

BlueLinx Holdings Inc.  
Form SC 14D9/A  
September 27, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14D-9  
(Rule 14d-101)  
(Amendment No. 1)**

**Solicitation/Recommendation Statement  
Under Section 14(d)(4) of the Securities Exchange Act of 1934**

**BLUELINX HOLDINGS INC.**  
*(Name of Subject Company)*

**BLUELINX HOLDINGS INC.**  
*(Name of Person Filing Statement)*

**Common stock, par value \$0.01 per share**  
*(Title of Class of Securities)*

**09624H109**  
*(CUSIP Number of Class of Securities)*

**Dean A. Adelman  
Chief Administrative Officer  
4300 Wildwood Parkway  
Atlanta, Georgia 30339  
(770) 953-7000**

*(Name, address and telephone number of person authorized to receive notices and communications on behalf of the persons filing statement)*

**With copies to:**

**Sara Epstein, Esq.  
BlueLinx Corporation  
4300 Wildwood Parkway  
Atlanta, Georgia 30339  
(770) 953-7000**

**Mark L. Hanson, Esq.  
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1420 Peachtree St., N.E.  
Atlanta, GA 30309  
(404) 521-3939**

- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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**Purpose of the Amendment**

The purpose of this Amendment No. 1 on Schedule 14D-9 is to amend and restate the Solicitation/Recommendation Statement on Schedule 14D-9 originally filed with the Securities and Exchange Commission (the **Commission**) on August 13, 2010.

**Item 1. Subject Company Information.**

*Name and Address.*

The name of the subject company to which this Solicitation/Recommendation Statement on Schedule 14D-9 relates is BlueLinx Holdings Inc., a Delaware corporation (the **Company**). The address of the Company's principal executive office is 4300 Wildwood Parkway, Atlanta, Georgia 30339 and the telephone number is (770) 953-7000.

*Securities.*

This Solicitation/Recommendation Statement on Schedule 14D-9 (together with any Exhibits and Annexes hereto, this **Schedule 14D-9**) relates to the shares of common stock, par value \$0.01 per share, of the Company (the **Shares**). As of the close of business on September 24, 2010, there were 32,690,437 Shares issued and outstanding.

**Item 2. Identity and Background of Filing Person.**

*Name and Address.*

The Company is the person filing this Schedule 14D-9 and is the subject company. The Company's name, address and telephone number are set forth in Item 1. Subject Company Information above, which information is incorporated herein by reference. The Company's website is www.BlueLinxCo.com. The information on the Company's website should not be considered a part of this Schedule 14D-9.

*Tender Offer.*

This Schedule 14D-9 relates to the tender offer by Cerberus ABP Investor LLC, a Delaware limited liability company (**CAI**), and a wholly-owned subsidiary of Cerberus Capital Management, L.P. (**Cerberus Capital**), pursuant to which CAI has offered to purchase all outstanding Shares not otherwise owned by CAI for \$4.00 net per Share in cash, without interest and less any applicable withholding taxes (the **Offer Price**), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 2, 2010, as supplemented by the Second Supplement to Offer to Purchase dated September 22, 2010, and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively, constitute the **Offer**). The Offer is described in a Tender Offer Statement on Schedule TO, filed by CAI and Cerberus Capital with the Commission on August 2, 2010 (as amended and/or supplemented from time to time, and together with the Exhibits thereto, the **Schedule TO**). According to the Schedule TO, the Offer is scheduled to remain open from August 2, 2010 until 12:00 midnight, New York City time on October 8, 2010 (the **Offer Period**), unless extended by CAI.

The Schedule TO indicates that, as of September 22, 2010, CAI owned 18,100,000 Shares, which represents approximately 55.39% of the aggregate outstanding Shares of the Company. Each Share is entitled to one vote per Share.

The Schedule TO also indicates that the Offer is subject to satisfaction, or, if permitted, waiver, of certain specified conditions. These conditions include the non-waivable conditions that (i) there shall have been validly tendered and

not withdrawn such number of Shares that represents at least a majority of the Shares (including any Shares issued upon exercise of vested stock options), other than Shares owned by CAI, and the officers and directors of the Company, that are issued and outstanding as of the date the Shares are accepted for payment pursuant to the Offer (the **Minimum Tender Condition** ), and (ii) the Special Committee shall not have failed to amend its Solicitation/Recommendation Statement on Schedule 14D-9, as originally filed

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on August 13, 2010, to affirmatively recommend the Offer or shall not have subsequently withdrawn or amended or modified in any manner adverse to CAI or Cerberus Capital (whether by further amendment to the Company's Schedule 14D-9 or otherwise) such affirmative recommendation of the Offer at any time on or prior to the expiration date of the Offer (the **Special Committee Recommendation Condition** ).

The Schedule TO also indicates that another condition to the Offer, which may be waived by CAI in its sole discretion, is that there shall have been validly tendered and not withdrawn a sufficient number of Shares such that, upon acceptance for payment and payment for the tendered Shares pursuant to the Offer, CAI will own a number of Shares representing at least 90% of the issued and outstanding Shares (the **90% Condition** ) as of the date the Shares are accepted for payment pursuant to the Offer. The Schedule TO specifies that the Offer is not subject to any financing or due diligence condition.

The Schedule TO also specifies that if, following the consummation of the Offer, CAI owns at least 90% of the outstanding Shares, then it intends to cause the Company to consummate a short-form merger promptly under Delaware law in which all Shares held by those stockholders who have not tendered their Shares into the Offer (other than those held by stockholders who are entitled to and who properly exercise appraisal rights under Delaware law) will be converted into the right to receive an amount in cash equal to the Offer Price.

The Schedule TO also specifies that in the event that CAI consummates the Offer, but after giving effect thereto owns, beneficially or of record, less than 90% of the outstanding Shares, then CAI and Cerberus Capital shall (i) provide for a subsequent offering period, in accordance with Rule 14d-11 under the Securities Exchange Act of 1934 (the **Exchange Act** ), of no less than five business days, and (ii) from the period beginning on the date the Offer is consummated and ending on the date that CAI acquires 100% of the outstanding Shares (the **Minority Stub Period** ), (A) use their best efforts to maintain the Company's status as a public reporting company under the rules and regulations of the Exchange Act, (B) cause the Shares to continue to be listed for trading on the New York Stock Exchange (the **NYSE** ) or, if no longer eligible for listing on the NYSE, on another marketplace, (C) maintain a board of directors that consists of at least three directors who are independent under the rules of the NYSE and upon commencement of the Minority Stub Period shall form a committee of at least three independent directors (the **Independent Committee** ), and (D) not (including their affiliates) acquire, or agree, offer or propose to acquire, any assets of the Company, or any equity securities issued by the Company or engage in any transaction involving the Company, without the approval or recommendation of a majority of the members of the Independent Committee.

Based on the number of Shares owned by CAI on September 22, 2010, approximately 5,472,724 Shares (excluding the Shares owned by CAI and Shares owned by the officers and directors of the Company) must be tendered for the non-waivable Minimum Tender Condition to be satisfied, and approximately 11,321,393 Shares must be tendered for CAI to own at least 90% of the aggregate outstanding Shares of the Company and to effect a short-form merger.

The Schedule TO states that the address and telephone number of CAI's and Cerberus Capital's principal executive office is 299 Park Avenue, New York, New York 10171, (212) 891-2100.

The Company takes no responsibility for the accuracy or completeness of any information described herein as contained in the Schedule TO, including information concerning CAI or Cerberus Capital, any of their affiliates, officers or directors, any actions or inactions proposed to be taken by CAI or Cerberus Capital or any failure by CAI or Cerberus Capital to disclose events or circumstances that may have occurred and may affect the accuracy or completeness of such information.

### **Item 3. Past Contacts, Transactions, Negotiations and Agreements.**

Except as described in this Schedule 14D-9 (including the annexes and exhibits hereto and any information incorporated herein by reference), to the knowledge of the Company, and as of the date of this Schedule 14D-9, there are no material agreements, arrangements, understandings or any actual or potential



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conflicts of interest, between the Company or its affiliates and (i) its executive officers, directors or affiliates or (ii) CAI or Cerberus Capital or their respective executive officers, directors or affiliates.

Any information incorporated herein by reference shall be deemed modified or superseded for purposes of this Schedule 14D-9 to the extent that any information contained herein modifies or supersedes such information.

### ***CAI and Cerberus Capital Share Ownership; Interlocking Directors and Officers.***

As of September 24, 2010, CAI owned 18,100,000 Shares. As a result of its ownership of the Shares, CAI holds 55.39% of the aggregate outstanding Shares of the Company.

Of the ten members of the Company's board of directors (the **Board**), five members are current or former employees of, or advisors to, CAI or its affiliates, including Cerberus Capital. Howard S. Cohen is Chairman of the Company's Board and is an employee of Cerberus Operations and Advisory Company, LLC, an affiliate of CAI; Mark A. Suwyn is the former chairman of a company controlled by CAI; Steven Mayer is a Managing Director at Cerberus Capital; Robert G. Warden is a Managing Director at Cerberus Capital; and Richard Warner is a consultant to Cerberus Capital. Those positions present these individuals with actual or potential conflicts of interest in determining the fairness of the Offer to the Company's stockholders unaffiliated with CAI or any of its affiliates. The background of each of the Company's directors and executive officers is set forth on Annex B and incorporated by reference herein.

### ***Ownership of Shares by Directors and Officers.***

If the directors and executive officers of the Company who own Shares tender their Shares for purchase pursuant to the Offer, they will receive the same cash consideration for their Shares, and on the same terms and conditions, as the other stockholders of the Company. As of September 24, 2010, the directors and executive officers of the Company beneficially owned in the aggregate 1,589,274 Shares, excluding any Shares they have a right to acquire pursuant to stock options and any unvested restricted shares (the **Unvested Restricted Shares**) of common stock and unvested performance shares (the **Unvested Performance Shares**, and together with the Unvested Restricted Shares, the **Restricted Shares**). A table setting forth the beneficial ownership of each of our directors and executive officers is set forth on Annex C and incorporated by reference herein.

If the directors and executive officers were to tender all of their Shares, excluding any Shares they have the right to acquire pursuant to stock options and any Restricted Shares, for purchase pursuant to the Offer, and those Shares were accepted for purchase and purchased by CAI, the directors and executive officers would receive an aggregate of approximately \$6,357,096 in cash.

As of September 24, 2010, members of the Board beneficially owned in the aggregate 1,537,940 Shares, excluding any Shares they have a right to acquire pursuant to stock options and any Restricted Shares. Mr. Schumacher and Mr. Grant, each members of the Special Committee, own 7,750 Shares and 10,000 Shares, respectively.

As discussed below in Item 4. The Solicitation or Recommendation Intent to Tender, to the Company's knowledge, after making reasonable inquiry, all of the Company's executive officers and directors currently intend to tender the Shares held of record or beneficially owned by such person pursuant to the Offer.

### ***Director and Officer Stock Options.***

As of September 24, 2010, all of the Company's vested outstanding stock options were exercisable at prices substantially higher than the Offer Price. Accordingly, the Company does not expect holders of vested stock options to exercise their stock options in connection with the Offer. The number of vested stock options



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held by the directors and executive officers of the Company and the weighted-average exercise price as of September 24, 2010 is set forth below. None of the vested stock options has an exercise price that is less than the offer price.

<b>Name of Directors and Executive Officers</b>	<b>Number of Vested Options</b>	<b>Weighted-Average Exercise Price</b>
Howard Cohen	500,000	\$ 4.66
Richard Marchese	10,000	\$ 11.69
Richard Grant	10,000	\$ 11.40
George Judd	62,918	\$ 14.01
Dean Adelman	32,435	\$ 12.23

CAI has stated in the Schedule TO that if, following the consummation of the Offer, CAI owns at least 90% of the outstanding Shares, then it will cause the Company to consummate a short-form merger in which all remaining outstanding Shares would be cancelled in exchange for a cash payment of the same price per Share as was paid in the Offer, without interest.

In the event CAI completes a short-form merger after the expiration of the Offer, any person who acquires Shares upon the exercise of stock options that remain outstanding may be unable to sell those Shares, as CAI has stated that it intends to delist the Company's Shares from the NYSE or any other securities exchange on which the Company's Shares are listed following the Offer, assuming it owns a number of Shares representing at least 90% of the issued and outstanding Shares as of the date the Shares are accepted for payment pursuant to the Offer.

Unvested stock options, including those held by our directors and executive officers, will vest automatically upon consummation of the short-form merger. However, all of the Company's unvested stock options are exercisable at prices substantially higher than the Offer Price. Therefore, the Company's directors and executive officers will not receive any payments in connection with these options and they may expire without having any value. For more information regarding the Company's stock option awards and their potential treatment in the event CAI completes a short-form merger, see the Company's Proxy Statement for its May 20, 2010 Annual Meeting of Stockholders under "Payments upon Certain Events of Termination or Change in Control," the corresponding excerpts from which are filed as an exhibit hereto and incorporated by reference herein.

***Director and Officer Restricted Shares.***

Restricted Shares may be tendered in the Offer only if permitted by the terms of the restricted stock award, and all restricted stock awards provide that the Restricted Shares under such restricted stock awards are not transferable. As a result, Restricted Shares may not be tendered in the Offer, despite certain statements to the contrary in the Schedule TO. As of September 24, 2010, directors and executive officers of the Company held an aggregate of 1,596,657 Restricted Shares.

If CAI completes a short-form merger after the expiration of the Offer on the terms described in the Schedule TO, Restricted Shares will, however, be exchanged for the Offer Price so that each holder of Restricted Shares will receive a cash payment equal to the Offer Price, multiplied by the number of Restricted Shares the holder holds, less applicable withholding taxes. As such, upon consummation of the short-form merger, directors and executive officers of the Company would receive an aggregate of \$6,386,628 for the Restricted Shares held by them. For more information regarding the Company's Restricted Shares and their potential treatment in the event CAI completes a short-form merger, see the Company's Proxy Statement for its May 20, 2010 Annual Meeting of Stockholders under

Payments upon Certain Events of Termination or Change in Control, the corresponding excerpts from which are filed as an exhibit hereto and incorporated by reference herein.

***Employment Agreements.***

The Company has entered into employment agreements with its executive officers as follows:

*George R. Judd.* We entered into an employment agreement with George R. Judd to serve as our Chief Executive Officer effective November 1, 2008. The employment agreement expires on November 1,

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2010, except that it will be renewed automatically for an additional one-year period unless ninety days prior written notice is given by either party in advance of any one-year period. The employment agreement provides that Mr. Judd will receive a base salary at the rate of \$600,000 per year. Mr. Judd shall also be eligible to receive an annual bonus pursuant to the terms of our annual bonus plan, with the annual bonus potential to be a target of 100% of his base salary up to a maximum of 200% of base salary, based upon satisfaction of performance goals and bonus criteria to be defined and approved by the Compensation Committee in advance for each fiscal year in accordance with the terms of the applicable bonus plan. In addition, the employment agreement provides that Mr. Judd is eligible to participate in all benefit programs for which senior executives are generally eligible.

*H. Douglas Goforth.* Mr. Goforth's employment agreement with BlueLinx was effective February 18, 2008. The agreement is scheduled to expire on February 18, 2011, except that it will be renewed automatically for one additional year unless either party provides prior written notice of non-renewal thirty days in advance of the original expiration date. The employment agreement provides that Mr. Goforth's annual base salary shall be paid at the rate of \$375,000 per year, prorated for the portion of any partial year during which he is employed by the Company. Mr. Goforth shall also be eligible to receive an annual bonus pursuant to the terms of the Company's annual bonus plan, with the annual bonus potential to be a target of 65% of his base salary up to a maximum of 130% of base salary, based upon satisfaction of performance goals and bonus criteria to be defined and approved by the Compensation Committee in advance for each fiscal year in accordance with the terms of the bonus plan. In addition, the agreement provides that Mr. Goforth is eligible to participate in all benefit programs for which senior executives are generally eligible.

*Dean Adelman.* Mr. Adelman's employment agreement with BlueLinx was effective June 4, 2009. The agreement is scheduled to expire on June 4, 2011, except that it will be renewed automatically for an additional one-year period, unless ninety days prior written notice is given by either party in advance of any one-year period. Mr. Adelman's annual base salary shall be paid at the rate of \$315,000 per year. Mr. Adelman shall also be eligible to receive an annual bonus pursuant to the terms of our annual bonus plan, with the annual bonus potential to be a target of 50% of his base salary up to a maximum of 100% of base salary, based upon satisfaction of performance goals and bonus criteria to be defined and approved by the Compensation Committee in advance for each fiscal year in accordance with the terms of the applicable bonus plan. In addition, the employment agreement provides that Mr. Adelman is eligible to participate in all benefit programs for which senior executives are generally eligible.

Additional information with respect to the employment and compensation of the Company's executive officers is included in the Company's Proxy Statement for its May 20, 2010 Annual Meeting of Stockholders under the captions "Employment Agreements" and "Compensation of Executive Officers," the corresponding excerpts from which are filed as an exhibit hereto and incorporated by reference herein.

### ***Compensation of Directors.***

Our directors who are neither current employees of the Company nor current employees or members of CAI's operations team, referred to as our outside directors, receive an annual director's fee of \$50,000. In addition, each outside director receives a fee of \$1,250 for each directors' meeting attended. Outside directors also receive a fee of \$20,000 for serving as chairperson of a committee or \$10,000 for being a member of a committee. Directors who are currently employed by the Company or CAI, or who are members of CAI's operations team, do not receive additional consideration for serving as directors, except that all directors are entitled to reimbursement for travel and out-of-pocket expenses in connection with their attendance at board and committee meetings.

Additional information with respect to the compensation of the Company's directors is included in the Company's Proxy Statement for its May 20, 2010 and May 20, 2009 Annual Meetings of Stockholders under the captions "Director Compensation for 2009" and "Director Compensation for 2008," respectively, the corresponding excerpts from which are filed as an exhibit hereto and incorporated by reference herein.



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### *Compensation of Members of the Special Committee.*

In connection with the Offer, the Board established a special committee of independent directors (the **Special Committee**) to evaluate and make a recommendation to stockholders with respect to the Offer. The members of the Special Committee are Richard S. Grant, Richard B. Marchese and Alan H. Schumacher.

As compensation for services rendered in connection with serving on the Special Committee, Mr. Marchese, Mr. Schumacher and Mr. Grant each will receive a one-time fee of \$15,000, and Mr. Marchese will receive an additional \$10,000 for serving as the chairman of the Special Committee. In addition, each member of the Special Committee is entitled to receive a fee of \$1,250 for each telephonic or in-person meeting of the Special Committee attended by such member.

As described in more detail in Item 4. The Solicitation or Recommendation Background of the Offer, on September 3, 2010, Mr. Schumacher voluntarily determined to recuse himself from any further meetings of the Special Committee with respect to consideration of the Offer. As a result of such decision, Mr. Schumacher will not receive any fees for any Special Committee meetings held after such date.

### *Services and Other Transactions with CAI.*

The Company and certain of its affiliates, directors and executive officers have engaged in certain transactions and are parties to certain arrangements with CAI and certain of its affiliates. Information regarding these transactions, including the amounts involved, is set forth below, as well as in the Company's Proxy Statement for its May 20, 2010 Annual Meeting of Stockholders under Certain Relationships and Related Transactions, and the Company's Annual Report on Form 10-K for the year ended January 2, 2010 under Note 11 to the Consolidated Financial Statements of the Company.

Cerberus Capital retains consultants that specialize in operations management and support and who provide CAI with consulting advice concerning portfolio companies in which funds and accounts managed by CAI or its affiliates have invested. From time to time, CAI makes the services of these consultants available to CAI portfolio companies. The Company believes that the terms of these consulting arrangements are favorable to it, or, alternatively, are materially consistent with those terms that would have been obtained in an arrangement with an unaffiliated third party. The Company has normal service, purchase and sales arrangements with other entities that are owned or controlled by CAI. The Company believes that these transactions are not material to results of operations or financial position.

### *Stockholder Agreement.*

On September 22, 2010, following a series of discussions between representatives of the Special Committee and CAI, and at the request of the Special Committee, as described in more detail in Item 4. The Solicitation or Recommendation Background of the Offer, the Company, CAI and Cerebrus Capital agreed to enter into a stockholder agreement (the **Stockholder Agreement**) pursuant to which, (i) in the event that CAI consummates the Offer, but after giving effect thereto owns, beneficially or of record, less than 90% of the outstanding Shares, then CAI and Cerberus Capital will provide a subsequent offering period, in accordance with Rule 14d-11 under the Exchange Act, of no less than five business days, and, (ii) from the period beginning on the date the Offer is consummated and ending on the date that CAI acquires 100% of the outstanding Shares (whether by effecting a short-form merger or otherwise), (A) use their best efforts to maintain the Company's status as a public reporting company under the rules and regulations of the Exchange Act, or if not subject to the Exchange Act, will voluntarily file the periodic reports required by the Exchange Act, (B) cause the Shares to continue to be listed for trading on the

NYSE or, if no longer eligible for listing on the NYSE, on another marketplace, (C) maintain a board of directors that consists of at least three directors who are independent under the rules of the NYSE and upon commencement of the Minority Stub Period shall form an Independent Committee, and (D) not (including their affiliates) acquire, or agree, offer or propose to acquire, ownership of any assets or businesses of the Company, or any equity securities issued by the Company or engage in any transaction involving the Company, without the approval or recommendation of a majority of the members of the Independent Committee. The Stockholder Agreement was negotiated at the direction of the Special Committee in connection with its evaluation of the Offer and was agreed to as a



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condition to CAI and Cerberus Capital receiving the Special Committee's favorable recommendation with respect to the Offer. See Item 4. The Solicitation or Recommendation Background of the Offer.

A copy of the form of Stockholder Agreement is filed as Exhibit (e)(13) to this Schedule 14D-9.

### ***Indemnification of Directors and Certain Executive Officers.***

Each of the directors and executive officers of the Company is party to an indemnification arrangement that provides that (1) the Company will indemnify such individual to the fullest extent permitted by Delaware law, including advancement of expenses, for liabilities and expenses that he incurs in his capacity as a director or officer of the Company, and (2) the Company will cover such individual under any directors and officers liability insurance that the Company maintains. The rights under the indemnification arrangements are nonexclusive and are in addition to the indemnification rights of the Company's directors and executive officers under any provision of the Company's Amended and Restated Certificate of Incorporation or the Company's Amended and Restated Bylaws or under applicable law.

## **Item 4. The Solicitation or Recommendation.**

### ***Recommendation of the Special Committee.***

**The Special Committee has unanimously determined, by all members participating in the deliberations, that the Offer is fair, from a financial point of view, to the Company's stockholders (other than CAI and Cerberus Capital). The Company, through the Special Committee as authorized by the Board, has also determined that the Offer is fair to the Company's stockholders (other than CAI and Cerberus Capital). Additionally, the Special Committee recommends, on behalf of the Company and the Board, that the Company's stockholders accept the Offer and tender their Shares pursuant to the Offer.**

The Special Committee has made this determination after carefully considering the Offer, the prospects and projected valuation of the Company, and other relevant facts and information, and after discussing such factors with the Special Committee's outside counsel and financial advisor. The factors that were relied upon by the Special Committee in making its recommendation are described below. See Reasons for the Special Committee's Recommendation.

Copies of a letter to the Company's stockholders and a press release communicating the Special Committee's position are filed as Exhibits (a)(2)(C) and (a)(2)(D) to this Schedule 14D-9, respectively, and are incorporated herein by reference.

### ***Background of the Offer.***

Prior to May 7, 2004, the Company's assets were owned by a division of Georgia-Pacific Corporation. On May 7, 2004, Georgia-Pacific sold the division to ABP Distribution Holdings Inc, or ABP, a new company owned by Cerberus Capital. ABP subsequently merged into the Company. On December 17, 2004, the Company consummated an initial public offering, at a price of \$13.50 per Share. Cerberus Capital did not sell any of the Shares it owned, directly or indirectly, in the initial public offering. According to the Schedule TO, CAI currently owns 18,100,000 Shares, and Cerberus Capital is the managing member of CAI. According to the Schedule TO, CAI has beneficially owned the 18,100,000 Shares since the initial public offering of the Company and its ownership currently represents approximately 55.39% of the outstanding Shares.

The Board periodically reviews and evaluates the Company's business strategy in an effort to identify opportunities to enhance stockholder value. As part of those efforts, from time to time the Board has discussed potential strategic

transactions, including acquisitions and divestitures. In connection with those reviews and discussions, from time to time the possibility of CAI taking the Company private was informally referred to as a potential opportunity for stockholders to achieve liquidity for their investment in the Shares. During the two years preceding CAI's public announcement of its intention to commence the Offer, however, there were no formal communications regarding such a transaction, or communications regarding any specific transaction, including the Offer, between representatives of CAI and Cerberus Capital, on the one hand, and management of the Company or directors who are not affiliated with CAI or Cerberus Capital, on the other hand.

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On July 21, 2010, CAI notified the Board that it intended to commence a tender offer for all of the issued and outstanding Shares not owned by it, for \$3.40 per Share, by delivery of the following letter:

July 21, 2010

Board of Directors  
BlueLinx Holdings Inc.  
4300 Wildwood Parkway  
Atlanta, Georgia 30339  
Attention: Howard Cohen  
George R. Judd

Gentlemen:

Cerberus ABP Investor LLC ( CAI ) is pleased to advise you that it intends to commence a tender offer for all of the outstanding shares of common stock of BlueLinx Holdings Inc. ( BlueLinx or the Company ) not owned by CAI, at a purchase price of \$3.40 per share in cash. This represents a premium of approximately 35.5% over the closing price on July 21, 2010, and a 16.8% premium over the volume-weighted average closing price for the last 30 trading days. In our view, this price represents a fair price to BlueLinx's stockholders.

The tender offer will be conditioned upon, among other things, the tender of a majority of shares not owned by CAI or by the directors or officers of the Company and, unless waived, CAI owning at least 90% of the outstanding BlueLinx common stock as a result of the tender or otherwise. Any shares not acquired in the tender offer are expected to be acquired in a subsequent merger transaction at the same cash price per share. The tender offer is not subject to any financing or due diligence condition.

We believe that our offer to acquire the shares of BlueLinx not owned by CAI represents a unique opportunity for BlueLinx's stockholders to realize the value of their shares at a significant premium to BlueLinx's current and recent stock price. As the longtime majority stockholder of BlueLinx, we wish to acknowledge your dedicated efforts as board members of the Company and to express our appreciation for the significant contribution that the board members of BlueLinx have made to the Company in the challenging business and economic environment of the past few years.

In considering our tender offer, you should be aware that in our capacity as a stockholder we are interested only in acquiring the BlueLinx shares not already owned by us and that in our capacity as a stockholder we have no current interest in selling our stake in BlueLinx nor would we currently expect, in our capacity as a stockholder, to vote in favor of any alternative sale, merger or similar transaction involving BlueLinx other than the transaction outlined here.

CAI has not had any substantive discussions or negotiations with members of the Company's management regarding their ability to roll their BlueLinx shares or stock options, or regarding any changes to existing employment agreements, equity incentive plans or benefit arrangements, in connection with the tender offer. However, at the appropriate time, we may explore, and discuss with management, any or all such topics.

CAI does not expect the tender offer and merger to result in a change of control under the Company's existing revolving credit facility or mortgage debt financing.

We intend to commence our tender offer within approximately seven days. CAI believes it would be appropriate for the Company's board of directors to form a special committee consisting of independent directors not affiliated with CAI to consider CAI's tender offer and to make a recommendation to the Company's stockholders with respect thereto.

In addition, CAI encourages the special committee to retain its own legal and financial advisors to assist in its review of our tender offer and the development of its recommendation.

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We will file a Schedule 13D amendment, and as such, we feel compelled to issue a press release, a copy of which is attached for your information. We expect to make the release public prior to the opening of the New York Stock Exchange on July 22, 2010.

Very truly yours,

CERBERUS ABP INVESTOR LLC

/s/ STEVEN F. MAYER

\* \* \*

Prior to the opening of the markets on July 22, 2010, CAI issued a press release announcing the Offer and filed an amendment to its Schedule 13D with the Commission, which included a copy of the letter to the Board and the press release.

On July 22, 2010, at a specially called telephonic meeting of the Board, the Board discussed whether, in light of CAI's majority ownership interest in the Company's stock and the fact that a number of members of the Board were officers, employees or affiliates of CAI or Cerberus Capital, it was in the best interests of the Company and its stockholders to form and empower a Special Committee, comprised solely of independent directors. The Board then directed management to circulate appropriate resolutions to be adopted by the Board to create, authorize and empower the Special Committee to act with respect to the proposed offer.

Effective as of July 22, 2010, by unanimous written consent action of the Board, resolutions were adopted that, among other things, formed the Special Committee, comprised of Richard B. Marchese, Alan H. Schumacher and Richard S. Grant, and delegated to the Special Committee the power and authority to (i) review and evaluate the terms and conditions of the Offer; (ii) determine, together with its advisors, whether the Offer is fair to, and in the best interests of, the Company and its stockholders; (iii) recommend to the full Board what recommendation, if any, should be made to the stockholders of the Company with respect to the Offer; (iv) participate in negotiations with CAI with respect to the terms and conditions of the Offer; (v) if the Special Committee deems appropriate, determine to reject the Offer; and (vi) take any lawful action in response to the Offer that the Special Committee determines to be in the best interests of the Company and its stockholders.

During the afternoon and evening of July 22, 2010, the Special Committee held several telephonic meetings during which they appointed Richard B. Marchese as Chairman of the Special Committee and discussed the need to hire legal counsel and a financial advisor to assist the Special Committee in fulfilling its duties. The members of the Special Committee identified several potential law firms and financial advisors, and determined that they should make contact with some of the firms they had identified to determine their interest and ability to represent the Special Committee. Following some initial contacts and a preliminary assessment of whether any conflicts were present, the Special Committee invited Jones Day, a prominent international law firm, to make a presentation to the Special Committee. Following the presentation by Jones Day, on July 22, 2010, the Special Committee held a telephonic meeting and, after concluding that Jones Day did not have any conflicts of interest with respect to representing the Special Committee, approved the retention of Jones Day as its independent legal advisor. Thereafter, the representatives of Jones Day participated in a meeting of the Special Committee and discussed the Special Committee's duties and responsibilities with respect to considering the Offer and discussed related organizational matters. The Special Committee also requested that Jones Day assist in setting up interviews, on July 24 and 25, with various investment banks that the Committee had determined to consider as financial advisor.

Beginning on July 24, 2010, the Special Committee held a series of telephonic meetings with its legal advisors to discuss the anticipated Offer and interview potential financial advisors. The Special Committee received presentations from several prominent investment banking firms and held discussions with outside counsel regarding the merits of the various firms.

On July 25, 2010, the Special Committee held a telephonic meeting to interview the remaining investment banking firm under consideration to serve as financial advisor. At the conclusion of the presentations by the various investment banking firms, the Special Committee, with its legal advisors present, discussed at length

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the merits of each of the firms interviewed, including their experience in negotiating acquisition transactions and their familiarity with the building products industry. Thereafter, the Special Committee determined to retain Citadel Securities LLC ( **Citadel Securities** ) to act as its financial advisor, subject to reaching an agreement on the terms of an engagement letter. The Special Committee authorized Jones Day to negotiate an appropriate engagement letter with Citadel Securities. Subsequently, the Special Committee executed an engagement letter with Citadel Securities, and on July 27, 2010, the Company issued a press release announcing that its board of directors had formed the Special Committee and that the Special Committee had retained Citadel Securities as its financial advisor to assist the Special Committee in its review of the Offer, and had engaged Jones Day to provide legal advice to the Special Committee. After being formally engaged, Citadel Securities commenced its due diligence review of the Company and began to engage in discussions and meetings with members of the Company's management to obtain additional information regarding the operations and future prospects of the Company.

During the telephonic meeting on July 25, 2010, the members of the Special Committee and their legal advisors also discussed the retention of special Delaware counsel to assist with the legal representation of the Special Committee. The representatives of Jones Day provided recommendations of various Delaware law firms and following discussion among the Special Committee, and after confirming that there were no conflict issues, the Special Committee approved the engagement of Morris, Nichols, Arsht & Tunnell LLP ( **Morris Nichols** ) as special Delaware counsel.

On July 28, 2010, Citadel Securities, at the direction of the Special Committee, contacted representatives of CAI to discuss the proposed offer and to request that CAI consider delaying the launch of the Offer in order to enable the Special Committee and its advisors to engage in discussions with CAI regarding the terms of the Offer. CAI responded that it did not intend to delay the Offer and that it believed more informed discussions could occur with the Special Committee after the complete terms of the Offer were publicly available to stockholders.

On July 29, 2010, the Special Committee and its advisors held a telephonic meeting to further discuss the Offer and to receive an update from Citadel Securities on its due diligence review to date. At that meeting, representatives of Citadel Securities suggested that the Special Committee should consider canvassing the market for alternative transactions, including possibly reaching out to third parties who potentially might be interested in acquiring a minority stake in the Company. Following discussion regarding a number of parties that might have possible interest in acquiring the minority interests in the Company, and consultations with management, the Special Committee authorized Citadel Securities to contact representatives of the three parties that the Special Committee, with input from Citadel Securities, believed might have the most interest in discussing a potential transaction.

Also on July 29, 2010, in response to an informal request received by the Company from CAI to provide it with the Company's stockholder information, the Company advised CAI that it did not wish to provide stockholder information in response to its informal requests, and instead asked CAI to comply with Rule 14d-5 under the Exchange Act in order to obtain the stockholder information. CAI elected instead to seek shareholder information pursuant to Section 220 of the General Corporation Law of Delaware (the **DGCL** ), by letter delivered to the Company on July 30, 2010.

On July 30, 2010, the Special Committee held a telephonic meeting, with representatives of Jones Day and Citadel Securities present, and discussed various organizational and authority issues and reviewed the status of the financial due diligence process, and the litigation that had been commenced by certain stockholders in response to the proposed offer.

Commencing on July 30, 2010, Citadel Securities initiated contact with representatives of the three parties identified as likely to have the most significant interest in exploring a potential acquisition of the Company's Shares not currently owned by CAI. Two of those parties indicated that they would consider the request and would respond over the next several business days, and each subsequently indicated that it was not interested in pursuing discussions as this point

in time. The third party indicated that it would be interested in engaging in such discussions, and that it would be willing to enter into a confidentiality and standstill agreement before commencing any detailed discussions. On July 30, 2010, Citadel Securities, at the request of the Special



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Committee, provided a form of confidentiality and standstill agreement to the potentially interested party. That party provided comments on the proposed agreement, and following negotiations between outside counsel for the Special Committee and that party, a confidentiality and standstill agreement was signed by the potentially interested party on August 10, 2010. On August 12, 2010, that party indicated that it was no longer interested in further pursuing discussions at that point in time.

On August 2, 2010, and upon the recommendation of the Special Committee's outside counsel and special Delaware counsel, the Special Committee provided the Company with a proposed unanimous written consent action of the Board, which contained several additional resolutions intended to explicitly clarify certain of the powers and authority originally granted to the Special Committee in connection with the Offer. Specifically, the supplemental resolutions clarified that the Board had specifically delegated to the Special Committee the power and authority to (i) review and evaluate the terms and conditions of the Offer; (ii) determine, together with its advisors, whether the Offer is fair to, and in the best interests of, the Company and its stockholders; (iii) determine what recommendation, if any, should be made to the stockholders of the Company with respect to the Offer; (iv) negotiate with CAI with respect to the terms and conditions of the Offer; (v) if the Special Committee deems appropriate, determine to reject the Offer; (vi) if the Special Committee deems appropriate, solicit, consider and negotiate alternative transactions and approve on behalf of the Company any such alternative transaction or, if full Board approval of any such transaction is required under applicable law, recommend that the full Board so approve any such transaction; (vii) prepare a Schedule 14D-9 and related documents and filings required or deemed by the Special Committee to be advisable under rules and regulations of the Commission; and (viii) exercise any other power or authority that may be otherwise exercised by the Board and that the Special Committee determines to be necessary or advisable to carry out and fulfill its duties and responsibilities, including, without limitation, the power and authority with respect to anti-takeover measures, including, without limitation, approving transactions as contemplated by Section 203 of the DGCL and adopting a stockholder rights plan. At the request of the Special Committee, management provided the proposed unanimous written consent action to the Board, and it was unanimously adopted by the board of directors, effective as of August 10, 2010.

On August 2, 2010, prior to the opening of the trading markets, CAI commenced the Offer at an Offer Price of \$3.40 per Share and filed a Schedule TO and Schedule 13E-3 with the Commission. Further, the Special Committee and its legal advisors held a telephonic meeting with members of the Company's management team. The Special Committee discussed with management the Company's performance during the current fiscal quarter and management's outlook and projections for future performance.

Also, on August 2, 2010, the Special Committee held a telephonic meeting, in which representatives of its outside counsel and of the Company's management participated. The primary purpose of the meeting was for the members of the Special Committee to receive an update on management's perspective on the business and to review and discuss management's current forecasts for the business over the next five years.

On August 3 and 4, 2010, the Special Committee held various telephonic meetings with its legal advisors and financial advisor, and in some instances with management, to discuss various developments in the process of evaluating the Offer, to receive an initial preliminary review of the financial analysis being undertaken by Citadel Securities, and to discuss and consider various information relevant to the evaluation of the Offer, including management's then-current forecasts and outlook for the business.

On August 4, 2010, Citadel Securities, at the direction of the Special Committee, had a telephone conversation with Steven Mayer and Robert Warden, representatives of CAI, in which the Special Committee's financial advisor requested that CAI and Cerberus Capital consider increasing the offer price per Share. The representatives of CAI indicated that they would consider this request and would respond to Citadel Securities in the next several days.

On August 6, 2010, the Special Committee and its legal advisors held another meeting with the Company's management to discuss management's current internal financial models, assumptions and projections for future performance.

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On August 10 and 11, 2010, Steven Mayer, on behalf of CAI, and representatives of Citadel Securities had further discussions about the Special Committee's request, and CAI suggested that the Special Committee propose a price range within which the Special Committee would be able to provide a favorable recommendation.

On August 10 and August 11, in separate communications, the Special Committee was contacted by two of the Company's largest minority stockholders, Stadium Capital Management LLC and Regent Street Capital LLC, which collectively hold over 7% of the outstanding Shares. Each of those stockholders separately and independently expressed its opposition to the Offer, its belief that the underlying equity value of the Shares is significantly higher than the \$3.40 per Share CAI is offering pursuant to the Offer, and its intention not to tender shares in the Offer, and specifically urged the Special Committee to reject and recommend against the Offer. In addition, as described under Item 8. Additional Information – Litigation below, on August 10, 2010 Stadium Capital Management LLC commenced a lawsuit seeking to enjoin the Offer.

On August 11, 2010, in light of the ongoing dialogue with CAI and with the potentially interested third party, as well as the Special Committee's ongoing financial evaluation of the Company and its future prospects, representatives of the Special Committee contacted representatives of CAI and requested that CAI extend the expiration of the Offer for 10 business days, from August 27, 2010 until September 13, 2010. The representatives of the Special Committee informed CAI that the Special Committee believed that such an extension would be appropriate in order to ensure that the Special Committee had sufficient time to evaluate all relevant information to enable it to reach a determination on, and to publish to stockholders, the Special Committee's position with respect to the Offer, and to allow the Company's stockholders to have sufficient time to consider and evaluate the Offer and the Company's, and the Special Committee's, position with respect thereto. Thereafter, on August 13, 2010, the legal advisor to CAI informed the legal advisor to the Special Committee that CAI was willing to extend the expiration date of the Offer for five business days, to September 3, 2010, and that CAI would announce the extension as soon as practicable following the filing of this Schedule 14D-9 with the Commission.

On August 11 and 12, 2010, the Special Committee held telephonic meetings to discuss the Schedule 14D-9 and the Offer. At the conclusion of the meetings, the Special Committee determined that it was unable to take a position with respect to the Offer at that time for the reasons described herein, and authorized the Company to finalize and file a Schedule 14D-9. The Special Committee determined to request that stockholders of the Company take no action and not tender their Shares with respect to the Offer at the current time, and instead defer making a determination whether to accept or reject the Offer until the Special Committee has advised stockholders of its position or recommendation, if any, with respect to the Offer.

On August 13, 2010, following the closing of the trading markets, the Company filed its statement on Schedule 14D-9 indicating that the Special Committee was unable to take a position at that time. Subsequently, on August 13, 2010, CAI and Cerberus Capital announced an extension of the expiration date of the Offer to 12:00 midnight, New York City time, on September 3, 2010.

On August 16, 2010, the Special Committee and its advisors held a telephonic meeting to further evaluate the Offer. The Special Committee also considered the revised financial projections that had been prepared by the Company's management team and a preliminary valuation analysis prepared by Citadel Securities. After some further deliberation, the Special Committee determined that, in order to allow the minority stockholders the opportunity to share in the upside potential of the Company's future prospects, \$5.00 per Share was a price at which the Special Committee believed it could provide a favorable recommendation to the Company's stockholders.

Later that same day, representatives of Citadel Securities, at the direction of the Special Committee, had a telephone conversation with Steven Mayer, a representative of CAI, in which they suggested that the Special Committee believed it would be comfortable rendering a favorable recommendation at an Offer Price of \$5.00 per Share.

Mr. Mayer responded that \$5.00 per Share was significantly higher than the price that CAI and Cerberus Capital were willing to offer based on their valuation of the Company, but that he would discuss the Special Committee's position with other representatives of CAI.

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On August 17, 2010, Steven Mayer, on behalf of CAI, informed representatives of Citadel Securities that CAI and Cerberus Capital believed that the current Offer Price of \$3.40 per Share was fair to the Company's stockholders. Mr. Mayer also suggested that while the Special Committee's recommendation was important to CAI, it likely would not change the Offer Price if it did not receive a favorable recommendation from the Special Committee. Mr. Mayer further stated that while CAI was not willing to increase the Offer Price to \$5.00 per Share, he said it would discuss an increase in the Offer Price to the range of \$3.75 to \$4.00 per Share. Mr. Mayer informed the representatives of Citadel Securities that CAI and Cerberus Capital believed that \$4.00 per Share represented full value for the Company's Shares in light of, among other things, prevailing trends and conditions in the building products industry.

On August 18, 2010, the Special Committee held a telephonic meeting with its legal advisors and financial advisor to discuss CAI's latest communications and various other developments in the process of evaluating the Offer. At that meeting, the Special Committee again discussed the Offer Price at which it would be willing to render a favorable recommendation to the Company's stockholders in light of the feedback it had recently received from CAI. The Special Committee also considered the consequences to the Company's minority stockholders if more than a majority of the Shares, other than Shares owned by CAI and the officers and directors of the Company, were validly tendered and accepted for payment by CAI, but CAI was to waive the 90% Condition. In this instance, CAI, after giving effect to the consummation of the offer, would own Shares representing less than 90% of the issued and outstanding Shares and, consequently, would be unable to effect a short-form merger. In particular, the Special Committee was concerned about the substantial decrease in liquidity of the outstanding Shares after completion of the Offer and the desire to ensure that any stockholders who do not tender their Shares in the Offer are protected, in any potential subsequent transaction that CAI or Cerberus Capital may undertake in the future to acquire additional Shares, from actions that might be considered coercive or unfair. The Special Committee and its counsel discussed various additional protections they could obtain for the benefit of the minority stockholders.

Following discussions with Jones Day and Morris Nichols, the Special Committee determined, and authorized Citadel Securities to inform CAI, that it would be willing to deliver a favorable recommendation with respect to the Offer if CAI increased its Offer Price to \$4.25 per Share and agreed to (i) provide a subsequent offering period following the expiration of the Offer, in accordance with Rule 14d-11 under the Exchange Act, of no less than five business days, and (ii) provide that, in the event that CAI consummates the Offer, but after giving effect thereto owns, beneficially or of record, less than 100% of the outstanding Shares, CAI and Cerberus Capital will (A) maintain the Company's status as a public reporting company under the rules and regulations of the Exchange Act, (B) cause the Shares to continue to be listed for trading on the NYSE or, if no longer