

July 23, 2009

Clerks Office
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Wilmington, Delaware 19801

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U.S. BANKRUPTCY COURT
DISTRICT OF DELAWARE

RE: Case No. 09-12074 (KJC); Docket No. 19

BMHC: Notice of hearing to consider approval of the disclosure statement for the joint plan of reorganization for the debtors.

To Whom It May Concern:

My name is Steven H. Pearson and I retired from BMHC after working for them and their predecessor Boise Cascade from 9-15-1969 to 12-31-2007. After retirement I was retained for 12 months in a consultant capacity in order to assure a smooth transition of my responsibilities. At retirement I was the Senior Vice President-Human Resources for the company and was intimately involved with the creation and establishment of the SERP and Deferred Compensation Plans.

I am writing this letter to you to voice my concern about the proposed reorganization plan and am concerned that it does not adequately address both the SERP and Deferred Compensation Plans in proposed initial and potential payments overtime to the participants. The following are some of my reasons:

- The SERP plan was established approximately 15 years ago as a vehicle to provide increased retirement benefits for a broad group of key management consistent with the profitability of the company. Contributions to the plan on behalf of the participants were based on a small percentage of after tax profits. The funds generated by profits were set aside in a company asset of Company Owned Life Insurance (COLI) policies whose cash values and tax benefits at payout were designed to equal the benefit liability. This plan, and its current and retired participants, should get higher consideration for payouts than debts incurred over the last 12-24 months of declining company performance primarily due to the dramatic worsening of the housing sector of the economy.
- Since the plan has been in place and funded out of profits for a substantial period of time, and was not established within a short period prior to the filing of the bankruptcy petition, it should be excluded from claims of creditors and be maintained for the benefit and interests of the participants. It is my understanding that there have been court precedents for such action.
- The Deferred Compensation Plan was established about the same period and provided a way for key management and other highly compensated employees to save money for their retirement not allowed by qualified plans (i.e. 401k). Funds deferred by participants were immediately put into investments through ING (now Prudential) and represent a "dollar for dollar" asset to offset the monies deferred by the participants. Those current and prior employees who have money in the deferred compensation plans should also receive preferential treatment for their payout.

- My above comments and points apply to both current and former employees of BMHC. The former employees who have left the company or have retired in good standing have no recourse to recoup such funds except through a legitimate company plan to pay the benefit. Retired employees are also dependent upon the current employees staying with the company to make it successful. As such, it is critical that current employees also see that the benefit they have earned or deferred over the years will still be intact and motivate them to stay with the company to achieve a successful reorganization.
- Some of the things I believe should be included in addressing the potential inequities of the current plan are as follows:
 - Increase the size of the liquidating trust and/or exclude the assets of the SERP and Deferred Compensation Plans to be used only to pay out benefits owed per the terms of such plans.
 - Establish two liquidating trusts: One for the SERP and Deferred Compensation Plans and one for all other eligible unsecured creditors.
 - If funds are not available to satisfy the amounts owed to all unsecured creditors increase the time in which they can be made whole from 4 to 7 years and require that those obligations be paid off by any subsequent owner or investor as part of a sale agreement.
 - Ease the requirements for "excess profits" in order that there is a greater likelihood that a full payout may be made over time. Restrict the banks and the company from incurring excessive administrative or other expenses that reduce the earnings of the company and put additional payouts to unsecured creditors at risk.

I believe most of the operations of the company are well managed and positioned to take advantage of an improvement to the economy which appears to be slowly occurring. It is crucial that, in adopting a final reorganization plan, both current active and former retired employees are kept in mind in order to treat fairly those who were part of the company when it was successful as well as those who are essential to achieve that same success again in the future.

Sincerely,



Steven H. Pearson
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