

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE TO**

(Amendment No. 9)

**Tender Offer Statement Under Section 14(d)(1) or Section 13(e)(1)  
of the Securities Exchange Act of 1934**

**BLUELINX HOLDINGS INC.**

(Name of Subject Company (Issuer))

**CERBERUS ABP INVESTOR LLC  
CERBERUS CAPITAL MANAGEMENT, L.P.**

(Names of Filing Persons (Offeror))

**COMMON STOCK, PAR VALUE \$0.01 PER SHARE**

(Title of Class of Securities)

**09624H109**

(CUSIP Number of Class of Securities)

**Mark A. Neporent  
Cerberus Capital Management, L.P.**

**299 Park Avenue  
New York, New York 10171  
(212) 891-2100**

With a copy to

**Richard A. Presutti  
Schulte Roth & Zabel LLP**

**919 Third Avenue  
New York, NY 10022  
(212) 756-2000**

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

**Calculation of Filing Fee**

Transaction Valuation*	Amount of Filing Fee**
\$58,361,748.00	\$4,161.19

\* Estimated for purposes of calculating the filing fee only. The transaction value was calculated by multiplying (x) \$4.00, which is the per share tender offer price and (y) 14,590,437, which is 32,690,437, the number of shares of common stock of BlueLinx Holdings Inc., par value \$0.01 per share (the "Shares"), issued and outstanding as of August 12, 2010 minus the 18,100,000 Shares owned by Cerberus ABP Investor LLC.

\*\* The filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, and Fee Rate Advisory #4 for fiscal year 2010, issued December 17, 2009, is calculated by multiplying the Transaction Valuation by 0.00007130.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$3,533.65  
Filing Party: Cerberus ABP Investor LLC and Cerberus Capital Management, L.P.  
Form or Registration No.: Schedule TO/13E-3 (SEC File. No. 005-80230)  
Date Filed: August 2, 2010

Amount Previously Paid: \$627.54  
Filing Party: Cerberus ABP Investor LLC and Cerberus Capital Management, L.P.  
Form or Registration No.: Schedule TO-T/A/13E-3/A (SEC File. No. 005-80230)  
Date Filed: September 23, 2010

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

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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This Amendment No. 9 amends and supplements the Tender Offer Statement and Rule 13E-3 Transaction Statement filed under cover of Schedule TO on August 2, 2010, by Cerberus ABP Investor LLC, a Delaware limited liability company (the "Purchaser") and Cerberus Capital Management, L.P., a Delaware limited partnership ("Cerberus"), to purchase all of the outstanding shares of common stock, par value \$0.01 per share (the "Shares"), of BlueLinx Holdings Inc., a Delaware corporation (the "Company"), not owned by Purchaser at a purchase price of \$4.00 per Share net to the seller in cash without interest and less any required withholding taxes, if any, upon the terms and subject to the conditions set forth in the offer to purchase dated August 2, 2010 (as it may be amended or supplemented from time to time, the "Offer to Purchase") and related letter of transmittal (the "Letter of Transmittal") (which, together with any amendments or supplements thereto, collectively constitute the "Offer"). Capitalized terms used, but not otherwise defined, in this Amendment No. 9 shall have the meaning given in the Offer to Purchase, as amended and supplemented.

**ITEMS 1 AND 11. SUMMARY TERM SHEET, ADDITIONAL INFORMATION.**

(a) The information incorporated by reference into Items 1 and 11 of Schedule TO is amended by the following amendments to "SUMMARY TERM SHEET" and "THE AMENDED OFFER - Section 13. Certain Regulatory and Legal Matters" of the second supplement to the Offer to Purchase, filed September 23, 2010 (the "Second Supplement"):

1. The following language is added at the end of the response to "*Have any lawsuits been filed in connection with the Offer?*" on page vi and after the last paragraph under "Litigation" in "THE AMENDED OFFER - Section 13. Certain Regulatory and Legal Matters":

On October 1, 2010, the *Habiniak* and *Liang* actions were consolidated into an action in the Delaware Court of Chancery styled *In re BlueLinx Holdings, Inc. Shareholders Litigation* (C. A. No. 5720-VCL).

Plaintiff in the *Centonze* action filed an amended class complaint on October 4, 2010. The amended complaint, styled as *Gabriella Centonze v. George Judd, et al.* (Index No. 651270/2010), added the Company and each of the individual board members of the Company as named defendants. The amended complaint alleges, among other things, that Purchaser breached its fiduciary duties by seeking to acquire the public shareholders' stock at an unfair price, that the board members of the Company breached their fiduciary duties by failing to engage in a fair sale process and through materially inadequate disclosures regarding the Offer, and that the Company and Purchaser aided and abetted the board members' breaches of their fiduciary duties. The amended complaint seeks, among other remedies, to preliminarily and permanently enjoin the Offer and Merger and to rescind the proposed transaction, in the event the transaction is consummated or, alternatively, the award of rescissory damages. On October 5, 2010, plaintiff in the *Centonze* action moved by order to show cause for a temporary restraining order enjoining the Offer and Merger. During a hearing on October 7, 2010, the Court denied Plaintiff Centonze's motion for a temporary restraining order and instead scheduled a hearing on plaintiff's motion for a preliminary injunction of the Offer and Merger for October 21, 2010.

On September 30, 2010, an individual stockholder of the Company filed a lawsuit in the United States District Court, Northern District of Georgia, commencing a purported class action lawsuit against Purchaser, Cerberus, the Company and each of the individual board members of the Company. The complaint, styled as *Kajaria v. Howard S. Cohen, et al.* (Case No. 10-Civ.-3141-JOF), alleges, among other things, that the board members of the Company breached their fiduciary duties because the Offer Price is unfair and inadequate, that Purchaser and Cerberus aided and abetted the board members' breaches of their fiduciary duties, and that the Company and its board members made material misstatements and omissions in disclosures regarding the Offer and Merger. The complaint seeks, among other remedies, to preliminarily and permanently enjoin the Offer and Merger and to rescind the proposed transaction, in the event the transaction is consummated or, alternatively, the award of rescissory damages.

On October 1, 2010, plaintiff in the *Kajaria* action filed a motion for expedited discovery proceedings. On October 5, 2010, the Court held a telephonic hearing on plaintiff's motion, during which the Court denied plaintiff's request to expedite the proceedings, on the condition that the Company amend its 14D-9 to notify shareholders that written materials prepared by Citadel Securities and provided to the Special Committee in connection with analyzing the Offer were filed as exhibits to the Company's Schedule 13E-3, a copy of which is available on the Commission's website. On October 6, 2010, the Company filed a Schedule 14D-9/A providing shareholders with the information requested by the Court.

On October 14, 2010, plaintiffs in the *Hindermann, Jerszynski, Winter and Markich* actions filed a consolidated amended purported class action complaint in the Superior Court of Cobb County for the State of Georgia against Purchaser, Cerberus, the Company and each of the individual board members of the Company. The consolidated amended complaint, styled as *In re BlueLinx Holdings Inc. Shareholder Litigation* (Civil Action No. 10-1-7435-48), alleges, among other things, that the board members of the Company, Purchaser, and Cerberus breached their fiduciary duties because the Offer Price is unfair and inadequate and the Offer is coercive, that Purchaser and Cerberus aided and abetted the board members' breaches of their fiduciary duties, and that the Company and its board members made material misstatements and omissions in disclosures regarding the Offer and Merger. The consolidated amended complaint seeks, among other remedies, to preliminarily and permanently enjoin the Offer and Merger and to rescind the proposed transaction, in the event the transaction is consummated or, alternatively, the award of rescissory damages.

Purchaser believes the allegations in each of these cases have no merit.

#### **ITEM 4. TERMS OF THE TRANSACTION**

(a) The information incorporated by reference into Item 4 of Schedule TO is amended by replacing the fourth, fifth and sixth paragraphs of the "INTRODUCTION" of the Second Supplement with the following information:

Purchaser owns 18,100,000 Shares. Based on SEC filings by the Company, as of September 24, 2010, officers and directors of the Company beneficially owned in the aggregate 3,185,931 Shares (excluding options).

Based on the foregoing, Purchaser estimates that there are approximately 11,404,506 Shares outstanding, excluding Shares owned by Purchaser and the officers and directors of the Company.

Accordingly, Purchaser believes that the Minimum Tender Condition would be satisfied if at least approximately 5,702,254 Shares (excluding Shares owned by Purchaser and the officers and directors of the Company) are validly tendered and not withdrawn prior to the Expiration Date. Purchaser has not verified this share capitalization information with the Company, and the actual number of Shares necessary to satisfy the Minimum Tender Condition may vary significantly from the number reported in this Supplement.

#### **ITEM 12. EXHIBITS**

- (a)(1)(xxiv) Text of Press Release issued by Purchaser on October 18, 2010.
- \*(a)(5)(xii) Complaint of Ajay Kajaria against Howard S. Cohen, et al., Case No. 10-CV-03141-JOF, filed in the United States District Court for the Northern District of Georgia on September 30, 2010.
- (a)(5)(xiii) Amended Complaint of Gabriella Centonze against George Judd et al., Index

No. 651270/2010, filed in Supreme Court of New York, New York County on October 4, 2010.

(a)(5)(xiv)

Consolidated Amended Complaint of plaintiffs Joseph Hindermann, Peter Jerszynski, Richard T. Winter and Andrew Markich, styled *In re BlueLinx Holdings Inc. Shareholder Litigation*, Case No. 10-1-7435-48, filed in Superior Court of Cobb County, Georgia on October 14, 2010.

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Previously filed with Schedule 14D-9/A of BlueLinx Holdings Inc., filed on October 4, 2010 and incorporated by reference herein.

**SIGNATURES**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: October 18, 2010

**CERBERUS ABP INVESTOR LLC**

By: /s/ Steven F. Mayer  
Name: Steven F. Mayer  
Title: Managing Director

**CERBERUS CAPITAL MANAGEMENT, L.P.**

By: /s/ Lenard B. Tessler  
Name: Lenard B. Tessler  
Title: Managing Director

**EXHIBIT INDEX**

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- (a)(5)(xiii) Amended Complaint of Gabriella Centonze against George Judd et al., Index No. 651270/2010, filed in Supreme Court of New York, New York County on October 4, 2010.
- (a)(5)(xiv) Consolidated Amended Complaint of plaintiffs Joseph Hindermann, Peter Jerszynski, Richard T. Winter and Andrew Markich, styled *In re BlueLinx Holdings Inc. Shareholder Litigation*, Case No. 10-1-7435-48, filed in Superior Court of Cobb County, Georgia on October 14, 2010.

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\* Previously filed with Schedule 14D-9/A of BlueLinx Holdings Inc., filed on October 4, 2010 and incorporated by reference herein.

**Cerberus Affirms \$4.00 Per Share Cash Tender Offer  
For The Outstanding Shares in BlueLinx Holdings Inc. Not Owned by Its Affiliate**

Cerberus ABP Investor LLC (“CAI”), an affiliate of Cerberus Capital Management, L.P. (“Cerberus”), and owner of a 55.37% majority stake in BlueLinx Holdings Inc. (NYSE: BXC) (“BlueLinx” or the “Company”), today announced that CAI and Cerberus do not intend to increase their cash tender offer (the “Amended Offer”) of \$4.00 per share for all of the outstanding publicly held shares of BlueLinx not owned by CAI. CAI and Cerberus will not increase the per share offer price of the Amended Offer. The Amended Offer is set to expire at midnight, New York City time, on Monday, October 18, 2010 (the “Expiration Date”) and CAI and Cerberus do not intend to extend the Amended Offer, except as may be required by law.

The Amended Offer is conditioned on, among other things, there being validly tendered and not withdrawn at least a majority of the outstanding shares, excluding shares owned by CAI and the officers and directors of the Company (the “Minimum Tender Condition”) and, unless waived, there being 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 Amended Offer, CAI will own a number of Shares representing at least 90% of the issued and outstanding Shares (the “90% Condition”).

As of September 21, 2010, there were 32,690,437 shares of the Company outstanding. CAI owns 18,100,000 shares. The directors and executive officers of the Company beneficially owned in the aggregate 3,185,931 shares (excluding options). CAI and Cerberus believe that the Minimum Tender Condition would be satisfied if 5,702,254 shares (excluding shares owned by CAI and the officers and directors of the Company) are validly tendered and not withdrawn prior to the Expiration Date. The depository for the Amended Offer has informed CAI and Cerberus that, as of 4.30 p.m. on Friday, October 15, 2010, approximately 3,735,226 shares have been tendered and not withdrawn. **The Minimum Tender Condition is not waivable. If the Minimum Tender Condition is not satisfied by the Expiration Date, CAI and Cerberus intend to allow the offer to expire. CAI and Cerberus may or may not waive the 90% Condition if the Minimum Tender Condition is satisfied.**

The Amended Offer is at a price of \$4.00 per share in cash and upon the other terms and conditions set forth in the Offer to Purchase, dated August 2, 2010, as supplemented by the supplement to the offer to purchase dated August 19, 2010 and the second supplement to the offer to purchase, dated September 22, 2010, and amended by Amendment No. 1, dated August 13, 2010, Amendment No. 2, dated August 19, 2010, Amendment No. 3, dated August 26, 2010, Amendment No. 4, dated September 1, 2010, Amendment No. 5, dated September 10, 2010, Amendment No. 6, dated September 17, 2010, Amendment No. 7, dated September 22, 2010 and Amendment No. 8, dated October 4, 2010 to the Tender Offer Statement and Rule 13E-3 Transaction Statement filed with the Securities and Exchange Commission (the “SEC”).

**Additional Information and Where to Find It**

BlueLinx stockholders and other interested parties are urged to read the Tender Offer Statement on Schedule TO, as amended, the Offer to Purchase, the second supplement to the Offer to Purchase, and any other documents relating to the tender offer that are filed with the SEC because they contain important information. BlueLinx stockholders will be able to receive such documents free of charge at the SEC’s web site, [www.sec.gov](http://www.sec.gov), or by contacting BofA Merrill Lynch, the Dealer Manager for the Offer, at (888) 803-9655.

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**About Cerberus Capital Management, L.P.**

Established in 1992, Cerberus Capital Management, L.P. along with its affiliates, is one of the world's leading private investment firms with approximately \$23 billion under management. Through its team of investment and operations professionals, Cerberus specializes in providing both financial resources and operational expertise to help transform undervalued companies into industry leaders for long-term success and value creation. Cerberus is headquartered in New York City with affiliate and/or advisory offices in the United States, Europe, the Middle East and Asia.

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FILED: NEW YORK COUNTY CLERK 10/04/2010  
NYSCEF DOC. NO. 21

INDEX NO. 651270/2010  
RECEIVED NYSCEF: 10/04/2010

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

-----x  
GABRIELLA CENTONZE, individually and on behalf of all others  
similarly situated,

Index No. 651270/2010

Plaintiff,

**CIVIL ACTION**

v.

**AMENDED CLASS ACTION  
COMPLAINT**

GEORGE JUDD, HOWARD COHEN, ROBERT WARDEN, M. RICHARD  
WARNER, STEVEN MAYER, MARK SUWYN, RICHARD GRANT,  
RICHARD MARCHESE, CHARLES MCELREA, ALAN SCHUMACHER,  
BLUELINX HOLDINGS INC., and CERBERUS ABP INVESTOR LLC,

**JURY TRIAL DEMAND**

Defendants  
-----x

Plaintiff, by his attorneys, alleges upon information and belief, except for his own acts, which are alleged on knowledge, as follows:

1. Plaintiff brings this action on behalf of the public stockholders of BlueLinx Holdings Inc. (“BlueLinx” or the “Company”) against BlueLinx, its Board of Directors (the “Board”) and its controlling shareholder, Cerberus ABP Investor LLC (“Cerberus”) seeking equitable relief for their breaches of fiduciary duty arising out of the proposed transaction in which Cerberus is seeking to acquire all of the outstanding shares of BlueLinx not already owned by Cerberus through a cash tender offer by means of a coercive process and for an unfair price of \$4.00 per share (the “Proposed Transaction”). The tender offer is scheduled to expire on October 8, 2010.

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2. As described below, the value to be received by BlueLinx shareholders in the Proposed Transaction is unfair to Plaintiff and the other public shareholders of the Company because it does not adequately value the Company's future growth prospects, which will inure to Cerberus if the Proposed Transaction is consummated.

3. Moreover, the tender offer is coercive. The Offer to Purchase filed by Cerberus on September 23, 2010 and the Stockholder Agreement entered into between the Company and Cerberus on September 22, 2010 (the "Stockholder Agreement") do not adequately protect the Company's minority stockholders. Pursuant to the terms of these agreements, if following the expiration of the tender offer, Cerberus owns less than 90% of the Company's outstanding stock, the tender offer will still be completed, and will thus leave the Company's minority stockholders who did not tender their shares holding virtually illiquid stock. Accordingly, to prevent holding potentially illiquid shares, the Company's minority stockholders are practically being forced to tender their shares in the Proposed Transaction.

4. In addition, on September 27, 2010, the Company filed a Schedule 14D-9/A Recommendation Statement (the "Recommendation Statement") with the SEC in connection with the Proposed Transaction. The Recommendation Statement fails to provide the Company's shareholders with material information and provides them with materially misleading information thereby rendering the shareholders unable to make an informed decision on whether to tender their shares in the Proposed Transaction.

5. For these reasons and as set forth in detail herein, Plaintiff seeks to enjoin defendants from taking any steps to consummate the tender offer or, in the event the tender offer is consummated, recover damages resulting from the Defendants' violation of their fiduciary duties of loyalty, good faith, due care, and full and fair disclosure.

## PARTIES

6. Plaintiff is, and has been at all relevant times, the owner of shares of common stock of BlueLinx.

7. BlueLinx is a corporation organized and existing under the laws of the State of Delaware. It maintains its principal corporate offices at 4300 Wildwood Parkway, Atlanta, Georgia, and is a leading distributor of building products in the United States.

8. Defendant George Judd (“Judd”) is the President, Chief Executive Officer, and a director of the Company. Judd has served as the Company’s Chief Executive Officer since October 2008 and as the Company’s President since May 2004.

9. Defendant Howard Cohen (“Cohen”) has been the Chairman of the Board of the Company since March 2008 and as a member of the Board since September 2007. He is a Senior Advisor to Cerberus.

10. Defendant Steven Mayer (“Mayer”) has been a director of the Company since 2004. Mayer has been Managing Director of Cerberus California, LLC and predecessor entities since November 2002 and also serves as Co-Head of Private Equity at Cerberus.

11. Defendant Robert Warden (“Warden”) has been a director of the Company since 2004. Warden is a Managing Director of Cerberus, which he joined in February 2003.

12. Defendant Mark Suwyn (“Suwyn”) has been a director of the Company since 2005. Suwyn has previously served as a senior member of the operations team of Cerberus and as an advisor to Cerberus.

13. Defendant M. Richard Warner (“Warner”) has been a director of the Company since 2008. Warner is a consultant for Cerberus and has served as the Interim Chief Financial Officer of Hilco Receivables, LLC, a Cerberus portfolio company, since February 2009.

14. Defendant Charles McElrea (“McElrea”) has been a director of the Company since 2005.
15. Defendant Alan Schumacher (“Schumacher”) has been a director of the Company since 2004.
16. Defendant Richard Grant (“Grant”) has been a director of the Company since 2005.
17. Defendant Richard Marchese (“Marchese”) has been a director of the Company since 2005.

18. Defendants referenced in ¶¶ 8 through 17 are collectively referred to as Individual Defendants and/or the BlueLinx Board. The Individual Defendants as officers and/or directors of BlueLinx, have a fiduciary relationship with Plaintiff and other public shareholders of BlueLinx and owe them the highest obligations of good faith, fair dealing, loyalty, candor, and due care.

19. Defendant Cerberus is an affiliate of Cerberus Capital Management, L.P. and is a Delaware limited liability company with its headquarters located at 299 Park Avenue, New York, NY 10171. Cerberus is the Company’s controlling shareholder owning approximately 55.39% of the Company’s outstanding common stock.

**THE PROPOSED TRANSACTION IS SUBJECT TO ENTIRE FAIRNESS**

20. Cerberus is the controlling stockholder of BlueLinx owning approximately 55.39% of the Company’s outstanding common stock.
21. As stated in the Company’s latest Annual Report filed with the Securities and Exchange Commission on March 2, 2010:  
Affiliates of Cerberus control us and may have conflicts of interest with other shareholders in the future.

Funds and accounts managed by Cerberus or its affiliated management companies, which are referred to collectively as the controlling shareholder, collectively own approximately 55% of our common stock. As a result, the controlling shareholder will continue to be able to control the election of our directors, determine our corporate and management policies and determine, without the consent of our other shareholders, the outcome of any corporate transaction or other matter submitted to our shareholders for approval, including potential mergers or acquisitions, asset sales and other significant corporate transactions.

Five of our ten directors are employees of or advisors to Cerberus. The controlling shareholder also has sufficient voting power to amend our organizational documents. The interests of the controlling shareholder may not coincide with the interests of other holders of our common stock. Additionally, the controlling shareholder is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us. The controlling shareholder may also pursue, for its own account, acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as the controlling shareholder continues to own a significant amount of the outstanding shares of our common stock, it will continue to be able to strongly influence or effectively control our decisions, including potential mergers or acquisitions, asset sales and other significant corporate transactions. In addition, because we are a controlled company within the meaning of the New York Stock Exchange rules, we are exempt from the NYSE requirements that our board be composed of a majority of independent directors, and that our compensation and nominating/corporate governance committees be composed entirely of independent directors.

22. As controlling stockholder, Cerberus has the power and is exercising such power to enable it to acquire the Company's common stock and to dictate terms that are contrary to the Company's minority shareholders' best interests and do not reflect the fair value of BlueLinx's common stock.

23. As such, the transaction is subject to the exacting entire fairness standard under which the Defendants must establish both fair price and fair dealing.

### CLASS ACTION ALLEGATIONS

24. Plaintiff brings this action on its own behalf and as a class action on behalf of all owners of BlueLinx common stock and their successors in interest, except Defendants and their affiliates (the "Class").

25. This action is properly maintainable as a class action for the following reasons:

- (a) the Class is so numerous that joinder of all members is impracticable. As of August 13, 2010, BlueLinx has approximately 32.68 million shares outstanding.
- (b) questions of law and fact are common to the Class, including, inter alia, the following:
  - (i) Have the Individual Defendants breached their fiduciary duties owed by them to Plaintiff and the others members of the Class;
  - (ii) Have the Individual Defendants misrepresented and omitted material facts in violation of their fiduciary duties owed by them to Plaintiff and the other members of the Class;
  - (iii) Has Cerberus, as controlling stockholder, breached its fiduciary duties owed by it to Plaintiff and the other members of the Class;
  - (iv) Is the Class entitled to injunctive relief or damages as a result of Defendants' wrongful conduct.
- (c) Plaintiff is committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature.
- (d) Plaintiff's claims are typical of those of the other members of the Class.
- (e) Plaintiff has no interests that are adverse to the Class.

(f) The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications for individual members of the Class and of establishing incompatible standards of conduct for Defendants.

(g) Conflicting adjudications for individual members of the Class might as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

#### **FURTHER SUBSTANTIVE ALLEGATIONS**

26. BlueLinx is a leading distributor of building products in the United States. The Company operates in all of the major metropolitan areas in the United States and, as of January 2, 2010, has distributed more than 10,000 products to approximately 11,500 customers through their network of more than 70 warehouses and third-party operated warehouses. The Company distributes products in two principal categories: structural products and specialty products. Structural products, which represented approximately 44% and 50% of their fiscal 2009 and fiscal 2008 gross sales, include plywood, oriented strand board, rebar and remesh, lumber and other wood products primarily used for structural support, walls and flooring in construction projects. Specialty products, which represented approximately 56% and 50% of their fiscal 2009 and fiscal 2008 gross sales, include roofing, insulation, specialty panels, moulding, engineered wood products, vinyl products (used primarily in siding), composite decking and metal products (excluding rebar and remesh).

27. Like most other companies participating in the housing industry, BlueLinx has recently suffered from the housing market downturn that began a few years ago. However, BlueLinx has successfully survived through it and is now poised to see future growth in its business. On February 17, 2010, the Company reported financial results for the fourth quarter

ending January 2, 2010. For the quarter, the Company generated net income of \$12.0 million compared with a net loss of \$25.1 million in the year-ago period. The Company reported that revenues decreased 27% to \$366.1 million from \$501.5 million for the same period a year ago. BlueLinx President and CRO George Judd (“Judd”) was optimistic that the Company had reached the bottom of a “four-year decline” and that the Company was poised to improve in 2010. As he stated: “While conditions remain difficult, I believe that we have reached the bottom of this four-year decline...As we move forward in 2010, we are confident in our ability to both increase our share of the market and maintain the operating discipline that we demonstrated throughout 2009.”

28. As predicted, the Company began to improve in 2010. On May 6, 2010, BlueLinx announced its financial results for the first quarter ending April 3, 2010. The Company reported a net loss of \$14.7 million for the quarter, which was a significant improvement to the staggering net loss of \$60.7 million the Company reported for the same quarter in 2009. In addition, the Company reported that revenues increased 6% to \$431.1 million from \$407.1 million for the same period a year ago. The Company also reported that gross profit for the quarter totaled \$52.3 million, up 18% from \$44.3 million in the prior-year period. Judd commented that the results would have even been better had their not been “unusually severe weather conditions throughout the country,” and that demand for the Company’s products is poised for increase. As he stated: “While we achieved our first year over year quarterly increase in revenue in four years, our results were hindered by unusually severe weather conditions throughout the country... However, *since the later part of the first quarter, we have seen an increase in demand for our products as the housing market appears to have begun its recovery.*” [Emphasis Added].

29. The Company showed even more improvement during the second quarter. On August 5, 2010, the Company announced its results for the second quarter of 2010 announcing that (a) revenues increased 27.7% to \$540.8 million from \$423.5 million for the same period a year ago; (b) Overall unit volume rose 11.9% compared to the year-ago period; and (c) gross profit for the second quarter totaled \$64.1 million, up 32.8% from \$48.3 million in the prior-year period. Judd commented on the Company's solid performance during the quarter stating: "The second-quarter business climate was characterized by unprecedented volatility in the structural wood-based products market and a sluggish recovery of demand for products related to new home construction...Despite this challenging environment, we performed well as we grew our unit volume by 11.9% and increased our gross profit by 32.8%...."

30. In an August 5, 2010 conference call discussing the Company's financial results, Judd commended the Company's ability to survive the downturn and was optimistic about the Company's future success, stating in part:

As we have done since the housing market downturn began over four years ago, we have tightly managed our accounts receivable portfolio and credit approval processes. Our bad debt expense is down 75% over the prior year quarter. We continued to aggressively manage inventories, receivables, and keep our tight controls on our cost structure without diminishing our ability to achieve our business objectives.

In May we added Joe Costello [ph] to our senior management team as senior vice president of our western regions. Joe is a former senior executive with several other companies, most recently Louisiana Pacific. He will lead our Western operations, which have been performing below their potential. I am excited to have someone of Joe's caliber joining the BlueLinx team, and look forward to his leadership as we work to facilitate growth in our Western operations. There continues to be uncertainty around the macro economic factors that drive our business. I believe when consumer competence rises and unemployment rates decline, we will begin to see sustainable improvements in the housing market.

In closing, we cannot control the external environment but we can work to ensure our company is well positioned in this challenging environment, and ready to capitalize on opportunities as business resumes a more normal phase. Guided by

our long-term objectives, I believe the actions and decisions we are making each day position BlueLinx for long-term success.

31. With the Company poised for growth, Cerberus used it as the perfect opportunity to snatch away the Company while it was undervalued. On July 22, 2010, Cerberus issued a press release announcing that it intends to make a tender offer to acquire all of the outstanding shares of BlueLinx for \$3.40 per share. In addition, in a letter sent to the Board on July 21, 2010, Cerberus stated that it was interested only in acquiring the BlueLinx shares not already owned by it and that it had no current interest in selling its stake in BlueLinx nor would it currently expect to vote in favor of any alternative sale, merger or similar transaction.

32. On August 2, 2010, Cerberus filed an Offer to Purchase with the SEC commencing the tender offer. On September 23, 2010, Cerberus filed an amended Offer to Purchase (the "Offer to Purchase") which increased the tender offer to price to \$4.00 per share and set the expiration of the tender offer to October 8, 2010. Pursuant to the Offer to Purchase, if following the consummation of the tender offer, Cerberus owns 90% or more of the Company's outstanding shares, Cerberus will consummate a short form merger between the Company and Cerberus, the Company will become a privately-held Company, and the rights of the public shareholders to share in the future growth of the Company will be extinguished. If, however, Cerberus owns less than 90% of the Company's common stock, the Offer to Purchase provides that Cerberus may still complete the tender offer, which would thus leave the minority stockholders who did not tender their shares holding a virtually illiquid stock.

*The Tender Offer Consideration Is Inadequate*

33. The \$4.00 per share offer is inadequate. The Proposed Transaction will deny Class members their right to share proportionately and equitably in the true value of the Company's ongoing and valuable business, as well as its future growth in profits and earnings, at

a time when the Company has survived some of the worst economic conditions in modern history and is poised to become highly profitable.

34. In the few months prior to the Proposed Transaction, BlueLinx stock had been trading well in excess of the Proposed Transaction offer price of \$4.00. In fact, as recently as April 26, 2010, BlueLinx's stock traded at \$6.32 per share. Further, at least one Wall Street analyst had a price target of \$5.00 per share before the Proposed Transaction was announced.

35. Moreover, the *Discounted Cash Flow Analysis* conducted by Citadel Securities LLC ("Citadel"), the Special Committee's financial advisor, yielded a value of BlueLinx as high as \$6.50 per share. The *Comparable Company Analysis* conducted by Citadel yielded a value of BlueLinx as high as \$6.91 per share.

36. Given the Company's recent performance and future prospects, the consideration shareholders are to receive is inadequate. BlueLinx shareholders are being cashed out at the unfairly low price of \$4.00 per share, which doesn't adequately take into account the tremendous growth potential for BlueLinx. Accordingly, Cerberus is picking up BlueLinx at the most opportune time, at a time when BlueLinx is poised for growth and its stock price is trading at a huge discount to its intrinsic value.

*The Tender Offer is Coercive*

37. In addition, the tender offer is coercive. The Offer to Purchase and Stockholder Agreement do not adequately protect the Company's minority shareholders in case Cerberus owns less than 90% of the Company's common stock following expiration of the tender offer.

38. If following expiration of the tender offer Cerberus owns at least 90% of the Company's outstanding shares it will effectuate a short-form merger pursuant to the Delaware General Corporation Law. However, if following expiration of the tender offer, Cerberus owns

less than 90% of the Company's outstanding stock, the tender offer will still be completed. The Offer to Purchase provides that "Cerberus may waive the 90% Condition and complete the [Tender] Offer, in which case any Shares not tendered in the [Tender] Offer or the subsequent offering period would remain outstanding." In such a scenario, the Company's minority stockholders who do not tender their shares will be left holding a virtually illiquid stock.

39. Rather than ensuring that the 90% threshold be a condition to completion of the tender offer, the Special Committee negotiated a series of so-called additional protections for the Company's minority shareholders to prevent the illiquidity of their shares. These provisions are in fact illusory whose occurrence is left to Cerberus's "best efforts." For example, pursuant to the Stockholder Agreement, Cerberus has agreed to use its "best efforts" to ensure that the Company not cease to maintain the Company's status as a public reporting company and will use its "best efforts" to continue to have the shares listed for trading on the NYSE. In addition, Cerberus and the Company agreed that should it own less than 90% of the Company's outstanding shares upon expiration of the tender offer, it will extend the tender offer for a mere five days. In all, the terms of the Stockholder Agreement do not adequately protect the Company's minority shareholders in case Cerberus does not reach the 90% threshold. Accordingly, to prevent holding potentially illiquid shares, the Company's minority stockholders are practically being forced to tender their shares in the Proposed Transaction and is thus a coercive tender offer.

*The Materially Misleading and Incomplete Recommendation Statement*

40. On September 27, 2010, the Company filed the Recommendation Statement with the SEC in connection with the Proposed Transaction. The Recommendation Statement fails to provide the Company's shareholders with material information and provides them with

materially misleading information thereby rendering the shareholders unable to make an informed decision on whether to tender their shares in the Proposed Transaction.

41. For example, the Recommendation Statement fails to disclose material information concerning the projections prepared by Company management. In particular, the Recommendation Statement fails to describe the key assumptions that led to the differences in the Base Case, Downside Case, and Upside Case projections, as well as Company management's and the Special Committee's beliefs as to which set of projections was the most likely or reasonable to achieve. This is particularly important considering the financial analyses conducted by Citadel, the Special Committee's financial advisor, yielded significantly different values of the Company depending upon which set of projections were used. For example, the *Discounted Cash Flow Analysis* conducted by Citadel yielded a value of BlueLinx as high as \$6.50 per share under the Upside Case projections, but a value as high as \$3.53 per share and \$1.24 per share using the Base Case and Downside Case projections respectively. Accordingly, it is material for shareholders to know the key assumptions underlying their differences and the relative likelihood of attaining each set.

42. In addition, the Recommendation Statement fails to disclose whether the Special Committee provided the Stretch Plan projections to Citadel; if not, the reasons for not doing so; and if so, the reasons Citadel did not use the Stretch Plan projections in its various financial analyses.

43. Further, the Recommendation Statement completely fails to disclose certain material information concerning the *Precedent Transaction Analysis* conducted by Citadel. The Recommendation Statement fails to disclose the criteria for selecting the transactions used in the analysis and the reasons all of the transactions selected involved change of control transactions

considering the Proposed Transaction does not involve a change of control. In addition, the Recommendation Statement should disclose the specific criteria and judgments made by Citadel in selecting the 6.0x-8.0x reference ranges for both the Wood-Products Transactions LTM and Distributors Transactions LTM multiples. This is particularly important considering such reference ranges were well below the mean multiples observed for such transactions (a 32.9x mean LTM multiple was observed for for Wood-Products Transactions and a 9.0x mean LTM multiple was observed for for Distributors Transactions).

44. The Recommendation Statement also fails to disclose what fees Citadel is receiving in connection with their services to the Special Committee as well as what portion of the fee is contingent on the Proposed Transaction closing. The Recommendation Statement also fails to disclose whether Citadel has provided any services to BlueLinx or Cerberus in the past two years, and if so to disclose the nature and extent of such services and the amount of compensation received. It is material for shareholders to be informed of any other financial and economic interests Citadel has in the Proposed Transaction or in the parties involved that could be perceived or create a conflict of interest.

45. The Recommendation Statement also fails to disclose important information concerning the very limited sales process conducted by the Special Committee as well as the discussions and negotiations with Cerberus. In particular, the Recommendation Statement fails to disclose (a) the criteria used to determine the three parties that were deemed to have the “most interest in discussing a potential transaction”; and (b) the reasons only three companies were contacted to seek out their interest in a transaction with the Company; and the reasons no additional parties were contacted after all three parties indicated they were not interested in pursuing a transaction with the Company.

46. Moreover, the Recommendation Statement fails to disclose the reasons the Special Committee recommended the \$4.00 per share Proposed Transaction consideration considering that the Special Committee determined on August 16, 2010 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.”

47. The methodology Citadel applied in its *Comparable Company Analysis* and *Precedent Transaction Analysis*, specifically with respect to the use of EBITA multiples (as opposed to revenue multiples), is unreasonable and results in an understated implied value for the Company. For example, in the *Comparable Company Analysis* using the 2010 estimated EBITA multiples of public distribution companies and applying those multiples to the 2010 estimated EBITA for the Company yields an implied per share value on the “low” end of the range to be a negative \$13.03 per share and a negative \$13.41 on the “high” end of the range. A different multiple should have been used because the EBITA multiples do not satisfy any reasonableness check.

48. Accordingly, Plaintiff seeks injunctive and other equitable relief to prevent the irreparable injury that Company shareholders will continue to suffer absent judicial intervention.

#### **CLAIMS FOR RELIEF**

##### **COUNT I**

##### **Breach of Fiduciary Duty (Against All Individual Defendants)**

49. Plaintiff repeats all previous allegations as if set forth in full herein.

50. As directors of BlueLinx, the Individual Defendants stand in a fiduciary relationship to Plaintiff and the other public stockholders of the Company and owe them the highest fiduciary obligations of loyalty and care.

51. As discussed herein, the Individual Defendants have breached their fiduciary duties to Orchard shareholders by failing to engage in an honest and fair sale process.

52. As a result of the Individual Defendants' breaches of their fiduciary duties, Plaintiff and the Class will suffer irreparable injury in that they have not and will not receive their fair portion of the value of Orchard's assets and will be prevented from benefiting from a value-maximizing transaction.

53. Unless enjoined by this Court, the Individual Defendants will continue to breach their fiduciary duties owed to Plaintiff and the Class, and may consummate the Proposed Transaction, to the irreparable harm of the Class.

54. Plaintiff and the Class have no adequate remedy at law.

**COUNT II**  
**Breach of Fiduciary Duty — Disclosure**  
**(Against Individual Defendants)**

55. Plaintiff repeats all previous allegations as if set forth in full herein.

56. The fiduciary duties of the Individual Defendants in the circumstances of the Proposed Transaction require them to disclose to Plaintiff and the Class all information material to the decisions confronting BlueLinx's shareholders.

57. As set forth above, the Individual Defendants have breached their fiduciary duty through materially inadequate disclosures and material disclosure omissions.

58. As a result, Plaintiff and the Class members are being harmed irreparably.

59. Plaintiff and the Class have no adequate remedy at law.

**COUNT III**  
**Breach of Fiduciary Duty**  
**(Against Cerberus)**

60. Plaintiff repeats all previous allegations as if set forth in full herein.

61. As the controlling stockholder of the Company, Cerberus violated its fiduciary duty to the public shareholders by seeking to acquire the public shareholders' stake in the Company for wholly inadequate and unfair consideration.

62. Cerberus has the power and is exercising its power to acquire BlueLinx's public shares and dictate terms which are in its interest regardless of the wishes or best interests of Class members and without establishing the fair market value of BlueLinx's shares.

63. Cerberus has breached and will continue to breach its fiduciary duties owed to the public shareholders of BlueLinx, and is engaging in, or facilitating the accomplishment of, an unfair, coercive, and self-interest transaction that is not entirely fair to the public shareholders of BlueLinx.

64. As a result of Cerberus's breaches of its fiduciary duties, Plaintiff and the Class will suffer irreparable injury.

65. Unless enjoined by this Court, Cerberus will continue to breach its fiduciary duties owed to Plaintiff and the Class, and may consummate the Proposed Transaction, to the irreparable harm of the Class.

66. Plaintiffs and the Class have no adequate remedy at law.

**COUNT IV**  
**Aiding and Abetting**  
**(Against BlueLinx and Cerberus)**

67. Plaintiff repeats all previous allegations as if set forth in full herein.

68. As alleged in more detail above, BlueLinx and Cerberus are well aware that the Individual Defendants have not sought to obtain the best available transaction for the Company's public shareholders. Defendants BlueLinx and Cerberus aided and abetted the Individual Defendants' breaches of fiduciary duties.

69. As a result, Plaintiff and the Class members are being harmed.

70. Plaintiff and the Class have no adequate remedy at law.

**WHEREFORE**, Plaintiff demands judgment against Defendants jointly and severally, as follows:

- (A) declaring this action to be a class action and certifying Plaintiff as the Class representatives and his counsel as Class counsel;
- (B) enjoining, preliminarily and permanently, the Proposed Transaction;
- (C) in the event that the transaction is consummated prior to the entry of this Court's final judgment, rescinding it or awarding Plaintiff and the Class rescissory damages;
- (D) directing that Defendants account to Plaintiff and the other members of the Class for all damages caused by them and account for all profits and any special benefits obtained as a result of their breaches of their fiduciary duties;
- (E) awarding Plaintiff the costs of this action, including a reasonable allowance for the fees and expenses of Plaintiff's attorneys and experts; and
- (F) granting Plaintiff and the other members of the Class such further relief as the Court deems just and proper.

October 4, 2010

**LEVI & KORSINSKY, LLP**

/s/ Joseph Levi

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Joseph Levi, Esq. (JL-0848)

Shannon L. Hopkins, Esq. (SH-1887)

30 Broad Street, 15<sup>th</sup> Floor

New York, New York 10004

Tel: (212) 363-7500

Fax: (212) 363-7171

CERTIFICATE OF SERVICE

I, Jared Morine, affirm that on October 4, 2010 I served the *Amended Complaint* on the following counsel by hand-delivery and electronic mail on the following counsel:

Howard O. Godnick  
Schulte Roth & Zabel, LLP  
919 Third Avenue  
New York, NY 10022

/s/ Jared Morine  
Jared Morine

IN THE SUPERIOR COURT OF COBB COUNTY  
STATE OF GEORGIA

IN RE BLUELINX HOLDINGS INC.  
SHAREHOLDER LITIGATION

Civil Action No.: 10-1-7435-48

**CONSOLIDATED AMENDED CLASS ACTION COMPLAINT**

Plaintiffs Joseph Hindermann, Peter Jerszynski, Richard T. Winter and Andrew Markich (the "Plaintiffs"), individually and on behalf of all others similarly situated, by their attorneys, allege the following based upon the investigation of counsel, except as to allegations specifically pertaining to Plaintiffs, which are based on personal knowledge.

**NATURE OF THE ACTION**

1. This is a shareholder class action brought on behalf of the public shareholders of BlueLinx Holdings Inc. ("BlueLinx" or the "Company") against the directors and/or officers of the Company. Plaintiffs seek relief in connection with a tender offer (the "Tender Offer") that, if consummated, would result in freezing out the public shareholders of the Company for an unfair and inadequate price. The Tender Offer has been commenced by Defendant Cerberus ABP Investor LLC ("CAI") and Cerberus Capital Management, L.P. (collectively, "Cerberus"), which control 55.4% of the stock of the Company, whereby Cerberus has offered to purchase all of the outstanding common shares of BlueLinx for \$4.00 per share (the "Offer Price"), and intends to perform a short-form merger after the completion of the Tender Offer.

2. If the Tender Offer is allowed to be completed, Cerberus will enrich itself by acquiring the public shareholders' interests in the Company without paying a fair or adequate price. The price contemplated in the Tender Offer is fundamentally unfair to Plaintiffs and the other public shareholders of the Company.

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3. Cerberus seeks to acquire BlueLinx's publicly held shares on unfair terms, having gained the approval of the special committee ("Special Committee") of the Company's Board of Directors (the "Board") that was obviously conflicted and failed to adequately represent the interests of the minority shareholders of the Company.

4. Furthermore, the proxy materials distributed to shareholders contain material misstatements and omissions concerning, among other things, the benefits provided by the Stockholder Agreement between Cerberus and the Company, whether the Company's forecasts included—and whether the Special Committee's advisors considered—the recent increase in housing numbers, and other factors regarding the analysis used by the Special Committee's financial advisors.

#### **THE PARTIES**

5. Plaintiffs have been and continue to be owners of BlueLinx common stock at all relevant times.

6. BlueLinx is a Delaware corporation with its principal executive offices at 4300 Wildwood Parkway, Marietta, GA 30067. BlueLinx, operating through its wholly-owned subsidiary BlueLinx Corporation, is a leading distributor of building products in North America. Employing approximately 2,000 people, BlueLinx offers greater than 10,000 products from over 750 suppliers to service approximately 11,500 customers nationwide, including dealers, industrial manufacturers, manufactured housing producers and home improvement retailers. The Company operates its distribution business from sales centers in Atlanta and Denver. BlueLinx is traded on the New York Stock Exchange under the symbol BXC.

7. Defendant CAI, a Delaware limited liability company, is the largest shareholder of BlueLinx. Specifically, CAI currently owns 18,100,000 shares of Company common stock (approximately a 55.39% equity interest in the Company).

8. Defendant Cerberus Capital Management, L.P., a Delaware limited partnership, is a leading private investment firm with approximately \$23 billion under management. Cerberus Capital Management, L.P., along with its affiliated management companies, controls CAI.

9. Defendant Howard S. Cohen (“Cohen”) has been Chairman of the Board since March 2008 and as a member of the Board since September 2007. He is a Senior Advisor to Cerberus. Cohen served as BlueLinx’s Interim Chief Executive Officer from March 2008 through October 2008 and as the Executive Chairman from March 2008 through March 2009.

10. Defendant Richard S. Grant (“Grant”) has been a member of the Board since December 2005. On July 27, 2010, the Company announced that the Board formed the Special Committee to evaluate the Tender Offer previously announced by CAI for all of the outstanding shares of the Company’s common stock. Grant is a member of the Special Committee.

11. Defendant George R. Judd (“Judd”) has been a member of the Board since December 2005. He has served as BlueLinx’s Chief Executive Officer (“CEO”) since November 2008 and as its President since May 2004.

12. Defendant Richard B. Marchese (“Marchese”) has been a member of the Board since May 2005. Marchese is a member of the Special Committee.

13. Defendant Steven F. Mayer (“Mayer”) has been a member of the Board since May 2004. He has been Managing Director of Cerberus California, LLC and predecessor entities since November 2002 and also serves as Co-Head of Private Equity at Cerberus.

14. Defendant Charles H. McElrea (“McElrea”) was the CEO of BlueLinx from May 2004 until his retirement in October 2005, and has been a member of the Board since May 2004.

15. Defendant Alan H. Schumacher (“Schumacher”) has been a member of the Board since May 2004. Schumacher was a member of the Special Committee when it determined it could support the current Offer Price.

16. Defendant Mark A. Suwyn (“Suwyn”) has been a member of the Board since May 2005. Suwyn has previously served as a senior member of the operations team of Cerberus and as an advisor to Cerberus.

17. Defendant Robert G. Warden (“Warden”) has been a member of the Board since May 2004. Warden is a Managing Director of Cerberus, which he joined in February 2003.

18. Defendant Richard Warner (“Warner”) has been a member of the Board since March 2008. Warner is a consultant for Cerberus. He served as the Interim Chief Financial Officer of Equable Ascent Financial, LLC, a Cerberus portfolio company, from February 2009 until June 2009.

19. Collectively, Defendants Cohen, Grant, Judd, Marchese, Mayer, McElrea, Schumacher, Suwyn, Warden, and Warner are referred to as the “Individual Defendants.” By virtue of their positions as directors and/or officers of BlueLinx, the Individual Defendants stand in a fiduciary position to the Company’s public shareholders and owe these public shareholders the highest duties of good faith, due care, and loyalty.

20. Defendants CAI and Cerberus Capital Management, L.P., as controlling shareholders of the Company, owe fiduciary duties to the Company’s public shareholders to not use their controlling position to wrongfully benefit themselves at the public shareholders’ expense.

### CLASS ACTION ALLEGATIONS

21. Plaintiffs bring this action on their own behalf and as a class action, pursuant to the Georgia Civil Practice Act, O.C.G.A. § 9-11-23, on behalf of all shareholders of the Company (except Defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any of the Defendants) and their successors in interest, who are or will be threatened with injury arising from Defendants' actions as more fully described herein (the "Class").

22. This action is properly maintainable as a class action.

23. The Class is so numerous that joinder of all members is impracticable. As of July 3, 2010, there were approximately 32.7 million shares of BlueLinx common stock held by thousands of BlueLinx stockholders who are members of the Class.

24. There are questions of law and fact which are common to the Class, including, *inter alia*, the following: (a) whether the proposed transaction is unfair to the Class; (b) whether Defendants have breached their fiduciary and other common law duties owed by them to Plaintiffs and other members of the Class; (c) whether the tender offer statement commencing the Tender Offer is materially false and misleading; (d) whether the Tender Offer is coercive; and (e) whether the Class is entitled to injunctive relief and/or damages as a result of the wrongful conduct committed by Defendants.

25. Plaintiffs are committed to prosecuting this action and have retained competent counsel experienced in litigation of this nature. The claims of Plaintiffs are typical of the claims of other members of the Class and Plaintiffs have the same interests as the other members of the Class. Plaintiffs will fairly and adequately represent the Class.

26. Defendants have acted in a manner which affects Plaintiffs and all members of the Class alike, thereby making appropriate injunctive relief and/or corresponding declaratory relief with respect to the Class as a whole.

27. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of other members or substantially impair or impede their ability to protect their interests.

### **SUBSTANTIVE ALLEGATIONS**

#### **BlueLinx's History and Recent Financial Performance**

28. BlueLinx is a leading distributor of building products in the United States. It operates in all of the major metropolitan areas in the United States and, as of January 2, 2010, it distributed more than 10,000 products to approximately 11,500 customers through a network of more than 70 warehouses and third-party operated warehouses.

29. BlueLinx distributes products in two principal categories: structural products and specialty products. Structural products, which represented approximately 44% and 50% of the Company's fiscal 2009 and fiscal 2008 gross sales, include plywood, oriented strand board ("OSB"), rebar and remesh, lumber and other wood products primarily used for structural support, walls, and flooring in construction projects. Specialty products, which represented approximately 56% and 50% of our fiscal 2009 and fiscal 2008 gross sales, include roofing, insulation, specialty panels, moulding, engineered wood products, vinyl products (used primarily in siding), composite decking and metal products (excluding rebar and remesh).

30. The Company's customers include building materials dealers, industrial users of building products, manufactured housing builders and home improvement centers. BlueLinx purchases products from over 750 vendors and serves as a national distributor for a number of its suppliers. The company distributes products through its owned fleet of over 600 trucks and over 1,100 trailers, as well as by common carrier.

31. The current form of the Company grew out of the Distribution Division of the Georgia-Pacific Corporation, which commenced operations in 1954 with 13 warehouses primarily used as an outlet for Georgia-Pacific's plywood.

32. In May 2004, an entity owned by senior members of management and Cerberus acquired the assets of the Distribution Division and merged them into the Company. In December 2004, the Company conducted an initial public offering of its stock. Cerberus has controlled 18,100,000 shares of Company stock since the public offering.

33. An important factor in the performance of the Company is the level of new house construction, referred to as "housing starts."

34. As can be expected, BlueLinx has been affected by the decline in the United States housing market. The Company's operating results have declined during the past three years as they are closely tied to U.S. housing starts; the increased inventory of homes for sale due to increased foreclosures and stricter lending criteria have reduced demand for new homes. Forecasters continue to have a bearish outlook for the housing market, and the Company expects the downturn in new housing activity will continue to negatively impact its operating results for the foreseeable future. However, along with many forecasters, the Company believes that U.S. housing demand will improve in the long term based on population demographics and a variety of other factors. The critical question is the speed and timing of this recovery.

35. As is indicated in the Company's Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 2, 2010, the Company's net sales decreased in financial year 2009 compared to the four prior years. In fact, each of the four quarters in 2009 saw decreased sales compared to the same quarter in the prior year.

36. However, in 2010, the Company had finally started to turn the corner. According to the Form 10-Q filed with the SEC on May 7, 2010, the Company's sales rose for the first time compared to the first quarter in the prior year. The net loss per share decreased from \$1.95 to \$0.48 in this period.

37. As Defendant Judd noted in the press release accompanying the earnings, the performance for the quarter was depressed by the abnormally severe weather but the Company's forecasts were sunny:

"While we achieved our first year over year quarterly increase in revenue in four years, our results were hindered by unusually severe weather conditions throughout the country," said BlueLinx President and CEO George Judd. "However, since the later part of the first quarter, we have seen an increase in demand for our products as the housing market appears to have begun its recovery."

The press release also highlighted the fact that the gross margins increased to 12.1% from 10.9% in the year before.

38. On August 5, 2010, the Company announced its second-quarter 2010 results, showing the continued trend of increased performance. Compared to the same period in 2009, the Company's revenue increased almost 28% from \$423.5 million in 2009 to \$540.8 million in 2010. While the Company incurred a net loss of \$3.4 million compared to the \$0.6 million net profit in 2009, the Company benefited from \$19.4 million in pre-tax net gains from significant special items in 2009. The gross margin increased from 11.4% in 2009 to 11.9% in 2010; as Doug Goforth, BlueLinx's CFO, noted on the conference call with investors announcing the

results, the “gross margin performance is one of the key indications that BlueLinx is operating effectively in a difficult environment.” (BlueLinx Holdings Inc. Q2 2010 Earnings Call Transcript, Aug. 5, 2010, available at <http://seekingalpha.com/article/218891-bluelinx-holdings-inc-q2-2010-earnings-call-transcript>.)

**The Announcement of Cerberus’s Tender Offer Was Timed To  
Take Advantage of the Company’s Potential for Recovery**

39. On July 20, 2010, the Commerce Department reported that housing starts slumped to a lower-than-expected level in May, the lowest level since October. *See, e.g.*, Bob Willis, Bloomberg News, “U.S. Housing Starts Drop to Lowest Level Since October,” <http://www.bloomberg.com/news/2010-07-20/housing-starts-in-u-s-slide-to-lowest-level-since-october-on-sales-slump.html>. However, most commentators attributed this decline to the expiration of the government tax credit in April.

40. According to a Schedule 13-D filed with the SEC July 22, 2010, Cerberus sent a letter to the Board the day after this news was reported, announcing their intention to commence the Tender Offer at \$3.40 per share. This letter noted that:

[I]n 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.

41. The following morning, before the opening of the market, Cerberus issued a press release announcing its intended offer:

Cerberus ABP Investor LLC (“CAI”), an affiliate of Cerberus Capital Management, L.P. (“Cerberus”), today announced that it intends to make a tender offer for all of the outstanding publicly held shares of BlueLinx Holdings Inc. (NYSE: BXC) (“BlueLinx” or the “Company”) not owned by CAI. Based on shares

outstanding as of May 7, 2010, CAI currently owns 55.39% of the outstanding common stock of BlueLinx. CAI intends to offer to acquire the balance of BlueLinx's common stock for \$3.40 per share in cash, representing 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.

CAI believes that the 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. CAI intends to commence the offer within approximately seven days.

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. The aggregate consideration for the outstanding BlueLinx shares (excluding shares outstanding following exercise of in-the-money options) would be approximately \$49.6 million.

Schedule TO, filed with the SEC July 22, 2010.

42. On August 2, 2010, Cerberus filed a Schedule TO announcing the commencement of the Tender Offer at \$3.40 per share (the "Cerberus Proxy").

**The Special Committee Recommendation Was the Result of a  
Flawed Investigation**

43. On July 27, 2010, the Company filed a Schedule 14D-9 with the SEC, noting that the Board had formed the Special Committee, which had in turn retained Jones Day as its legal advisors and Citadel Securities Inc. ("Citadel") as its financial advisor.

44. On August 13, 2010, the Company filed an additional Schedule 14D-9 with the SEC, which noted that it was unable take a position with respect to the Tender Offer and

encouraging shareholders to take no action but to defer any decision until the Special Committee had advised shareholders of its position or recommendation.

45. According to an amended Schedule 14D-9 and Schedule 13E-3 filed on September 27, 2010 (collectively, the “Special Committee Recommendation”), the Special Committee began negotiations throughout August but did not attempt to seriously explore its alternatives to the offer made by Cerberus. Through its financial advisor, Citadel, the Special Committee tentatively and unsuccessfully reached out to three entities “who might be interested in acquiring a minority stake in the Company.” The Special Committee thought that this was all it would be able to do:

In light of CAI’s statement in its Letter to the Board, dated July 21, 2010, that in its capacity as a stockholder CAI was only interested in acquiring Shares it did not already own, and that it neither had any current interest in selling its Shares nor in voting in favor of any alternative sale, merger or other such transaction, the Special Committee did not believe there was any viable alternative transaction involving the sale of the Company as a whole that could be explored or pursued without CAI’s support. Consequently, the Special Committee determined that exploring the potential acquisition of the entire minority interest by a third party was the only alternative transaction that could reasonably be explored at this time.

46. Only one of these parties was willing to enter into a confidentiality agreement on August 10, 2010, but soon decided that it did not wish to continue further discussions. It is important for shareholders to know whether these discussions fell apart after—and as a result of—a review of confidential information disclosed pursuant to the agreement. However, the Special Committee Recommendation simply states that “on August 12, 2010, that party indicated that it was no longer interested in further pursuing discussions.”

47. After receiving a report from Citadel on the valuation of the Company, the Special Committee suggested on August 4, 2010, that Cerberus should consider increasing the

Offer Price. Cerberus replied that the Special Committee should suggest a price that it could support. The Special Committee then reviewed revised financial projections with its financial advisor and suggested to Cerberus that it could provide a favorable recommendation for \$5.00 per share on August 16, 2010.

48. On August 17, 2010, Cerberus responded that \$3.40 was “fair to the Company’s stockholders,” that it “likely would not change the Offer Price if it did not receive a favorable recommendation from the Special Committee,” and suggested that it might be willing to consider an Offer Price between \$3.75 and \$4.00.

49. The Special Committee then determined that, if Cerberus would agree to certain shareholder “protections” which are discussed below, it could support a recommendation at an Offer Price of \$4.25.

50. On August 19, 2010, in response to litigation in Delaware and this Court and on the same day as oral arguments in Delaware Chancery Court, Cerberus amended its Schedule TO to require the affirmative recommendation of the Special Committee.

51. Then, after suggesting that it might only raise its offer to \$3.75, Cerberus stated on August 20, 2010, that it would not go above \$4.00 per share. The entire Special Committee—including defendant Schumacher—then met with Citadel and its legal advisor, Jones Day, and decided that “it would be able to deliver a favorable recommendation at an increase Offer Price of \$4.00 per Share, provided that [the parties agreed to] a definitive agreement with respect to the Additional Protections.”

52. While the Company claimed in its press release that the Board appointed three “independent” directors to serve on the Special Committee, it is clear that defendant Schumacher is in fact beholden to Cerberus, having served on three boards that it controls: BlueLinx, Anchor

Glass Container Corporation (“Anchor Glass”), and Equable Ascent Financial, LLC (“Equable”). Defendant Schumacher became the Chairman of the Board of Directors of Anchor Glass in August 2003 (just prior to its initial public offering (“IPO”)) and continued to serve as a director until 2006. However, the Company and the Special Committee fail to disclose the fact that Cerberus and its affiliates acquired all of the outstanding capital stock of Anchor Glass pursuant to a restructuring agreement in Anchor Glass’s prior bankruptcy in August 2002. After Cerberus led Anchor Glass through the IPO in 2003, Cerberus held 59.9% of Anchor Glass’s common stock, and maintained its control until Anchor Glass’s next bankruptcy in 2006.

53. Furthermore, the publicly filed documents elide the nature of defendant Schumacher’s continuing involvement in Equable, another company controlled by Cerberus. According to the Definitive Proxy Materials distributed to shareholders on April 16, 2010, defendant Schumacher sits on the Board of Equable Ascent Financial, LLC (“Equable”). The Proxy Materials note that defendant Cohen (a Senior Advisor to Cerberus) is the Chairman of the Board of Equable and Warner (a consultant to Cerberus) served as the Interim Chief Financial Officer of Equable. However, while defendants Cohen and Warner’s descriptions both disclose that Equable is a Cerberus portfolio company, defendant Schumacher’s description omits this association. Defendant Schumacher is clearly closely aligned with Cerberus; it is rather naïve to believe that defendant Schumacher appears as an “independent” director on three boards that it controls simply by chance.

54. As the Special Committee Recommendation notes, this Court ruled on the Plaintiffs’ motion for preliminary injunction on August 30, 2010, which questioned defendant Schumacher’s independence. As a result,

[O]n September 3, 2010, Mr. Schumacher determined that in order to ensure that the Special Committee’s time and attention was

devoted to protecting the interests of the Company's minority stockholders, and achieving the best possible result for those stockholders, rather than being distracted by litigation claims purporting to challenge his independence, he would recuse himself from further meetings of the Special Committee with respect to the Offer.

55. However, as noted above, defendant *Schumacher had already decided to recommend Cerberus' Offer Price of \$4.00*. The important decisions had already been made before he stepped down because, in describing the reasons supporting its decision, the Special Committee stated that "it believed that the \$4.00 per Share Offer Price represented CAI and Cerberus's best and final offer."

56. After the legal advisors to both sides negotiated the details, Cerberus announced that it was increasing the Offer Price to \$4.00 and that it had reached an agreement for the Stockholder Agreement on September 22, 2010. The next day, the Special Committee officially decided to recommend the Tender Offer, based on updated projections performed by Citadel.

**The Special Committee Failed To Appropriately Address  
Their Liquidity Concerns**

57. According to the Cerberus Proxy, the Tender Offer is conditioned on "there being validly tendered and not withdrawn a number of Shares representing at least a majority of the Shares, excluding Shares owned by Purchaser and the officers and directors of the Company, issued and outstanding (including any Shares issued upon exercise of options) as of the date the Shares are accepted for payment pursuant to the Offer (the 'Minimum Tender Condition')."

58. Similarly, the Tender Offer has a waivable condition of "there being 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, Purchaser will own 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 (the '90% Condition')."

59. According to the Special Committee Recommendation, the Special Committee realized on August 18, 2010, that the Tender Offer could still proceed if Minimum Tender Condition is met but the 90% Condition has been waived. In that situation, Cerberus would own close to 90% of the common stock, the liquidity of the publicly-held shares would be greatly decreased, and the remaining non-tendering shareholders would face potential coercive and inequitable actions if Cerberus dominated the Company.

60. The Special Committee therefore determined that it could support a lower Offer Price of \$4.25 in exchange for Cerberus's agreement to certain "Additional Protections," which included: 1) that Cerberus would provide a subsequent offer period of at least five business days if the 90% Condition is not met; 2) that Cerberus would use its "best efforts" to maintain the Company's public company status; 3) Cerberus will also use its "best efforts" to continue to have its shares listed on the NYSE; 4) that the Board will maintain at least three "independent" directors; and 5) Cerberus will abide by a "standstill" agreement, where it must have the approval of a majority of the independent directors before it acquires any additional shares of the Company or proposes other similar transactions. The Special Committee and Cerberus entered a Stockholder Agreement to this effect.

61. While these concessions might appear to justify lowering the Special Committee's offer by \$1.00, in actuality they provide few additional protections for the minority shareholders and do little to alleviate the liquidity concerns. *First*, while an extension of five business days to consider the Tender Offer might be helpful, the Tender Offer has already been considerably extended: the original Cerberus Proxy issued on August 2, 2010, had an expiration date of

August 27, 2010, but the date had been extended repeatedly and currently is set for October 18, 2010.

62. **Second**, Cerberus's "best efforts" to keep the Company's public status and keep it listed on the NYSE are in its own best interests. If, by mismanagement or design, Cerberus did not maintain the Company's public listing status, the resulting loss in shareholder value would likely subject it to further litigation.

63. **Third**, maintaining independent directors that will review any future acquisitions could actually benefit Cerberus. As a controlling shareholder with almost 90% of the common stock of the Company, any transaction that it enters into would be subject to entire fairness review without certain safeguards required by Delaware law, such as the approval of a duly-constituted committee of independent directors and a majority of the minority provision. In reality, Cerberus would assuredly have maintained independent directors even without the Stockholder Agreement to make sure that it could avoid entire fairness review. As has already been shown, however, BlueLinx and Cerberus consider defendant Schumacher to be an "independent" director despite his obvious allegiance to Cerberus.

64. Furthermore, the Special Committee did not consider whether any alternative to the Additional Protections would better protect the minority shareholders. For example, it did not consider requiring that Cerberus make the 90% Condition non-waivable. Nor did it consider if a "top-up" provision would remove the uncertainty for minority shareholders and prevent them from being stuck with shares that were even more illiquid and potentially worth less than the Offer Price if the market responds negatively to the failure of the 90% Condition.

65. It is also incredibly unclear how many shares must be tendered for the Minimum Tender Condition to apply and not the 90% Condition. The Special Committee

Recommendation provides two different total numbers of shares issued and outstanding: on page 1, it lists 32,690,437 shares, while the table in Annex C (which provides the holdings by directors and officers of the Company) is based on 32,676,562 outstanding shares. Furthermore, the Form 10Q, filed on August 2, 2010, stated that there were 32,701,062 shares outstanding and there are no filings with the SEC since then to indicate that the number of outstanding shares has decreased. The Special Committee Recommendation claims on page 1 that Cerberus controls 18,100,000 shares, which is 55.39% of the common stock. However, this calculation has to be based on the 32,676,562 number in Annex C and not the number disclosed on the same page of Special Committee Recommendation, which would be 55.36%.

66. The issue becomes more confusing with respect to the shares controlled by the directors and officers of the Company. The Special Committee Recommendation states that approximately 5,472,724 shares must be tendered for the Minimum Tender Condition to apply, based on the shares held by Cerberus and the directors and officers of the Company. Similarly, approximately 11,321,393 shares must be tendered in order for the 90% Condition to apply. Based on the 32,690,437 shares outstanding and 18,100,000 shares controlled by Cerberus disclosed on page 1, this means that the directors and officers must control 3,644,989 shares. However, pages 3-4 of the Special Committee Recommendation state that the directors control 3,801,284 shares (including 1,589,274 shares, 1,596,657 "Restricted Shares," and a total of 615,353 vested stock options in the chart on page 4). Confusing the matter further, the Special Committee Recommendation refers to Annex C, "setting forth the beneficial ownership of each of our directors and executive officers," which claims that the directors and officers beneficially control 3,635,501 shares. This chart does not disclose whether it includes all options controlled by the directors and officers, vested options, or vested options "as of a certain date. Finally, the

Special Committee Recommendation itself notes that “Restricted Shares may not be tendered in the Offer, *despite certain statements to the contrary in the Schedule TO.*” (Emphasis added.)

#### **The Tender Offer Price is Unfair and Inadequate**

67. The current Offer Price of \$4.00 substantially undervalues BlueLinx’s value and takes advantage of historic, but temporary, declines in BlueLinx’s primary markets. The analyses underlying Citadel’s fairness opinion fail to adequately address this dynamic, and as such, they also undervalue BlueLinx’s shares and are of little use to the Company’s shareholders in evaluating the financial merit of the Tender Offer.

68. The first such flaw in Citadel’s valuation analysis involves its improper application of the concept of “mid-cycle.” Certain industries and companies are cyclical. Simply put, their financial performance rises and falls with larger economic and industry cycles. Accordingly, it is imperative when valuing such companies that valuation multiples are applied to “mid-cycle” profit measures. By applying multiples to a company during a cyclical trough or to a cycle that is not representative of normalized profits, the company is undervalued. Such was the case with Citadel’s valuation of BlueLinx in both its Discounted Cash Flow Analysis (“DCF”) and its Comparable Company Analysis.

69. With respect to its DCF, Citadel applied valuation multiples of earnings before interest, taxes, depreciation and amortization (“EBITDA”) to what Citadel deemed BlueLinx’s “Mid-Cycle EBITDA.” However, the Mid-Cycle EBITDA figure Citadel used was not representative of the Company’s earnings power in a normalized market for housing starts because the housing starts figures Citadel views as representative of being “Mid-Cycle” were artificially depressed by the worst market for new home construction in decades.

70. Even in the Company's "Upside Case" projections, the average annual housing starts from 2010 is only 1.1 million as compared to annual housing starts of 1.5 million in the U.S. over the last half century. Using Citadel's DCF on the Company's Base Case projections as an example, by assuming normalized housing starts of 1.1 million instead of 1.5 million per year, Citadel *undervalued* BlueLinx's shares by nearly \$12 per share. This indicates the value of BlueLinx's shares is closer to \$12 to \$15 as opposed to the \$4.00 per share Offer Price from Cerberus.

71. With respect to its Comparable Company Analysis, Citadel again misapplies the concept of "Mid-Cycle" by largely relying on 2010 and 2011 measures of temporarily depressed EBITDA as the basis for its valuation. Even though Citadel paid lip service to Mid-Cycle EBITDA, we know that Citadel's "Mid-Cycle" EBITDA assumption is far below what 50 years of housing starts history tells us it should be. Without correcting for this flaw, the only way in which Citadel's Comparable Company Analysis could have been salvaged would have been to use revenue multiples instead of EBITDA multiples because revenue does not swing as wildly throughout a cycle as does EBITDA. However, Citadel failed to take this into account in its Comparable Company Analysis, rendering it largely meaningless.

72. The other major conceptual error in Citadel's analysis involves its inability or unwillingness to consider BlueLinx's net asset value. For any corporation, the value of assets minus the value of liabilities should be representative of the value of that company's equity. After all, shareholders, like BlueLinx shareholders, have a claim on the Company's assets after its liabilities have been settled.

73. Like with many companies, because of accounting rules, the true values of BlueLinx's assets are not necessarily evident by looking at its balance sheet. While Citadel

superficially explored this issue as it relates to the Company's real estate assets, Citadel's analysis labored under questionable assumptions and was incomplete. One of the primary assumptions driving the results of Citadel's real estate valuation analysis is the notion that Citadel would have to sell its assets in a fully taxable transaction in order to capture the value of those assets. The assets have value irrespective of whether or not their sale is planned or contemplated. Assuming there are tax-advantaged ways of capturing the value of these assets, their value is potentially \$67 million to \$96 million higher than concluded by Citadel. With \$35 million shares outstanding, this translates into incremental value of nearly \$2 to \$3 per share.

74. Even assuming that full taxes are owed on some hypothetical sale of these assets, BlueLinx's net asset value *excluding* its real estate is \$5.17 per share. Using the fully taxed values for the Company's real estate of -\$0.55 to \$0.75 per share, this still results in a net asset value of \$4.62 to \$5.92 per share as compared to Cerberus's \$4.00 per share Offer.

75. The fact that the Offer Price substantially undervalues BlueLinx's shares is also reflected in Cerberus's own statements and actions regarding its "evaluation" of the Tender Offer's fairness to the Company's public shareholders. Cerberus admits that it ignored the fact that BlueLinx's net asset value is above the Offer Price, stating that it "consider[s] the Company to be a viable going concern." However, few if any, of Citadel's valuation analyses indicate that BlueLinx's value as an operating company is as high as \$4.62 to \$5.92 per share. How can this be? If BlueLinx is worth more on the basis of its net asset value than it is continuing its operations, then it is absurd to believe that Citadel's analyses reflected the proper application of valuation concepts and techniques.

76. Additionally, the Offer Price fails to adequately value BlueLinx's shares for the following reasons:

(a) Cerberus dominates and controls the financial, business and corporate affairs of BlueLinx, and because the Individual Defendants hold executive and director positions within BlueLinx, Defendants are in possession of private corporate information concerning BlueLinx's assets, businesses and future prospects, there exists an imbalance and disparity of knowledge and economic power between them and the public stockholders of BlueLinx which makes it inherently unfair for them to pursue any proposed transaction wherein they will reap disproportionate benefits to the exclusion of other means of maximizing stockholder value;

(b) Because Cerberus dominates the voting power of BlueLinx's outstanding equity securities and has stated that it is unwilling to sell its position, it is unlikely that any party will make a competing bid to acquire the Company;

(c) As recently as April 26, 2010, BlueLinx common stock has traded as high as \$6.32, which is 58% higher than the Offer Price of \$4.00;

(d) The Offer Price of \$4.00 per share does not adequately reflect the expected growth in the Company's profitability, in light of the recovery in the housing market.

(e) On August 11, 2010, Stadium Capital Management, LLC ("SCM"), filed a Schedule 13D announcing that it was the beneficial owner of 5% of BlueLinx common stock, and that it had filed a complaint in Delaware Chancery Court contesting the transaction on behalf of itself alone. As SCM noted, the Company's projected EBITDA in 2014 was \$170.5 million, which is "similar to what the Company achieved in its 2004 and 2005 fiscal years, during which years BlueLinx was consistently valued in the range of approximately 6.5x to 9.5x EBITDA. Employing this range of 6.5x to 9.5x EBITDA multiple and BlueLinx's projected 2014 EBITDA of \$170.5 million results in a total enterprise value of \$1,108 million to \$1,620 million. Deducting the Company's projected 2014 net debt of \$318.4 million results in an equity value of

\$790 million to \$1,301 million, or approximately \$24.16 to \$39.78 per share—i.e., more than 7.1x to 11.7x the current \$3.40 per share offer price.”

77. Under the circumstances, the Company’s Board cannot be expected to protect the Company’s public shareholders in transactions which benefit Cerberus at the expense of the Company’s public shareholders, as exemplified by the proposed transaction.

**The Materially Misleading and/or Incomplete Tender Offer  
Materials**

78. The Special Committee Recommendation is materially misleading in that, among other things, it omits material information needed by the Company’s public shareholders in order for them to make fully informed decisions as to whether or not they should tender their shares of BlueLinx into the Tender Offer or seek appraisal related to the Merger. Specifically, the disclosure in the Special Committee Recommendation (including the accompanying Schedule 13E-3) is inadequate because:

(a) The Special Committee Recommendation does not disclose whether the housing starts projected by the Company for the later years in the projections will be a “peak” of the housing market. By averaging the housing starts across these years, the analysis presumes that they will be representative of an entire cycle.

(b) The Special Committee notes that it requested and reviewed this additional report by Citadel, it does not say whether it requested it due to the concerns raised by shareholders or how it affected the Special Committee’s appraisal of the Company. Nor does it disclose whether the Special Committee investigated any tax-advantaged methods of unlocking these valuable real estate assets. These assets were also last appraised in 2006. According to the 10-Q for the second quarter of 2010, filed on August 6, 2010, the LLC Subsidiaries that own the mortgaged properties listed \$113 million of “Property and equipment, net.” The Special

Committee Recommendation does not disclose why Citadel's assessment that the mortgaged properties were worth between \$307 and \$382 million, depending on the discount applied to the properties, are not used instead.

(c) While the Special Committee Recommendation provides several projections of earnings based on certain assumptions of housing starts in the next few years, it does not disclose that, as of July 29, 2010, the consensus among housing economists forecast a 15% increase in housing starts in 2010. *See* Boyce Thompson, Builder, "Economists Still Forecast Housing Growth in 2010," <http://www.builderonline.com/economic-conditions/economists-still-forecast-housing-growth-in-2010.aspx>. Given that the Company had 554,000 new housing starts in financial year 2009, this 15% growth would result in 637,000 new housing starts in financial year 2010, outperforming the Company's downward-revised projections.

(d) On September 21, 2010, the U.S. Census Bureau released the new residential construction statistics for August 2010. Importantly, the release noted that "Privately-owned housing starts in August were at a seasonally adjusted annual rate of 598,000. This is 10.5 percent ( $\pm 11.9\%$ )\* above the revised July estimate of 541,000 and is 2.2 percent ( $\pm 9.7\%$ )\* above the August 2009 rate of 585,000." As discussed in the Special Committee Recommendation, the Special Committee met with its advisors on August 23, 2010, to review the Offer Price of \$4.00 based on revised estimates provided by the Company's management. However, the Special Committee Recommendation fails to disclose whether the financial advisors considered these important and optimistic results. In fact, the three sets of projections provided on pages 22-23 of the Special Committee Recommendation all estimated only 575,000 housing starts in 2010.

(e) As discussed above, the discussions with the potential investors are not fully described.

(f) As discussed above, the relationships between defendant Schumacher and Cerberus are not properly disclosed, preventing the Class from making an informed decision whether his decision to accept the Offer Price of \$4.00 per share was independent.

(g) As discussed above, the Special Committee Recommendation does not adequately disclose the shares controlled by the directors and officers of the Company and the shares necessary to fulfill the Minimum Tender Condition.

79. As set forth above, the Special Committee Recommendation contains misleading information and omits material information concerning the Tender Offer. Without material and accurate information, BlueLinx shareholders cannot possibly make an informed judgment concerning whether to tender their shares in the Tender Offer or seek appraisal in connection with the Merger.

**FIRST CAUSE OF ACTION**

**For Breach of Fiduciary Duty  
(Against All Defendants)**

80. Plaintiffs repeat and reallege the foregoing, as if fully set forth herein.

81. By virtue of the foregoing, Defendants have participated in unfair business practices and self-dealing toward Plaintiffs and other members of the Class and have engaged in and substantially assisted and aided each other in breach of the fiduciary duties owed by them to the Class.

82. The proposed Tender Offer is wrongful, unfair, and harmful to the Company's minority public stockholders and represents an effort by Defendants to aggrandize the Company's financial position and interests at the expense of and to the detriment of Class

members. The Tender Offer is an attempt to deny Plaintiffs and the other members of the Class their right to share proportionately in the true value of the Company's valuable assets, future growth in profits, earnings and dividends, while usurping the same for the benefit of Cerberus on unfair and inadequate terms.

83. Defendants, in failing to disclose the material non-public information in their possession as to the value of the Company's assets, the full extent of the future earnings potential of the Company and its expected increase in profitability, have breached and are breaching their fiduciary duties to the members of the Class.

84. Defendants have violated their fiduciary duties owed to Plaintiffs and the other members of the Class by failing to disclose material information so that they could make an informed decision as to whether to tender their shares.

85. Defendants' conduct constitutes violations of their fiduciary duties owed to the Class. The Tender Offer by the overwhelming controlling shareholder is a coercive device by insiders of the Company, which constitutes a manipulative and unlawful scheme.

86. As a result of Defendants' unlawful actions, Plaintiffs and the other members of the Class will be damaged in that they will not receive their fair portion of the value of the Company's assets and business and will be prevented from obtaining the real value of their equity ownership of the Company.

87. Unless enjoined by this Court, the Individual Defendants will continue to breach their fiduciary duties owed to Plaintiffs and the Class and may consummate the Tender Offer, which will deny Class members their fair share of BlueLinx's excellent growth prospects and future value to the irreparable harm of the Class.

88. By reason of the foregoing, each member of the Class has suffered damages.

89. Plaintiffs and the other members of the Class have no adequate remedy at law.

**SECOND CAUSE OF ACTION**

**Aiding and Abetting Breaches of Fiduciary Duties  
(Against CAI and Cerberus Capital Management, L.P.)**

90. Plaintiffs repeat and reallege the foregoing allegations, as if fully set forth herein.

91. Defendant CAI has knowingly aided and abetted the breaches of fiduciary duty committed by the Individual Defendants to the detriment of BlueLinx's public shareholders. CAI facilitated the Individual Defendants breaches of fiduciary duty in the commencement of the Tender Offer for all of the outstanding common stock of the Company that it does not already own. Further, CAI and its investors are the intended beneficiaries of the wrongs complained of and would be unjustly enriched absent relief in this action.

92. Plaintiffs and the other members of the Class have no adequate remedy at law.

**WHEREFORE**, plaintiff demands judgment as follows:

- i) declaring this to be a proper class action and certifying Plaintiffs as the class representatives and Plaintiffs' counsel as class counsel;
- ii) enjoining, preliminarily and permanently, the Tender Offer complained of herein;
- iii) to the extent, if any, that the Tender Offer is consummated prior to the entry of this Court's final judgment, rescinding the same or awarding the Class damages;
- iv) directing that Defendants pay to Plaintiffs and the other members of the Class all damages caused to them and account for all profits and any special benefits obtained as a result of their wrongful conduct;

v) awarding Plaintiffs the costs and disbursements of this action, including a reasonable allowance for the fees and expenses of plaintiffs' attorneys and expert(s); and

vi) granting such other further relief as the Court may deem just and proper.

Dated: October 14, 2010

Respectfully submitted,

**CHITWOOD HARLEY HARNES LLP**

By: /s/ James M. Wilson

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**CERTIFICATE OF SERVICE**

This is to certify that I have this day served a true and correct copy of the within Consolidated Amended Class Action Complaint by email transmission and first-class U.S. Mail, postage prepaid, upon counsel for Defendants as indicated below:

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This 14th day of October, 2010.

/s/ James M. Wilson

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