

**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**

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

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

)
) **(Waiver of Local Rule 2016-2 Requested)**

**DEBTORS' APPLICATION PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE
BANKRUPTCY CODE FOR AN ORDER AUTHORIZING THE DEBTORS TO
RETAIN AND EMPLOY PETER J. SOLOMON COMPANY AS INVESTMENT
BANKER AND FINANCIAL ADVISOR *NUNC PRO TUNC* TO THE PETITION
DATE, AND WAIVING CERTAIN REQUIREMENTS OF LOCAL RULE 2016-2**

Building Materials Holding Corporation ("**BMHC**") and its affiliates, as debtors and debtors in possession (collectively, with BMHC, 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 Peter J. Solomon Company ("**PJS**") as investment banker and financial advisor *nunc pro*

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.

tunc to June 16, 2009 (the "**Petition Date**") and to compensate PJS 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 (a) authorizing them to employ and retain PJS as investment banker and financial advisor, *nunc pro tunc* to the Petition Date, on the terms set forth herein and in that certain the engagement letter between BMHC and PJS, dated March 31, 2009 (the "**Engagement Letter**"), annexed hereto as **Exhibit B²** and (b) waiving certain requirements of Local Rule 2016-2 in connection therewith. In support of the Application, the Debtors submit the declaration of Bradley I. Dietz (the "**Dietz Declaration**") annexed hereto as **Exhibit C**.

BACKGROUND

3. On June 16, 2009 (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**"). The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases.

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

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. PJS's Qualifications

7. PJS is a leading independent investment banking firm headquartered in New York City. PJS provides owners, chief executives, and senior management of public and private companies with strategic and financial advice that generally results in a financial transaction. PJS has successfully completed more than 350 strategic and financial advisory assignments.

8. The Debtors have selected PJS as their investment banker and financial advisor based upon, among other things: (a) the Debtors' need to retain an investment banking and financial advisory firm to provide advice with respect to the Debtors' restructuring activities, and (b) the extensive experience and excellent reputation of PJS's professionals in providing financial advisory and investment banking services in complex chapter 11 cases.

9. On March 31, 2009 (the "*Engagement Date*"), the Debtors engaged PJS to provide general investment banking and financial advisory services in connection with the Debtors' attempts to complete a strategic restructuring, reorganization, and/or recapitalization and, if necessary, to prepare for the commencement of the Chapter 11 Cases.

10. In providing prepetition services to the Debtors in connection with these matters, PJS's professionals worked closely with the Debtors' management and other professionals and became well-acquainted with the Debtors' operations, debt structure, creditors, businesses, and operations and related matters. Accordingly, PJS has developed significant

relevant experience and expertise regarding the Debtors that will assist PJS in providing effective and efficient services in the Chapter 11 Cases.

11. In addition to PJS's understanding of the Debtors' financial history, business operations, and the industry in which the Debtors operate, PJS and its professionals have extensive experience in the reorganization and restructuring of troubled companies both in and out-of-court. PJS's employees have advised debtors, creditors, equity constituencies, and government agencies in many complex financial reorganizations.

12. The professionals of PJS have been employed as financial advisors and as investment bankers in a number of troubled company situations, including the chapter 11 cases of Armstrong World Industries, Owens Corning Corporation, M. Fabrikant & Sons, Inc., Tweeter, Inc., Twinlab Corporation, Syratech, Inc., Kasper A.S.L., The Warnaco Group, Inc., Barney's, Mirant Corporation, Calpine Corporation, Galey & Lord, Spiegel, Inc., and Portola Packaging, Inc.

13. With its experienced senior professionals, PJS fulfills a critical role that complements the services offered by the Debtors' other restructuring professionals. The Debtors believe they require the services of a capable and experienced investment banking and financial advisory firm such as PJS because, among other reasons, PJS's resources and capabilities, together with its prepetition experience advising the Debtors, are crucial to the Debtors' success in the Chapter 11 Cases.

B. Scope of Services

14. Subject to the direction of the Debtors and further order of this Court, by PJS on behalf of the Debtors and as set forth in the Engagement Letter, PJS will:

- a. familiarize itself, to the extent it deems appropriate and feasible, with the business, operations, properties, financial condition, and prospects of the Debtors, and, to the extent relevant, any

prospective buyer, it being understood that PJS shall, in the course of such familiarization, rely entirely upon publicly available information and such other information as may be supplied by the Debtors or such buyer, without assuming any responsibility for independent investigation or verification thereof;

- b. advise and assist the Debtors in reviewing and analyzing the business plans and financial projections prepared by the Debtors including, but not limited to, testing assumptions and comparing those assumptions to historical trends of the Debtors and the industry;
- c. advise and assist the Debtors in evaluating the Debtors' debt capacity and capitalization based on the Debtors' projected earnings and cash flows;
- d. advise and assist the Debtors with developing various financial models and projections to be used in conjunction with a sale, financing, or restructuring transaction;
- e. advise and assist the Debtors with satisfying and developing presentations relating to various reporting and informational requirements as may be required from time to time by its senior secured bank debt holders;
- f. advise and assist the Debtors in the preparation of descriptive data concerning the Debtors, based upon information provided by the Debtors, the reasonableness, accuracy, and completeness of which information PJS will not be required to investigate and about which PJS will express no opinion;
- g. advise and assist the Debtors in identifying and contacting potential financing sources and/or buyers;
- h. advise and assist the Debtors in conducting presentations and due diligence meetings with prospective financing sources and/or buyers;
- i. advise and assist the Debtors in developing a general strategy for accomplishing a sale, financing, or restructuring transaction, as well as its form and structure;
- j. periodically advise the Debtors as to the status of dealings with any prospective financing sources, buyers, or other parties;
- k. advise and assist management of the Debtors in making presentations to BMHC's Board of Directors;

1. in connection with any chapter 11 proceeding, advise and assist the Debtors in evaluating and obtaining debtor in possession financing ("**DIP Financing**") and exit financing; in assessing the valuation of the Debtors and their assets, including valuations proposed by any interested party and providing expert testimony relating to valuation, if required; and in developing, analyzing, structuring, and negotiating the terms and conditions of any potential plans of reorganization;
- m. advise and assist the Debtors in the course of its negotiations, execution, and closing of any sale, financing, or restructuring transaction; and
- n. render such other financial advisory services as may from time to time be agreed upon by PJS and the Debtors.

C. PJS's Disinterestedness

15. PJS has informed the Debtors that to the best of Mr. Dietz's knowledge, PJS (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.

16. If any new material facts or relationships are discovered or arise, PJS will provide the Court with a supplemental declaration.

17. PJS 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, other than as permitted pursuant to section 504 of the Bankruptcy Code.

D. Terms of Retention

1. PJS's Compensation Structure

18. PJS proposes to render its services on a fixed and contingency fee basis. The monthly advisory fee (the "**Monthly Fee**") shall be \$200,000 per month payable in advance on each monthly anniversary of the date of the Engagement Letter. The Monthly Fee shall be payable for a minimum of three months and, thereafter, on a month-to-month basis, pro rated for

any partial months. Upon the signing of the Engagement Letter on March 31, 2009, the Debtors deposited a \$200,000 retainer deposit into a segregated escrow account for the benefit of PJS. If the Monthly Fee or Expenses (as defined below) are not paid by the Debtors, PJS shall be entitled to draw down from the retainer account such amounts as may be due.

19. 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 PJS and the Debtors are sophisticated business entities that have negotiated the retainer at arm's length. Third, the retention of PJS 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 PJS. Thus, under the standards articulated in *In re Insilco Technologies, Inc.*, and adopted in *In re CTC Communications Group, Inc.*, the facts and circumstances of the Chapter 11 Cases support the approval of the retainer.

20. In the event of a restructuring transaction, the Debtors will pay PJS a \$2,500,000 transaction fee, less any Monthly Fee amounts paid and not previously credited and less any amount paid as part of a financing transaction. In the event of a financing transaction, other than a DIP Financing or revolving credit exit facility that is a rollover of the DIP Financing facility, the Debtors will pay PJS a transaction fee as follows: (a) 1% of the gross proceeds of any senior debt, and (b) 3% of the gross proceeds of any mezzanine debt. In the event of a sale transaction, the Debtors will pay PJS a \$2,500,000 transaction fee, less any Monthly Fee amount paid and not previously credited and less any amount paid in connection with the rendering of an opinion by PJS in connection with the sale transaction. As compensation for services rendered with respect to an opinion of PJS, the Debtors will pay PJS a fee equal to \$500,000 on the earlier of (x) the date upon which PJS advises the Debtors that it is prepared to render the opinion, and (y) the date upon which PJS advises the Debtors that, having considered the matter, it is unable to render the opinion. As previously noted, any amounts received on account of an opinion will reduce the fees payable on account of the related sale transaction.

21. The Debtors believe that the compensation structure to be provided to PJS, all as specifically described above, in the Dietz Declaration, and the Engagement Letter, constitutes fair and reasonable terms and conditions for the retention by the Debtors of PJS as its investment banker and financial advisor in accordance with section 328(a) of the Bankruptcy Code. The Monthly Fee is consistent with fee structures utilized by investment banks which do not bill clients on an hourly basis.

2. Reimbursement of PJS's Expenses

22. PJS's policy regarding reimbursement of actual and necessary expenses incurred in connection with its provision of services as investment banker and financial advisor

is to charge its clients for out-of-pocket expenses including, without limitation, fees, disbursements, and other charges including travel and lodging, data processing and communication charges, research, and courier services (collectively, the "*Expenses*"). The Debtors have been assured that PJS will charge the Debtors for these Expenses at rates consistent with charges made to other PJS clients.

23. PJS will seek interim and final allowance of compensation and reimbursement of expenses pursuant to applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, guidelines established by the Office of the United States Trustee for the District of Delaware (the "*U.S. Trustee*"), orders of the Court, and any procedures fixed by order of the Court.

24. Pursuant to Local Rule 2016-2(d), in a motion for compensation and reimbursements of expenses, activities must be billed in tenths of an hour. It is not the general practice of PJS employees, however, to keep records in such increments. PJS's customary practice is to provide a detailed description of the services rendered and the amount of time spent on each date in half-hour increments. The Debtors believe that PJS's customary practice with respect to time descriptions will still provide this Court with the ability to appropriately review and evaluate the services provided by PJS. Furthermore, because it would be more efficient for PJS to continue in its customary time-keeping practices, the Debtor respectfully seek a waiver of Local Rule 2016-2(d) to permit PJS to submit its time records in half-hour increments.

25. The Debtors are submitting, concurrently on the date hereof, a separate application for the retention of Alvarez & Marsal North America, LLC ("*A&M*"), as restructuring 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

26. The Debtors have agreed to indemnify and to make certain contributions to PJS in accordance with the indemnification provisions set forth in the Engagement Letter and attachments thereto (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, PJS, 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 PJS's performance of the services described in the Engagement Letter;
- (b) PJS 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 PJS'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, PJS 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, PJS must file an

application before this Court, and the Debtors may not pay any such amounts to PJS 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 PJS for indemnification, contribution, or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify PJS.

BASIS FOR RELIEF REQUESTED

A. Section 328 of the Bankruptcy Code Permits the Employment and Retention of PJS on Terms Substantially Similar to those in the Engagement Letter

27. The Debtors seek approval of the Engagement Letter pursuant to section 328(a) of the Bankruptcy Code, which provides, in relevant part, that the debtors "with the court's approval, may employ or authorize the employment of a professional person under section 327 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" 11 U.S.C. section 328(a). Accordingly, section 328 of the Bankruptcy Code permits the compensation of professionals, including investment bankers and financial advisors, on more flexible terms that reflect the nature of their services and market conditions. As the United States Court of Appeals for the Fifth Circuit recognized in *Donaldson Lufkin & Jenrette Sec. Corp. v. Nat'l Gypsum (In re Nat'l Gypsum Co.)*:

Prior to 1978 the most able professionals were often unwilling to work for bankruptcy estates where their compensation would be subject to the uncertainties of what a judge thought the work was worth after it had been done. That uncertainty continues under the present section 330 of the Bankruptcy Code, which provides that the court award to professional consultants "reasonable compensation" based on relevant factors of time and comparable costs, etc. Under present section 328 the professional may avoid that uncertainty by obtaining court approval of compensation agreed to with the trustee (or debtor or committee).

123 F.3d 861, 862 (5th Cir. 1997) (internal citations and emphasis omitted).

28. Furthermore, under the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, certain modifications were made to section 328(a) of the Bankruptcy Code, which now provides as follows:

The trustee, or a committee appointed under section 1102 of this title, with the court's approval, may employ or authorize the employment of a professional person under section 327 or 1103 of this title, as the case may be, 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.*

See 11 U.S.C. section 328(a) (emphasis added). Section 328(a) of the Bankruptcy Code, as amended, now makes clear that debtors may retain, subject to bankruptcy court approval, a professional on a fee basis such as the fee structure proposed by the Debtors herein.

29. Bankruptcy Rule 2014 provides, in relevant part, as follows:

An order approving the employment of attorneys, accountants, appraisers, auctioneers, agent, or other professionals pursuant to section 327 . . . of the Code shall be made only on application or the trustee or committee.

Fed. R. Bankr. P. 2014.

30. As set forth above, notwithstanding approval of the Engagement Letter under section 328 of the Bankruptcy Code, PJS intends to apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Chapter 11 Cases, subject to the Court's approval and in compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any other applicable procedures and orders of the Court, and consistent with the proposed compensation set forth in the Engagement Letter.

31. The Debtors believe that the fee structure reflects appropriately the nature and scope of services to be provided by PJS, PJS's substantial experience with respect to

investment banking and financial advisory services, and the fee structures typically utilized by PJS and other leading investment banks and financial advisors that do not bill their clients on an hourly basis.

32. Indeed, similar fixed and contingency fee arrangements in other large chapter 11 cases have been routinely approved and implemented by courts in this district.³ See, e.g., *In re Tropicana Entm't, LLC*, No. 08-10856 (KJC) (Bankr. D. Del. May 30, 2008) (order authorizing retention of Lazard Freres & Co. LLC. on similar terms); *In re Leiner Health Prods., Inc.*, No. 08-10446 (KJC) (Bankr. D. Del. April 8, 2008) (order authorizing retention of Houlihan Lokey Howard & Zukin Capital, Inc. on similar terms); *In re FLYi, Inc.*, No. 05-20011 (MFW) (Bankr. D. Del. Jan. 17, 2006) (order authorizing retention of Miller Buckfire & Co., LLC on substantially the same terms); *In re Foamex Int'l, Inc.*, No. 05-12685 (PJW) (Bankr. D. Del. Oct. 17, 2005) (order authorizing retention of Miller Buckfire & Co., LLC on substantially the same terms); *In re Oakwood Homes Corp.*, No. 02-13396 (PJW) (Bankr. D. Del. July 21, 2003) (order authorizing retention of Miller Buckfire & Co., LLC on similar terms); *In re Kaiser Aluminum Corp.*, No. 02-10429 (JKF) (Bankr. D. Del. Mar. 19, 2002) (authorizing retention of Lazard Freres & Co. LLC and subjecting compensation to same standard of review); *In re Trans World Airlines, Inc.*, No. 01-0056 (PJW) (Bankr. D. Del. Jan. 26, 2001) (authorizing retention of Rothschild, Inc., as financial advisors for debtors, under sections 327(a) and 328(a) of the Bankruptcy Code); *In re Covad Comm. Group, Inc.*, No. 01-10167 (BF) (Bankr. D. Del. Nov. 21, 2001) (authorizing retention of Lazard Freres & Co. LLC with compensation subject to standard of review set forth in section 328(a)); *In re Harnischfeger Indus.*, No. 99-02171 (PJW)

³ The Debtors have not annexed copies of the unreported orders cited herein because of their size. Copies of these orders, however, are available upon request of the Debtors' counsel, including at the hearing to consider the Application.

(Bankr. D. Del. Feb. 8, 2000) (authorizing retention of The Blackstone Group L.P. as investment bankers to debtors).

33. Likewise, similar indemnification arrangements have been approved and implemented in other large chapter 11 cases by courts in this district. *See, e.g., In re Tropicana Entm't, LLC*, No. 08-10856 (KJC) (Bankr. D. Del. May 30, 2008); *In re Leiner Health Prods., Inc.*, No. 08-10446 (KJC) (Bankr. D. Del. April 4, 2008); *In re New Century TRS Holdings, Inc.*, No. 07-10416 (KJC) (Bankr. D. Del. Apr. 26, 2007); *In re FLY, Inc.*, No. 05-20011 (MFW) (Bankr. D. Del. Jan. 17, 2006); *In re Foamex Intl, Inc.*, No. 05-12685 (NW) (Bankr. D. Del. Oct. 17, 2005); *In re Oakwood Homes Corp.*, No. 02-13396 (PJW) (Bankr. D. Del. July 21, 2003); *In re United Artists Theatre Co.*, No. 00-3514 (SLR) (Bankr. D. Del. Dec. 1, 2000).

34. In light of the foregoing, and given the numerous issues that PJS may be required to address in the performance of its services hereunder, PJS's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for PJS's services for engagements of this nature, the Debtors believe that the terms and conditions of the Engagement Letter are fair, reasonable, and market-based under the standards set forth in section 328(a) of the Bankruptcy Code.

B. The Retention of PJS is Critical to the Debtors' Success

35. Denying the relief requested herein would deprive the Debtors of the assistance of a highly qualified investment banker and financial advisor such as PJS and disadvantage the Debtors and all parties in interest. The Debtors would be forced to engage a new investment banker and financial advisor lacking the same understanding of the Debtors' businesses and restructuring initiatives. Forcing the Debtors to engage a new investment banker and financial advisor also would require additional time and resources. Accordingly, the Debtors

respectfully submit that the services provided by PJS are critical to the success of the Chapter 11 Cases and request that the Court approve the Engagement Letter and Indemnification Provisions.

NOTICE

36. 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

37. 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 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
)	
	)	Objection Deadline: July 9, 2009 at 4:00 p.m. (ET)
	)	Hearing Date: July 16, 2009 at 4:30 p.m. (ET)
)	
	)	(Waiver of Local Rule 2016-2 Requested)

NOTICE OF APPLICATION

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 NOTICE that the above-captioned debtors and debtors in possession (collectively, the "Debtors") have filed the attached **Debtors' Application Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code for an Order Authorizing the Debtors to Retain and Employ Peter J. Solomon as Investment Banker and Financial Advisor *Nunc Pro Tunc* to the Petition Date, and Waiving Certain Requirements of Local Rule 2016-2 (the "Application")**.

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.

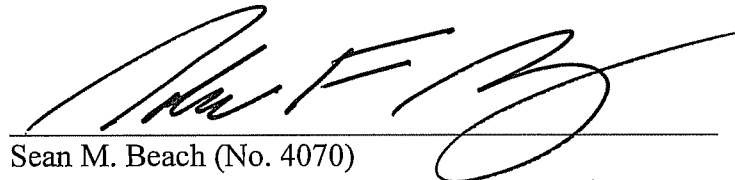
¹ The Debtors, along with the last four digits of each Debtor's tax identification number, are as follows: Building Materials Holding Corporation (4269), BMC West Corporation (0454), SelectBuild Construction, Inc. (1340), SelectBuild Northern California, Inc. (7579), Illinois Framing, Inc. (4451), C 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.

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)
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

----and----

GIBSON, DUNN & CRUTCHER LLP
Michael A. Rosenthal (admitted *pro hac vice*)
Matthew K. Kelsey (admitted *pro hac vice*)
Saeed M. Muzumdar (admitted *pro hac vice*)
200 Park Avenue, 47th Floor
New York, New York 10166-0193
Telephone: (212) 351-4000
Facsimile: (212) 351-4035

Aaron G. York (admitted *pro hac vice*)
Jeremy L. Graves (admitted *pro hac vice*)
2100 McKinney Avenue, Suite 1100
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 (KJS)
)	
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 PETER J. SOLOMON COMPANY AS INVESTMENT
BANKER AND FINANCIAL ADVISOR *NUNC PRO TUNC* TO THE PETITION
DATE, AND WAIVING CERTAIN REQUIREMENTS OF LOCAL RULE 2016-2**

Upon consideration of the application (the "***Application***") of Building Materials Holding Corporation and 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 Peter J. Solomon Company ("***PJS***") as investment banker and financial advisor to the Debtors, all as set forth in the

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.

Application; and upon the Dietz Declaration² 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 PJS *nunc pro tunc* to the Petition Date as their investment banker and financial advisor on the terms set forth in the Application.
3. PJS shall be compensated in accordance with the procedures set forth in the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and such procedures as may be fixed by order of this Court; *provided, however*, that PJS may submit time records in half-hour increments.

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

4. The indemnification provisions of the Engagement Letter 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, PJS, 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 PJS's performance of the services described in the Engagement Letter;
- (b) PJS 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 PJS'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, PJS 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, PJS must file an application before this Court, and the Debtors may not pay any such amounts to PJS 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 PJS for indemnification, contribution, or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify PJS.

5. Notwithstanding any terms of the Engagement Letter to the contrary, paragraph 5 of Exhibit A annexed 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 PJS'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

PJS Engagement Letter

PETER J. SOLOMON COMPANY

520 Madison Avenue
NEW YORK, NEW YORK 10022

March 31, 2009

Building Materials Holding Corporation
Four Embarcadero Center, Suite 3250
San Francisco, CA 94111

Attention: Robert E. Mellor, Chairman and Chief Executive Officer

This letter (this "Agreement") will confirm the understanding and agreement between Building Materials Holding Corporation (the "Company") and Peter J. Solomon Company, L.P. and/or its affiliate Peter J. Solomon Company, LLC (collectively, "PJSC") regarding the scope and terms of the retention of PJSC as the Company's exclusive financial advisor in connection with a transaction or series or combination of transactions, whereby, directly or indirectly, (i) the Company renegotiates and/or restructures its Senior Secured Bank Debt, including through a Chapter 11 proceeding (a "Restructuring Transaction"); (ii) the Company or any of its subsidiaries or affiliates raises capital from any bank, financial institution or other financing source (a "Financing Transaction"); and (iii) control of, or a material interest in the securities of, or all or substantially all the assets or business of, the Company or any of its affiliates is acquired by or combined with any person or entity or any of its affiliates (a "Buyer"), including without limitation, through a sale or exchange of capital stock or assets, a lease of assets with or without a purchase option, a merger or consolidation, a tender or exchange offer, a leveraged buy-out, the formation of a joint venture or partnership, a Chapter 11 proceeding (including a Section 363 sale) or any other business combination or similar transaction (a "Sale Transaction" and, together with a Restructuring Transaction and Financing Transaction, a "Transaction").

Section 1. Services to be Rendered. PJSC will perform such services as the Company may reasonably request including, but not limited to, the following:

(a) PJSC will familiarize itself to the extent it deems appropriate and feasible with the business, operations, properties, financial condition and prospects of the Company, and, to the extent relevant, any prospective Buyer, it being understood that PJSC shall, in the course of such familiarization, rely entirely upon publicly available information and such other information as may be supplied by the Company or such Buyer, without assuming any responsibility for independent investigation or verification thereof;

(b) PJSC will advise and assist the Company in reviewing and analyzing the business plans and financial projections prepared by the Company including, but not limited to, testing assumptions and comparing those assumptions to historical Company and industry trends;

(c) PJSC will advise and assist the Company in evaluating the Company's debt capacity and capitalization based on the Company's projected earnings and cash flows;

(d) PJSC will advise and assist the Company with developing various financial models and projections to be used in conjunction with a Transaction;

(e) PJSC will advise and assist the Company with developing and presenting various reporting and informational requirements as may be required from time to time by its Senior Secured Bank Debt holders;

(f) PJSC will advise and assist the Company in negotiating interim waivers or forbearance agreements related to the Senior Secured Bank Debt as may be required;

(g) PJSC will advise and assist the Company in the preparation of descriptive data concerning the Company, based upon information provided by the Company, the reasonableness, accuracy and completeness of which information PJSC will not be required to investigate and about which PJSC will express no opinion;

(h) PJSC will advise and assist the Company in identifying and contacting potential financing sources and/or Buyers;

(i) PJSC will advise and assist the Company in conducting presentations and due diligence meetings with prospective financing sources and/or Buyers;

(j) PJSC will advise and assist the Company in developing a general strategy for accomplishing a Transaction, as well as its form and structure;

(k) PJSC will periodically advise the Company as to the status of dealings with any prospective financing sources, Buyers or other parties;

(l) PJSC will advise and assist management of the Company in making presentations to the Company's Board of Directors;

(m) If requested by the Company's Board of Directors, PJSC will render, in accordance with its customary practices, an opinion (the "Opinion") with respect to the fairness, from a financial point of view, of the consideration proposed to be received by the Company or its stockholders in connection with a Sale Transaction (other than a Sale Transaction that is part of a Chapter 11 proceeding), with the understanding that in rendering the Opinion PJSC will rely, without assuming any responsibility for independent investigation or verification, on information furnished to it by the Company or a Buyer or publicly available and that the Opinion may be in such form as PJSC shall determine and PJSC may qualify the Opinion in such manner as PJSC believes appropriate;

(n) In connection with any Chapter 11 proceeding, PJSC will advise and assist the Company in evaluating and obtaining debtor-in possession ("DIP") financing and exit financing; in assessing the valuation of the Company and its assets, including valuations proposed by any interested party and providing expert testimony relating to valuation, if required; and in developing, analyzing, structuring and negotiating the terms and conditions of any potential plans of reorganization;

(o) PJSC will advise and assist the Company in the course of its negotiations, execution and closing of any Transaction; and

(p) PJSC will render such other financial advisory services as may from time to time be agreed upon by PJSC and the Company.

Section 2. Information Provided by the Company.

(a) The Company shall furnish to PJSC the names of all parties with which it has had discussions or contacts prior to or after the date hereof concerning any Transaction.

(b) The Company shall make available (and shall request that each prospective Buyer with which the Company enters into negotiations make available) to PJSC all information concerning the business, assets, liabilities, operations, prospects and financial or other condition of the Company or such Buyer, as applicable, that PJSC reasonably requests in connection with the rendering of services hereunder, and shall provide PJSC with reasonable access to the Company's (and shall request that such Buyer provide reasonable access to its) officers, directors, employees, independent accountants and other advisors and agents as PJSC shall deem appropriate.

(c) The Company recognizes and confirms that PJSC will use and rely upon the information provided by or on behalf of the Company and its advisors and agents or any prospective Buyer and its advisors and agents and on publicly available information in performing the services contemplated hereby. It is understood that in performing under this engagement, PJSC may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent investigation or verification of, such publicly available information and the information so furnished. It is also understood that PJSC is not assuming any responsibility for any independent valuation or appraisal of any of the assets of the Company or any prospective Buyer. With respect to any financial forecasts (including cost savings and synergies) that may be furnished to or discussed with PJSC by the Company or any Buyer, PJSC will assume that they have been reasonably prepared and reflect the best then currently available estimates and judgment of the Company's or such Buyer's management. The Company will use its commercially reasonable efforts to ensure that the information to be furnished about the Company by the Company, when delivered, will be true and correct in all material respects, will be prepared in good faith, and will not contain any material misstatement of fact or omit to state any material fact necessary to make the statements contained therein not misleading. The Company will promptly notify PJSC if the Company learns of any material inaccuracy or misstatement in, or any material omission from, any such information furnished by the Company or any prospective Buyer, or any of their respective agents or advisors, to PJSC or any such publicly available information.

Section 3. Fees. As compensation for the services rendered hereunder, the Company and its successors, if any, agrees to pay PJSC (via wire transfer or other mutually acceptable means) the following fees in cash:

(a) A monthly fee (the "Monthly Fee") equal to \$200,000 per month, the first Monthly Fee, along with the retainer deposit (see below), shall be payable on April 16, 2009 and thereafter the Monthly Fee shall be payable in advance on each monthly anniversary of the date of this letter (the "Monthly Anniversary") during the term of PJSC's engagement hereunder. The Monthly Fee shall be payable for a minimum of three months and, thereafter, on a month-to-month basis and for any partial months shall be pro-rated based on services commencing as of the date hereof. Upon the execution of this Agreement, the Company shall deposit in a segregated escrow account at Bank of America NT&SA, 1185 Avenue of the Americas, New York, NY 10036 (the "Bank") for the benefit of (or in the name of) PJSC (the "Retainer Account") a retainer deposit of \$200,000. If the Monthly Fee or reimbursement of expenses as set forth in Section 4 is not paid by the Company by each Monthly Anniversary during the term hereof, then PJSC shall be entitled to withdraw from the Retainer Account an amount equal to such unpaid Monthly Fee or reimbursement of expenses, and the Company shall so instruct the Bank in an instruction letter delivered to it upon execution of this Agreement. If any amount is so withdrawn, the Company shall promptly deposit an equal amount in the Retainer Account so that at least \$200,000 shall be on deposit therein at all times during the term of PJSC's engagement hereunder. Upon the termination of PJSC's engagement and payment in full of any amounts owed to the PJSC by the Company, the balance of the Retainer Account, including any interest earned on such account, shall be returned to the Company. Without limiting PJSC's rights and remedies, PJSC shall have the right to halt or terminate entirely its services until payment is received on past due invoices.

(b) In the event of a Restructuring Transaction, a transaction fee (the "Restructuring Transaction Fee") in an amount equal to \$2,500,000, less any amount paid under Section 3(a) above and not previously credited and less 50% of any amount paid under Section 3(c) below. The Restructuring Transaction Fee shall be payable upon the earlier of (x) the closing of the Restructuring Transaction, or (y) the confirmation of a Chapter 11 plan of reorganization.

(c) In the event of a Financing Transaction, one or more transaction fees (the "Financing Transaction Fee") in an amount equal to the following percentages of the gross proceeds of any Financing Transaction, payable upon the closing thereof:

If Capital Raised in the Form of	Financing Transaction Fee Percentage
Senior Debt	1.00%
Mezzanine Debt	3.00%

In the event that any Financing Transaction is consummated in more than one stage, all such stages together shall be deemed a single Financing Transaction, consummated on the date of closing of the first such stage but with consideration in respect of each stage payable upon the consummation thereof.

PJSC shall not be entitled to a Financing Transaction Fee with respect to any DIP financing or revolving credit facility related to the Company's exit financing from Chapter 11 that is structured as rollover or extension of the Company's DIP financing. PJSC shall be entitled to a Financing Transaction Fee with respect to arranging a revolving credit facility which may involve, but is not necessarily limited to, a new administrative agent and group of lenders some of which may be existing lenders to the Company.

(d) In the event of a Sale Transaction, a transaction fee (the "Sale Transaction Fee") equal to \$2,500,000, less any amount paid under Section 3(a) above and not previously credited and less 50% of any amount paid under Section 3(c) above and not previously credited and less any amount paid under Section 3(e) below in connection with such Sale Transaction. The Sale Transaction Fee shall be contingent upon the consummation of a Sale Transaction and shall be payable upon the earlier of (x) the closing thereof or (y) final approval of a Section 363 sale.

(e) As compensation for the services rendered hereunder with respect to the Opinion, the Company agrees to pay PJSC a fee equal to \$500,000, payable upon the earlier to occur of (x) the date upon which PJSC advises the Company that it is prepared to render the Opinion and (y) the date upon which PJSC advises the Company that, having considered the matter, PJSC is unable to render the Opinion.

The obligations of the Company to pay PJSC's compensation pursuant to this Section 3(e) (and to reimburse PJSC for fees and expenses) as set forth herein shall be without respect to the conclusions set forth in the Opinion or whether PJSC determines that a favorable Opinion cannot be delivered.

Notwithstanding anything to the contrary herein, if the Company consummates both a Restructuring Transaction and a Sale Transaction in the course of a Chapter 11 proceeding, PJSC shall be paid either a Restructuring Transaction Fee or a Sale Transaction Fee but not both (the fee payable being the fee that is earned first).

Section 4. Expenses. Whether or not any Transaction is proposed or consummated and without in any way reducing or affecting the provisions of Exhibit A hereto, the Company shall reimburse PJSC for its out-of-pocket expenses reasonably incurred in connection with the provision of services hereunder, the execution and delivery of this Agreement and the consummation of any Transaction contemplated or attempted hereby, including without limitation the reasonable fees, disbursements and other charges of PJSC's counsel. Out-of-pocket expenses also shall include, but not be limited to, reasonable overnight travel and lodging, communication charges, research and courier services. The Company shall promptly reimburse PJSC upon presentation of an invoice or other similar documentation.

Section 5. Indemnity and Other Rights. The Company agrees to the provisions of Exhibit A hereto, which is an integral part of this Agreement and the terms of which are incorporated by reference herein. Such Exhibit A shall survive any termination, expiration or completion of PJSC's engagement hereunder.

Section 6. Term. The term of this Agreement shall extend from the date hereof for a period of three months and shall continue thereafter on a month-to-month basis; provided that (i) after June 30, 2009, either the Company or PJSC may terminate this Agreement upon 30 days' notice delivered in writing; (ii) upon termination, PJSC shall be entitled to any fees for any monthly period which are due and owing to PJSC upon the effective date of termination, such amounts to be pro-rated for any incomplete monthly period of service; (iii) termination of PJSC's engagement hereunder shall not affect the Company's continuing obligations under Section 7 and Exhibit A hereof; (iv) PJSC shall be entitled to its full fees under Section 3 hereof in the event that a Transaction is consummated at any time prior to the expiration of one year after such termination, or a letter of intent or definitive agreement with respect to a Transaction is executed at any time prior to one year after such termination (which letter of intent or definitive agreement subsequently results in the consummation of a Transaction at any time); and (v) termination of PJSC's engagement hereunder shall not affect the Company's obligation to reimburse the expenses accruing prior to such termination to the extent provided for in Section 4.

Section 7. Miscellaneous.

(a) PJSC acknowledges that the Company shall have no obligation to enter into any Transaction and shall have the right to reject any Transaction or to terminate negotiations with respect to any Transaction at any time.

(b) Except as contemplated by the terms hereof or as required by applicable law, PJSC shall keep confidential all information provided to it by the Company, unless publicly available or otherwise available to PJSC without restriction or breach of any confidentiality agreement, and shall not disclose such information to any third party, other than in confidence to its employees, agents, representatives and advisors, without the Company's prior approval.

(c) The advice (oral or written) rendered by PJSC pursuant to this Agreement, including, without limitation, the Opinion, is intended solely for the benefit and use of the Board of Directors of the Company in considering the matters to which this Agreement relates, and the Company agrees that such advice may not be relied upon by any other person, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose except as required by law nor shall any public references to PJSC be made by the Company without the prior written consent of PJSC; provided, however, that a copy of the Opinion may be filed with the Securities and Exchange Commission or other regulatory agencies and included as part of the proxy materials or similar documents provided to the Company's stockholders, so long as the Opinion will be reproduced in full therein and any description of or reference to PJSC or summary of the Opinion therein will be in a form acceptable to PJSC and its counsel.

(d) The Company agrees that PJSC shall have the right after completion of a Transaction to place advertisements in financial and other newspapers and journals at its own expense describing its services hereunder.

(e) This Agreement may not be amended or modified in anyway whatsoever except by a writing executed by each of the parties. The provisions of this Agreement, including

without limitation the obligation to make the payments set forth in Section 3, shall be binding on the Company and its successors and assigns.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of New York in the United States of America, without regard to its choice of law principles. In the event that any party hereto shall institute any suit, action or other legal proceeding under, in connection with, or pursuant to, this Agreement and/or any rights or obligations established by this Agreement, such suit, action or other legal proceeding shall be brought either in the United States District Court for the Southern District of New York or any New York State court of competent jurisdiction located in New York, New York. Each of the parties hereto further agrees to submit, and hereby submits, to the jurisdiction of such court, and to comply with all requirements necessary to give such court personal jurisdiction over such party.

(g) To the extent permitted by applicable law, the Company hereby waives trial by jury in any lawsuit with respect to, in connection with or arising out of this Agreement, or any other claim or dispute relating to the engagement of PJSC arising between the parties hereto. The Company hereby confirms that the foregoing waiver is informed and freely made.

(h) The relationship of PJSC to the Company hereunder shall be that of an independent contractor and PJSC shall have no authority to bind, represent or otherwise act as agent for the Company.

(i) PJSC agrees that this Agreement supersedes and replaces in its entirety all previous letter agreements between the Company and PJSC and that PJSC will not be entitled to any fees that might otherwise have been payable under the terms of those previous letter agreements; provided, that any indemnification, reimbursement, contribution and related provisions of such previous letter agreements shall continue to be effective in accordance with their respective terms.

* * *

If the foregoing correctly sets forth the understanding and agreement between PJSC and the Company, please so indicate by signing the enclosed copy of this letter, whereupon it shall become a binding agreement between the parties hereto as of the date first above written.

Very truly yours,

PETER J. SOLOMON COMPANY, L.P.

By: Peter J. Solomon Company Limited
General Partner

By: 
Bradley I. Dietz
Managing Director

PETER J. SOLOMON SECURITIES COMPANY, LLC

By: 
Bradley I. Dietz
Managing Director

Accepted and Agreed to as of
the day first written above:

BUILDING MATERIALS HOLDING CORPORATION

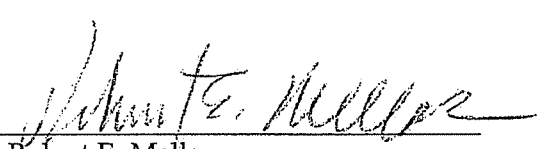
By: 
Robert E. Mellor
Chairman and Chief Executive Officer

Exhibit A

The Company shall indemnify and hold harmless PJSC and its affiliates, counsel and other professional advisors, and the respective directors, officers, controlling persons, agents and employees of each of the foregoing (PJSC and all of such other persons collectively, the "Indemnified Parties"), from and against any losses, claims or proceedings including stockholder actions, damages, judgments, assessments, investigation costs, settlement costs, fines, penalties, arbitration awards, other liabilities, costs, fees and expenses (collectively, "Losses") (i) related to or arising out of (A) oral or written information provided by the Company, the Company's employees or other agents, which either the Company or PJSC provides to any persons, or (B) other action or failure to act by the Company, the Company's employees or other agents or PJSC at the Company's request or with the Company's consent, or (ii) otherwise related to or arising out of the engagement of PJSC under this Agreement or any transaction or conduct in connection therewith, provided that this clause (ii) shall not apply if it is finally judicially determined by a court of competent jurisdiction that such Losses arose solely out of the gross negligence or bad faith of such Indemnified Party. If multiple claims are brought against an Indemnified Party in an arbitration, with respect to at least one of which indemnification is permitted under applicable law and provided for under this Agreement, the Company agrees that any arbitration award shall be conclusively deemed to be based on claims as to which indemnification is permitted and provided for, except to the extent the arbitration award expressly states that the award, or any portion thereof, is based solely on a claim as to which indemnification is not available.

The Company shall further reimburse any Indemnified Party promptly for any legal or other fees or expenses as they are incurred (including, without limitation, legal retainers) (i) in investigating, preparing or pursuing any action or other proceeding (whether formal or informal) or threat thereof, whether or not in connection with pending or threatened litigation or arbitration and whether or not any Indemnified Party is a party (an "Action") and (ii) in connection with enforcing such Indemnified Party's rights under this Agreement (including, without limitation, its rights under this Exhibit A); provided, however, that in the event it is finally judicially determined by a court of competent jurisdiction that the Losses of such Indemnified Party arose solely out of the gross negligence or bad faith of such Indemnified Party, such Indemnified Party will promptly remit to the Company any amounts reimbursed under this paragraph.

The Company shall, if requested by PJSC, assume the defense of any such Action including the employment of counsel reasonably satisfactory to PJSC and will not settle, compromise, consent or otherwise resolve or seek to terminate any pending or threatened Action (whether or not any Indemnified Party is a party thereto) unless it obtains the prior written consent of PJSC or an express, unconditional release of each Indemnified Party from all liability relating to such Action and the engagement of PJSC under this Agreement. Any Indemnified Party shall be entitled to retain separate counsel of its choice and participate in the defense of any Action in connection with any of the matters to which this Exhibit A relates, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (i) the Company has failed promptly to assume the defense and employ counsel or (ii) the named parties to any such Action (including any impleaded parties) include such Indemnified Party and the Company, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the Company; provided that the Company shall not in such event be responsible under this Exhibit A for the fees and expenses of more than one firm of separate counsel (in addition to local counsel) in connection with any such Action in the same jurisdiction.

The Company agrees that if any right of any Indemnified Party set forth in the preceding paragraphs is finally judicially determined to be unavailable (except by reason of the gross negligence or bad faith of such Indemnified Party), or is insufficient to hold such Indemnified Party harmless against such Losses as contemplated herein, then the Company shall contribute to such Losses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and its stockholders, on the one hand, and such Indemnified Party, on the other hand, in connection with the transactions contemplated hereby, and (ii) if (and only if) the allocation provided in clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company and such Indemnified Party; provided, however, that in no event shall the amount, if any, to be contributed by all Indemnified Parties exceed the amount of the fees actually received by PJSC hereunder. Benefits received (or anticipated to be received) by the Company and its stockholders shall be deemed to be equal to the aggregate cash consideration and value of securities or any other property payable, exchangeable or transferable in any proposed or potential transactions within the scope of this Agreement, and benefits received by PJSC shall be deemed to be equal to the compensation payable by the Company to PJSC in connection with this Agreement. Relative fault shall be determined by reference to, among other things, whether any alleged untrue statement or omission or any other alleged conduct relates to information provided by the Company or other conduct by the Company (or the Company's employees or other agents) on the one hand or by PJSC on the other hand. The parties hereto agree that it would not be just and equitable if contribution were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to above.

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 advice or services rendered or to be rendered by any Indemnified Party pursuant to this Agreement, the transactions contemplated hereby or any Indemnified Party's actions or inactions in connection with any such advice, services or transactions except for Losses of the Company that are finally judicially determined by a court of competent jurisdiction to have arisen solely out of the gross negligence or bad faith of such Indemnified Party in connection with any such advice, actions, inactions or services.

The rights of the Indemnified Parties hereunder shall be in addition to any other rights that any Indemnified Party may have at common law, by statute or otherwise. Except as otherwise expressly provided for in this Exhibit A, if any term, provision, covenant or restriction contained in this Exhibit A is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement all remain in full force and effect and shall in no way be affected, impaired or invalidated. The reimbursement, indemnity and contribution obligations of the Company set forth herein shall apply to any modification of this Agreement and shall remain in full force and effect regardless of any termination of, or the completion of any Indemnified Party's services under or in connection with, this Agreement.

EXHIBIT C

Dietz Declaration

**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
)	
)	

**DECLARATION OF BRADLEY I. DIETZ 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 PETER J. SOLOMON COMPANY AS INVESTMENT
BANKER AND FINANCIAL ADVISOR *NUNC PRO TUNC* TO THE PETITION
DATE, AND WAIVING CERTAIN REQUIREMENTS OF LOCAL RULE 2016-2**

I, Bradley I. Dietz, being duly sworn, hereby deposes and says as follows:

1. I am the Managing Director and head of the Restructuring Group of Peter J. Solomon Company ("**PJS**"), resident in PJS's New York City office at 520 Madison Avenue, New York, New York 10022. This declaration (the "**Dietz Declaration**") is submitted on behalf of PJS pursuant to Rule 2014(a) of the Federal Bankruptcy Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") in connection with the application (the "**Application**") by Building Materials Holding Corporation ("**BMHC**") and certain of its affiliates, as debtors and debtors in possession (collectively, with BMHC, the "**Debtors**") for entry of an order authorizing the

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.

retention and employment of PJS as investment banker and financial advisor to the Debtors.

Unless otherwise stated, I have personal knowledge of the facts hereinafter set forth.²

QUALIFICATIONS OF PJS

2. Since its inception in 1989, PJS has successfully represented debtors, official and unofficial committees of creditors, equity holders, individual creditors, indenture trustees, acquirers, investors, and other significant parties in many prominent and complex chapter 11 cases and out-of-court restructurings. The current professionals of PJS have extensive experience working with financially troubled companies in complex financial restructurings out of court and in chapter 11 proceedings.

3. On March 31, 2009, the Debtors engaged PJS to provide investment banking and financial advice in connection with the Debtors' attempts to complete a strategic restructuring, reorganization, and/or recapitalization and, if necessary, to prepare for the commencement of the Chapter 11 Cases. In the time since the Engagement Date,³ PJS has gained an extensive knowledge of the Debtors and their businesses. In that regard, PJS has provided a broad array of services including, among others, examining and analyzing the cash budget and the Debtors' revised business forecast, as well as participating in negotiations on behalf of the Debtors.

4. Prior to becoming a Managing Director of PJS, I was a Managing Director at Citibank where I spent 10 years in the bank's restructuring group. Since joining PJS in 2001, I have advised companies and other constituencies across a variety of industries. My

² Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at PJS 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.

representations include Portola Packaging, Inc., M. Fabrikant & Sons, Inc., Armstrong World Industries, Owens Corning, Hayes Lemmerz International, Inc., Oneida, Ltd., Syratech, Inc. The Warnaco Group, Inc., and the Airline Pilots Association for Continental and Northwest Airlines, among others.

SCOPE OF SERVICES

5. Subject to the direction of the Debtors and further order of this Court, as set forth in the Engagement Letter, on behalf of the Debtors, PJS will:

- a. familiarize itself to the extent it deems appropriate and feasible with the business, operations, properties, financial condition, and prospects of the Debtors, and, to the extent relevant, any prospective Buyer, it being understood that PJS shall, in the course of such familiarization, rely entirely upon publicly available information and such other information as may be supplied by the Debtors or such buyer, without assuming any responsibility for independent investigation or verification thereof;
- b. advise and assist the Debtors in reviewing and analyzing the business plans and financial projections prepared by the Debtors including, but not limited to, testing assumptions and comparing those assumptions to historical trends of the Debtors and the industry;
- c. advise and assist the Debtors in evaluating the Debtors' debt capacity and capitalization based on the Debtors' projected earnings and cash flows;
- d. advise and assist the Debtors with developing various financial models, and projections to be used in conjunction with a sale, financing, or restructuring transaction;
- e. advise and assist the Debtors with satisfying and developing presentations relating to various reporting and informational requirements as may be required from time to time by its senior secured bank debt holders;
- f. advise and assist the Debtors in the preparation of descriptive data concerning the Debtors, based upon information provided by the Debtors, the reasonableness, accuracy, and completeness of which information PJS will not be required to investigate and about which PJS will express no opinion;

- g. advise and assist the Debtors in identifying and contacting potential financing sources and/or buyers;
- h. advise and assist the Debtors in conducting presentations and due diligence meetings with prospective financing sources and/or buyers;
- i. advise and assist the Debtors in developing a general strategy for accomplishing a sale, financing or restructuring transaction, as well as its form and structure;
- j. periodically advise the Debtors as to the status of dealings with any prospective financing sources, buyers or other parties;
- k. advise and assist management of the Debtors in making presentations to BMHC's Board of Directors;
- l. in connection with any chapter 11 proceeding, advise and assist the Debtors in evaluating and obtaining debtor in possession financing ("*DIP Financing*") and exit financing; in assessing the valuation of the Debtors and their assets, including valuations proposed by any interested party and providing expert testimony relating to valuation, if required; and in developing, analyzing, structuring, and negotiating the terms and conditions of any potential plans of reorganization;
- m. advise and assist the Debtors in the course of its negotiations, execution, and closing of any sale, financing, or restructuring transaction; and
- n. render such other financial advisory services as may from time to time be agreed upon by PJS and the Debtors.

DISINTERESTEDNESS AND ELIGIBILITY

6. In connection with the preparation of this Declaration, PJS 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 PJS by the Debtors. A list of the parties reviewed is reflected in *Schedule A* to this Declaration. All the parties on this list were checked through a survey of PJS's clients, adverse parties, and related parties and reviewed to identify any matters on which work was performed.

A summary of relationships between PJS and parties on the list that PJS 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, PJS does not have an active relationship with any of the parties listed in *Schedule A* in matters related to these proceedings.

8. Peter J. Solomon, the founder and a Partner of PJS, and Rob Mellor, Chairman of the Board of Directors of BMHC, served together on the Board of Directors of Munro Muffler Brake, Inc. from November 2002 until August 2007.

9. Beginning in January 2009, PJS represented an ad hoc group of lenders related to the second lien bank debt issued by WP Evenflo Holdings, Inc. The assignment has been substantially completed. Wells Fargo Bank, who is agent for both of the Debtors' prepetition lenders and proposed postpetition lenders, was a member of the ad hoc group of lenders. Anders Maxwell, a Managing Director at PJS, was a member of the PJS team on the Evenflo matter and is a member of the PJS team assisting the Debtors. The Debtors and Wells Fargo Bank are aware of Mr. Maxwell's involvement in both matters.

10. Thus, PJS has provided and could reasonably be expected to continue to provide services unrelated to the Debtors' cases for the entities shown on *Schedule B*. PJS's assistance to these parties has been related to providing various investment banking and financial advisory 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 PJS's involvement in this case compromise its ability to continue such consulting services.

11. Further, as part of its diverse practice, PJS 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, PJS has performed in the past, and may perform in the future, financial advisory 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 PJS is to be employed, and none are in connection with the Chapter 11 Cases.

12. PJS 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 PJS engagement team serving the Debtors, to the best of my knowledge, is a holder of any of the Debtors' debt or equity securities.

13. To the best of my knowledge, no employee of PJS 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. PJS has not reviewed the relationship that the members of the PJS 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.

14. To the best of my knowledge, PJS is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code, in that PJS:

- 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.

15. 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, PJS neither holds nor represents an interest adverse to the Debtors.

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

PROFESSIONAL COMPENSATION

17. 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, PJS will seek payment for compensation on an fixed and contingency fee basis, plus reimbursement of actual and necessary expenses incurred by PJS. PJS's fee structure is outlined in the Application. The fee structure negotiated with the Debtors is customary for investment banking and financial advisory services in complex chapter 11 proceedings.

18. According to PJS's books and records, during the 90-day period prior to the Petition Date, PJS received approximately \$900,000 from the Debtors for professional services performed and expenses incurred. Further, PJS's current estimate is that it has received unapplied advance payments from the Debtors in excess of prepetition amounts owing in the amount of \$200,000. The Debtors and PJS have agreed that any portion of the advance payments not used to compensate PJS for its prepetition services and expenses will be held and applied against its final postpetition billing. These funds are being held in a segregated account at the Bank of America NT&SA, 1185 Avenue of the Americas, New York, NY 10036 for the benefit of PJS.

19. It is not the general practice of PJS professionals to keep detailed time records (i.e., in increments of one-tenth of an hour (six minutes)) similar to those customarily kept by attorneys who are compensated through the Bankruptcy Court, as PJS is not billing the

Debtors on an hourly basis. PJS intends to file interim and final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any applicable orders of the Court, as described below:

Services: PJS will submit a narrative summary of each project category describing the services rendered and will identify each professional rendering services, and the number of hours spent, a description of the services rendered by each professional and the amount of time spent on each date.


I believe that these time descriptions still provide the ability to review the time entries and evaluate the services provided by our professionals. Accordingly, to the extent necessary based on the foregoing, PJS respectfully requests that the information requirements set forth in Local Rule 2016-2(d) be modified and waived, to the extent necessary.

20. To the best of my knowledge, (a) no commitments have been made or received by PJS 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) PJS has no agreement with any other entity to share with such entity any compensation received by PJS 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: 
Bradley I. Dietz
Managing Director

Sworn to and subscribed before
me this 24 day of June, 2009


Notary Public

LORRAINE R. MACKEY
NOTARY PUBLIC, STATE OF NEW YORK
No. 01MA5075288
Qualified in Nassau County
Commission Expires March 31, 2011

SCHEDULE A

Interested Parties

(i) Debtor entities:

- Building Materials Holding Corporation
- BMC West Corporation
- SelectBuild Construction, Inc.
- SelectBuild Nevada, Inc.
- C Construction, Inc.
- TWF Construction, Inc.
- H.N.R. Framing Systems, Inc.
- SelectBuild Arizona, LLC
- SelectBuild Northern California, Inc.
- SelectBuild Southern California, Inc.
- SelectBuild Illinois, LLC
- Illinois Framing, Inc.

(ii) Debtors' prepetition and postpetition secured bank lenders:

- 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)

(iii) Holders of more than 5% of the Debtors' equity securities:

- Schneider Capital Management Corporation
- Daniel T. Shelly Trust
- Howard H. Leach

(iv) Current officers and directors of the Debtors and individuals who have served as officers or directors of the Debtors in the past two years:

- 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

(v) Parties to significant litigation with the Debtors:

- DR Horton
- Brett Laso
- Merrill Bauchert
- Campbell Companies
- Weis Builders, Inc.
- Chanen Construction
- Fifth Third Bank

(vi) The Debtors' 50 largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions:

- Weyerhaeuser Company
- Robert Garcia
- Boise Cascade
- CalPortland
- Ellis C. Goebel
- Steven H. Pearson
- Simpson Strong Tie, Inc.
- James Hardie Building Products
- Michael D. Mahre
- Milgard Manufacturing
- Sauder Mouldings
- Masonite
- Marvin Windows & Doors
- Michael D. Badgley
- White Cap
- Barr Lumber Co., Inc.

- Ready Mix, Inc.
- David G. Ondrasek
- Joseph James Zuendel
- Cemex Inc.
- Jimmy D. Pask
- Coffman Stairs LLC
- Douglas Alan Davidson
- Daniel McQuary
- ProBuild
- James A. Lee
- Roy E. Gardner
- Mark D. Whaley
- Leroy D. Custer
- Louisiana Pacific Corp.
- Dakeryn Industries Ltd.
- Columbia Forest Products
- David B. Bello
- Lumber Products

- Atrium Companies, Inc.
- Jack D. LaRock
- True Value
- Professional Building Solutions – Scott Axelrod
- Logan D. Bailor
- Grove Lumber
- John M. Volkman
- Mitek Industries, Inc.
- Robert L. Becci
- ODL, Inc.
- Neil B. Watterson
- Jerry Baird
- Exterior Wood, Inc.
- Cedar Creek Lumber, Inc.
- Hardwood Specialty Products
- Primesource

(vii) **The unions with whom the Debtors have collective bargaining agreements:**

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

(viii) **The Debtors' landlords:**

- | | |
|--|---|
| <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 • Massie & Co • Houston Distributing Company, Inc. • The Home Emporium |
|--|---|

- 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
- Cedar Mill Lumber & Hardware Co.,
Inc.
- RRW LLC

(ix) **The Debtors' utility providers:**

- 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
- 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.
- Snohomish County
- Southern California Edison
- Southwestern Electric Power (American Electric Inc)
- Strategic Energy
- Texas Gas Service
- Truckee Meadows Water
- 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 Communications
- TW Telecom
- UCN Inc
- Verizon
- Westel Fiber

(x) The Debtors' insurers and insurance brokers:

- 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.
- Tower Place
- 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.
- Swiss Re
- AIGCEL
- Midwest Employers Casualty Co.
- AIG Environmental
- Chubb Group of Insurance Companies
- AIG Cat Excess
- Indemnity Ins. Co. of N.A. (ACE)

(xi) The Debtors' 50 largest 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
- Wl Homes LLC
- Storybook Homes LLC
- Toll Brothers, Inc.
- Main Street Ltd.
- Mansions Custom Homes Iv LLC
- Borm Associates Inc.
- Olson Urban Housing LP
- Highway One Construction, Inc.

- M.D.C. Holdings, Inc.
- Bonadelle Development Corp.
- Core Construction Svcs Nev Inc.
- 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.

(xii) **The Debtors' 50 largest vendors:**¹

- 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.

¹ The Debtors' 50 largest vendors were determined by reference to the amount paid to vendors during the one-year period from April 2008 to March 2009.

- 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.

(xiii) **Professionals to be employed by the Debtors in these Chapter 11 Cases:**

- Gibson, Dunn & Crutcher, LLP
- Young Conaway Stargatt & Taylor, LLP
- The Garden City Group, Inc.
- Alvarez and Marsal North America, LLC
- Peter J. Solomon Company
- PricewaterhouseCoopers LLP
- KPMG LLP
- Kekst and Company, Inc.

(xiv) **Other significant parties:**

- GE Capital Corp.
- Penske
- Prudential
- Microsoft
- CIT Technology Financing Services, Inc.

SCHEDULE B

- Wells Fargo Bank, N.A.