
CIT Technology Financing Services, Inc.
Commerzbank
D. E. Shaw Laminar Portfolios
Denali Capital
Fifth Third Bank
GE Capital Corp
Guaranty Federal Bank
Gulf Stream Asset Mgmt.
HSBC
JPMorgan Chase
LaSalle Bank
Morgan Stanley
PNC Bank
PPM America
Prudential
Royce & Associates, LLC
Sierra Pacific Power Co.
SunTrust Bank
Third Avenue Spec. Sit. Fund
U.S. Bank
Union Bank of California
Van Kampen American
Wells Fargo Bank
Whitney Bank

Members of Noteholders Group²

JPMorgan Chase
Morgan Stanley

-
- 1 A&M is currently advising or has previously advised these parties or their affiliates as creditors or various official creditors' committees in which these parties or their affiliates were members or which represented the interests of these parties or their affiliates.
 - 2 A&M is currently advising or has previously advised various official or unofficial noteholders' committees in which these parties or their affiliates were members or which represented the interests of these parties or their affiliates.

Whitebox Hedged HY Partnership

Professionals & Advisors³

Gibson, Dunn & Crutcher
Grant Thornton
Kekst and Company, Inc.
KPMG LLP
PricewaterhouseCoopers
Young Conaway Stargatt & Taylor

Clients of A&M and/or its Affiliates⁴

ACA Management
ACE American Insurance Co.
AIB Debt Management
AIG Excess Liability Insurance Co. Ltd.
Aon, Inc.
Arkadin Global
AT & T
Bank of America
Bank of New York (OWS)
Bayside Capital
BNP Paribas
Broadwing
Centex Corporation
CenturyTel
CIT Technology Financing Services, Inc.
City Of Abilene
City of Houston
Columbia Forest Products
Commerzbank
D. E. Shaw Laminar Portfolios
Duke Energy
Embarq
Fifth Third Bank
GE Capital Corp
Grant Thornton
Guaranty Federal Bank
Harris County Mud 366
HSBC

3 These professionals have represented clients in matters where A&M was also an advisor (or provided crisis management) to the same client. In certain cases, these professionals may have engaged A&M on behalf of such client.

4 A & M and/ or an affiliate is currently providing or has previously provided certain consulting services to these parties or their affiliates in wholly unrelated matters.

JPMorgan Chase
KPMG LLP
L3 Communications
LaSalle Bank
Lexington Insurance Company UKB
Max Re Ltd.
Microsoft
Morgan Stanley
Old Republic Insurance Company
PG & E
Potlatch Land & Lumber LLC
PPM America
PricewaterhouseCoopers
Prudential
Qwest
Rabobank
Ready Mix Inc.
Southern California Edison
Sprint-Nextel
SR International Business Insurance
SunTrust Bank
U.S. Bank
United Water
Verizon
Waste Management
Weekley Homes, L.P.
Wells Fargo Bank
Westchester Surplus Lines Ins. Co.
Xcel Energy
XL Insurance Ltd.
Zurich American Ins. Co.

Significant Equity Holders⁵

ACA Management
ACE American Insurance Co.
AIG Excess Liability Insurance Co. Ltd.
Bank of America
Bank of New York (OWS)
BNP Paribas
CIT Technology Financing Services, Inc.
Commerzbank

⁵ These parties or their affiliates are significant equity holders of other clients of A&M or its affiliates in wholly unrelated matters.

D. E. Shaw Laminar Portfolios
Duke Energy
GE Capital Corp
HSBC
JPMorgan Chase
Mercedes Homes
Microsoft
Morgan Stanley
Penske
PricewaterhouseCoopers
Prudential
Royce & Associates, LLC
State Street
SunTrust Bank
Third Avenue Spec. Sit. Fund
Van Kampen American
Weekley Homes, L.P.
Wells Fargo Bank
Whitebox Hedged HY Partnership

Significant Joint Venture Partners⁶

GE Capital Corp
Highland Homes, Ltd.
Microsoft
Sprint-Nextel
Weyerhaeuser NR Company

Board Member⁷

Richard G. Reiten

⁶ These parties or their affiliates are significant joint venture partners of other clients of A&M or its affiliates in wholly unrelated matters.

⁷ These parties or their affiliates are board members of other clients of A&M or their affiliates in wholly unrelated matters.

SCHEDULE C

Steven Varner

Managing Director

Turnaround and Restructuring

Los Angeles

Steven Varner, a Managing Director with Alvarez & Marsal, leads the firm's Turnaround and Restructuring practice in Los Angeles. He brings expertise in financial advisory, and has worked with clients across a wide range of industries, including construction, mortgages, real estate, airlines, consumer goods and cosmetics.

With more than 18 years of experience, Mr. Varner has advised boards of directors, debtors-in-possession, investors, lenders and creditor committees in numerous situations. He has served in senior management roles at both public and private companies. Mr. Varner has provided business, financial and accounting advisory services to both debtors and creditors, including formulating and evaluating business plans, performance improvement, turnaround strategies, M&A initiatives, capital structures, and plans of reorganization.

Mr. Varner has served as: financial adviser to Building Material Holding Corporation (BLG) and Accredited Home Lenders (AHL), an \$11b non-prime mortgage lender; the COO of Sunterra Corporation; the Chief Restructuring Officer (CRO) of Aloha Airlines; the CFO and CRO of Crescent Jewelers, a specialty retailer; and financial adviser and CRO to PureBeauty, a specialty retailer.

As a business and financial adviser, he assisted Fleetwood Enterprises, a \$2.5b manufacturer and retailer of consumer products, prepare a business plan and refinance its debt obligations. Mr. Varner also participated in the recapitalization of a major real estate development company in Los Angeles. He has also served in significant roles on numerous turnaround and restructuring engagements, including Southern California Edison, Pacific Eyes & Ts, Levi Strauss, Unisil Inc., Clothestime Inc., the Walking Company, Circle K, Fountain View, Inc., Troutman's Emporium, Oakwood Homes Corporation and Imperial Corporation of America.

Prior to joining A&M, Mr. Varner was a Partner in-Charge of the Pacific Southwest Restructuring practice of a Big Four firm.

Mr. Varner earned a bachelor's degree in accounting from Arizona State University. He is a Certified Turnaround Professional (CTP), and a member of the American Bankruptcy Institute, the Association of Insolvency and Restructuring Advisors, and the Turnaround Management Association (TMA).