

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

In re:)	
)	Chapter 11
BUILDING MATERIALS HOLDING CORPORATION, et al.,¹)	Case No. 09-12074 (KJC)
)	Jointly Administered
Reorganized Debtors.)	Ref. Docket Nos. 1480, 1526 and <u>1604</u>

**ORDER APPROVING STIPULATION BY AND BETWEEN
THE DEBTORS AND SOUTHWEST MANAGEMENT, INC.
REGARDING CLAIMS FILED AGAINST THE DEBTORS' ESTATES**

Upon consideration of the Stipulation By and Between the Debtors and Southwest Management, Inc. Regarding Claims Filed Against the Debtors' Estates (the "Stipulation"), a copy of which is attached hereto as Exhibit 1; and it appearing that the Stipulation is in the best interests of the Reorganized Debtors, their estates and creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor; it is hereby:

ORDERED that the Stipulation is approved, and the terms and conditions of the Stipulation are incorporated in this Order by reference as if fully set forth herein; and it is further

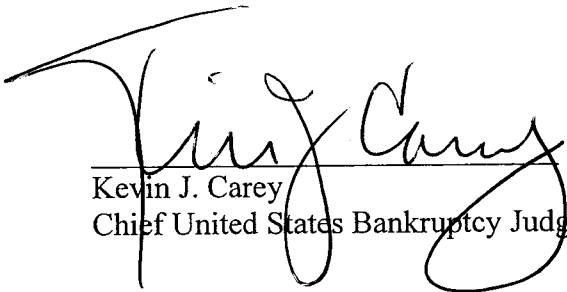
ORDERED that the claims agent in these chapter 11 cases, The Garden City Group, Inc., is hereby authorized and empowered to amend the claims register in these chapter 11 cases to comport with the entry of this Order; and it is further

¹ The Reorganized Debtors, along with the last four digits of each Reorganized 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 Reorganized Debtors is 720 Park Boulevard, Suite 200, Boise, Idaho 83712.

ORDERED, that the Reorganized Debtors are authorized and empowered to take any and all necessary steps to carry out and otherwise effectuate the terms, conditions and provisions of the Stipulation; and it is further

ORDERED, that this Court shall retain jurisdiction to hear and determine any and all matters arising from or related to the interpretation or implementation of this Order or the Stipulation.

Dated: Wilmington, Delaware
June 22, 2010



Kevin J. Carey
Chief United States Bankruptcy Judge

EXHIBIT 1

Stipulation

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

STIPULATION BY AND BETWEEN THE DEBTORS AND
SOUTHWEST MANAGEMENT, INC. REGARDING
CLAIMS FILED AGAINST THE DEBTORS' ESTATES

Building Materials Holding Corporation ("BMHC") and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors") and Southwest Management, Inc. ("Southwest Management," and together with the Debtors, each, a "Party," and collectively, the "Parties") hereby respectfully stipulate and agree (this "Stipulation"), as of May 1, 2010, as follows:

RECITALS

WHEREAS, on June 16, 2009, each of the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the "Court") voluntary petitions for relief under chapter 11 of title 11 of the United States, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"). Each of the Debtors is continuing to operate its business and manage its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors' chapter

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.

11 cases (collectively, the "Chapter 11 Cases") are being jointly administered pursuant to an order of the Court;

WHEREAS, on December 17, 2009, the Court entered an order [Docket No. 1182] (the "Confirmation Order") confirming the Joint Plan of Reorganization for the Debtors Under Chapter 11 of the Bankruptcy Code Amended December 14, 2009 (With Technical Modifications) (as may be amended or supplemented from time to time, the "Plan"), and on January 4, 2010 (the "Effective Date"), the Plan became effective;

WHEREAS, pursuant to Section 8.11 of the Plan, from and after the Effective Date, and without further approval by the Court, the Debtors may compromise and settle Claims (as defined in the Plan);

WHEREAS, on January 25, 2010, the Court entered that certain Order Sustaining Debtors' Ninth Omnibus (Substantive) Objection to Claims Pursuant to Section 502(b) of the Bankruptcy Code, Bankruptcy Rules 3003 and 3007 and Local Rule 3007-1 [Docket No. 1361] (the "Ninth Rejection Order") deeming each of the SRC Claims (as defined in the Ninth Rejection Order) allowed general unsecured claims (collective, the "Allowed SRC Claims") to be treated in accordance with the provisions of the Plan;

WHEREAS, on February 1, 2010, the Court entered that certain Order Authorizing the Debtors to Reject the Purchase Agreement with Southwest Management [Docket No. 1380] (the "APA Rejection Order") rejecting that certain Purchase and Sale Agreement by and among C Construction, Inc., SelectBuild Construction, Inc. f/k/a BMC Construction, Inc. and Campbell Concrete of Nevada, Inc., Campbell Concrete of California, Inc., Campbell Concrete of Arizona, Inc., Campbell Concrete, Inc., Campbell Concrete of Northern California, Inc., Sterling Trenching, Inc., SR Campbell Plumbing of California, Inc., SR Campbell Plumbing

of Nevada, Inc., SRC Enterprises, Inc., Southwest Management, Inc., and Steven R. Campbell (Shareholder), dated as of July 29, 2005 (the "APA");

WHEREAS, in accordance with the APA Rejection Order, on the following dates, and in the following amounts and priorities and against the following Debtors, Southwest Management filed the following claims in the Chapter 11 Cases on account of damages allegedly arising from the rejection of the APA:

- i. On March 2, 2010, Claim Number 2910 in the amount of \$1,299,407.50 as a general unsecured claim against C Construction, Inc. ("Claim 2910"); and
- ii. On March 2, 2010, Claim Number 2911 in the amount of \$1,299,407.50 as a general unsecured claim against SelectBuild Construction, Inc. (together with Claim 2910, the "APA Claims"); and

WHEREAS, the Parties desire to fully and finally resolve the APA Claims and certain other outstanding issues between the Parties pursuant to the terms of this Stipulation and have engaged in good faith negotiations to do so.

NOW, THEREFORE, to avoid the costs, risks and inconveniences of litigation, it is hereby stipulated and agreed as follows by and between the Parties:

1. The Parties hereby acknowledge and agree that Southwest Management shall have an Allowed General Unsecured Claim (as defined in the Plan) in the amount of \$575,000 under the Plan (the "Allowed Settlement Claim") in full and final satisfaction of the APA Claims and any and all underlying obligations with respect thereto. The Parties hereby further acknowledge and agree that (i) the Allowed Settlement Claim shall be treated in accordance with the terms and conditions of the Plan and shall be binding on the Debtors and their estates, and (ii) notwithstanding anything to the contrary in the Plan, the distributions on

the Allowed Settlement Claim and the Allowed SRC Claims pursuant to the Plan shall not be subject to any deduction or setoff of any kind.

2. The Parties hereby acknowledge and agree that should either of the Parties be contacted by a third party regarding the Construction Defect Liabilities (as defined in the APA), the Party so contacted shall respond to the third party solely as follows: "Due to SelectBuild Construction, Inc.'s Chapter 11 bankruptcy, the agreement between the parties was rejected and SelectBuild Construction, Inc. is no longer managing any construction defect claims."; provided, however, that nothing in this Paragraph is intended or shall be deemed to impair, prejudice, waive or otherwise affect the Parties' rights under this Stipulation or applicable law (as modified by the terms and conditions of this Stipulation) in the event such third party commences litigation against the Party so contacted.

3. The Parties hereby acknowledge and agree that notwithstanding anything to the contrary in the APA, including, without limitation, Section 22.8 thereof, Southwest Management and the Sellers (as defined in the APA), on behalf of themselves and their respective subsidiaries, parents, shareholders, investors, principals, advisors, attorneys, agents, servants, employees, officers, directors, insurers, successor or successors in interest and assigns (the "Southwest Management Release Parties"), fully release the Debtors from any and all liability on account of the Debtors' disposal, after the date hereof, of any books, records and documents arising from or related to the APA, including, without limitation, (i) the books and records of the Business (as defined in the APA) as contemplated in Section 22.8 of the APA, and (ii) any books, records and documents arising from or related to the Debtors' management of claims for Construction Defect Liabilities (as defined in the APA) (collectively the "APA Books and Records"). The Parties hereby further acknowledge and agree that the Southwest

Management Release Parties waive any and all rights under Section 22.8 of the APA to have a reasonable opportunity, at their own expense, to segregate and remove any such books, records and documents, including, without limitation, the APA Books and Records, prior to the Debtors' disposition thereof. The Parties hereby further acknowledge and agree that nothing in this Paragraph is intended or shall be deemed a waiver of any party's rights other than the rights of the Southwest Management Release Parties with respect to the APA Books and Records and further acknowledge that the willingness of the Southwest Management Release Parties to consent to the terms and provisions of this Paragraph 3 is based on the Debtors' representation that they have forwarded to one or more of the Southwest Management Release Parties all of the documents in the Debtors' possession that are reasonably known to the Debtors to concern that certain action currently styled as "*Southwest Management, LLC v. Willis of New Jersey, et al.*"

4. The Parties hereby acknowledge and agree that, excluding the Debtors' obligations under this Stipulation, including, but not limited to, their obligations with respect to the Allowed Settlement Claim and the Allowed SRC Claims, in consideration of the settlement reached herein, the Southwest Management Release Parties hereby release and discharge the Debtors and their respective bankruptcy estates, subsidiaries, parents, shareholders, investors, principals, professionals, advisors, attorneys, agents, servants, employees, officers, directors, insurers, successor or successors in interest and assigns (the "Debtor Release Parties") from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, contracts, damages, judgments, claims, and demands whatsoever, in law or equity, known or unknown, filed or unfiled, asserted or unasserted, which the Southwest Management Release Parties ever had, now has or hereafter can, shall or may have, against any of the Debtor Release

Parties arising from or related to the APA Claims and the APA and any and all underlying obligations with respect thereto.

5. The Parties hereby acknowledge and agree that, excluding (i) Southwest Management's obligations under this Stipulation or with respect to the Plan and (ii) any common law claims for indemnification by the Debtors arising out of claims asserted against the Debtors that (a) could have been properly asserted directly against the Southwest Management Released Parties and (b) of which the Debtors first received written notice after the entry of an order by the Bankruptcy Court approving this Stipulation or that are related to the actions specifically identified on the attached Schedule A (together, the "Release Exceptions"), in consideration of the settlement reached herein, the Debtor Release Parties hereby release and discharge the Southwest Management Release Parties from any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, contracts, damages, judgments, claims, and demands whatsoever, in law or equity, known or unknown, filed or unfiled, asserted or unasserted, which the Debtors ever had, now have or (subject to the Release Exceptions) hereafter can, shall or may have, against any of the Southwest Management Release Parties arising from or related to the APA Claims and the APA and any and all underlying obligations with respect thereto. Notwithstanding the Release Exceptions, the Southwest Management Release Parties (i) do not concede the existence or validity of either any common law indemnity claims that the Debtors might assert against the Southwest Management Release Parties or any direct claims against the Southwest Management Release Parties out of which such common law indemnity claims purportedly arise and (ii) in the event of the assertion of any such common law indemnity claims against the Southwest Management Release Parties, reserve all rights, set-offs and defenses the Southwest Management Release Parties might assert in response thereto; provided, however, that

the Southwest Management Release Parties shall not, by asserting any such set-off or defense against the Debtors, seek any affirmative recovery from the Debtors or their bankruptcy estates.

6. The Parties hereby acknowledge and agree that nothing in this Stipulation, including, without limitation, Paragraphs 4 and 5 herein, is intended or shall be deemed to limit or otherwise affect the discharge, injunction, release and related provisions provided for in Article IX of the Plan and in the Confirmation Order.

7. The Parties hereby acknowledge and agree that this Stipulation is entered into solely for the convenience of the Parties and neither this Stipulation nor the fact of its execution will constitute any admission or acknowledgment of liability or wrongdoing on the part of any of the Parties. The Parties will not offer this Stipulation or the fact of its execution into evidence in any proceeding other than a proceeding to approve or enforce this Stipulation or any of its terms.

8. Each party shall bear its own attorneys' fees and costs, if any, with respect to the execution and delivery of this Stipulation. Each of the undersigned are duly authorized and empowered to execute and deliver this Stipulation.

9. This Stipulation is governed by and shall be construed in accordance with the laws of the State of Delaware without regard to its conflicts of laws provisions. The Court shall retain exclusive jurisdiction to resolve any disputes or controversies arising from or related to this Stipulation.

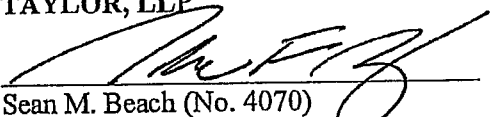
10. All of the recitals set forth above are incorporated by reference as if fully set forth herein. This Stipulation constitutes the complete express agreement of the Parties hereto concerning the subject matter hereof, and no modification or amendment to this Stipulation shall be valid unless it is in writing and signed by the Party or Parties to be charged.

11. It is acknowledged that each Party has participated in and jointly consented to the drafting of this Stipulation and that any claimed ambiguity shall not be construed for or against either Party on account of such drafting.

12. This Stipulation may be executed in counterparts, any of which may be transmitted by facsimile or electronic mail, and each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

13. This Stipulation shall become effective immediately upon the Parties' execution thereof.

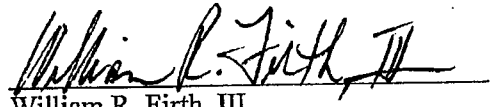
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Dated: June 9, 2010

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Dated: June 17, 2010

SCHEDULE A

<u>Action</u>	<u>Case No.</u>	<u>Court</u>
Bradley v. Campbell Concrete of California	Case No. CIVVS1000856	Superior Court of California, County of San Bernardino
Sun City Anthem Community Association, Inc. v. DEL Webb Communities, Inc. v. A&A Asphalt Paving, LLC (Third Party Complaint against SelectBuild Nevada, Inc. f/k/a Campbell Concrete, Inc.)	Case No. A-10-6088708-D	District Court of Clark County, Nevada