

GREAT LAKES WINDOW INC  
Form 424B3  
June 01, 2010

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PROSPECTUS

Filed Pursuant to Rule 424(b)(3)  
Registration Nos. 333-166013  
333-166013-01 through 333-166013-23

Ply Gem Industries, Inc.  
Exchange Offer for \$150,000,000  
13.125% Senior Subordinated Notes due 2014 and Related Guarantees

#### The Notes and the Guarantees

- We are offering to exchange \$150,000,000 of our outstanding 13.125% Senior Subordinated Notes due 2014 and certain related guarantees, which were issued on January 11, 2010 and which we refer to collectively as the initial notes, for a like aggregate amount of our registered 13.125% Senior Subordinated Notes due 2014 and certain related guarantees, which we refer to collectively as the exchange notes. The exchange notes will be issued under an indenture dated as of January 11, 2010.
- The exchange notes will mature on July 15, 2014. We will pay interest on the exchange notes on January 15 and July 15 of each year, beginning on July 15, 2010, at a rate of 13.125% per annum, to holders of record on the January 1 or July 1 immediately preceding the interest payment date.
- The exchange notes will be unsecured and will be subordinated in right of payment to all of our existing and future senior debt, including borrowings under our senior secured asset-based revolving credit facility (the "ABL Facility") and our existing 11.75% senior secured notes due 2013 (the "Senior Secured Notes"). The exchange notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries that are not guarantors.
- The exchange notes will initially be jointly and severally, irrevocably and unconditionally guaranteed on a senior subordinated basis, subject to certain limitations described herein, by Ply Gem Holdings, Inc. and all our subsidiaries located in the United States (other than Unrestricted Subsidiaries as such term is defined in "Description of Notes"). The related guarantees will be general unsecured obligations of the guarantors and will be subordinated in right of payment to all existing and future senior debt of the guarantors, which includes their guarantees of the ABL Facility and the Senior Secured Notes.

#### Terms of the exchange offer

- It will expire at 5:00 p.m., New York City time, on June 30, 2010, unless we extend it.
  - If all the conditions to this exchange offer are satisfied, we will exchange all of our initial notes that are validly tendered and not withdrawn for the exchange notes.
  - You may withdraw your tender of initial notes at any time before the expiration of this exchange offer.
- The exchange notes that we will issue you in exchange for your initial notes will be substantially identical to your

initial notes except that, unlike your initial notes, the exchange notes will have no transfer restrictions or registration rights.

- The exchange notes that we will issue you in exchange for your initial notes are new securities with no established market for trading.

Before participating in this exchange offer, please refer to the section in this prospectus entitled “Risk Factors” commencing on page 15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for initial notes where those initial notes were acquired by that broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See “Plan of Distribution.”

The date of this prospectus is June 1, 2010.

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 MARKET AND INDUSTRY DATA

Market data and other statistical information used throughout this prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data are also based on good faith estimates by our management, which are derived from their review of internal surveys, as well as the independent sources listed above.

## PROSPECTUS SUMMARY

This summary may not contain all of the information that may be important to you. You should read this prospectus carefully in its entirety before making an investment decision. In particular, you should read the section entitled “Risk Factors” included elsewhere in this prospectus and the consolidated financial statements and notes thereto included elsewhere in this prospectus.

Unless otherwise specified or the context requires otherwise, (i) the term “Ply Gem Industries” refers to Ply Gem Industries, Inc., the principal operating subsidiary of Ply Gem Holdings; (ii) the term “Ply Gem Holdings” refers to Ply Gem Holdings, Inc.; (iii) the terms “we,” “us,” or “our,” “Ply Gem” and the “Company” refer collectively to Ply Gem Holdings and its subsidiaries; (iv) the term “CI Noteholders” refers collectively to Caxton-Iseman (Ply Gem) III, L.P. and Caxton-Iseman (Ply Gem) IV, L.P.; (v) the term “Senior Note Offering” means the issuance of an additional \$25.0 million aggregate principal amount of Senior Secured Notes on October 23, 2009 and (vi) the term “Refinancing Transactions” means (a) the Note Transfer (as defined herein), (b) the Note Contribution (as defined herein) and (c) the offering of the initial notes and the use of proceeds from such offering. The use of these terms is not intended to imply that Ply Gem Holdings and Ply Gem Industries are not separate and distinct legal entities.

The term “initial notes” refers to the 13.125% Senior Subordinated Notes due 2014 that were issued on January 11, 2010 in a private offering, and the term “exchange notes” refers to the 13.125% Senior Subordinated Notes due 2014 offered with this prospectus. The term “notes” refers to the initial notes and the exchange notes, collectively.

### Our Company

We are a leading manufacturer of residential exterior building products in North America. We offer a comprehensive product line of vinyl siding and skirting, vinyl windows and doors, and vinyl and composite fencing and railing that serves both the home repair and remodeling and new home construction sectors in the United States and Western Canada. Vinyl building products have the leading share of sales by volume in siding and windows, and a fast growing share of sales by volume in fencing in the United States. We also manufacture vinyl and aluminum soffit and siding accessories, aluminum trim coil, wood, vinyl, aluminum and vinyl and aluminum clad windows, steel and fiberglass doors and stone veneer, enabling us to bundle complementary and color-matched products and accessories with our core vinyl products. We believe our broad product offering and geographically diverse manufacturing base allow us to better serve our customers and provide us with a competitive advantage over other vinyl building products suppliers. We have two reportable segments: (i) siding, fencing and stone and (ii) windows and doors.

We market our products using several leading brands across multiple price points, which enables us to diversify our sales across distribution channels with minimal channel conflict and reach the greatest number of end customers. We believe we are able to compete on favorable terms and conditions and maintain a strong customer base as a result of our extensive distribution coverage, high quality, innovative and comprehensive product line, proprietary vendor managed inventory program and production efficiency.

Ply Gem Holdings is a holding company with no operations or assets of our own other than the capital stock of our subsidiaries. For the three months ended April 3, 2010, we had net sales of \$204.2 million, adjusted EBITDA of \$12.1 million and net income of \$54.1 million including a \$98.2 million gain on extinguishment of debt. For the year ended December 31, 2009, we had net sales of \$951.4 million, adjusted EBITDA of \$113.7 million and operating earnings of \$40.1 million.



## Our Sponsor

As of the date of this prospectus, affiliates of, and companies managed by, CI Capital Partners LLC, formerly known as Caxton-Iseman Capital LLC, including Caxton-Iseman (Ply Gem), L.P., Caxton-Iseman (Ply Gem) II, L.P. and Frederick J. Iseman (collectively, the “Sponsor”), beneficially own approximately 83% of the common stock of the indirect parent company of Ply Gem Industries.

## Use of Proceeds

We will not receive any proceeds from the issuance of the exchange notes. We are making this exchange offer solely to satisfy certain of our obligations under our registration rights agreement entered into in connection with the offering of the initial notes.

## Refinancing Transactions

Prior to the issuance of the initial notes, we had \$360.0 million aggregate principal amount of 9% senior subordinated notes due 2012 (the “9% notes”) outstanding. Caxton-Iseman (Ply Gem) III, L.P. and Caxton-Iseman (Ply Gem) IV, L.P. (together, the “CI Noteholders”), which are affiliates of the Sponsor, owned approximately \$281.3 million aggregate principal amount of our 9% notes.

Through a series of transactions, (i) prior to the closing date of the offering of the initial notes, approximately \$218.8 million aggregate principal amount of the 9% notes held by the CI Noteholders were transferred to affiliates of the Sponsor who are our indirect stockholders and ultimately to Ply Gem Prime Holdings, Inc. (“Ply Gem Prime Holdings”), our indirect parent company, and (ii) on February 12, 2010, such notes were transferred to our parent company, Ply Gem Holdings (collectively, the “Note Transfer”). Such 9% notes were then transferred to Ply Gem Industries as a capital contribution and cancelled on February 12, 2010 (the “Note Contribution”). Any interest payable on such 9% notes to a holder of record on a date prior to the Note Transfer and the Note Contribution was not contributed to Ply Gem Industries.

On February 16, 2010, we redeemed the remaining \$141.2 million aggregate principal amount of outstanding 9% notes (including approximately \$62.5 million of the 9% notes held by the CI Noteholders) at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date. Following the redemption, the CI Noteholders no longer hold any debt securities of Ply Gem Industries. See “Refinancing Transactions.”

## Senior Note Offering

On October 23, 2009, Ply Gem Industries issued an additional \$25.0 million aggregate principal amount of Senior Secured Notes in a private placement transaction. The proceeds of the Senior Note Offering were used for general corporate purposes. The new Senior Secured Notes are part of a single class of notes together with the originally issued Senior Secured Notes and have the same terms except that the new Senior Secured Notes have a different issue date and first interest payment date, trade under a separate CUSIP number, have a different U.S. federal income tax treatment relating to the recognition of original issue discount and have no registration rights.

## Recent Developments

On May 28, 2010, Ply Gem Holdings filed a Registration Statement on Form S-1 relating to its proposed initial public offering of up to \$300 million of common stock. Ply Gem Holdings intends to use the proceeds that it receives from the offering to redeem or repurchase a portion of our outstanding indebtedness and to pay transaction fees and other expenses. To the extent that any selling stockholders participate in the offering, Ply Gem Holdings will not receive any proceeds from the sale of shares by such stockholders. There can be no assurance that Ply Gem Holdings' initial public offering of common stock will be completed on acceptable terms or at all. The Registration Statement on Form S-1 has not yet become effective and common stock of Ply Gem Holdings may not be sold, nor may offers to buy be accepted, prior to the time the Registration Statement becomes effective.

## Additional Information

Ply Gem Industries, Inc. is incorporated under the laws of the State of Delaware. Our principal executive offices are located at 5020 Weston Parkway, Suite 400, Cary, North Carolina 27513. Our telephone number is (919) 677-3900.

The following table describes the guarantors. All of their principal offices are located at 5020 Weston Parkway, Suite 400, Cary, North Carolina 27513, telephone number (919) 677-3900.

Name of Guarantor	Jurisdiction of Formation	Year of Formation
Alcoa Home Exteriors, Inc. ("AHE")	Ohio	1928
Alenco Building Products Management, L.L.C.	Delaware	2001
Alenco Extrusion GA, L.L.C.	Delaware	2001
Alenco Extrusion Management, L.L.C.	Delaware	2001
Alenco Holding Corporation	Delaware	2000
Alenco Interests, L.L.C.	Delaware	2001
Alenco Trans, Inc.	Delaware	2000
Alenco Window GA, L.L.C.	Delaware	2001
Aluminum Scrap Recycle, L.L.C.	Delaware	2001
AWC Arizona, Inc.	Delaware	2005
AWC Holding Company ("AWC," and together with its subsidiaries, "Alenco")	Delaware	2004
Glazing Industries Management, L.L.C.	Delaware	2001
Great Lakes Window, Inc. ("Great Lakes")	Ohio	1986
Kroy Building Products, Inc. ("Kroy")	Delaware	1994
MW Manufacturers Inc. ("MW")	Delaware	1999
MWM Holding, Inc. ("MWM Holding")	Delaware	2002
Napco, Inc. ("Napco")	Delaware	1989
New Alenco Extrusion, Ltd.	Texas	2001
New Alenco Window, Ltd.	Texas	2001
New Glazing Industries, Ltd.	Texas	2001
Ply Gem Holdings, Inc.	Delaware	2004
Ply Gem Pacific Windows Corporation ("Pacific Windows")	Delaware	2006
Variform, Inc. ("Variform")	Missouri	1964



SUMMARY OF THE EXCHANGE OFFER

In this subsection, “we,” “us” and “our” refer only to Ply Gem Industries, Inc., as issuer of the notes, exclusive of Ply Gem Holdings and our subsidiaries.

Exchange Offer	We are offering to exchange \$150,000,000 aggregate principal amount of our exchange notes for a like aggregate principal amount of our initial notes. In order to exchange your initial notes, you must properly tender them and we must accept your tender. We will exchange all outstanding initial notes that are properly tendered and not validly withdrawn.
Expiration Date	This exchange offer will expire at 5:00 p.m., New York City time, on June 30, 2010 unless we decide to extend it.
Conditions to the Exchange Offer	<p>We will complete this exchange offer only if:</p> <ul style="list-style-type: none"><li>· there is no change in the laws and regulations which would impair our ability to proceed with this exchange offer;</li><li>· there is no change in the current interpretation of the staff of the Securities and Exchange Commission (the “SEC”) permitting resales of the exchange notes;</li><li>· there is no stop order issued by the SEC that would suspend the effectiveness of the registration statement which includes this prospectus or the qualification of the exchange notes under the Trust Indenture Act of 1939;</li><li>· there is no litigation or threatened litigation that would impair our ability to proceed with this exchange offer; and</li><li>· we obtain all the governmental approvals we deem necessary to complete this exchange offer.</li></ul> <p>Please refer to the section in this prospectus entitled “The Exchange Offer—Conditions to the Exchange Offer.”</p>
Procedures for Tendering Initial Notes	To participate in this exchange offer, you must complete, sign and date the letter of transmittal or its facsimile and transmit it, together with your initial notes to be exchanged and all other documents required by the letter of transmittal, to U.S. Bank National Association, as exchange agent, at its address indicated under “The Exchange Offer—Exchange Agent.” In the alternative, you can tender your initial notes by book-entry delivery following the procedures described in this prospectus. For more information on tendering your notes, please refer to the section in this prospectus entitled “The Exchange Offer—Procedures for Tendering Initial Notes.”

Special Procedures for Beneficial Owners	If you are a beneficial owner of initial notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your initial notes in the exchange offer, you should contact the registered holder promptly and instruct that person to tender on your behalf.
Guaranteed Delivery Procedures	If you wish to tender your initial notes and you cannot get the required documents to the exchange agent on time, you may tender your notes by using the guaranteed delivery procedures described under the section of this prospectus entitled “The Exchange Offer—Procedures for Tendering Initial Notes—Guaranteed Delivery Procedure.”
Withdrawal Rights	You may withdraw the tender of your initial notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address indicated under “The Exchange Offer—Exchange Agent” before 5:00 p.m., New York City time, on the expiration date of the exchange offer.
Acceptance of Initial Notes and Delivery of Exchange Notes	If all the conditions to the completion of this exchange offer are satisfied, we will accept any and all initial notes that are properly tendered in this exchange offer on or before 5:00 p.m., New York City time, on the expiration date. We will return any initial note that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the exchange notes to you promptly after the expiration date and acceptance of your initial notes for exchange. Please refer to the section in this prospectus entitled “The Exchange Offer—Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes.”
Federal Income Tax Considerations Relating to the Exchange Offer	Exchanging your initial notes for exchange notes will not be a taxable event to you for United States federal income tax purposes. Please refer to the section of this prospectus entitled “Federal Income Tax Considerations.”
Exchange Agent	U.S. Bank National Association is serving as exchange agent in the exchange offer.
Fees and Expenses	We will pay the expenses related to this exchange offer. Please refer to the section of this prospectus entitled “The Exchange Offer—Fees and Expenses.”

Use of Proceeds

We will not receive any proceeds from the issuance of the exchange notes. We are making this exchange offer solely to satisfy certain of our obligations under our registration rights agreement entered into in connection with the offering of the initial notes.

Consequences to  
Holders

Who Do Not  
Participate in the  
Exchange Offer

If you do not participate in this exchange offer:

- except as set forth in the next paragraph, you will not necessarily be able to require us to register your initial notes under the Securities Act;
- you will not be able to resell, offer to resell or otherwise transfer your initial notes unless they are registered under the Securities Act or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, registration under the Securities Act; and
- the trading market for your initial notes will become more limited to the extent other holders of initial notes participate in the exchange offer.

You will not be able to require us to register your initial notes under the Securities Act unless:

- the initial purchasers request us to register initial notes that are not eligible to be exchanged for exchange notes in the exchange offer; or
- you are prohibited by law or SEC policy from participating in the exchange offer or do not receive freely tradeable exchange notes in the exchange offer.

In these cases, the registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for the benefit of the holders of the initial notes described in this paragraph. We do not currently anticipate that we will register under the Securities Act any notes that remain outstanding after completion of the exchange offer.

Please refer to the section of this prospectus entitled “The Exchange Offer—Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences.”

Resales

It may be possible for you to resell the notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to the conditions described under “—Obligations of Broker-Dealers” below.

To tender your initial notes in this exchange offer and resell the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act, you must make the following representations:

- you are authorized to tender the initial notes and to acquire exchange notes, and that we will acquire good and unencumbered title thereto;
- the exchange notes acquired by you are being acquired in the ordinary course of business;
- you have no arrangement or understanding with any person to participate in a distribution of the exchange notes and are not participating in, and do not intend to participate in, the distribution of such exchange notes;
- you are not an “affiliate,” as defined in Rule 405 under the Securities Act, of ours, or you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;
- if you are not a broker-dealer, you are not engaging in, and do not intend to engage in, a distribution of exchange notes; and
- if you are a broker-dealer, initial notes to be exchanged were acquired by you as a result of market-making or other trading activities and you will deliver a prospectus in connection with any resale, offer to resell or other transfer of such exchange notes.

Please refer to the sections of this prospectus entitled “The Exchange Offer—Procedure for Tendering Initial Notes—Proper Execution and Delivery of Letters of Transmittal,” “Risk Factors—Risks Relating to the Exchange Offer—Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes” and “Plan of Distribution.”

Obligations of  
Broker-Dealers

If you are a broker-dealer (1) who receives exchange notes, you must acknowledge that you will deliver a prospectus in connection with any resales of the exchange notes, (2) who acquired the initial notes as a result of market making or other trading activities, you may use the exchange offer prospectus as supplemented or amended, in connection with resales of the exchange notes, or (3) who acquired the initial notes directly from the issuer in the initial offering and not as a result of market making and trading activities, you must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in connection with resales of the exchange notes.

SUMMARY OF TERMS OF THE EXCHANGE NOTES

Issuer	Ply Gem Industries, Inc., a Delaware corporation.
Exchange Notes	Up to \$150.0 million aggregate principal amount of 13.125% Senior Subordinated Notes due 2014. The forms and terms of the exchange notes are the same as the form and terms of the initial notes except that the issuance of the exchange notes is registered under the Securities Act, the exchange notes will not bear legends restricting their transfer and the exchange notes will not be entitled to registration rights under our registration rights agreement. The exchange notes will evidence the same debt as the initial notes, and both the initial notes and the exchange notes will be governed by the same indenture.
Maturity Date	July 15, 2014.
Interest	The exchange notes will bear interest at a rate per annum equal to 13.125%, payable semi-annually, on January 15 and July 15 of each year, commencing on July 15, 2010.
Rankings and Guarantees	<p>The exchange notes will be unsecured and will be subordinated in right of payment to all of our existing and future senior debt, including borrowings under the ABL Facility and the Senior Secured Notes. The exchange notes will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries that are not guarantors.</p> <p>The exchange notes will initially be jointly and severally, irrevocable and unconditionally guaranteed on a senior subordinated basis, subject to certain limitations described herein, by Ply Gem Holdings and all our subsidiaries located in the United States (other than Unrestricted Subsidiaries as such term is defined in "Description of Notes"). The related guarantees will be general unsecured obligations of the guarantors and will be subordinated in right of payment to all existing and future senior debt of the guarantors, which includes their guarantees of the ABL Facility and the Senior Secured Notes.</p> <p>As of April 3, 2010, we and the guarantors had \$790.0 million of senior debt comprised of \$725.0 million aggregate principal amount of Senior Secured Notes and \$65.0 million of borrowings under the ABL Facility, with an additional \$63.5 million available to be borrowed under the revolving portion of the ABL Facility. As of April 3, 2010, our Canadian subsidiary had an additional \$6.5 million of liabilities (including trade payables), to which the notes would have been structurally subordinated.</p>

**Optional Redemption** Prior to January 15, 2012, we may redeem up to 40% of the aggregate principal amount of the exchange notes with the net cash proceeds from certain equity offerings at a redemption price equal to 113.125% of the aggregate principal amount of the exchange notes, plus accrued and unpaid interest, if any, provided that at least 60% of the original aggregate principal amount of the exchange notes remains outstanding after the redemption.

On or after January 15, 2012, and prior to January 15, 2013, we may redeem up to 100% of the aggregate principal amount of the exchange notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103% of the aggregate principal amount of the exchange notes, plus accrued and unpaid interest, if any. On or after January 15, 2013, we may redeem up to 100% of the aggregate principal amount of the exchange notes with the net cash proceeds from certain equity offerings at a redemption price equal to 100% of the aggregate principal amount of the exchange notes, plus accrued and unpaid interest, if any.

At any time on or after January 15, 2012, we may redeem the exchange notes, in whole or in part, at the redemption prices listed in “Description of Notes—Optional Redemption.”

**Change of Control** If we experience a change of control, we may be required to offer to purchase the exchange notes at a purchase price equal to 101% of the aggregate principal amount, plus accrued and unpaid interest, if any. We might not be able to pay you the required price for the exchange notes you present to us at the time of a change of control because the ABL Facility, the Senior Secured Notes or other indebtedness may prohibit payment or we might not have enough funds at that time.

Following any such offer to purchase, under certain circumstances, prior to January 15, 2012, we may redeem all, but not less than all, of the exchange notes not tendered in such offer at a price equal to 101% of the principal amount, plus accrued and unpaid interest.

In addition, if we experience a change of control prior to January 15, 2012, we may redeem all, but not less than all, of the exchange notes at a redemption price equal to 100% of the principal amount plus a “make-whole” premium.

**Restrictive Covenants** The indenture governing the exchange notes, among other things, limits the ability of Ply Gem Industries and its subsidiaries to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem our stock or make restricted payments in respect of subordinated indebtedness;
- make investments;
- sell assets;
- incur certain liens;

- enter into agreements restricting our subsidiaries' ability to pay dividends;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

These limitations are subject to a number of important qualifications and exceptions as described under "Description of Notes—Certain Covenants." The restrictive covenants generally do not restrict our parent company, Ply Gem Holdings, or any of its subsidiaries that are not our subsidiaries.

Original Issue Discount	Because the initial notes were issued with original issue discount, the exchange notes should be treated as having been issued with original issue discount for U.S. federal income tax purposes. Thus, U.S. Holders (as defined in “Federal Income Tax Considerations”) will be required to include amounts representing such original issue discount in gross income on a constant yield basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable. See “Federal Income Tax Considerations.”
Use of Proceeds	We will not receive any proceeds from the issuance of the exchange notes in exchange for the outstanding initial notes. We are making this exchange solely to satisfy our obligations under the registration rights agreement entered into in connection with the offering of the initial notes.
Absence of a Public Market for the Exchange Notes	The exchange notes are new securities with no established market for them. We cannot assure you that a market for these exchange notes will develop or that this market will be liquid. Please refer to the section of this prospectus entitled “Risk Factors—Risks Related to Our Substantial Indebtedness and the Notes—There is no established trading market for the exchange notes, and you may not be able to sell them quickly or at the price that you paid.”
Form of the Exchange Notes	The exchange notes will be represented by one or more permanent global securities in registered form deposited on behalf of The Depository Trust Company with U.S. Bank National Association, as custodian. You will not receive exchange notes in certificated form unless one of the events described in the section of this prospectus entitled “Description of Notes—Book Entry; Delivery and Form—Exchange of Book Entry Notes for Certificated Notes” occurs. Instead, beneficial interests in the exchange notes will be shown on, and transfers of these exchange notes will be effected only through, records maintained in book-entry form by The Depository Trust Company with respect to its participants.
Risk Factors	See “Risk Factors” beginning on page 15 for a discussion of factors you should carefully consider before deciding to invest in the exchange notes.



## SUMMARY HISTORICAL FINANCIAL INFORMATION

The summary historical financial data presented below for each of the years in the three-year period ended December 31, 2009 have been derived from, and should be read together with, our audited consolidated financial statements and the accompanying notes included elsewhere in this prospectus. The summary historical financial data for the three-month periods ended April 3, 2010 and April 4, 2009 and the balance sheet data as of April 3, 2010 have been derived from our unaudited consolidated financial statements and the accompanying notes included elsewhere in this prospectus. In the opinion of management, our unaudited consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation of the financial position and results of operations in these periods. The results of any interim period are not necessarily indicative of the results that can be expected for the full year or any future period.

This summary historical financial data are qualified in their entirety by the more detailed information appearing in our financial statements and the related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Historical Financial Information," "Use of Proceeds," "Capitalization" and other financial information included elsewhere in this prospectus.

(Amounts in thousands)	Fiscal year ended December 31,			Three months ended	
	2009	2008	2007	April 3, 2010 (unaudited)	April 4, 2009 (unaudited)
Statement of operations data:(1)					
Net sales	\$ 951,374	\$ 1,175,019	\$ 1,363,546	\$ 204,205	\$ 182,751
Costs and expenses:					
Cost of products sold	749,841	980,098	1,083,153	167,308	169,691
Selling, general and administrative expenses	141,772	155,388	155,963	33,806	40,962
Amortization of intangible assets	19,651	19,650	17,631	6,794	4,906
Goodwill impairment	—	450,000	—	—	—
Intangible asset impairment	—	—	4,150	—	—
Total costs and expenses	911,264	1,605,136	1,260,897	207,908	215,559
Operating earnings (loss)	40,110	(430,117 )	102,649	(3,703 )	(32,808 )
Foreign currency gain (loss)	475	(911 )	3,961	104	(88 )
Interest expense	(135,514 )	(138,015 )	(99,698 )	(34,007 )	(33,756 )
Interest income	211	617	1,704	53	65
Gain on extinguishment of debt	—	—	—	98,187	—
Income (loss) before provision (benefit) for income taxes	(94,718 )	(568,426 )	8,616	60,634	(66,587 )
Provision (benefit) for income taxes	(17,966 )	(69,951 )	3,634	6,532	(11,049 )
Net income (loss)	\$ (76,752 )	\$ (498,475 )	\$ 4,982	\$ 54,102	\$ (55,538 )
Other financial data:					
Adjusted EBITDA(2),(4)	\$ 113,718	\$ 94,416	\$ 172,511	\$ 12,109	\$ (13,233 )
Capital expenditures	7,807	16,569	20,017	3,029	2,446
Depreciation and amortization	56,271	61,765	54,067	15,454	13,896
Net cash provided by (used in):					

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Operating activities	(16,882 )	(58,865 )	73,844	(21,416 )	(48,716 )
Investing activities	(7,835 )	(11,487 )	(56,407 )	(3,028 )	(2,425 )
Financing activities	(17,528 )	78,233	(15,068 )	38,950	9,974
Ratio of earnings to fixed charges(3)	-	-	1.1	2.7	-

Balance sheet data (at period end):

Cash and cash equivalents	\$ 17,063	\$ 58,289	\$ 52,053	\$ 31,659	\$ 17,215
Total assets	982,033	1,104,053	1,616,153	1,011,301	1,037,855
Total debt	1,100,397	1,114,186	1,038,096	926,778	1,124,433
Stockholder's deficit	(313,482 )	(242,628 )	241,787	(143,831 )	(298,563 )

- (1) We adopted the recognition and disclosure requirements in 2007 and the measurement provisions in 2008 of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R) (now included in Accounting Standards Codification (ASC) 715, Compensation — Retirement Benefits). On January 1, 2007, we adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (now included in ASC 740, Income Taxes).
- (2) Adjusted EBITDA means net income (loss) plus interest expense (net of interest income), provision (benefit) for income taxes, depreciation and amortization, non-cash foreign currency gain/(loss), amortization of non-cash write-off of the portion of excess purchase price from acquisitions allocated to inventories, impairment charges, gain on extinguishment of debt, customer inventory buybacks, and restructuring and integrations costs. Other companies may define adjusted EBITDA differently and, as a result, our measure of adjusted EBITDA may not be directly comparable to adjusted EBITDA of other companies. Management believes that the presentation of adjusted EBITDA included in this prospectus provides useful information to investors regarding our results of operations because it assists both investors and management in analyzing and benchmarking the performance and value of our business. The Company has included adjusted EBITDA because it is a key financial measure used by management to (i) assess the Company's ability to service its debt and/or incur debt and meet the Company's capital expenditure requirements; (ii) internally measure the Company's operating performance; and (iii) determine the Company's incentive compensation programs. In addition, the Company's ABL Facility has certain covenants that apply ratios utilizing this measure of adjusted EBITDA. Adjusted EBITDA included in this prospectus should be considered in addition to, and not as a substitute for, net earnings in accordance with GAAP as a measure of performance in accordance with GAAP. You are cautioned not to place undue reliance on adjusted EBITDA.
- (3) The ratio of earnings to fixed charges is computed by dividing fixed charges into net income (loss) before provision (benefit) for income taxes plus fixed charges. Fixed charges consist of interest expense, net plus amortization of deferred financing expense and our estimate of interest within rental expense. For the years ended December 31, 2009 and 2008, the deficiency in the ratio of earnings to fixed charges to achieve a one to one ratio was \$568.4 million and \$94.7 million, respectively, which resulted from the depressed residential U.S. housing market. For the three months ended April 4, 2009, the deficiency in the ratio of earnings to fixed charges to achieve a one to one ratio was \$66.6 million, which also resulted from the depressed residential U.S. housing market.
- (4) The following table presents our calculation of Adjusted EBITDA reconciled to net income (loss).

(Amounts in thousands)	Fiscal year ended December 31,			Three months ended	
	2009	2008	2007	April 3, 2010	April 4, 2009
				(unaudited)	(unaudited)
Net income (loss)	\$ (76,752 )	\$ (498,475 )	\$ 4,982	\$ 54,102	\$ (55,538 )
Interest expense, net	135,303	137,398	97,994	33,954	33,691
Provision (benefit) for income taxes	(17,966 )	(69,951 )	3,634	6,532	(11,049 )
Depreciation and amortization	56,271	61,765	54,067	15,454	13,896
(Gain)/loss on currency transaction	(475 )	911	(3,961 )	(104 )	88

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Non cash gain on extinguishment of debt	-	-	-	98,187	-
Non cash charge of purchase price allocated to inventories	-	19	1,289	-	-
Restructuring/integration expense	8,992	10,859	10,356	106	3,994
Customer inventory buyback	8,345	1,890	-	252	1,685
Goodwill impairment	-	450,000	-	-	-
Intangible asset impairment	-	-	4,150	-	-
Adjusted EBITDA	\$ 113,718	\$ 94,416	\$ 172,511	\$ 12,109	\$ (13,233 )

## RISK FACTORS

Investing in the notes involves a high degree of risk. You should carefully consider the following factors in addition to the other information set forth in this prospectus before you decide to invest in the notes. The following risks could materially and adversely affect our ability to make payments with respect to the notes, our business or our financial condition or results of operations. In any such case, you may lose all or part of your original investment.

### Risks Related to Our Substantial Indebtedness and the Notes

The substantial level of our indebtedness may limit the cash flow available to invest in the ongoing needs of the business.

We have substantial indebtedness. As of April 3, 2010, we had approximately \$926.8 million of indebtedness outstanding including the notes, the Senior Secured Notes and \$65.0 million of outstanding senior indebtedness under the ABL Facility.

Our substantial amount of indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations on the notes, the Senior Secured Notes and the ABL Facility;
- require us to dedicate a substantial portion of our cash flow from operations to interest and principal payments on our indebtedness, reducing the availability of our cash flow for other purposes, such as capital expenditures, acquisitions and working capital;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
  - increase our vulnerability to general adverse economic and industry conditions;
  - place us at a disadvantage compared to our competitors that have less debt;
- expose us to fluctuations in the interest rate environment because the interest rates of the ABL Facility are at variable rates; and
  - limit our ability to borrow additional funds.

We expect to obtain the money necessary to pay our expenses, fund working capital and capital expenditures, and to pay the interest on our various debt instruments from cash flow from our operations and from our existing and available borrowings under our ABL Facility. Our ability to meet our debt obligations and other expenses thus depends on our future performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the industry in which we operate and competitive pressures. Our cash flow may not be sufficient to allow us to pay interest on our debt (including the Notes and the Senior Secured Notes) and to meet our other obligations. If we do not have enough cash flow, we may be required to refinance all or part of our existing debt, sell assets or borrow additional money. We may not be able to do so on terms acceptable to us or at all. In addition, the terms of existing or future debt agreements, including the ABL Facility and the indentures governing the notes and the Senior Secured Notes may restrict us from adopting any of these alternatives. The failure to generate sufficient cash flow or to achieve such alternatives could reduce the value of the Notes and limit our ability to pay principal and interest on the notes.



Despite our current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. The terms of the ABL Facility and the indenture governing the Senior Secured Notes restrict, but do not completely prohibit, us from doing so. In addition, the indenture governing the notes allows us to issue additional notes under certain circumstances, which will also be guaranteed by the guarantors. The indenture governing the notes also allows us to incur additional senior debt and allows our foreign subsidiaries to incur additional debt, which would be effectively senior to the notes. In addition, the indenture governing the notes does not prevent us from incurring other liabilities that do not constitute indebtedness. See "Description of Notes." If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify.

We will need to repay or refinance our existing indebtedness prior to maturity of the notes. Failure to do so could have a material adverse effect upon us.

The maturity of our ABL Facility and Senior Secured Notes is June 9, 2013, which is before the maturity date of the notes. As of April 3, 2010, we and the guarantors had approximately \$790.0 million of senior debt comprised of \$725.0 million aggregate principal amount of Senior Secured Notes and \$65.0 million of borrowings under the ABL Facility, with an additional \$63.5 million available to be borrowed under the revolving portion of the ABL Facility. Prior to the maturity of the notes, we will need to repay, refinance, extend the maturity of or otherwise amend the terms of this indebtedness. Our ability to refinance the ABL Facility and/or the Senior Secured Notes is dependent on, among other things, business conditions and our financial performance. The indenture governing the notes does not limit our ability to pay fees or interest on any permitted refinancing, and therefore, the indebtedness issued in any refinancing of the ABL Facility or the Senior Secured Notes could have a significantly higher rate of interest and costs than the ABL Facility or the Senior Secured Notes, respectively. We cannot assure you that we will be able to refinance, extend the maturity or otherwise amend the terms of our ABL Facility and/or the Senior Secured Notes, or whether any refinancing, extension or amendment will be on commercially reasonable terms. There can be no assurance that the financial terms or covenants of any new credit facility and/or other indebtedness issued to refinance our ABL Facility or the Senior Secured Notes will be the same or as favorable as those under our ABL Facility and Senior Secured Notes.

Our ability to complete a refinancing of our ABL Facility and our Senior Secured Notes prior to their respective maturities is subject to a number of conditions beyond our control. For example, if a disruption in the financial markets were to occur at the time that we intended to refinance this indebtedness, we might be restricted in our ability to access the financial markets. If we are unable to refinance this indebtedness, our alternatives would consist of negotiating an extension of our ABL Facility and/or the Senior Secured Notes and seeking or raising new capital. If we were unsuccessful, the lenders under our ABL Facility and the holders of our Senior Secured Notes could demand repayment of the indebtedness owed to them on the relevant maturity date. As a result, our ability to pay the principal of and interest on the notes would be adversely affected.

The terms of our debt covenants could limit how we conduct our business and our ability to raise additional funds.

The agreements that govern the terms of our debt, including the indentures that govern the notes and the Senior Secured Notes and the credit agreement that governs the ABL Facility, contain covenants that restrict our ability and the ability of our subsidiaries to:

- incur and guarantee indebtedness or issue equity interests of restricted subsidiaries;
  - repay subordinated indebtedness prior to its stated maturity;
- pay dividends or make other distributions on or redeem or repurchase our stock;
  - issue capital stock;
  - make certain investments or acquisitions;
    - create liens;
  - sell certain assets or merge with or into other companies;
- enter into certain transactions with stockholders and affiliates;
  - make capital expenditures; and
- restrict dividends, distributions or other payments from our subsidiaries.

In addition, under the ABL Facility, if our excess availability is less than the greater of (a) 15% of the lesser of (i) the commitments and (ii) the borrowing base and (b) \$20 million, we will be required to satisfy and maintain a fixed charge coverage ratio not less than 1.1 to 1.0. Our ability to meet the required fixed charge coverage ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio. A breach of any of these covenants could result in a default under the ABL Facility.

Moreover, the ABL Facility provides the lenders considerable discretion to impose reserves or availability blocks, which could materially impair the amount of borrowings that would otherwise be available to us. There can be no assurance that the lenders under the ABL Facility will not impose such actions during the term of the ABL Facility and further, were they to do so, the resulting impact of this action could materially and adversely impair our ability to make interest payments on the notes.

A breach of the covenants under the indenture that governs the notes or the indenture that governs the Senior Secured Notes or under the credit agreement that governs our ABL Facility could result in an event of default under the applicable indebtedness. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our ABL Facility would permit the lenders under our ABL Facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under our ABL Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders or noteholders accelerate the repayment of our borrowings, we cannot assure that we and our subsidiaries would have sufficient assets to repay such indebtedness. As a result of these restrictions, we may be:



- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
  - unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

We may be unable to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay or refinance our indebtedness, including the notes, the Senior Secured Notes or our indebtedness under our ABL Facility. If our cash flows and capital resources are insufficient to fund our debt service obligations, we and our subsidiaries could face substantial liquidity problems and may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

We may not be able to satisfy our obligations to holders of the notes upon a change of control.

Upon the occurrence of a “change of control,” as defined in the indenture that governs the notes, each holder of the notes will have the right to require us to purchase the notes at a price equal to 101% of the principal amount thereof. Our failure to purchase, or give notice of purchase of, the notes would be a default under the indenture. In addition, a change of control may constitute an event of default under our ABL Facility and would also require us to offer to purchase the Senior Secured Notes at 101% of the principal amount thereof, together with accrued and unpaid interest. A default under our ABL Facility would result in an event of default under the indenture that governs the Senior Secured Notes and the indenture that governs the notes if the lenders accelerate the debt under our ABL Facility.

If a change of control occurs, we may not have enough assets to satisfy all obligations under our ABL Facility, the indenture that governs the Senior Secured Notes and the indenture that governs the notes. Upon the occurrence of a change of control, we could seek to refinance the indebtedness under our ABL Facility, the Senior Secured Notes and the notes or obtain a waiver from the lenders under our ABL Facility, the holders of the Senior Secured Notes and you as a holder of the notes. We cannot assure you, however, that we would be able to obtain a waiver or refinance our indebtedness on commercially reasonable terms, if at all.

Federal and state statutes allow courts, under specific circumstances, to void the notes and the guarantees and may require holders of the notes to return payments received from us.

Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, the notes and the guarantees could be voided, or claims in respect of the notes and the guarantees could be subordinated to all of our other debt if the issuance of the notes was found to have been intended to hinder, delay or defraud any existing or future creditor or contemplated insolvency with a design to prefer one or more creditors to the exclusions in whole or in part of others or to have been made for less than their reasonable equivalent value and we, at the time we incurred the indebtedness evidenced by the notes:

- were insolvent or rendered insolvent by reason of such indebtedness;
- were engaged in, or about to engage in, a business or transaction for which our remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that we would incur, debts beyond our ability to pay such debts as they mature.



A court might also void an issuance of notes or a guaranty, without regard to the above factors, if the court found that we issued the notes or the guarantors entered into their respective guaranty with actual intent to hinder, delay or defraud our or their respective creditors.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or the guarantees if we or a guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void an issuance of the notes or the guarantees, you would no longer have a claim against us or the guarantors. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from us or the guarantors or, with respect to the notes or the guarantees.

In addition, any payment by us pursuant to the notes made at a time we were found to be insolvent could be voided and required to be returned to us or to a fund for the benefit of our creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any outside party and such payment would give the creditors more than such creditors would have received in a distribution under the bankruptcy code.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, we would be considered insolvent for purposes of these fraudulent transfer laws if:

- the sum of our debts, including contingent liabilities, were greater than the fair saleable value of all our assets;
- the present fair saleable value of our assets were less than the amount that would be required to pay our probable liability on existing debts, including contingent liabilities, as they become absolute and mature; or
  - we could not pay our debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that, after giving effect to the offering of the initial notes and the application of the proceeds therefrom, we will not be insolvent for purposes of these fraudulent transfer laws, will not have unreasonably small capital for the business in which we are engaged and will not have incurred debts beyond our ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determinations or that a court would agree with our conclusions in this regard.

There is no established trading market for the exchange notes, and you may not be able to sell them quickly or at the price that you paid.

The exchange notes are a new issue of securities for which there is no established trading market. We do not intend to apply for exchange notes to be listed on any securities exchange or to arrange for their quotation on any automated dealer quotation system. The initial purchasers in the offering of the initial notes have advised us that as of the issuance date of the initial notes they intended to make a market in the notes, but the initial purchasers are not obligated to do so. The initial purchasers may discontinue any market making in the notes at any time, in their sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the exchange notes.



We also cannot assure you that you will be able to sell the exchange notes at a particular time or that the prices that you receive when you sell will be favorable. Future trading prices of the notes will depend on many factors, including:

- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the exchange notes will be subject to disruptions. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

Our Canadian subsidiary and our other future foreign subsidiaries will not be guarantors, and your claims will be subordinated to all of the creditors of the non-guarantor subsidiaries.

Our Canadian subsidiary, Ply Gem Canada, Inc. (formerly known as CWD Windows and Doors, Inc.), ("Ply Gem Canada"), is not a guarantor of the notes, the ABL Facility or the Senior Secured Notes. This non-guarantor subsidiary generated approximately 7.6% of our net sales, (19.4%) of our operating loss and 9.3% of our adjusted EBITDA for the three months ended April 3, 2010. In addition, it held approximately 4.1% of our consolidated assets as of April 3, 2010. Any right of ours to receive the assets of any of our non-guarantor subsidiaries upon their bankruptcy, liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be subject to the claims of that subsidiary's creditors, including trade creditors. To the extent that we are recognized as a creditor of that subsidiary, we may have such claim, but we would still be subordinate to any security interests in the assets of that subsidiary and any indebtedness and other liabilities of that subsidiary senior to that held by us. As of April 3, 2010, on an adjusted basis after giving effect to the Refinancing Transactions, the notes would have been effectively junior to approximately \$6.5 million of liabilities (including trade payables) of our non-guarantor subsidiary.

Because each guarantor's liability under its guarantees may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.

You will have the benefit of the guarantees of the guarantors. However, the guarantees by the guarantors are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor's liability under its guarantee could be reduced to zero, depending upon the amount of other obligations of such guarantor. Further, under the circumstances discussed more fully above, a court under federal and state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. See "—Federal and state statutes allow courts, under specific circumstances, to void the notes and guarantees and may require holders of the notes to return payments received from us." In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under "Description of Notes—Note Guarantees."

The guarantee of the parent company is of limited value.

Investors should not rely on the Ply Gem Holdings guarantee in evaluating an investment in the notes. Ply Gem Holdings is a holding company with no operations or assets of its own other than the capital stock of Ply Gem Industries and its subsidiaries. In addition, the covenants contained in the indenture governing the notes do not apply to Ply Gem Holdings.

Your right to receive payments on the notes is subordinated to the senior debt.

Payment on the notes is subordinated in right of payment to all of the senior debt, including the ABL Facility and the Senior Secured Notes. As a result, upon any distribution to our creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our property, the holders of senior debt will be entitled to be paid in full in cash before any payment may be made on the notes. In these cases, we may not have sufficient funds to pay all of our creditors, and holders of the notes may receive less, ratably, than the holders of senior debt and, due to the turnover provisions in the indenture, less, ratably, than the holders of unsubordinated obligations, including trade payables. In addition, all payments on the notes will be blocked in the event of a payment default on designated senior debt and may be blocked for up to 179 consecutive days in the event of certain non-payment defaults on designated senior debt.

As of April 3, 2010, we and the guarantors had approximately \$790.0 million of senior debt, and we had approximately an additional \$63.5 million available to be borrowed under the revolving portion of the ABL Facility. We will be permitted to incur additional indebtedness, including senior debt, in the future under the terms of the indenture.

The exchange notes should be treated as issued with original issue discount for U.S. federal income tax purposes.

Because the initial notes were issued with original issue discount, the exchange notes should be treated as issued with original issue discount for U.S. federal income tax purposes. Thus, U.S. Holders (as defined in “Certain United States Federal Income Tax Consequences”) will be required to include such original issue discount in gross income (as ordinary income) for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income and regardless of the U.S. Holder’s method of tax accounting. See “Federal Income Tax Considerations.”

#### Risks Related to the Exchange Offer

The issuance of the exchange notes may adversely affect the market for the initial notes.

To the extent the initial notes are tendered and accepted in the exchange offer, the trading market for the untendered and tendered but unaccepted initial notes could be adversely affected. Because we anticipate that most holders of the initial notes will elect to exchange their initial notes for exchange notes due to the absence of restrictions on the resale of exchange notes under the Securities Act, we anticipate that the liquidity of the market for any initial notes remaining after the completion of this exchange offer may be substantially limited. Please refer to the section in this prospectus entitled “The Exchange Offer—Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences.”





Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on interpretations of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1983), we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under “Plan of Distribution,” you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your exchange notes. In these cases, if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes under the Securities Act, you may incur liability under the Securities Act. We do not and will not assume, or indemnify you against, this liability.

#### Risks Related to Our Business

Downturns in the home repair and remodeling and new home construction sectors or the economy could lower the demand for, and pricing of, our products, which in turn could cause our net sales and net income to decrease.

Our performance is dependent to a significant extent upon the levels of home repair and remodeling and new home construction spending, all of which are affected by such factors as interest rates, inflation, consumer confidence, unemployment, and the availability of consumer credit. Single family housing starts for the new construction market declined significantly in 2009 as compared to 2008. If these trends continue, our net sales and net income may be adversely affected.

Availability of consumer credit could impact home repair and remodeling and new home construction sectors which could lower the demand for, and pricing of, our products, which in turn could cause our net sales and net income to decrease.

Our performance is dependent upon consumers having the ability to finance home repair and remodeling projects and/or the purchase of new homes. The ability of consumers to finance these purchases are affected by such factors as new and existing home prices, homeowners’ equity values, interest rates and home foreclosures, which in turn could result in a tightening of lending standards by financial institutions and reduce the ability of some consumers to finance home purchases or repair and remodeling expenditures. Recent trends, including declining home values, increased home foreclosures and tightening of credit standards by lending institutions, have negatively impacted the home repair and remodeling and new home construction sectors. If these credit market trends continue, our net sales and net income may be adversely affected.

We face competition from other vinyl exterior building products manufacturers and alternative building materials. If we are unable to compete successfully, we could lose customers and our sales could decline.

We compete with other national and regional manufacturers of vinyl exterior building products. Some of these companies are larger and have greater financial resources than we do. Accordingly, these competitors may be better equipped to withstand changes in conditions within the industries in which we operate and may have significantly greater operating and financial flexibility than we do. These competitors could take a greater share of sales and cause us to lose business from our customers. Additionally, our products face competition from alternative materials: wood, metal, fiber cement and masonry in siding, and wood in windows. An increase in competition from other vinyl exterior building products manufacturers and alternative building materials could cause us to lose our customers and

lead to decreases in net sales.

Changes in the costs and availability of raw materials, especially PVC resin and aluminum, can decrease our profit margin by increasing our costs.

Our principal raw materials, PVC resin and aluminum, have been subject to rapid price changes in the past. While we have historically been able to substantially pass on significant PVC resin and aluminum cost increases through price increases to our customers, our results of operations for individual quarters can be and have been hurt by a delay between the time of PVC resin and aluminum cost increases and price increases in our products. While we expect that any significant future PVC resin and aluminum cost increases will be offset in part or whole over time by price increases to our customers, we may not be able to pass on any future price increases.

Because we depend on a core group of significant customers, our sales, cash flows from operations and results of operations may decline if our key customers reduce the amount of products they purchase from us.

Our top ten customers accounted for approximately 36.3% of our net sales in the year ended December 31, 2009. Our largest customer, BlueLinx, distributes our vinyl siding and accessories through multiple channels within its building products distribution business, and accounted for approximately 9.2% of our 2009 net sales. For the three months ended April 3, 2010, BlueLinx accounted for 8.6% of our net sales. We expect a small number of customers to continue to account for a substantial portion of our net sales for the foreseeable future.

The loss of, or a significant adverse change in, our relationships with BlueLinx or any other major customer could cause a material decrease in our net sales. We expect our relationship with BlueLinx to continue.

The loss of, or a reduction in orders from, any significant customers, losses arising from customers' disputes regarding shipments, fees, merchandise condition or related matters, or our inability to collect accounts receivable from any major retail customer could cause a decrease in our net income and our cash flow. In addition, revenue from customers that have accounted for significant revenue in past periods, individually or as a group, may not continue, or if continued, may not reach or exceed historical levels in any period.

Our business is seasonal and can be affected by inclement weather conditions which could affect the timing of the demand for our products and cause reduced profit margins when such conditions exist.

Markets for our products are seasonal and can be affected by inclement weather conditions. Historically, our business has experienced increased sales in the second and third quarters of the year due to increased construction during those periods. Because much of our overhead and expense are fixed throughout the year, our operating profits tend to be lower in the first and fourth quarters. Inclement weather conditions can affect the timing of when our products are applied or installed, causing reduced profit margins when such conditions exist.

If we are unable to meet future capital requirements our product offering may become dated, our productivity may decrease and the quality of our products may decline, which, in turn, could reduce our sales and profitability.

We periodically make capital investments to, among other things, maintain and upgrade our facilities and enhance our production processes. As we grow our businesses, we may have to incur significant capital expenditures. If we do not have, or are unable to obtain adequate funds to make all necessary capital expenditures when required, or if the amount of future capital expenditures are materially in excess of our anticipated or current expenditures, our product offering may become dated, our productivity may decrease and the quality of our products may decline, which, in turn, could reduce our sales and profitability.



Increases in the cost of labor, union organizing activity and work stoppages at our facilities or the facilities of our suppliers could delay or impede our production, reduce sales of our products and increase our costs.

Our financial performance is affected by the availability of qualified personnel and the cost of labor. As of April 3, 2010, approximately 14.7% of our employees were represented by labor unions. We are subject to the risk that strikes or other types of conflicts with personnel may arise or that we may become a subject of union organizing activity. Furthermore, some of our direct and indirect suppliers have unionized work forces. Strikes, work stoppages or slowdowns experienced by these suppliers could result in slowdowns or closures of facilities where components of our products are manufactured. Any interruption in the production or delivery of our products could reduce sales of our products and increase our costs.

We may be subject to claims arising from the operations of our subsidiaries, including Ply Gem Industries, MW, Alenco, AHE, Pacific Windows, and United Stone Veneer prior to our acquisitions. Our ability to seek indemnification from the former owners of our subsidiaries may be limited, in which case, we would be liable for these claims.

We have acquired all of our subsidiaries in the last several years, including Ply Gem Industries, MW, Alenco, AHE, Pacific Windows and Ply Gem Stone (formerly known as United Stone Veneer or USV). We may be subject to claims or liabilities arising from the ownership or operation of our subsidiaries prior to our acquisition of them. Our ability to seek indemnification from the former owners of our subsidiaries is limited by various factors, including the specific limitations contained in the respective acquisition agreement and the financial ability of the former owners.

Under the terms of the stock purchase agreement governing the acquisition of Ply Gem Industries, Nortek, Inc. ("Nortek") has agreed to indemnify us for liabilities arising from its former ownership or operations of subsidiaries or properties where such ownership or operation ceased prior to the completion of the Ply Gem acquisition, including certain environmental liabilities, liabilities arising in connection with certain leases, product liability and other litigations, benefit plans, and for certain other liabilities. Our ability to seek indemnification from Nortek is, however, limited by the strength of Nortek's financial condition, which could change in the future as well as by specific financial limits for some indemnities. These liabilities could be significant, and if we are unable to enforce the Nortek indemnification rights, could make it difficult to pay the interest or principal amount of the notes when due. Nortek has covenanted to use their reasonable commercial efforts to novate certain sale and lease contracts relating to discontinued operations, thereby removing us and our affiliates from certain indemnification obligations thereunder, which obligations we retained in connection with the sales of certain of our businesses. Accordingly, during 2004 Nortek successfully novated four sale contracts relating to our discontinued operations, including our disposition of Hoover Treated Wood Products, Inc., Sagebrush Sales, Peachtree Doors and Windows and SNE Enterprises. As a consequence, we are no longer responsible for any indemnification obligations to the buyers of these former operations. Nortek has also covenanted that after the Ply Gem acquisition, it will not dispose of all or substantially all of its property and assets in a single transaction or series of related transactions, unless the acquirer of either its residential building products segment or HVAC segment (whichever is sold first) assumes all of Nortek's obligations (including Nortek's indemnification obligations) under the stock purchase agreement.

We completed the acquisition of MW during 2004. Our ability to seek indemnification from the selling stockholders of MWM Holding is restricted to breaches of a limited amount of corporate representations and warranties, and for the first \$250,000 in certain costs of compliance by MW with the New Jersey Industrial Site Recovery Act at an MW facility in Hammonton, New Jersey and for 75% of any such costs between \$250,000 and \$5.5 million resulting from the compliance by MW with that same act.

We completed the acquisition of Alenco in February of 2006. Our ability to seek indemnification from the selling stockholders of AWC Holding Company for specified matters is subject to limitations, including the periods to submit claims, minimum amount of losses suffered and aggregate amounts of recovery.

We completed the acquisition of AHE in October of 2006. Our ability to seek indemnification from the selling stockholders of AHE for specified matters is subject to limitations, including the periods to submit claims, minimum amount of losses suffered and aggregate amounts of recovery.

We completed the acquisition of Pacific Windows in September of 2007. Our ability to seek indemnification from the selling stockholders of Pacific Windows for specified matters is subject to limitations, including the periods to submit claims, minimum amount of losses suffered and aggregate amounts of recovery.

We completed the acquisition of substantially all of the assets of Ply Gem Stone in October 2008. Our ability to seek indemnification from the sellers for specified matters is subject to limitations, including the periods to submit claims, minimum amount of losses suffered and aggregate amounts of recovery.

We could face potential product liability claims relating to products we manufacture.

Our historical product liability claims have not been material and while management is not aware of any material product liability issues, we do face an inherent business risk of exposure to product liability claims in the event that the use of any of our products results in personal injury or property damage. In the event that any of our products proves to be defective, among other things, we may be responsible for damages related to any defective products and we may be required to recall or redesign such products. Because of the long useful life of our products, it is possible that latent defects might not appear for several years. Any insurance we maintain may not continue to be available on terms acceptable to us or such coverage may not be adequate for liabilities actually incurred. Further, any claim or product recall could result in adverse publicity against us, which could cause our sales to decline, or increase our costs.

We are dependent on certain key personnel, the loss of whom could materially affect our financial performance and prospects.

Our continued success depends to a large extent upon the continued services of our senior management and certain key employees. To encourage the retention of certain key executives, we have entered into various equity-based compensation agreements with our senior executives, including Messrs. Robinette, Poe, Wayne, Morstad, and Pignes, designed to encourage their retention. Each member of our senior management team has substantial experience and expertise in our industry and has made significant contributions to our growth and success. We do face the risk, however, that members of our senior management may not continue in their current positions and their loss of services could cause us to lose customers and reduce our net sales, lead to employee morale problems and/or the loss of key employees, or cause production disruptions. Also, we may be unable to find qualified individuals to replace any of the senior executive officers who leave our Company.



Interruptions in deliveries of raw materials or finished goods could adversely affect our production and increase our costs, thereby decreasing our profitability.

Our dependency upon regular deliveries from particular suppliers means that interruptions or stoppages in such deliveries could adversely affect our operations until arrangements with alternate suppliers could be made. If any of our suppliers were unable to deliver materials to us for an extended period of time, as the result of financial difficulties, catastrophic events affecting their facilities or other factors beyond our control, or if we were unable to negotiate acceptable terms for the supply of materials with these or alternative suppliers, our business could suffer. We may not be able to find acceptable alternatives, and any such alternatives could result in increased costs for us. Even if acceptable alternatives were found, the process of locating and securing such alternatives might be disruptive to our business. Extended unavailability of a necessary raw material or finished good could cause us to cease manufacturing one or more of our products for a period of time.

Environmental requirements may impose significant costs and liabilities on us.

Our facilities are subject to numerous United States and Canadian federal, state, provincial and local laws and regulations relating to the presence of hazardous materials, pollution and the protection of the environment, including those governing emissions to air, discharges to water, use, storage and transport of hazardous materials, storage, treatment and disposal of waste, remediation of contaminated sites and protection of worker health and safety. From time to time, our facilities are subject to investigation or remediation of contamination, primarily as a result of historical activities. In addition, we have been identified as one of many potentially responsible parties for contamination present at certain offsite locations to which we or our predecessors are alleged to have sent hazardous materials for recycling or disposal. We believe that we are in material compliance with all applicable requirements of such laws and regulations. However, we may be held liable, or incur fines or penalties, for, among other things, releases of hazardous substances occurring on or emanating from current or formerly owned or operated properties or any associated offsite disposal location, or for newly-discovered contamination at any of our properties from activities conducted by previous occupants. Certain environmental laws impose strict, and under certain circumstances joint and several, liability for the cost of addressing releases of hazardous substances upon certain classes of persons, including site owners or operators and persons that disposed or arranged for the disposal of hazardous substances at contaminated sites. The amount of liability, fines or penalties may be significant and, if it exceeds the amount of indemnification available to us, could negatively affect our business, results of operations or cash flow. Under the stock purchase agreement governing the Ply Gem acquisition, our former parent, Nortek, has agreed to indemnify us, subject to certain limitations, for such liabilities arising from our former ownership or operation of subsidiaries or properties where such ownership or operation ceased prior to the completion of the Ply Gem acquisition and for certain other properties. Our ability to seek indemnification from Nortek is, however, limited by the strength of Nortek's financial condition. Nortek has also covenanted that after the Ply Gem acquisition, it will not dispose of all or substantially all of its property and assets in a single transaction or series of related transactions, unless the acquirer of either its residential building products segment or HVAC segment (whichever is sold first) assumes all of Nortek's obligations (including Nortek's indemnification obligations) under the stock purchase agreement.

We are currently involved in environmental proceedings involving Ply Gem Canada (arising from subsurface contamination discovered at our Calgary, Alberta property), and we may in the future be subject to environmental proceedings involving Thermal-Gard, Inc. (arising from groundwater contamination in Punxsutawney, Pennsylvania) and Kroy Building Products, Inc. (relating to contamination in a drinking water well in York, Nebraska). Under the stock purchase agreement governing the Ply Gem acquisition, Nortek is to indemnify us fully for any liability in connection with the Punxsutawney contamination. Alcan Aluminum Corporation assumed the obligation to indemnify us with respect to certain liabilities for environmental contamination of the York property occurring prior to 1994



when it sold the property to us in 1998. Our former subsidiary, Hoover Treated Wood Products, Inc., is involved in an environmental proceeding in connection with a contaminated landfill site in Thomson, Georgia. While we had assumed an obligation to indemnify the purchaser of our former subsidiary when we sold Hoover Treated Wood Products, Inc., our obligation has been novated and assumed by Nortek.

Under the stock purchase agreement governing the acquisition of MW, the sellers agreed to indemnify us for the first \$250,000 in certain costs of compliance with the New Jersey Industrial Site Recovery Act at an MW facility in Hammonton, New Jersey and for 75% of any such costs between \$250,000 and \$5.5 million. In connection with the MW acquisition, MW achieved compliance with the Industrial Site Recovery Act by obtaining a Remediation in Progress waiver from the New Jersey Department of Environmental Protection based on the ongoing remediation of the site by a previous occupant. MW's Rocky Mount, Virginia property is subject to an environmental investigation relating to contamination associated with an underground storage tank formerly located at the Rocky Mount, Virginia property. Liability for the underground storage tank contamination and related investigation has been previously assumed by U.S. Industries, Inc., pursuant to its indemnity obligation under the Stock Purchase Agreement dated August 11, 1995, whereby U.S. Industries, Inc. sold the stock of MW to Fenway Partners. As the successor in interest of Fenway Partners, we are similarly indemnified by U.S. Industries, Inc. U.S. Industries and MW are working to develop a course of action to address the site contamination that is acceptable to both companies and the Virginia regulatory authorities.

Changes in environmental laws and regulations or in their enforcement, the discovery of previously unknown contamination or other liabilities relating to our properties and operations or the inability to enforce the indemnification obligations of Nortek, the MW Sellers and U.S. Industries, Inc. could result in significant environmental liabilities which could make it difficult to pay the interest or principal amount of our debt when due. In addition, we might incur significant capital and other costs to comply with increasingly stringent United States or Canadian environmental laws or enforcement policies which would decrease our cash flow available to service our indebtedness.

Manufacturing or assembly realignments may result in a decrease in our short-term earnings, until the expected cost reductions are achieved, due to the costs of implementation.

We continually review our manufacturing and assembly operations and sourcing capabilities. Effects of periodic manufacturing realignments and cost savings programs could result in a decrease in our short-term earnings until the expected cost reductions are achieved. Such programs may include the consolidation and integration of facilities, functions, systems and procedures. Such actions may not be accomplished as quickly as anticipated and the expected cost reductions may not be achieved or sustained.

We rely on a variety of intellectual property rights. Any threat to, or impairment of, these rights could cause us to incur costs to defend these rights.

As a company that manufactures and markets branded products, we rely heavily on trademark and service mark protection to protect our brands. We have a significant number of issued patents and rely on copyright protection for certain of our technologies. These protections may not adequately safeguard our intellectual property and we may incur significant costs to defend our intellectual property rights, which may harm our operating results. There is a risk that third parties, including our current competitors, will infringe on our intellectual property rights, in which case we would have to defend these rights. There is also a risk that third parties, including our current competitors, will claim that our products infringe on their intellectual property rights. These third parties may bring infringement claims against us or our customers, which may harm our operating results.

We are controlled by our principal equity holder, which has the power to take unilateral action and whose interests in our business could conflict with yours.

Affiliates of, and companies managed by, CI Capital Partners LLC, formerly known as Caxton-Iseman Capital LLC, including Caxton-Iseman (Ply Gem), L.P., Caxton-Iseman (Ply Gem) II, L.P. and Frederick Iseman, control our affairs and policies. Circumstances may occur in which the interests of these equity holders could be in conflict with the interests of creditors, including the holders of the notes. In addition, these equity holders may have an interest in pursuing acquisitions, divestitures or other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to creditors, including holders of the notes.

Increases in fuel costs could cause our cost of products sold to increase and net income to decrease.

Increases in fuel costs can negatively impact our cost to deliver our products to our customers and thus increase our cost of products sold. If we are unable to increase the selling price of our products to our customers to cover any increases in fuel costs, net income may be adversely affected.

## NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. All written and oral forward-looking statements made in connection with this prospectus that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by the “Risk Factors” and other cautionary statements included herein. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform such statements to actual results or to changes in our expectations, except as required by federal securities laws.

The information in this prospectus is not a complete description of our business or the risks associated with an investment in our securities. There can be no assurance that other factors will not affect the accuracy of these forward-looking statements or that our actual results will not differ materially from the results anticipated in such forward-looking statements. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include, but are not limited to, those factors or conditions described under “Risk Factors,” and the following:

- our high degree of leverage and significant debt service obligations;
- restrictions under our Senior Secured Notes, our ABL Facility and the indenture governing the notes;
- the competitive nature of our industry;
- changes in interest rates, and general economic, home repair and remodeling and new home construction market conditions;
  - changes in the price and availability of raw materials; and
  - changes in our relationships with our significant customers.

## USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes in exchange for the outstanding initial notes. We are making this exchange solely to satisfy our obligations under the registration rights agreement entered into in connection with the offering of the initial notes. In consideration for issuing the exchange notes, we will receive initial notes in like aggregate principal amount.

The proceeds from the issuance of the initial notes was approximately \$145.7 million. We used such proceeds to redeem the \$141.2 million aggregate principal amount of the 9% notes that remained outstanding following the Note Transfer and the Note Contribution on February 16, 2010 and to pay a portion of the related costs and expenses. We used cash on hand to pay any offering costs to the extent not paid from the offering proceeds.

The following is a summary of the sources and uses of proceeds from the offering of the initial notes. You should read the following together with the information set forth under “Prospectus Summary—Refinancing Transactions,” “Capitalization” and “Description of Other Indebtedness.”

Sources of funds (in millions)		Uses of funds (in millions)	
Initial notes(1)	\$ 145.7	Redemption of our outstanding 9% notes(2)	\$ 141.2
		Financing costs and other expenses(3)	4.5
	\$ 145.7		\$ 145.7

(1)The initial notes have a face value of \$150.0 million, but were offered at a discount of approximately \$4.3 million.

(2)On February 16, 2010, we redeemed the \$141.2 million aggregate principal amount of 9% notes (including approximately \$62.5 million of the 9% notes held by the CI Noteholders) at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

(3)Financing costs and other expenses include the initial purchasers’ discount and a portion of the fees and expenses related to the offering of the initial notes and the Refinancing Transactions.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of April 3, 2010, on an actual basis.

You should read this table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. Also see "Use of Proceeds," "Risk Factors," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Other Indebtedness."

(Amounts in thousands)	As of April 3, 2010 Actual (unaudited)
Cash and cash equivalents	\$31,659
Short-term and long-term debt:	
ABL Facility(1)	65,000
11.75% Senior Secured Notes due 2013	725,000
Unamortized discount on \$700.0 million 11.75% Senior Secured Notes due 2013(2)	(4,606 )
Unamortized discount on \$25.0 million 11.75% Senior Secured Notes due 2013 issued October 23, 2009(2)	(4,526 )
13.125% Senior Subordinated Notes due 2014(3)	150,000
Unamortized discount on \$150.0 million 13.125% Senior Subordinated Notes due 2014(3)	(4,090 )
Total debt	926,778
Stockholder's deficit:	
Common stock	—
Additional paid-in capital	324,174
Accumulated deficit	(469,643 )
Accumulated other comprehensive loss, net of tax	1,638
Total stockholder's deficit	(143,831 )
Total capitalization	\$782,947

(1) Borrowings under the ABL Facility are limited to the lesser of the borrowing base, as defined therein, or \$175.0 million, after giving effect to an amendment to the ABL Facility on July 16, 2009. Borrowing may be used for general corporate purposes. As of April 3, 2010, we had approximately \$103.3 million of contractual availability and approximately \$63.5 million of borrowing base availability under the ABL Facility, reflecting \$65.0 million of borrowings outstanding and approximately \$6.7 million of letters of credit.

(2) The senior secured notes have a face value of \$725.0 million, but were offered at an original discount of \$11.5 million.

(3) The initial notes have a face value of \$150.0 million, but were offered at an original discount of \$4.3 million.



## SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The selected historical consolidated financial data presented below is for each of the years in the five-year period ended December 31, 2009.

The selected data presented below under the captions “Selected Statement of Operations Data” and “Selected Balance Sheet Data” for, and as of the end of, each of the years in the four-year period ended December 31, 2008, are derived from the consolidated financial statements of Ply Gem Holdings and subsidiaries, which financial statements have been audited by KPMG LLP, an independent registered public accounting firm. The consolidated financial statements as of December 31, 2008, and for the years ended December 31, 2008, and 2007, and the report thereon, are included elsewhere in this prospectus.

The selected data presented below under the captions “Selected Statement of Operations Data” and “Selected Balance Sheet Data” for, and as of the end of the year ended December 31, 2009, are derived from the consolidated financial statements of Ply Gem Holdings and subsidiaries, which financial statements have been audited by Ernst and Young LLP, an independent registered public accounting firm. The consolidated financial statements as of December 31, 2009, and for the year ended December 31, 2009, and the report thereon, are included elsewhere in this prospectus.

The selected historical consolidated financial data set forth below is not necessarily indicative of the results of future operations and should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information included elsewhere in this prospectus.

The selected historical consolidated financial data presented below as of and for the three month periods ended April 3, 2010 and April 4, 2009 have been derived from, and should be read together with, the unaudited consolidated financial statements of Ply Gem Holdings and subsidiaries included elsewhere in this prospectus. In the opinion of management, our unaudited consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation of the financial position and results of operations in these periods. The selected historical consolidated financial data set forth below is not necessarily indicative of the results of future operations. The results of any interim period are not necessarily indicative of the results that may be expected for the full year or any future period.

(Amounts in thousands)	Fiscal year ended December 31,					Three months ended	
	2009	2008	2007	2006	2005	April 3, 2010 (unaudited)	April 4, 2009 (unaudited)
Selected Statement of operations data: (1)							
Net sales	\$ 951,374	\$ 1,175,019	\$ 1,363,546	\$ 1,054,468	\$ 838,868	\$ 204,205	\$ 182,751
Costs and expenses:							
Cost of products sold	749,841	980,098	1,083,153	829,518	646,584	167,308	169,691
Selling, general and administrative expenses	141,772	155,388	155,963	125,619	92,738	33,806	40,962
Amortization of intangible assets	19,651	19,650	17,631	11,942	9,761	6,794	4,906



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Goodwill impairment	—	450,000	—	—	—	—	—
Intangible asset impairment	—	—	4,150	782	—	—	—
Total costs and expenses	911,264	1,605,136	1,260,897	967,861	749,083	207,908	215,559
Operating earnings (loss)	40,110	(430,117 )	102,649	86,607	89,785	(3,703 )	(32,808 )
Foreign currency gain (loss)	475	(911 )	3,961	77	1,010	104	(88 )
Interest expense	(135,514 )	(138,015 )	(99,698 )	(76,680 )	(57,657 )	(34,007 )	(33,756 )
Interest income	211	617	1,704	1,205	730	53	65
Gain on extinguishment of debt	—	—	—	—	—	98,187	—
Income (loss) before provision (benefit) for income taxes and cumulative effect of accounting change	(94,718 )	(568,426 )	8,616	11,209	33,868	60,634	(66,587 )
Provision (benefit) for income taxes	(17,966 )	(69,951 )	3,634	4,147	12,651	6,532	(11,049 )
Income (loss) before cumulative effect of accounting change	(76,752 )	(498,475 )	4,982	7,062	21,217	54,102	(55,538 )
Cumulative effect of accounting change, net of income tax benefit of \$57	—	—	—	(86 )	—	—	—
Net income (loss)	\$ (76,752 )	\$ (498,475 )	\$ 4,982	\$ (76,752 )	\$ 21,217	\$ 54,102	\$ (55,538 )
Other financial data:							
Capital expenditures	\$ 7,807	\$ 16,569	\$ 20,017	20,318	14,742	\$ 3,029	\$ 2,446
Depreciation and amortization	56,271	61,765	54,067	33,816	26,125	15,454	13,896
Net cash provided by (used in):							
Operating activities	(16,882 )	(58,865 )	73,844	53,425	63,910	(21,416 )	(48,716 )
Investing activities	(7,835 )	(11,487 )	(56,407 )	(432,168 )	(14,362 )	(3,028 )	(2,425 )
Financing activities	(17,528 )	78,233	(15,068 )	405,396	(34,334 )	38,950	9,974

Ratio of earnings to fixed charges(2)	-	-	1.1	1.1	1.5	2.7	-
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Balance sheet data  
(at period end):

Cash and cash equivalents	\$ 17,063	\$ 58,289	\$ 52,053	53,274	22,173	\$ 31,659	\$ 17,215
Total assets	982,033	1,104,053	1,616,153	1,649,721	1,049,998	1,011,301	1,037,855
Total debt	1,100,397	1,114,186	1,038,096	1,048,764	637,468	926,778	1,124,433
Stockholder's equity (deficit)	(313,482 )	(242,628 )	241,787	227,716	215,514	(143,831 )	(298,563 )

- (1) We adopted the recognition and disclosure requirements in 2007 and the measurement provisions in 2008 of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106, and 132(R) (now included in Accounting Standards Codification (ASC) 715, Compensation — Retirement Benefits). On January 1, 2007, we adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109 (now included in ASC 740, Income Taxes). We adopted FASB Statement of Financial Accounting Standards No. 123(R) (revised 2004), Share-Based Payment (now included in ASC 718, Compensation — Stock Compensation and ASC 505, Equity) on January 1, 2006.
- (2) The ratio of earnings to fixed charges is computed by dividing fixed charges into net income (loss) before provision (benefit) for income taxes plus fixed charges. Fixed charges consist of interest expense, net plus amortization of deferred financing expense and our estimate of interest within rental expense. For the years ended December 31, 2009 and 2008, the deficiency in the ratio of earnings to fixed charges to achieve a one to one ratio was \$568.4 million and \$94.7 million, respectively, which resulted from the depressed residential U.S. housing market. For the three months ended April 4, 2009, the deficiency in the ratio of earnings to fixed charges to achieve a one to one ratio was \$66.6 million which also resulted from the depressed residential U.S. housing market.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in "Risk Factors" and elsewhere in this prospectus. Actual results may differ materially from those contained in any forward-looking statements. The following discussion should be read in conjunction with "Selected Historical Financial Information" and our financial statements and related notes included elsewhere in this prospectus.

### General

We are a leading manufacturer of residential exterior building products in North America. We offer a comprehensive product line of vinyl siding and skirting, vinyl windows and doors, vinyl and composite fencing and railing, and stone veneer that serves both the home repair and remodeling and the new home construction sectors in the United States and Western Canada. Vinyl building products have the leading share of sales volume in siding and windows, and a fast growing share of sales volume in fencing in the United States. We also manufacture vinyl and aluminum soffit and siding accessories, aluminum trim coil, wood, vinyl, aluminum, and vinyl and aluminum clad windows, and steel and fiberglass doors, enabling us to bundle complementary and color-matched products and accessories with our core vinyl products. We believe our broad product offering and geographically diverse manufacturing base allow us to better serve our customers and provide us with a competitive advantage over other vinyl building products

suppliers. We have two reportable segments: (i) Siding, Fencing, and Stone, and (ii) Windows and Doors.

Ply Gem Holdings, a wholly owned subsidiary of Ply Gem Prime Holdings, was incorporated on January 23, 2004 for the purpose of acquiring Ply Gem Industries from Nortek. The Ply Gem acquisition was completed on February 12, 2004, when Nortek sold Ply Gem Industries, to Ply Gem Holdings, pursuant to the terms of the stock purchase agreement among Ply Gem Investment Holdings, Inc., ("Ply Gem Investment Holdings") and Nortek and WDS LLC dated as of December 19, 2003, as amended. Prior to February 12, 2004, the date of the Ply Gem acquisition, Ply Gem Holdings had no operations and Ply Gem Industries was a wholly-owned subsidiary of WDS LLC, which was a wholly-owned subsidiary of Nortek.

On August 27, 2004, Ply Gem Industries acquired all of the outstanding shares of capital stock of MWM Holding, in accordance with a stock purchase agreement entered into among Ply Gem, MWM Holding and the selling stockholders in the MW acquisition. The accompanying financial statements include the operating results of MWM Holding from August 27, 2004, the date of acquisition.

On February 24, 2006, in connection with the acquisition of AWC Holding Company ("AWC", and together with its subsidiaries, "Alenco"), a new holding company, Ply Gem Prime Holdings, was formed pursuant to a merger involving Ply Gem Investment Holdings. As a result, Ply Gem Prime Holdings became the sole shareholder of Ply Gem Investment Holdings, each outstanding share of capital stock of Ply Gem Investment Holdings was converted into a share of a corresponding class of shares of the capital stock of Ply Gem Prime Holdings and Ply Gem Prime Holdings assumed Ply Gem Investment Holdings' obligations under the Ply Gem Investment Holdings 2004 Stock Option Plan. In connection therewith, each outstanding stock option and phantom unit of Ply Gem Investment Holdings was converted on a 1:1 basis into a stock option and phantom unit of Ply Gem Prime Holdings.

On January 11, 2010, Ply Gem Investment Holdings was merged with and into Ply Gem Prime Holdings, with Ply Gem Prime Holdings as the surviving corporation. As a result, each outstanding share of senior preferred stock of Ply Gem Investment Holdings was converted into a share of a corresponding class of shares of the capital stock of Ply Gem Prime Holdings.

On February 24, 2006, Ply Gem completed the Alenco acquisition in accordance with a securities purchase agreement entered into among Ply Gem, all of the direct and indirect stockholders, warrant holders and stock option holders of AWC and FNL Management Corp., an Ohio corporation, as their representative on February 6, 2006. Pursuant to the securities purchase agreement, Ply Gem purchased all of the issued and outstanding shares of common stock, warrants to purchase shares of common stock and options to purchase shares of common stock of AWC (other than certain shares of common stock of AWC held by certain members of the senior management of Alenco that were contributed separately to Ply Gem Prime Holdings in exchange for shares of capital stock of Ply Gem Prime Holdings). Immediately following the completion of the Alenco acquisition, AWC became a wholly owned subsidiary of Ply Gem. The accompanying financial statements include the operating results of Alenco from February 24, 2006, the date of acquisition.

On October 31, 2006, Ply Gem Industries acquired all of the outstanding shares of capital stock of AHE in accordance with a stock purchase agreement entered into among Ply Gem, Alcoa Securities Corporation, and Alcoa Inc. The accompanying financial statements include the operating results of AHE from October 31, 2006, the date of acquisition.

On September 30, 2007, Ply Gem Industries acquired the vinyl window and patio door business of Certain Teed Corporation through a stock acquisition. On the acquisition date, the Company changed the name of the acquired business to Ply Gem Pacific Windows Corporation. The accompanying financial statements include the operating results of Pacific Windows from September 30, 2007, the date of acquisition.

On October 31, 2008, Ply Gem Industries acquired substantially all of the assets of Ply Gem Stone. The accompanying financial statements include the operating results of Ply Gem Stone from October 31, 2008, the date of acquisition.

We are a holding company with no operations or assets of our own other than the capital stock of our subsidiaries. The terms of Ply Gem Industries' ABL Facility and the indentures governing Ply Gem Industries' Senior Secured Notes and Senior Subordinated Notes place restrictions on the ability of Ply Gem Industries and its subsidiaries to make certain payments and otherwise transfer assets to us. Further, the terms of Ply Gem Industries' ABL Facility place restrictions on the ability of Ply Gem Holdings to make certain dividend payments.

#### Financial Statement Presentation

**Net sales.** Net sales represent the fixed selling price of our products plus certain shipping charges less applicable provisions for discounts and allowances. Allowances include cash discounts, volume rebates and returns among others.

**Cost of products sold.** Cost of products sold includes direct material and manufacturing costs, manufacturing depreciation, third-party and in-house delivery costs and product warranty expense.

**Selling, general and administrative expense.** Selling, general and administrative expense ("SG&A expense") includes all non-product related operating expenses, including selling, marketing, research and development costs, information technology, restructuring, and other general and administrative expenses.



Operating earnings (loss). Operating earnings (loss) represents net sales less cost of products sold, SG&A expense and amortization of intangible assets.

Comparability. All periods after the Pacific Windows acquisition in September 2007 include the results of operations of Pacific Windows. All periods after the Ply Gem Stone acquisition in October 2008 include the results of operations of Ply Gem Stone.

#### Impact of Commodity Pricing

Our principal raw materials, PVC resin and aluminum, have historically been subject to rapid price changes. We have in the past been able to pass on a substantial portion of significant cost increases through price increases to our customers. Our results of operations for individual quarters can and have been impacted by a delay between the time of PVC resin and aluminum cost increases and decreases and related price changes that we implement in our products.

#### Impact of Weather

Since our building products are intended for exterior use, our sales and operating earnings tend to be lower during periods of inclement weather. Weather conditions in the first and fourth quarter of each calendar year historically result in each quarter producing significantly less sales revenue than in any other period of the year. As a result, we have historically had lower profits or losses in the first quarter, and reduced profits in the fourth quarter of each calendar year due to the weather. Our results of operations for individual quarters in the future may be impacted by adverse weather conditions.

#### Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. Certain of our accounting policies require the application of judgments in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. We periodically evaluate the judgments and estimates used for our critical accounting policies to ensure that such judgments and estimates are reasonable for our interim and year-end reporting requirements. These judgments and estimates are based upon our historical experience, current trends and information available from other sources, as appropriate. If different conditions result compared to our assumptions and judgments, the results could be materially different from our estimates. Management also believes that the five areas where different assumptions could result in materially different reported results are 1) goodwill and intangible asset impairment tests, 2) accounts receivable related to estimation of allowances for doubtful accounts, 3) inventories in estimating reserves for obsolete and excess inventory, 4) warranty reserves, and 5) income taxes. Although we believe the likelihood of a material difference in these areas is low based upon our historical experience, a 10% change in our allowance for doubtful accounts, inventory reserve estimates, and warranty reserve at April 3, 2010 would result in an approximate \$0.5 million, \$0.7 million, and \$4.3 million impact on expenses, respectively. Additionally, we have included in the discussion that follows our estimation methodology for both accounts receivable and inventories. While all significant policies are important to our consolidated financial statements, some of these policies may be viewed as being critical. Our critical accounting policies include:





Revenue recognition. We recognize sales based upon shipment of products to our customers net of applicable provisions for discounts and allowances. Generally, the customer takes title upon shipment and assumes the risks and rewards of ownership of the product. For certain products, our customers take title upon delivery, at which time revenue is then recognized. Revenue includes selling price of the product and all shipping costs paid by the customer. Revenue is reduced at the time of sale for estimated sales returns and all applicable allowances and discounts based on historical experience. We also provide for estimates of warranty, bad debts, shipping costs and certain sales-related customer programs at the time of sale. Shipping and warranty costs are included in cost of products sold. Bad debt expense and sales-related marketing programs are included in SG&A expense. We believe that our procedures for estimating such amounts are reasonable and historically have not resulted in material adjustments in subsequent periods when the estimates are reconciled to the actual amounts.

Accounts receivable. We maintain an allowance for doubtful accounts for estimated losses from the inability of our customers to make required payments, which is provided for in bad debt expense. We determine the adequacy of this allowance by regularly reviewing our accounts receivable aging and evaluating individual customers' receivables, considering customers' financial condition, credit history and other current economic conditions. If a customer's financial condition were to deteriorate which might impact its ability to make payment, then additional allowances may be required.

Inventories. Inventories in the accompanying condensed consolidated balance sheets are valued at the lower of cost or market. The Company records provisions, as appropriate, to write-down obsolete and excess inventory to estimated net realizable value. The process for evaluating obsolete and excess inventory often requires the Company to make subjective judgments and estimates concerning future sales levels, quantities and prices at which such inventory will be sold in the normal course of business. Accelerating the disposal process or incorrect estimates of future sales may cause actual results to differ from estimates at the time such inventory is disposed or sold. As of April 3, 2010, the Company had inventory purchase commitments of approximately \$65.0 million. Inventory reserves were approximately \$7.1 million at April 3, 2010, increasing approximately \$0.4 million compared to the December 31, 2009 reserve balance of approximately \$6.7 million.

Long-lived Assets. The Company reviews long-lived assets for impairment annually or whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company performs undiscounted operating cash flow analyses to determine if impairment exists. If impairment is determined to exist, any related impairment loss is calculated based on the asset's fair value and the discounted cash flow.

As of December 31, 2009, the Company determined that the continued decline in the US housing market required a re-evaluation of the Company's forecasts. The Company tested for impairment using the "Step One" test for asset groups held and used, and determined that further impairment testing of the fair value of the asset groups (under "Step Two") was not necessary at December 31, 2009 because the undiscounted cash flows exceeded the carrying values of the long-lived asset groups. There were no indications of impairment during the quarter ended April 3, 2010.

The Company tests for long-lived asset impairment at the following asset group levels: i) Siding, Fencing, and Stone ("Siding"), ii) the combined US Windows companies in the Windows and Doors segment ("US Windows"), and iii) Ply Gem Canada (formerly known as CWD Windows and Doors, Inc.) in the Windows and Doors segment. For purposes of recognition and measurement of an impairment loss, a long-lived asset or asset group should represent the lowest level for which an entity can separately identify cash flows that are largely independent of the cash flows of other assets and liabilities. Ply Gem concluded that the lowest level for identifiable cash flows is Siding, US Windows and Ply Gem Canada. This is one level below the segment reporting unit of "Windows and Doors" and reflects the lowest level of identifiable cash flows. Management believes that the US Windows unit cannot be further

broken down as a result of the 2008 US Windows reorganization. As a result, Ply Gem now markets themselves to US Windows customers as one company rather than separate companies. In addition, certain manufacturing facilities provide inventory to multiple window divisions for assembling the final products. Therefore, from an economic standpoint, the Company evaluates the cash flows as a group rather than at the divisional levels. The US Windows and Ply Gem Canada financial data is the lowest level of reliable information that is prepared and reviewed by management on a consistent basis. The Company made a similar conclusion for Siding as its product lines are grouped at a Siding level as there are interdependencies between products.

Goodwill impairment. The Company records the excess of purchase price over the fair value of the net assets of acquired companies as goodwill or other identifiable intangible assets. The Company performs an annual test for goodwill impairment during the fourth quarter of each year and also at any other date when events or changes in circumstances indicate that the carrying value of these assets may exceed their fair value. The Company has defined its reporting units and performs the impairment testing of goodwill at the operating segment level. The Company has aggregated US Windows and Ply Gem Canada into a single reporting unit since they have similar economic characteristics. Thus, the Company has two reporting units: 1) Siding, Fencing, and Stone and 2) Windows and Doors. Separate valuations are performed for each of these reporting units in order to test for impairment.

The Company uses the two-step method to determine goodwill impairment. If the carrying amount of a reporting unit exceeds its fair value (Step One), the Company measures the possible goodwill impairment based upon a hypothetical allocation of the fair value estimate of the reporting unit to all of the underlying assets and liabilities of the reporting unit, including previously unrecognized intangible assets (Step Two). The excess of the reporting unit's fair value over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized to the extent that a reporting unit's recorded goodwill exceeds the implied fair value of goodwill. There was no goodwill impairment at December 31, 2009 and no impairment indicators which would trigger an interim impairment test during the quarter ended April 3, 2010.

To determine the fair value of its reporting units, the Company equally considers both the income and market valuation methodologies. The income valuation methodology uses the fair value of the cash flows that the reporting unit can be expected to generate in the future. This method requires management to project revenues, operating expenses, working capital investment, capital spending and cash flows for the reporting unit over a multi-year period as well as determine the weighted average cost of capital to be used as the discount rate. The Company also utilizes the market valuation method to estimate the fair value of the reporting units by utilizing comparable public company multiples. These comparable public company multiples are then applied to the reporting unit's financial performance. During the year ended December 31, 2009, the Company utilized forward looking market multiples for its reporting units. The forward multiples were used since each reporting unit incurred various restructuring activities during 2009. The market approach is more volatile as an indicator of fair value as compared to the income approach as internal forecasts and projections have historically been more stable. Since each approach has its merits, the Company equally weights the approaches to balance the internal and external factors affecting the Company's fair value, which is consistent with prior years.

The Company's fair value estimates of its reporting units and goodwill are sensitive to a number of assumptions including discount rates, cash flow projections, operating margins, and comparable market multiples. In order to accurately forecast future cash flows, the Company estimates single family housing starts and the repair and remodeling market's growth rates. However, there is no assurance that: 1) valuation multiples will not decline further, 2) discount rates will not increase, or 3) the earnings, book values or projected earnings and cash flows of the Company's reporting units will not decline. The Company will continue to analyze changes to these assumptions in future periods. The Company will continue to evaluate goodwill during future periods and further declines in the residential housing and remodeling markets could result in additional goodwill impairments.

Income taxes. The Company utilizes the asset and liability method of accounting for income taxes which requires that deferred tax assets and liabilities be recorded to reflect the future tax consequences of temporary differences between the book and tax basis of various assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period in which the rate change occurs. A valuation allowance is established to offset any deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Estimates are required with respect to, among other things, the appropriate state income tax rates used in the various states that the Company and its subsidiaries are required to file, the potential utilization of operating and capital loss carry-forwards for both federal and state income tax purposes and valuation allowances required, if any, for tax assets that may not be realized in the future. The Company establishes reserves when, despite our belief that our tax return positions are fully supportable, certain positions could be challenged, and the positions may not be fully sustained. Subsequent to February 12, 2004, U.S. federal income tax returns are prepared and filed by Ply Gem Investment Holdings, Inc. on behalf of itself, Ply Gem Holdings, and Ply Gem Industries and its subsidiaries. The tax sharing agreement between Ply Gem Holdings and Ply Gem Investment Holdings under which tax liabilities for each respective party are computed on a stand-alone basis, was amended during 2006 to include Ply Gem Prime. On January 11, 2010, Ply Gem Investment Holdings was merged with and into Ply Gem Prime, with Ply Gem Prime as the surviving corporation. As a result, each outstanding share of senior preferred stock of Ply Gem Investment Holdings was converted into a share of a corresponding class of shares of the capital stock of Ply Gem Prime.

U.S. subsidiaries file unitary, combined federal income tax returns and separate state income tax returns. Ply Gem Canada files separate Canadian income tax returns.

Purchase accounting. Business acquisitions are accounted for using the purchase method of accounting. The cost of the acquired company is allocated to identifiable tangible and intangible assets based on estimated fair value with the excess allocated to goodwill.

## Results of Operations

The following table summarizes net sales and net income (loss) by segment and is derived from the accompanying consolidated and combined statements of operations included in this report.

(Amounts in thousands)	Fiscal year ended December 31,			Three months ended	
	2009	2008	2007	April 3, 2010 (unaudited)	April 4, 2009 (unaudited)
Net sales					
Siding, Fencing and Stone	\$ 577,390	\$ 709,432	\$ 828,124	\$ 117,668	\$ 108,460
Windows and Doors	373,984	465,587	535,422	86,537	74,291
Operating earnings (loss)					
Siding, Fencing and Stone	77,756	(75,431 )	73,560	10,514	(7,517 )
Windows and Doors	(23,504 )	(334,140 )	36,134	(10,756 )	(21,682 )
Unallocated	(14,142 )	(10,546 )	(7,045 )	(3,461 )	(3,609 )
Foreign currency gain (loss)					
Windows and Doors	475	(911 )	3,961	104	(88 )
Interest expense, net					
Siding, Fencing and Stone	169	125	110	43	55
Windows and Doors	(183 )	(518 )	(1,673 )	(46 )	1
Unallocated	(135,289 )	(137,005 )	(96,431 )	(33,951 )	(33,747 )
Income tax benefit (expense)					
Unallocated	17,966	69,951	(3,634 )	(6,532 )	11,049
Gain on extinguishment of debt					
Unallocated	-	-	-	98,187	-
Net income (loss)	\$ (76,752 )	\$ (498,475 )	\$ 4,982	\$ 54,102	\$ (55,538 )

The following tables set forth our results of operations based on the amounts and the percentage relationship of the items listed to net sales for the periods indicated.

This review of performance is organized by business segment, reflecting the way we manage our business. Each business group leader is responsible for operating results down to operating earnings (loss). We use operating earnings as a performance measure as it captures the income and expenses within the management control of our business leaders. Corporate management is responsible for making all financing decisions. Therefore, each segment discussion focuses on the factors affecting operating earnings, while interest expense and income taxes and certain other unallocated expenses are separately discussed at the corporate level.

## Siding, Fencing, and Stone Segment

	Fiscal Year Ended December 31,						Three Months Ended			
	2009		2008		2007		April 3, 2010 (unaudited)		April 4, 2009 (unaudited)	
Statement of operations data										
Net sales	\$577,390	100.0%	\$709,432	100.0%	\$828,124	100.0%	\$117,668	100.0%	\$108,460	100.0%
Cost of products sold	428,037	74.1 %	578,850	81.6 %	659,423	79.6 %	90,294	76.7 %	95,475	88.0 %
Gross profit	149,353	25.9 %	130,582	18.4 %	168,701	20.4 %	27,374	23.3 %	12,985	12.0 %
SG&A expense	63,072	10.9 %	75,240	10.6 %	86,068	10.4 %	14,729	12.5 %	18,372	16.9 %
Amortization of intangible assets	8,525	1.5 %	8,546	1.2 %	9,073	1.1 %	2,131	1.8 %	2,130	2.0 %
Goodwill impairment	—	0.0 %	122,227	17.2 %	—	0.0 %	—	0.0 %	—	0.0 %
Operating earnings (loss)	\$77,756	13.5 %	\$(75,431)	-10.6 %	\$73,560	8.9 %	\$10,514	8.9 %	\$(7,517)	-6.9 %

As a result of the Ply Gem Stone acquisition, the Company shortened the name of its “Siding, Fencing, Railing and Decking” segment to “Siding, Fencing, and Stone” during 2008. The Ply Gem Stone results were included within this segment from October 31, 2008 forward. The other operations within this segment remain unchanged.

## Net sales

Net sales for the three months ended April 3, 2010 increased compared to the same period in 2009 by approximately \$9.2 million, or 8.5%. The increase in net sales was driven by improved industry wide market conditions in new construction as single family housing starts increased favorably impacting demand for our products. According to the U.S. Census Bureau, fourth quarter 2009 and first quarter 2010 single family housing starts were estimated to increase by approximately 1.5% and 46.0% respectively from actual levels achieved in the fourth quarter of 2008 and the first quarter of 2009. The increase in net sales that resulted from improved market conditions in new construction were partially offset by overall market softness in repair and remodeling expenditures. According to the Joint Center for Housing Studies of Harvard University’s leading indicator of remodeling activity (LIRA) index, repair and remodeling activity declined in the first quarter of 2010 as compared to the first quarter of 2009.

Net sales for the year ended December 31, 2009 decreased from the year ended December 31, 2008 by approximately \$132.0 million, or 18.6%. The decrease in net sales was driven by industry wide market declines resulting from lower single family housing starts, which negatively impacted the new construction sector and overall softness in repair and remodeling expenditures. These market conditions negatively impacted demand for our products. According to the National Association of Home Builders (“NAHB”) January 2010 forecast, single family housing starts for 2009 are estimated to be 439,000 units which represents a decline of approximately 28.8% from 2008 actual levels of

616,000. In addition to lower unit volume shipments, selling prices were generally lower in 2009 as compared to 2008 due to market pressure that resulted from lower raw material and freight costs. The decrease in net sales that resulted from industry wide market demand declines and lower selling prices was partially offset by market share gains from sales to new customers and/or expanded sales to existing customers from additional products or sales in new geographical regions. As a result of our market share gains, we believe that we outperformed the vinyl siding industry. Our 2009 unit shipments of vinyl siding decreased by approximately 12% as compared to the U.S. vinyl siding industry, as summarized by the Vinyl Siding Institute, which reported a 23% unit shipment decline in 2009. As a result, we estimate that our market share of vinyl siding units shipped increased from approximately 29% in 2008 to 33% for the year ended December 31, 2009. Additionally, our 2009 sales include sales contributed by Ply Gem Stone which was acquired in October 2008.

Net sales for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$118.7 million or 14.3%. The decrease in net sales was driven by industry wide market declines resulting from lower single family housing starts, which negatively impacted the new construction sector and overall softness in repair and remodeling expenditures. These market conditions negatively impacted demand for our products. According to the NAHB, 2008 single family housing starts declined approximately 40.5% from actual levels achieved in 2007 with single family housing starts declining from 1,036,000 units in 2007 to 616,000 in 2008. The decrease in net sales that resulted from industry wide market demand declines was partially offset by price increases that we implemented in response to increasing raw materials and freight costs as discussed below in cost of products sold and sales from Ply Gem Stone.

## Cost of products sold

Cost of products sold for the three months ended April 3, 2010 decreased compared to the same period in 2009 by approximately \$5.2 million, or 5.4%. The decrease in cost of products sold was driven by lower material cost due to the termination of an aluminum supply agreement in early 2009, which resulted in abnormally high aluminum material cost charged to cost of products sold in the first quarter of 2009. The decrease in cost of products sold was partially offset by increased sales as discussed above. In addition, we incurred \$1.3 million less expense associated with new customers that resulted from the buy-back, or lift-out, of our competitor's product on initial stocking orders for the three months ended April 3, 2010 as compared to the same period in 2009. Gross profit percentage for the three months ended April 3, 2010 increased from the same period in 2009 from 12.0% to 23.3%. The improvement in gross profit percentage resulted from lower aluminum material cost and new customer buy-back expense as previously discussed. In addition, our gross profit percentage improved as a result of management's initiatives to reduce fixed expenses including the consolidation of the majority of the production from the Company's vinyl siding plant in Kearney, Missouri, into its other three remaining vinyl siding plants which was completed in the second quarter of 2009.

Cost of products sold for the year ended December 31, 2009 decreased from the year ended December 31, 2008 by approximately \$150.8 million, or 26.1%. The decrease in cost of products sold was primarily due to lower sales as discussed above and decreased raw material costs, primarily PVC resin and aluminum, as well as lower freight costs driven by lower oil costs. The Company estimates that the 2009 full year average market cost of pipe grade PVC resin and aluminum declined by approximately 8.1% and 35.2% respectively as compared to 2008. Gross profit percentage increased from 18.4% in 2008 to 25.9% in 2009. The improvement in gross profit percentage resulted from decreased raw material and freight cost discussed above, partially offset by lower selling prices. In addition, our gross profit percentage improved as a result of management's initiatives to reduce fixed expenses which included the closure of the vinyl siding plant in Denison, Texas, which ceased production in February 2008, the consolidation of the majority of the production from our vinyl siding plant in Kearney, Missouri, into our other three remaining vinyl siding plants, and the consolidation of our metal accessory production from our Valencia, Pennsylvania facility into our Sidney, Ohio facility which occurred during the later part of 2008 and early 2009. The improvement in gross profit that resulted from management's initiatives was partially offset by initial costs that were incurred with new customers that resulted from the buy-back, or lift-out, of our competitor's product on the initial stocking orders with our new customers, which totaled \$7.4 million in 2009 as compared to \$1.4 million in 2008.

Cost of products sold for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$80.6 million or 12.2%. The decrease in cost of products sold was due to lower sales as discussed above, but was partially offset by higher raw material costs, primarily PVC resin and aluminum, as well as higher freight costs driven by higher oil costs. Gross profit percentage decreased from 20.4% in 2007 to 18.4% in 2008. The decrease in gross profit percentage was driven by lower unit sales volume and increased raw material and freight costs. During 2008, we implemented selling price increases in response to higher raw material costs and freight costs, however, our gross profit percentage was negatively impacted by the delay between the time of raw material and freight cost increases and the price increases that we implemented. We experienced market wide decreases in our raw material costs and freight costs during the later months of 2008, which resulted in corresponding decreases in our selling prices as a result of the lower raw material and freight costs. Additionally, in light of current market conditions for building products, the Company has adjusted the size of its workforce and reduced its fixed overhead structure, including reductions in certain fixed expenses related to the vinyl siding plants in Atlanta, Georgia and Denison, Texas, which ceased production in April of 2007 and February of 2008, respectively.

## Selling, general and administrative expense



SG&A expenses for the three months ended April 3, 2010 decreased compared to the same period in 2009 by approximately \$3.6 million, or 19.8%. The decrease in SG&A expense was primarily caused by lower marketing expenses related to our brand conversion from Alcoa Home Exteriors to Mastic Home Exteriors during the first quarter of 2009. The Company reduced administrative and other fixed expenses in light of current market conditions and incurred lower restructuring and integration expense which totaled approximately \$0.1 million for the first quarter of 2010 as compared to approximately \$1.2 million for the same period in 2009.

SG&A expense for the year ended December 31, 2009 decreased from the year ended December 31, 2008 by approximately \$12.2 million, or 16.2%. The decrease in SG&A expense was due to lower administrative and other fixed expenses that have been reduced in light of current market conditions, as well as, lower restructuring and integration expense. The Company incurred restructuring and integration expense of approximately \$2.9 million in 2009 as compared to approximately \$6.9 million in 2008.

SG&A expense for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$10.8 million or 12.6%. The decrease in SG&A expenses was primarily due to lower selling and marketing costs and other fixed expenses that have been reduced in light of current market conditions for building products. In addition, SG&A expense for 2007 included certain expenses incurred to integrate the AHE acquisition into the Company's Siding, Fencing and Stone Segment.

## Amortization of intangible assets

Amortization expense for the three months ended April 3, 2010 was consistent with the same period in 2009.

Amortization expense for the year ended December 31, 2009 was consistent with the year ended December 31, 2008. Amortization expense for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$0.5 million.

## Goodwill impairment

The Company's annual goodwill impairment test performed during the fourth quarter of 2009 indicated no impairment. During 2008, the Company conducted its annual goodwill impairment test. As a result of the depressed residential housing and remodeling markets, the Company incurred a \$122.2 million impairment charge to operating earnings during the fourth quarter of 2008 for our Siding, Fencing and Stone operating segment.

## Windows and Doors Segment

	Fiscal Year Ended December 31,						Three Months Ended			
	2009		2008		2007		April 3, 2010 (unaudited)		April 4, 2009 (unaudited)	
Statement of operations data										
Net sales	\$373,984	100.0%	\$465,587	100.0%	\$535,422	100.0%	\$86,537	100.0%	\$74,291	100.0%
Cost of products sold	321,804	86.0 %	401,248	86.2 %	423,730	79.1 %	77,014	89.0 %	74,216	99.9 %
Gross profit	52,180	14.0 %	64,339	13.8 %	111,692	20.9 %	9,523	11.0 %	75	0.1 %
SG&A expense	64,579	17.3 %	69,602	14.9 %	62,850	11.7 %	15,625	18.1 %	18,981	25.5 %
Amortization of intangible assets	11,105	3.0 %	11,104	2.4 %	8,558	1.6 %	4,654	5.4 %	2,776	3.7 %
Goodwill impairment	—	0.0 %	327,773	70.4 %	—	0.0 %	—	0.0 %	—	0.0 %
Intangible impairment	—	0.0 %	—	0.0 %	4,150	0.8 %	—	0.0 %	—	0.0 %
Operating earnings (loss)	(23,504)	-6.3 %	\$(334,140)	-73.9 %	\$36,134	6.7 %	\$(10,756)	-12.4 %	\$(21,682)	-29.2 %
Currency transaction gain (loss)	\$475	0.1 %	\$(911)	-0.2 %	\$3,961	0.7 %	\$104	0.1 %	\$(88)	-0.1 %

## Net sales

Net sales for the three months ended April 3, 2010 increased compared to the same period in 2009 by approximately \$12.2 million, or 16.5%. The increase in net sales resulted from higher demand for our window and door products due to higher sales of our new construction window and door products resulting from U.S. single family

housing starts increases as previously discussed. In addition, sales of our window and door products in western Canada were favorably impacted by market wide increased demand that resulted from increased housing starts in Alberta, Canada. According to the Canadian Mortgage and Housing Corporation (CMHC) housing starts in Alberta, Canada were estimated to have increased by 126.9% in the first quarter of 2010 as compared to the same period in 2009. Our unit shipments of windows and doors in the U.S. increased 7.8% in the first three months of 2010 as compared to the same period in 2009, while our unit shipments of windows and doors in western Canada increased by 48.9% in the first three months of 2010 as compared to the same period in 2009.

Net sales for the year ended December 31, 2009 decreased compared to the same period in 2008 by approximately \$91.6 million, or 19.7%. The decrease in net sales was due to lower demand for our window and door products due to lower sales of our new construction window and door products which were negatively impacted by market wide decreased demand that resulted from reductions in single family housing starts in the United States as previously discussed. In addition, sales of our window and door products in western Canada were negatively impacted by market wide decreased demand that resulted from reductions in housing starts in Alberta, Canada which were estimated to show a decline of 30.1% in 2009 as compared to 2008 according to the Canadian Mortgage and Housing Corporation (CMHC). The decrease in net sales that resulted from industry wide market demand declines in both the U.S. and western Canadian markets were partially offset by market share gains from sales to new customers and/or expanded sales to existing customers from additional products or sales in new geographical regions. Our unit shipments of windows and doors in the United States were down 16.8% in 2009 as compared to 2008, while according to the NAHB, single family housing starts for 2009 are expected to show a decline of approximately 28.8% from actual levels achieved in 2008. Our unit shipments of windows and doors in western Canada were down 15.8% in 2009 as compared to 2008, while according to the CMHC, housing starts in Alberta, Canada in 2009 are estimated to show a decline of 30.1% from actual levels achieved in 2008.

Net sales for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$69.8 million, or 13.0%. The decrease was due to lower sales of our new construction window products which were negatively impacted by market wide decreased demand that resulted from reductions in single family housing starts as discussed above, as well as lower demand for our repair and remodeling windows which declined due to a slowdown in the remodeling and replacement activity across the United States. The decrease in sales was partially offset by the sales from Pacific Windows which was acquired in September 2007 and price increases that were implemented in response to increasing raw material and freight costs as discussed below.

### Cost of products sold

Cost of products sold for the three months ended April 3, 2010 increased compared to the same period in 2009 by approximately \$2.8 million, or 3.8%. The increase in cost of products sold was due to increased sales as discussed above. Gross profit as a percentage of sales increased from 0.1% in 2009 to 11.0% in 2010. The improvement in gross profit percentage resulted from lower fixed manufacturing costs due to the closure of the Company's Hammonton, New Jersey, Phoenix, Arizona and Tupelo, Mississippi window plants during 2009 and realigned production within its three west coast window plants, including the realignment of window lineal production during 2009. Also, impacting our gross profit were the initial costs that were incurred with new customers that resulted from the buy-back, or lift-out, of our competitor's product on the initial stocking orders with our new customers which were \$0.0 million in 2010 as compared to \$0.2 million for 2009.

Cost of products sold for the year ended December 31, 2009 decreased compared to the same period in 2008 by approximately \$79.4 million, or 19.8%. The decrease in cost of products sold was primarily due to lower sales as discussed above and decreased raw material costs, primarily PVC resin and aluminum, as well as lower freight costs driven by lower oil costs as previously discussed. Gross profit percentage increased from 13.8% in 2008 to 14.0% in 2009. The increase in gross profit percentage resulted from lower fixed manufacturing costs that were reduced in response to lower market demand and decreased raw material costs, primarily PVC resin, aluminum and glass, as well as lower freight costs driven in part by lower oil costs. The reduction in fixed manufacturing costs resulted from the closure of the Company's Hammonton, New Jersey, Phoenix, Arizona and Tupelo, Mississippi window plants during 2009 and realigned production within its three west coast window plants, including the realignment of window lineal production during 2009. Also, impacting our gross profit results were the initial costs that were incurred with new customers that resulted from the buy-back, or lift-out, of our competitor's product on the initial stocking orders with our new customers which totaled \$1.0 million in 2009 as compared to \$0.5 million for 2008.

Cost of products sold for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$22.5 million, or 5.3%. The decrease in cost of products sold was due to lower sales as discussed above, but was partially offset by cost of products sold attributable to Pacific Windows, which was acquired in the fourth quarter of 2007 and by higher raw material costs, primarily PVC resin and aluminum, as well as higher freight costs driven by higher oil costs. Gross profit as a percentage of net sales decreased from 20.9% in 2007 to 13.8% in 2008. The decrease in gross profit percentage was driven by lower unit sales volume, increased raw material and freight costs which were not fully offset by selling price increases, as well as Pacific Windows which carried a lower gross profit margin than the Company's other window and door products.

### Selling, general and administrative expense

SG&A expenses for the three months ended April 3, 2010 decreased compared to the same period in 2009 by approximately \$3.4 million, or 17.7%. The decrease in SG&A expense was due to lower administrative and other fixed expenses that have been reduced in light of current market conditions. In addition, the Company incurred \$2.7 million lower restructuring and integration expense for the first quarter of 2010 as compared to the same period in 2009.

SG&A expense for the year ended December 31, 2009 decreased from the year ended December 31, 2008 by approximately \$5.0 million, or 7.2%. The decrease in SG&A expense was due to lower administrative and other fixed expenses that have been reduced in light of current market conditions. These SG&A expense reductions were partially offset by higher restructuring and integration expenses that were incurred in 2009 of approximately \$5.6 million as compared to approximately \$3.3 million in 2008.

SG&A expense for the year ended December 31, 2008 increased from the year ended December 31, 2007 by approximately \$6.8 million, or 10.7%. The increase in SG&A was primarily due to the addition of Pacific Windows and reorganization expenses incurred to integrate our U.S. window companies into one operating group. The reorganization expenses are primarily comprised of fees paid to third party consultants assisting with the reorganization and integration of our U.S. window group, as well as severance costs related to positions that have been eliminated. The Company believes that the reorganization of our U.S. window group will allow us to better serve our customers and markets, while reducing future operating costs.

## Amortization of intangible assets

Amortization expense for the three months ended April 3, 2010 increased compared to the same period in 2009 by approximately \$1.9 million due to the change in the estimated lives of certain tradenames. During the quarter ended April 3, 2010, the Company decreased the life of certain trademarks to 3 years (applied prospectively) as a result of future marketing plans regarding the use of the trademarks.

Amortization expense for the year ended December 31, 2009 was consistent with the amortization expense for the year ended December 31, 2008. Amortization expense for the year ended December 31, 2008 increased from the year ended December 31, 2007 by approximately \$2.5 million, due to the reclassification of the tradenames intangible asset from an indefinite lived asset to a definite lived asset.

## Goodwill impairment

The Company's annual goodwill impairment test performed during the fourth quarter of 2009 indicated no impairment. As a result of the depressed residential housing and remodeling markets, the Company incurred a \$127.8 million impairment charge to operating earnings during the fourth quarter of 2008 for our Windows and Doors operating segment. The \$127.8 million impairment charge taken in the fourth quarter of 2008 was in addition to the estimated \$200.0 million impairment charge to operating earnings taken in the Company's fiscal third quarter of 2008 for our Windows and Doors operating segment.

## Intangible impairment

The Company evaluated the intangible assets as of December 31, 2009 and December 31, 2008 and determined that there was no impairment. The Company evaluated the intangible assets (tradenames) with indefinite lives for impairment as of November 30, 2007, and determined that there was an impairment. The impairment charge was primarily a result of a change in the assumption of long-term revenue growth related to the tradenames. As a result, the Company wrote down those assets by approximately \$4.2 million for the year ended December 31, 2007.

## Currency transaction gain

Currency transaction gain (loss) changed from a loss of approximately \$0.1 million for the three months ended April 4, 2009 to a gain of approximately \$0.1 million for the three months ended April 3, 2010.

Currency transaction gain (loss) changed from a loss of approximately \$0.9 million for the year ended December 31, 2008 to a gain of approximately \$0.5 million for the year ended December 31, 2009.

Currency transaction gain (loss) changed from a gain of approximately \$4.0 million for the year ended December 31, 2007 to a loss of approximately \$0.9 million for the year ended December 31, 2008.

## Unallocated Operating Earnings, Interest, and (Provision) Benefit for Income Taxes

(Amounts in thousands)	Fiscal year ended December 31,			Three months ended	
	2009	2008	2007	April 3, 2010	April 4, 2009
				(unaudited)	(unaudited)
Statement of operations data:					
SG&A expense	\$(14,121 )	\$(10,546 )	\$(7,045 )	\$(3,452 )	\$(3,609 )
Amortization of intangible assets	(21 )	-	-	(9 )	-

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Operating loss	(14,142 )	(10,546 )	(7,045 )	(3,461 )	(3,609 )
Interest expense	(135,328 )	(137,395 )	(97,558 )	(33,960 )	(33,756 )
Interest income	39	390	1,127	9	9
Gain on extinguishment of debt	-	-	-	98,187	-
(Provision) benefit for income taxes	\$17,966	\$69,951	\$(3,634 )	\$(6,532 )	\$11,049

## SG&A Expense

Unallocated losses include items which are not directly attributed to or allocated to either of our reporting segments. Such items include legal costs, corporate payroll, and unallocated finance and accounting expenses. The unallocated operating loss for the three months ended April 3, 2010 decreased by approximately \$0.2 million compared to the same period in 2009 primarily due to lower professional fees.

Unallocated SG&A expense include items which are not directly attributed to or allocated to either of our reporting segments. Such items include legal costs, corporate payroll, and unallocated finance and accounting expenses. The SG&A expense increase of approximately \$3.6 million for the year ended December 31, 2009 as compared to December 31, 2008 was driven by the expansion of the corporate office and centralization of back office functions from the operating units to the corporate office including payroll, payables, credit (US Windows), cash application, and billing.

The increase of approximately \$3.5 million in expenses for the year ended December 31, 2008 as compared to the prior year was primarily due to higher salary and travel and entertainment expenses due to the addition of a corporate marketing department and one-time expenses related to the move of the corporate offices to Cary, North Carolina during 2008.

## Amortization of Intangible Assets

The amortization expense for the three months ended April 3, 2010 was \$9,000. There was no amortization expense for the three months ended April 4, 2009.

The amortization expense for the year ended December 31, 2009 was \$21,000. There was no amortization expense for the year ended December 31, 2008.

## Interest expense

Interest expense for the three months ended April 3, 2010 increased by approximately \$0.2 million over the same period in 2009 due to interest of approximately \$0.5 million on the additional \$25.0 million of 11.75% Senior Secured Notes issued in October 2009, interest of approximately \$0.2 million due to the amortization of the bond discount associated with the additional \$25.0 million of 11.75% Senior Secured Notes, and an increase of approximately \$0.5 million due to a higher interest rate on ABL borrowings, partially offset by approximately \$1.0 million of financing costs expensed as interest in 2009.

Interest expense for the year ended December 31, 2009 decreased by approximately \$2.1 million over the same period in 2008. The decrease was due to the following:

- a decrease of approximately \$27.6 million due to interest costs incurred in the second quarter of 2008 related to the issuance of new debt (approximately \$14.0 million deferred financing costs associated with previous debt, approximately \$6.8 million for a prepayment premium, and approximately \$6.8 million of bank amendment fees that was subsequently retired),
- an increase of approximately \$16.6 million due to 2009 interest of approximately \$37.2 million on the \$700.0 million Senior Secured Notes issued June 9, 2008, as compared to approximately \$20.6 million of 2008 interest on the Company's previous term loan which was repaid on June 9, 2008,
- an increase of approximately \$1.2 million due to interest paid on increased borrowings under the ABL Facility,



- an increase of approximately \$6.7 million of interest charges related to the various debt financing activities which occurred during 2009 involving third party fees, and
- an increase of approximately \$1.0 million due to higher amortization of deferred financing costs in 2009 as compared to 2008.

Interest expense for the year ended December 31, 2008 increased by approximately \$39.8 million, or 40.8%, over the same period in 2007. The increase was due to the following:

- an increase of approximately \$46.2 million due to additional interest on the \$700.0 million Senior Secured Notes issued June 9, 2008,
- an increase of approximately \$27.6 million due to interest costs incurred in the second quarter of 2008 related to the issuance of new debt (approximately \$14.0 million deferred financing costs associated with previous debt, approximately \$6.8 million for a prepayment premium, and approximately \$6.8 million of bank amendment fees that was subsequently retired),
  - an increase of approximately \$1.8 million on ABL/revolver borrowings,
- a decrease of approximately \$34.6 million due to interest paid in 2007 on the Company's previous term loan which was paid off effective June 9, 2008, and
- a decrease of approximately \$1.2 million resulting from the reclassification of 2007 third-party financing costs from other expense to interest expense.

#### Interest income

Interest income for the three months ended April 3, 2010, was consistent with the three months ended April 4, 2009.

Interest income for the year ended December 31, 2009 decreased from the year ended December 31, 2008 by approximately \$0.4 million as a result of lower interest rates in 2009 as compared to 2008.

Interest income for the year ended December 31, 2008 decreased from the year ended December 31, 2007 by approximately \$0.7 million as a result of lower interest rates in 2008 as compared to 2007.

#### Gain on extinguishment of debt

As a result of the \$141.2 million redemption of the 9% Senior Subordinated Notes on February 16, 2010, the Company recognized a loss on extinguishment of debt of approximately \$2.2 million related predominantly to the write off of unamortized debt issuance costs. On February 12, 2010, as a result of the \$218.8 million contribution of the 9% Senior Subordinated Notes by an affiliate of the Company's controlling stockholder in exchange for equity of Ply Gem Prime valued at approximately \$114.9 million, the Company recognized a gain on extinguishment of approximately \$100.4 million, including the write off of unamortized debt issuance costs of approximately \$3.5 million. The \$98.2 million net gain on debt extinguishment was recorded within other income (expense) separately in the condensed consolidated statement of operations for the period ended April 3, 2010.

#### Income taxes

The income tax provision for the three months ended April 3, 2010 increased by approximately \$17.6 million over the same period in 2009. The Company's pre-tax income for the quarter ended April 3, 2010 included a \$98.2 million gain on extinguishment of debt in which the majority of this gain was recognized during 2009 for income tax purposes. The Company's pre-tax loss for the quarter ended April 3, 2010 adjusting for the extinguishment gain was \$37.6 million compared to a pre-tax loss of \$66.6 million for the quarter ended April 4, 2009. Therefore, the reason for the increase in the tax provision relates to the favorable operating performance during the first quarter of 2010 in

which pre-tax loss improved \$29.0 million. The reason for an income tax expense despite the pre-tax loss relates to state income taxes as well as income taxes for Ply Gem Canada. For the quarter ended April 3, 2010, the Company's estimated effective income tax rate for the full year was approximately 11.4%, which varied from the statutory rate primarily due to state tax expense, a decrease in the valuation allowance, and for cancellation of debt income offset by a repurchase premium and original issue discount. During the quarter ended April 4, 2009, the Company's effective tax rate was 16.5% which was consistent with the Company's expectations for the full 2009 fiscal year.

During February 2010, certain affiliates of the Company's controlling stockholder contributed approximately \$218.8 million aggregate principal amount of 9% Senior Subordinated Notes to Ply Gem Holdings in exchange for equity of Ply Gem Prime valued at approximately \$114.9 million. Prior to this \$218.8 million contribution to Ply Gem Holdings, the affiliates of the Company's controlling stockholder initially transferred the notes to Ply Gem Prime, the Company's ultimate parent, which then contributed the notes to Ply Gem Holdings. As a result of these debt transactions, the Company recognized \$35.3 million of additional cancellation of indebtedness income ("CODI") for income tax purposes during the quarter ended April 3, 2010. During the quarter ended April 4, 2009, affiliates of the Company's controlling stockholder purchased a majority of the 9% Senior Subordinated Notes. The Company determined that approximately \$95.7 million would be considered CODI for the quarter ended April 4, 2009 as the acquiring party was deemed a related party for income tax purposes.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the "Act"). Among its provisions, the Act permits certain taxpayers to elect to defer the taxation of CODI arising from certain repurchases, exchanges or modifications of their outstanding debt that occur during 2009 and 2010. For debt acquired in 2009, the CODI can be deferred for five years and then included in taxable income ratably over the next five years. The CODI deferral and inclusion periods for debt acquired during 2010 would be four years. If this election is made by September 2010 for debt acquired in 2009 or September 2011 for debt acquired during 2010, the Company would be required to defer the deduction of all or a substantial portion of any "original issue discount" ("OID") expenses as well as the CODI. These OID deductions also would be deferred until 2014 and the Company would be allowed to deduct these costs ratably over the same four or five-year period. The Company does not currently plan to defer the 2009 or 2010 CODI.

In addition to the \$35.3 million of 2010 CODI income recognized for income tax purposes, the Company recognized a repurchase premium deduction of approximately \$10.3 million and an OID deduction of approximately \$17.8 million in conjunction with the debt transactions occurring during the quarter ended April 3, 2010. These deductions partially offset the CODI that was recognized for income tax purposes in the quarter ended April 3, 2010. The remaining \$7.2 million of CODI was offset during the quarter ended April 3, 2010 by net operating losses.

Income tax benefit for the year ended December 31, 2009 decreased to approximately \$17.9 million from a benefit of approximately \$70.0 million for 2008. The decrease was caused by an increase in valuation allowances of approximately \$42.0 million offset by the tax benefit of approximately \$24.9 million associated with cancellation of debt income and improved operating performance compared to 2008. As of December 31, 2009, a full valuation allowance has been provided against certain deferred tax assets as it is presently deemed more likely than not that the benefit of such net tax assets will not be utilized. Due to recent cumulative losses accumulated by the Company, management did not rely upon projections of future taxable income in assessing the recoverability of deferred tax assets. The Company's effective tax rate for the year ended December 31, 2009 was approximately 18.9%. At December 31, 2008, the Company was in a net deferred tax liability position and had sufficient taxable income from reversing taxable temporary differences to realize the federal deferred tax assets. The Company scheduled out the reversing temporary differences associated with their deferred tax assets and deferred tax liabilities to conclude that a full valuation allowance was not necessary at December 31, 2008.

Income tax expense for the year ended December 31, 2008 changed from a tax provision of approximately \$3.6 million for 2007 to a tax benefit of approximately \$70.0 million, primarily as a result of a pre-tax loss incurred during 2008 caused primarily by the \$450.0 million goodwill impairment and the \$27.6 million in deferred financing cost expenses. The Company's effective tax rate for the year ended December 31, 2008 was 38.1% excluding the goodwill impairment charge.

#### Liquidity and Capital Resources

During the three months ended April 3, 2010, cash and cash equivalents increased approximately \$14.6 million compared to \$31.7 million as of April 3, 2010, reflecting increased borrowings on the ABL Facility due to our seasonal working capital needs. During the year ended December 31, 2009, cash and cash equivalents decreased approximately \$41.2 million to \$17.1 million as of December 31, 2009, reflecting the challenging economic conditions currently affecting the housing industry.

Our business is seasonal because inclement weather during the winter months reduces the level of building and remodeling activity in both the home repair and remodeling and new home construction sectors, especially in the Northeast and Midwest regions of the United States and Western Canada. As a result, our liquidity typically increases during the second and third quarters as our borrowing base increases under the ABL Facility reaching a peak early in the fourth quarter, and decreases late in the fourth quarter and throughout the first quarter.

Our primary cash needs are for working capital, capital expenditures and debt service. As of April 3, 2010, our annual interest charges for debt service, including the ABL Facility, are estimated to be approximately \$108.5 million. We do not have any scheduled debt maturities until 2013. The specific debt instruments and their corresponding terms and due dates are described in the following sections. Our capital expenditures are estimated to be approximately 1.4% to 1.6% of net sales on an annual basis. As of April 3, 2010, our purchase commitments for inventory are approximately \$65.0 million. We finance these cash requirements through internally generated cash flow and funds borrowed under the ABL Facility.

The Company's specific cash flow movement for the three months ended April 3, 2010 and the year ended December 31, 2009 is summarized below:

Cash provided by (used in) operating activities

Net cash used in operating activities for the three months ended April 3, 2010 was approximately \$21.4 million. Net cash used in operating activities for the three months ended April 4, 2009 was approximately \$48.7 million. The decrease in cash used in operating activities for the first quarter of 2010 as compared to 2009 first quarter was primarily caused by favorable working capital changes for accounts payable. Throughout the past twelve months, the Company has closely monitored their payment terms to maintain and improve liquidity especially during the fourth and first quarters when weather impacts the Company's business.

Net cash used in operating activities for the year ended December 31, 2009 was approximately \$16.9 million. Net cash used in operating activities for the year ended December 31, 2008 was approximately \$58.9 million and net cash provided by operating activities for the year ended December 31, 2007 was approximately \$73.8 million. The change in cash used in operating activities for 2009 as compared to 2008 was primarily driven by lower sales of approximately 19.0% for 2009. The sales decrease can be attributed to the 28.8% decrease in single family housing starts during 2009 as compared to 2008. With lower sales, receivables were lower throughout the year which contributed to less cash from operations. The lower sales levels were offset by a positive inventory change of approximately \$26.4 million and favorable working capital changes for accounts payable and accrued expenses of approximately \$31.6 million compared to 2008. The decrease in cash provided by operating activities for the year ended December 31, 2008 as compared to 2007 reflected the 40.5% decrease in single family housing starts which contributed to lower net income during the period.

#### Cash provided by (used in) investing activities

Net cash used in investing activities for the three months ended April 3, 2010 was approximately \$3.0 million. Net cash used in investing activities for the three months ended April 4, 2009 was approximately \$2.4 million. The cash used in investing activities for both periods was primarily used for capital expenditures.

Net cash used in investing activities for the year ended December 31, 2009 was approximately \$7.8 million. Net cash used in investing activities for the year ended December 31, 2008 was approximately \$11.5 million and net cash used in investing activities for the year ended December 31, 2007 was approximately \$56.4 million. The cash used in investing activities for the year ended December 31, 2009 was primarily used for capital expenditures. The cash used in investing activities for year ended December 31, 2008 was predominantly from capital expenditures of \$16.6 million and the acquisition of Ply Gem Stone for approximately \$3.6 million, partially offset by the sale of assets of approximately \$8.8 million. The decrease in capital expenditures during 2009 reflects management's ability to effectively manage expenditures during the current economic downturn. The cash used in investing activities for the year ended December 31, 2007 was primarily used to fund the acquisition of Pacific Windows and for capital expenditures.

#### Cash provided by (used in) financing activities

Net cash provided by financing activities for the three months ended April 3, 2010 was approximately \$39.0 million, primarily from revolver borrowings of \$40.0 million and proceeds from long-term debt of approximately \$145.7 million, offset by the approximate \$141.2 redemption of 9% Senior Subordinated Notes, and debt issuance costs of approximately \$4.9 million. Net cash provided by financing activities for the three months ended April 4, 2009 was approximately \$10.0 million and consisted primarily of proceeds from ABL borrowings.

Net cash used in financing activities for the year ended December 31, 2009 was approximately \$17.5 million, primarily from net revolver payments of \$35.0 million, proceeds from debt issuance of \$20.0 million, and debt issuance costs of approximately \$2.5 million. Net cash provided by financing activities for the year ended December 31, 2008 was approximately \$78.2 million and consisted of approximately \$15.6 million of net proceeds from long-term debt, net revolver borrowings of approximately \$60.0 million, and a \$30.0 million cash equity contribution that the Company received from CI Capital Partners LLC partially offset by approximately \$26.6 million of debt issuance costs and approximately \$0.8 million of repurchased net equity. The cash used in financing activities for the year ended December 31, 2007 was primarily used to pay down debt.

The Company's specific debt instruments and terms are described below:

#### Long-term debt

11.75% Senior Secured Notes due 2013. On June 9, 2008, Ply Gem Industries issued \$700.0 million of 11.75% senior secured notes due 2013 (the "Senior Secured Notes") at an approximate 1.0% discount, yielding proceeds of approximately \$693.5 million. Ply Gem Industries used the proceeds to repay all of the outstanding indebtedness under the then existing senior secured credit facility of approximately \$676.2 million of term loan borrowings and approximately \$15.0 million of revolver borrowings. The Senior Secured Notes will mature on June 15, 2013 and bear interest at the rate of 11.75% per annum. Interest will be paid semi-annually on June 15 and December 15 of each year. On October 23, 2009, Ply Gem Industries issued an additional \$25.0 million of its Senior Secured Notes in a private placement transaction. The net proceeds of \$20.0 million were utilized for general corporate purposes. The additional \$25.0 million of Senior Secured Notes has the same terms and covenants as the initial \$700.0 million of Senior Secured Notes.

Prior to April 1, 2011, Ply Gem Industries may redeem up to 35% of the aggregate principal amount of the Senior Secured Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 111.75% of the aggregate principal amount of the Senior Secured Notes, plus accrued and unpaid interest, if any, provided that at least 65% of the original aggregate principal amount of the Senior Secured Notes remains outstanding after the redemption. In addition, not more than once during any twelve-month period, Ply Gem Industries may redeem up to \$70.0 million of the Senior Secured Notes at a redemption price equal to 103% of the aggregate amount of the Senior Secured Notes, plus accrued and unpaid interest, if any. At any time on or after April 1, 2011, Ply Gem Industries may redeem the Senior Secured Notes, in whole or in part, at declining redemption prices set forth in the indenture governing the Senior Secured Notes, plus, in each case, accrued and unpaid interest, if any, to the redemption date.

The Senior Secured Notes and the related guarantees are secured on a first-priority lien basis by substantially all of the assets (other than the assets securing our obligations under our ABL Facility on a first-lien basis, which consist primarily of accounts receivable and inventory) of Ply Gem Industries and the Guarantors and on a second-priority lien basis by the assets that secure the ABL Facility on a first-lien basis.

In addition, the Company's stock ownership in its subsidiaries collateralizes the Senior Secured Notes to the extent that such equity interests and other securities can secure the notes without Rule 3-16 of Regulation S-X under the Securities Act requiring separate financial statements of such subsidiary to be filed with the Securities and Exchange Commission. As of April 3, 2010, no subsidiary's stock has been excluded from the collateral arrangement due to the Rule 3-16 requirement.

9% Senior Subordinated Notes due 2012. Concurrently with the acquisition of Ply Gem Industries on February 12, 2004, Ply Gem Industries issued \$225.0 million aggregate principal amount of its senior subordinated notes due 2012, which are guaranteed by Ply Gem Holdings and the domestic subsidiaries of Ply Gem Industries. Subsequently, in August 2004, in connection with the MW acquisition, Ply Gem Industries issued an additional \$135.0 million of 9% Senior Subordinated Notes, which are guaranteed by Ply Gem Holdings and the domestic subsidiaries of Ply Gem Industries, including MWM Holding and its subsidiaries. Ply Gem Industries pays interest semi-annually on February 15 and August 15 of each year. As of December 31, 2009, certain affiliates of the Company's controlling stockholder owned approximately \$281.4 million of the outstanding 9% Senior Subordinated Notes.

In connection with the issuance of \$150.0 million aggregate principal amount of 13.125% Senior Subordinated Notes due 2014 on January 11, 2010, Ply Gem Industries redeemed approximately \$141.2 million aggregate principal amount of the 9% Senior Subordinated Notes on February 16, 2010 at a redemption price of 100% of the principal amount thereof plus accrued interest. The Company accounted for this transaction as a debt extinguishment. In addition this debt extinguishment, approximately \$218.8 million aggregate principal amount of the 9% Senior Subordinated Notes held by certain affiliates of the Company's controlling stockholder were transferred to the Company's indirect stockholders and ultimately to Ply Gem Prime Holdings, the Company's indirect parent company. Such notes were then transferred to Ply Gem Holdings and then to Ply Gem Industries as a capital contribution and cancelled on February 12, 2010. As such, these 9% Senior Subordinated Notes were not outstanding as of April 3, 2010.

Gain on extinguishment of debt. As a result of the \$141.2 million redemption of the 9% Senior Subordinated Notes on February 16, 2010, the Company recognized a loss on extinguishment of debt of approximately \$2.2 million related predominantly to the write off of unamortized debt issuance costs. On February 12, 2010, as a result of the \$218.8 million contribution of the 9% Senior Subordinated Notes by an affiliate of the Company's controlling stockholder in exchange for equity of Ply Gem Prime valued at approximately \$114.9 million, the Company recognized a gain on extinguishment of approximately \$100.4 million, including the write off of unamortized debt issuance costs of approximately \$3.5 million. The \$98.2 million net gain on debt extinguishment was recorded within other income (expense) separately in the condensed consolidated statement of operations for the period ended April 3, 2010.

13.125% Senior Subordinated Notes due 2014. On January 11, 2010, Ply Gem Industries issued \$150.0 million of 13.125% Senior Subordinated Notes due 2014 (the "13.125% Senior Subordinated Notes") at an approximate 3.0% discount, yielding proceeds of approximately \$145.7 million. Ply Gem Industries used the proceeds of the offering to redeem approximately \$141.2 million aggregate principal amount of its 9% Senior Subordinated Notes due 2012 and to pay certain related costs and expenses. The \$150.0 million Senior Subordinated Notes will mature on July 15, 2014 and bear interest at the rate of 13.125% per annum. Interest will be paid semi-annually on January 15 and July 15 of each year.

Prior to January 15, 2012, Ply Gem Industries may redeem up to 40% of the aggregate principal amount of the 13.125% Senior Subordinated Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 113.125% of the aggregate principal amount of the 13.125% Senior Subordinated Notes, plus accrued and unpaid interest, if any, provided that at least 60% of the original aggregate principal amount of the 13.125% Senior Subordinated Notes remains outstanding after the redemption. On or after January 15, 2012, and prior to January 15,



2013, Ply Gem Industries may redeem up to 100% of the aggregate principal amount of the 13.125% Senior Subordinated Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103% of the aggregate principal amount of the 13.125% Senior Subordinated Notes, plus accrued and unpaid interest, if any. On or after January 15, 2013, Ply Gem Industries may redeem up to 100% of the aggregate principal amount of the 13.125% Senior Subordinated Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 100% of the aggregate principal amount of the 13.125% Senior Subordinated Notes, plus accrued and unpaid interest, if any, to the redemption date.

The 13.125% Senior Subordinated Notes are unsecured and subordinated in right of payment to all existing and future debt of the Company, including the ABL Facility and the Senior Secured Notes. The 13.125% Senior Subordinated Notes are unconditionally guaranteed on a joint and several basis by Ply Gem Holdings and all of the domestic subsidiaries of Ply Gem Industries (other than certain unrestricted subsidiaries) on a senior subordinated basis. The guarantees are general unsecured obligations and are subordinated in right of payment to all existing senior debt of the guarantors, including their guarantees of the Senior Secured Notes and the ABL Facility.

The indenture governing the 13.125% Senior Subordinated Notes contains certain covenants that limit the ability of Ply Gem Industries and its subsidiaries to incur additional indebtedness, pay dividends or make other distributions or repurchases or redeem their stock, make loans and investments, sell assets, incur certain liens, enter into transactions with affiliates, and consolidate, merge or sell Ply Gem Industries' assets.

Senior Secured Asset-Based Revolving Credit Facility due 2013. Concurrently with the Senior Secured Notes offering on June 9, 2008, Ply Gem Industries, the Company and the subsidiaries of Ply Gem Industries entered into a new senior secured asset-based revolving credit facility (the "ABL Facility"). The ABL Facility initially provided for revolving credit financing of up to \$150.0 million, subject to borrowing base availability, with a maturity of five years (June 2013) including sub-facilities for letters of credit, swingline loans, and borrowings in Canadian dollars and United States dollars by Ply Gem Canada.

The ABL Facility provides that the revolving commitments may be increased to \$200.0 million, subject to certain terms and conditions. The Company had borrowings of \$65.0 million and \$25.0 million outstanding under the ABL Facility as of April 3, 2010 and December 31, 2009, respectively. As of April 3, 2010, Ply Gem Industries had approximately \$103.3 million of contractual availability and approximately \$63.5 million of borrowing base availability under the ABL Facility, reflecting \$65.0 million of borrowings outstanding and approximately \$6.7 million of letters of credit issued.

The interest rates applicable to loans under the ABL Facility are, at the Company's option, equal to either a base rate plus an applicable interest margin, or an adjusted LIBOR rate plus an applicable interest margin, as defined in the ABL Facility credit agreement. As of April 3, 2010, the Company's interest rate on the ABL Facility was approximately 6.0%. The ABL Facility contains a requirement to maintain a fixed charge coverage ratio of 1.1:1.0 if the Company's borrowings under the ABL Facility exceed certain levels. The fixed charge coverage was not applicable at any point during 2009 or in the first quarter of 2010.

In July 2009, the Company amended the ABL Facility to increase the available commitments by \$25.0 million from \$150.0 million to \$175.0 million, and change both the availability threshold for certain cash dominion events and compliance with the fixed charge and other covenants from 15% of revolving credit commitments to 15% of the lower of the revolving credit commitments or the borrowing base but not less than \$20.0 million. The Company must maintain excess availability, as defined, of at least \$20.0 million to avoid being subject to the fixed charge covenant ratio. As a condition to this availability increase, the applicable margins payable on the loans were increased and made subject to certain minimums. In October 2009, the Company amended the ABL Facility to allow for the issuance of the additional \$25.0 million Senior Secured Notes and to permit certain refinancing transactions with respect to the 9% Senior Subordinated Notes. The October amendment also permits Ply Gem Industries to issue equity securities to Ply Gem Holdings, its parent. The October 2009 amendment did not affect the \$175.0 million availability amount or the applicable interest rate margins under the ABL Facility.

All obligations under the ABL Facility, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of Ply Gem Industries and the Guarantors, including a first-priority security interest in personal property consisting of accounts receivable, inventory, cash, deposit accounts, and certain related assets and proceeds of the foregoing and a second-priority security interest in, and mortgages on, substantially all of Ply Gem Industries' material owned real property and equipment and all assets that secure the Senior Secured Notes on a first-priority basis. In addition to being secured by the collateral securing the obligations of Ply Gem Industries under the domestic collateral package, the obligations of Ply Gem Canada, which is a borrower under the Canadian sub-facility under the ABL Facility, are also secured by a first-priority security interest in substantially all of the assets of such Canadian subsidiary, plus additional mortgages in Canada, and a pledge by Ply Gem Industries of the remaining 35% of the equity interests of Ply Gem Canada pledged only to secure the Canadian sub-facility.

Senior Term Loan Facility. The Company's senior facilities with a syndicate of financial institutions and institutional lenders provided for senior secured financing of up to approximately \$762.1 million. On May 23, 2008, the Company entered into an amendment of the fifth amended and restated credit agreement which consisted of changes to certain debt covenant ratios. The amendment also increased the interest rate on the term loan and extended the maturity of the revolving credit facility from February 12, 2009 to August 12, 2010. On May 23, 2008, Ply Gem received from

CI Capital Partners LLC a \$30.0 million cash equity contribution as a condition to the credit facility amendment. On June 9, 2008, the Company used the proceeds from the Senior Secured Notes offering to pay off the obligations under the senior term loan facility.

As a result of the debt amendment that occurred on May 23, 2008 and the issuance of Senior Secured Notes on June 9, 2008, the Company evaluated its financing costs and expensed approximately \$27.6 million of fees for the year ended December 31, 2008 which has been recorded within interest expense on the consolidated statement of operations. The \$27.6 million was comprised of approximately \$14.0 million of non-cash deferred financing costs associated with the previous term debt, approximately \$6.8 million for a prepayment premium, and approximately \$6.8 million of bank amendment fees that were subsequently retired. The Company deferred costs of approximately \$26.6 million in conjunction with this transaction which have been recorded within other long-term assets in the consolidated balance sheets.

## Liquidity requirements

We intend to fund our ongoing capital and working capital requirements, including our internal growth, through a combination of cash flows from operations and, if necessary, from borrowings under our ABL Facility. We believe that we will continue to meet our liquidity requirements over the next 12 months. We believe that our operating units are positive cash flow generating units and will continue to sustain their operations without any significant liquidity concerns. The performance of these operating units is significantly impacted by the performance of the housing industry, specifically single family housing starts and the repair and remodeling markets. Any unforeseen or unanticipated downturn in these markets could have a negative impact on the Company's liquidity position.

In order to meet these liquidity requirements as well as other anticipated liquidity needs in the normal course of business, as of April 3, 2010 we had cash and cash equivalents of approximately \$31.7 million, \$103.3 million of contractual availability under the ABL Facility and approximately \$63.5 million of borrowing base availability. Management currently anticipates that these amounts, as well as expected cash flows from our operations and proceeds from any debt financing should be sufficient to meet ongoing operational cash flow needs, capital expenditures, debt service obligations, and other fees payable under other contractual obligations for the foreseeable future.

## Contractual Obligations

The following table summarizes our contractual cash obligations under financing arrangements and lease commitments as of December 31, 2009, including interest amounts. Interest on the Senior Secured Notes and the Senior Subordinated Notes is fixed at 11.75% and 9.0%, respectively. Interest on the ABL credit facility is variable and has been presented at the current rate. Actual rates for future periods may differ from those presented here.

(Amounts in thousands)	Total Amount	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Long-term debt (1)	\$1,110,000	\$-	\$385,000	\$725,000	\$-
Interest payments (2)	369,644	121,188	209,713	38,743	-
Non-cancelable lease commitments (3)	151,258	26,168	35,838	26,581	62,671
Purchase obligations (4)	-	-	-	-	-
Other long-term liabilities (5)	13,100	1,310	2,620	2,620	6,550
Total	\$1,644,002	\$148,666	\$633,171	\$792,944	\$69,221

(1) Long-term debt is shown before discount (premium), and consists of the Company's Senior Secured Notes, 9% Senior Subordinated Notes and ABL Facility. For more information concerning the long-term debt, see "Liquidity and Capital Resources" above. As a result of the redemption of the 9% Senior Subordinated Notes in February 2010, the Company will have no principal payments due until the Company's 2013 fiscal year.

(2) Interest payments for variable interest debt are based on current interest rates and debt obligations at December 31, 2009.

(3) Non-cancelable lease commitments represent lease payments for facilities and equipment.

(4) Purchase obligations are defined as purchase agreements that are enforceable and legally binding and that specify all significant terms, including quantity, price and the approximate timing of the transaction. These obligations are related primarily to inventory purchases.

(5) Other long term liabilities include pension obligations which are estimated based on the Company's 2010 annual funding requirement. Because we are unable to reliably estimate the timing of future tax payments related to uncertain tax positions, certain tax related obligations of approximately \$9.7 million have been excluded from the table above.

As discussed in "Certain Relationships and Related Transactions," the Company will pay an annual fee to an affiliate of CI Capital Partners each year based on 2% of EBITDA. No amount for this fee has been included in the above table.

#### Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

#### Inflation; Seasonality

Our performance is dependent to a significant extent upon the levels of home repair and remodeling and new home construction spending, all of which are affected by such factors as interest rates, inflation, consumer confidence and unemployment. We do not believe that inflation has had a material impact on our business, financial condition or results of operations during the past three fiscal years.

The demand for our products is seasonal, particularly in the Northeast and Midwest regions of the United States and Western Canada where inclement weather conditions during the winter months usually reduces the level of building and remodeling activity in both the home repair and remodeling and the new home construction sectors. Our sales in both segments are usually lower during the first and fourth quarters. Since a portion of our manufacturing overhead and operating expenses are relatively fixed throughout the year, operating income and net earnings tend to be lower in quarters with lower sales levels. In addition, the demand for cash to fund our working capital is greater from late in the fourth quarter through the first quarter.

#### Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (“FASB”) revised the authoritative guidance for accounting for transfers of financial assets, which requires enhanced disclosures regarding transfers of financial assets, including securitization transactions, and continuing exposure to the related risks. The guidance eliminates the concept of a qualifying special-purpose entity and changes the requirements for derecognizing financial assets and is effective for the Company beginning October 3, 2010. The Company is currently evaluating the impact of adopting this guidance; however, it is not expected to have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

In June 2009, the FASB revised the authoritative guidance for consolidating variable interest entities, which changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design and a company’s ability to direct the activities of the entity that most significantly impact the entity’s economic performance and is effective for the Company beginning October 3, 2010. The Company is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In January 2010, the FASB issued authoritative guidance which requires additional disclosures about transfers between Levels 1 and 2 of the fair value hierarchy and disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. This guidance was effective for the Company in the current quarter, except for the Level 3 activity disclosures, which are effective for fiscal years beginning after December 15, 2010. The adoption of this guidance, which impacts any fair value disclosures, is not expected to have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

## Quantitative and Qualitative Disclosures about Market Risk

### Interest rate risk

Our principal interest rate exposure relates to the loans outstanding under our ABL Facility, which provides for borrowings of up to \$175.0 million, bearing interest at a variable rate, based on an adjusted LIBOR rate plus an applicable interest margin or the base rate plus an applicable interest margin. Assuming the ABL Facility is fully drawn, each quarter point increase or decrease in the interest rate would change our interest expense by approximately \$0.4 million per year. At December 31, 2009, we were not party to any interest rate swaps to manage our interest rate risk. In the future, we may enter into interest rate swaps, involving exchange of floating for fixed rate interest payments, to reduce our exposure to interest rate volatility.

### Foreign currency risk

Our results of operations are affected by fluctuations in the value of the U.S. dollar as compared to the value of the Canadian dollar. For the three months ended April 3, 2010, the net impact of foreign currency changes to the Company's results of operations was a gain of \$0.1 million. The impact of foreign currency changes related to translation resulted in a increase in stockholder's equity of approximately \$4.7 million at December 31, 2009. The revenue or expense reported by us as a result of currency fluctuations will be greater in times of U.S. dollar devaluation and less in times of U.S. dollar appreciation. We generally do not enter into derivative financial instruments to manage foreign currency exposure. At December 31, 2009, we did not have any significant outstanding foreign currency hedging contracts.

### Commodity pricing risk

We are subject to significant market risk with respect to the pricing of our principal raw materials, which include PVC resin, aluminum, and wood. If prices of these raw materials were to increase dramatically, we may not be able to pass such increases on to our customers and, as a result, gross margins could decline significantly. We manage the exposure to commodity pricing risk by continuing to diversify our product mix, strategic buying programs and vendor partnering.

### Inflation

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Our lease payments related to our sale/leaseback agreement include an annual increase based on the Consumer Price Index, which could expose us to potential higher costs in years with high inflation.

### Consumer and commercial credit

As general economic conditions in the United States have deteriorated significantly over the past year, the availability of consumer and commercial credit have tightened. As such, the Company has increased its focus on the credit worthiness of our customers. These procedures are necessary to ensure that our allowance for doubtful accounts is adequate and that we are performing proper due diligence prior to initiating sales. We will continue to monitor these statistics over the next year to ensure that issues, if any, are identified in a timely manner to reduce risk and minimize the Company's bad debt exposure. If general economic conditions continue to worsen, additional reserves may be necessary.





## BUSINESS

### Company Overview

We are a leading manufacturer of residential exterior building products in North America. We offer a comprehensive product line of vinyl siding and skirting, vinyl windows and doors, vinyl and composite fencing and railing, and stone veneer that serves both the home repair and remodeling and the new home construction sectors in the United States and Western Canada. Vinyl building products have the leading share of sales volume in siding and windows, and a fast growing share of sales volume in fencing in the United States. We also manufacture vinyl and aluminum soffit and siding accessories, aluminum trim coil, wood, vinyl, aluminum, and vinyl and aluminum clad windows, and steel and fiberglass doors, enabling us to bundle complementary and color-matched products and accessories with our core vinyl products. We believe our broad product offering and geographically diverse manufacturing base allow us to better serve our customers and provide us with a competitive advantage over other vinyl building products suppliers. We have two reportable segments: (i) Siding, Fencing, and Stone, and (ii) Windows and Doors.

Additional information concerning our business is set forth in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 32 of this prospectus.

### History

Ply Gem Holdings was incorporated on January 23, 2004 for the purpose of acquiring Ply Gem Industries from Nortek, Inc. (“Nortek”). Nortek was at the time a wholly-owned subsidiary of Nortek Holdings, Inc. (“Nortek Holdings”). The Ply Gem acquisition was completed on February 12, 2004, when Nortek sold Ply Gem Industries to Ply Gem Holdings pursuant to the terms of the stock purchase agreement among Ply Gem Investment Holdings, Nortek and WDS LLC, dated as of December 19, 2003, as amended. Prior to February 12, 2004, Ply Gem Holdings had no operations and Ply Gem Industries was wholly-owned by a subsidiary of WDS LLC, which was a wholly-owned subsidiary of Nortek. Ply Gem Holdings, a Delaware corporation, is a wholly-owned subsidiary of Ply Gem Investment Holdings, a Delaware corporation controlled by an affiliate of CI Capital Partners LLC, formerly known as Caxton-Iseman Capital LLC. Prior to the Ply Gem Acquisition, Ply Gem Industries was known as the Windows, Doors and Siding division of Nortek.

On August 27, 2004, Ply Gem Industries acquired all of the outstanding shares of capital stock of MWM Holding in accordance with the Stock Purchase Agreement entered into among Ply Gem Industries, MWM Holding, and the selling stockholders, dated as of July 23, 2004. MWM Holding, a Delaware corporation, is a wholly-owned subsidiary of Ply Gem Industries. MWM Holding is the sole owner of all of the outstanding shares of capital stock of MW. Prior to the MW acquisition, MWM Holding was owned by Investcorp SA (“Investcorp”) and its affiliates and members of MW management.

On February 24, 2006, in connection with the acquisition of Alenco, a new holding company, Ply Gem Prime Holdings, was formed pursuant to a merger involving Ply Gem Investment Holdings. As a result, Ply Gem Prime Holdings became the sole shareholder of Ply Gem Investment Holdings, each outstanding share of capital stock of Ply Gem Investment Holdings was converted into a share of a corresponding class of shares of the capital stock of Ply Gem Prime Holdings and Ply Gem Prime Holdings assumed Ply Gem Investment Holdings’ obligations under the Ply Gem Investment Holdings 2004 Stock Option Plan. In connection therewith, each outstanding stock option and phantom unit of Ply Gem Investment Holdings was converted on a 1:1 basis into a stock option and phantom unit of Ply Gem Prime Holdings.

On January 11, 2010, Ply Gem Investment Holdings was merged with and into Ply Gem Prime Holdings, with Ply Gem Prime Holdings as the surviving corporation. As a result, each outstanding share of senior preferred stock of Ply

Gem Investment Holdings was converted into a share of a corresponding class of shares of the capital stock of Ply Gem Prime Holdings.

On February 24, 2006, Ply Gem completed the Alenco acquisition in accordance with a securities purchase agreement entered into among Ply Gem, all of the direct and indirect stockholders, warrant holders and stock option holders of AWC and FNL Management Corp., an Ohio corporation, as their representative on February 6, 2006. Pursuant to the securities purchase agreement, Ply Gem purchased all of the issued and outstanding shares of common stock, warrants to purchase shares of common stock and options to purchase shares of common stock of AWC (other than certain shares of common stock of AWC held by certain members of the senior management of Alenco that were contributed separately to Ply Gem Prime Holdings in exchange for shares of capital stock of Ply Gem Prime Holdings). Immediately following the completion of the Alenco acquisition, AWC became a wholly-owned subsidiary of Ply Gem. The Alenco acquisition directly supports the Company's national window strategy and today operates under common leadership with our other U.S. window businesses.

On October 31, 2006, Ply Gem completed the acquisition of Alcoa Home Exteriors, Inc. ("AHE") in accordance with a stock purchase agreement entered into among Ply Gem, Alcoa Securities Corporation and Alcoa Inc. on September 22, 2006. Pursuant to such stock purchase agreement, Ply Gem purchased all of the issued and outstanding shares of common stock of AHE so that, immediately following the completion of such purchase, AHE became a wholly owned subsidiary of Ply Gem. The AHE acquisition did not include an additional investment by management. AHE is a leading manufacturer of vinyl siding, aluminum siding, injection molded shutters and vinyl, aluminum and injection molded accessories. As a result of the AHE acquisition, AHE became part of our Siding, Fencing, and Stone Segment and operates under common leadership with our existing siding business.

On September 30, 2007, Ply Gem completed the acquisition of CertainTeed Corporation's vinyl window and patio door business through a stock acquisition. On the acquisition date, the Company changed the name of the acquired business to Ply Gem Pacific Windows Corporation ("Pacific Windows"). The acquired vinyl window business is a leading manufacturer of premium vinyl windows and patio doors and produces windows for the residential new construction and remodeling markets and produces and sells window lineals to licensed window fabricators in the eastern United States. During the first quarter of 2008, Ply Gem sold certain assets that were acquired in the Pacific Windows acquisition that had been used to produce and sell window lineals to licensed fabricators in the eastern United States. The Pacific Windows' vinyl window and patio door business operates three fabrication facilities which are located in Auburn, Washington, Corona, California, and Sacramento, California. The Pacific Windows acquisition directly supports the Company's national window strategy and today Pacific Windows operates under common leadership with our other U.S. window businesses.

On October 31, 2008, Ply Gem acquired substantially all of the assets of United Stone Veneer, LLC ("USV"). USV manufactures stone veneer products and operates a manufacturing facility in Middleburg, Pennsylvania. As a result of the USV acquisition, the Company modified the name of its "Siding, Fencing, and Railing" segment to "Siding, Fencing, and Stone" during 2008.

#### Business Strategy

We seek to distinguish ourselves from other manufacturers of residential exterior building products and to sustain our profitability through the following key strategies:

- **Continued Market Share Gains.** We intend to increase our market share both in our siding, fencing and stone products and in our window and door products by utilizing the breadth of our broad geographical footprint to serve customers across the United States and Canada. Additionally, our continued investments in product innovation and quality coupled with strong customer service further enhance our ability to capture market share in each of our markets. Furthermore, we believe there is substantial opportunity across our product families to cross-sell and bundle products to further leverage our channel partners and exclusive industry relationships.

We have integrated our siding businesses into one operating group and have placed all of our siding, fencing and stone business units under common leadership to improve strategic focus, reduce costs and better serve our customers. We have organized our U.S. window businesses under one common leadership team to enhance our strategic focus. With our extensive manufacturing capabilities, product breadth and national distribution capabilities, we believe we can provide our customers with a cost-effective, single source from which to purchase their residential exterior building products.

- **Expand Brand Coverage and Product Innovation.** We intend to continually increase the value of the Ply Gem brands by leveraging the Ply Gem brand principles across each of the product brands in the Siding, Fencing and Stone and Windows and Doors business segments. These principles embodied within the Ply Gem experience for all customers, include: Service, Distribution, Reliability, Selection, Innovation and Sustainability. Together, they provide the customer a consistent and differentiated experience as compared to Ply Gem's competitors. In addition, we plan to maximize the value of our new product innovations and technologies by deploying best practices and manufacturing techniques across our product categories. For example, we believe our innovations and expertise in manufacturing composite materials for railing products have favorably positioned our siding and accessories products for future introduction of composite materials. Furthermore, our recent addition of manufactured stone veneer to our product offering will provide our existing siding customers with access to the fastest growing category of exterior cladding products. Our vertical integration in producing aluminum windows positioned us to introduce a new aluminum and wood clad window, which won the new product of the day award at the 2008 International Builder's Show. We currently employ 32 research and development professionals dedicated to new product development, reformulation, product redesign and other manufacturing and product improvements.
- **Further Improve Operating Efficiencies.** While we have significantly improved our vinyl siding manufacturing cost structure over the last several years, we believe that there are further opportunities for improvement. We have proactively managed our manufacturing capacity in light of current depressed market conditions as was demonstrated by our closure of our Denison, Texas vinyl siding manufacturing facility in February 2008, the reduction of production at our Kearney, Missouri vinyl siding manufacturing facility in June 2009, and closure of our Hammonton, New Jersey, Phoenix, Arizona and Tupelo, Mississippi window manufacturing facilities during 2009, which reduced manufacturing costs and improved operational efficiencies at our remaining manufacturing facilities. We continue to expand our vertical integration in manufacturing and consolidate our purchases of key raw materials, such as PVC resin which we believe provides us with a manufacturing cost advantage as compared to some of our competitors. In addition, we implemented manufacturing improvements and best practices across all of our product categories, including, for example, expansion of our virtual plant strategy and further vertical integration in our window product lines which was demonstrated by the introduction of our aluminum clad window line. We have begun to optimize product development, sales and marketing, materials procurement, operations and administrative functions across all of our product categories and have centralized many back office functions, such as payroll, accounts payable, billing and cash application into our corporate office in Cary, North Carolina which improves the overall efficiency of these functions. We believe that additional opportunities remain as we further leverage our buying power across other raw materials as well as spending for non-raw material items by obtaining volume discounts and minimizing costs. In addition, the integration of our sales and marketing efforts across our

product categories provides an ongoing opportunity to significantly improve sector penetration.

## Industry Overview

Demand for exterior building products, including siding, fencing, stone, windows and doors, is primarily driven by repair and remodeling of existing homes and construction of new homes, which are affected by changes in national and local economic and demographic conditions, employment levels, availability of financing, interest rates, consumer confidence and other economic factors.

- **Home Repair and Remodeling** Since the early 1990s and through 2006, demand for home repair and remodeling products increased at a compounded annual growth rate of 4.3%, according to the U.S. Census Bureau, as a result of strong economic growth, low interest rates and favorable demographics. However, beginning in 2007 through 2009 the ability for home owners to finance repair and remodeling expenditures, such as replacement windows or vinyl siding, has been negatively impacted by a general tightening of lending requirements by banks and other financial institutions. Another factor that has negatively impacted home owner's ability to finance repair and remodeling expenditures is the significant decrease in home values that has occurred in the past two years in many U.S. metropolitan areas which has reduced the amount of home equity that homeowners can borrow against to finance repair and remodeling expenditures. In fact, it is estimated that 23% of all U.S. home mortgages are underwater, whereby the home's worth is less than the amount owed by the homeowner on the mortgage. In addition, management believes that expenditures for home repair and remodeling products are also impacted by consumer confidence which declined during 2009 due to general economic conditions and increased unemployment levels. As such, management believes expenditures for home repair and remodeling products declined in 2009 from 2008 levels. Although certain aspects of the recently enacted federal stimulus plan, such as energy saving tax credits, may encourage some consumers to make home improvements, including the replacement of older windows with newer more energy efficient windows, management believes these favorable measures will be largely offset during 2010 by the negative impact of high unemployment, limited availability of consumer financing and lower consumer confidence levels. As such, management does not expect that expenditures for home repair and remodeling products will improve during 2010 from 2009 levels.
- **New Home Construction** New home construction experienced strong growth from the early 1990s to 2006, with housing starts increasing at a compounded annual growth rate of 3.9%. However in 2007, 2008 and 2009, single family housing starts declined 29.7%, 40.5% and 28.8% respectively, according to the National Association of Home Builders ("NAHB"). Although some market forecasts including the NAHB, project an improvement in single family housing starts in 2010, management expects 2010 single family housing starts to be relatively flat compared to 2009 levels due to the negative impact from the additional foreclosures expected during 2010, continued high unemployment levels, and other negative general economic factors.

While the industry is experiencing a period of severe correction and downturn, management believes the long-term economic outlook for new construction is favorable and supported by a favorable interest rate environment and strong demographics, as increasing immigration drives demand for starter homes. According to the Joint Center for Housing Studies of Harvard University, net new households between 2010 and 2020 are expected to be between 12.5 million units and 14.8 million units, with the low end of the range equal to net new housing units achieved between 1995 and 2005. Additionally, interest rates on home loans remain at historically low levels and the U.S. Congress passed an economic stimulus package that provides, among other things, favorable tax credits towards home purchases which are intended to stimulate demand for U.S. housing.



## Description of Business

Financial information about our segments is included in the notes to our consolidated financial statements included elsewhere in this prospectus.

## Siding, Fencing, and Stone Segment

### Products

In our Siding, Fencing, and Stone segment, our principal products include vinyl siding and skirting, vinyl and aluminum soffit, aluminum trim coil, J-channels, wide crown molding, window and door trim, F-channels, H-molds, fascia, undersill trims, outside/inside corner posts, rain removal systems, injection molded designer accents such as shakes, shingles, scallops, shutters, vents and mounts, vinyl fence, vinyl and composite railing, and stone veneer. We sell our siding and accessories under our Variform, Napco, Mastic Home Exteriors, and Cellwood brand names and under the Georgia-Pacific brand name through a private label program. We also sell our Providence line of vinyl siding and accessories to Lowe's under our Durabuilt private label brand name. Our vinyl and vinyl-composite fencing and railing products are sold under our Kroy and Kroy Express brand names. Our stone veneer products are sold under our United Stone Veneer brand name, however, in 2010 we changed the stone veneer products branding to Ply Gem Stone from United Stone Veneer. A summary of our product lines is presented below according to price point:

### Specialty/Super Premium

- CSL 600 (Variform)
- Heritage Cedar Shingle and Round Cut (Variform)
  - Victoria Harbor (Variform)
- Cedar Select Shingle and Round Cut (Napco)
  - American "76" Collection (Napco)
  - Structure EPS (Mastic Home Exteriors)
- Cedar Discovery (Mastic Home Exteriors)
  - Cedar Dimensions (Cellwood)
- Cedar Spectrum Shingle (Georgia-Pacific)
- Cedar Spectrum Round (Georgia-Pacific)
  - Seasons (Georgia-Pacific)
  - Somerset (Georgia-Pacific)
- Board and Batten (Variform, Napco, Mastic Home Exteriors, Cellwood, and Georgia-Pacific)
  - Kroy composite railing systems (Kroy)
  - United Stone Veneer

### Premium

- Timber Oak Ascent (Variform)
- Varigrain Preferred (Variform)
- American Splendor (Napco)
- Liberty Elite (Mastic Home Exteriors)
- Charleston Beaded Collection (Mastic Home Exteriors)
  - Quest Signature (Mastic Home Exteriors)
- T-lok Barkwood (Mastic Home Exteriors)
  - Dimensions (Cellwood)
  - Dimensions Beaded (Cellwood)
  - Chatham Ridge (Georgia-Pacific)
  - Cedar Lane Select (Georgia-Pacific)



- Kroy Express (Kroy)

## Standard

- Camden Pointe (Variform)
- Nottingham (Variform)
- Ashton Heights (Variform)
- American Herald (Napco)
- American Tradition (Napco)
- Ovation (Mastic Home Exteriors)
- Silhouette Classic (Mastic Home Exteriors)
- Carvedwood 44 (Mastic Home Exteriors)
  - Progressions (Cellwood)
  - Heritage Hill (Georgia-Pacific)
  - Forest Ridge (Georgia-Pacific)
  - Shadow Ridge (Georgia-Pacific)
  - Castle Ridge (Georgia-Pacific)
- Kroy Vinyl Fence and Railing Products (Kroy)

## Economy

- Contractor's Choice (Variform)
- American Comfort (Napco)
  - Providence (Napco)
- Mill Creek (Mastic Home Exteriors)
- Trade-Mark cg (Mastic Home Exteriors)
- Brentwood (Mastic Home Exteriors)
  - Evolutions (Cellwood)
- Vision Pro (Georgia-Pacific)

## Manufactured Housing

- Parkside (Georgia-Pacific)
- Oakside (Georgia-Pacific)

The breadth of our product lines and our multiple brand and price point strategy enable us to target multiple distribution channels (wholesale, retail and manufactured housing) and end sectors (home repair and remodeling and new home construction), with minimal channel conflict.

## Customers and Distribution

We have a multi-channel distribution network that serves both the home repair and remodeling and new home construction sectors, which exhibit different, often counter-balancing, demand characteristics. In conjunction with our multiple brand and price point strategy, we believe our multi-channel distribution strategy enables us to increase our sales and sector penetration while minimizing channel conflict. We believe our strategy reduces our dependence on any one channel, which provides us with a greater ability to sustain our financial performance through economic fluctuations.

We sell our siding and accessories to specialty distributors (one-step distribution) and to wholesale distributors (two-step distribution). Our specialty distributors sell directly to remodeling contractors and builders. Our wholesale distributors sell to retail home centers and lumberyards who, in turn, sell to remodeling contractors, builders and consumers. In the specialty channel, we have developed an extensive network of approximately 800 independent distributors, serving over 22,000 contractors and builders nationwide. We are well-positioned in this channel as many of these distributors are both the largest and leading consolidators in the industry. In the wholesale channel, we are the sole supplier of vinyl siding and accessories to BlueLinx (formerly a distribution operation of the Georgia-Pacific Corporation), one of the largest building products distributors in the United States. Through BlueLinx and our

BlueLinx dedicated sales force, our Georgia-Pacific private label vinyl siding products are sold at major retail home centers, lumberyards and manufactured housing manufacturers. A portion of our siding and accessories is also sold directly to Lowe's Home Improvement Centers under our Durabuilt brand name. Our growing customer base of fencing and railing consists of fabricators, distributors, retail home centers and lumberyards. Our customer base of manufactured stone veneer products consists of distributors, lumberyards, retailers and contractors.

For the three months ended April 3, 2010 and April 4, 2009, BlueLinx accounted for 14.9% and 17.6% of our Siding, Fencing and Stone segment sales. For the three months ended April 3, 2010 and April 4, 2009, BlueLinx accounted for 8.6% and 10.4% of our consolidated net sales. Our largest customer, BlueLinx, made up 15.2% of the net sales of our Siding, Fencing, and Stone segment and 9.2% of our consolidated net sales for both the years ended December 31, 2008 and 2009.

## Production and Facilities

Vinyl siding, skirting, soffit and accessories are manufactured in our Martinsburg, West Virginia, Jasper, Tennessee, Stuarts Draft, Virginia and Kearney, Missouri facilities, while all metal products are produced in our Sidney, Ohio facility with some metal painting operations being performed in our Valencia, Pennsylvania facility. The majority of our injection molded products such as shakes, shingles, scallops, shutters, vents and mounts are manufactured in our Gaffney, South Carolina facility. Due to excess capacity and to reduce operating costs, the Company closed the Denison, Texas facility in early 2008 and consolidated the majority of the production from the Company's vinyl siding plant in Kearney, Missouri into its other three remaining vinyl siding plants in the first half of 2009. In addition, the Company consolidated its metal accessory production from our Valencia, Pennsylvania facility into our Sidney, Ohio facility which occurred during the later part of 2008 and early 2009. The vinyl and metal plants have sufficient capacity to support planned levels of sales growth for the foreseeable future. Our fencing and railing products are currently manufactured at our York, Nebraska and Fair Bluff, North Carolina facilities. The fencing and railing plants have sufficient capacity to support our planned sales growth for the foreseeable future. Our stone veneer products are manufactured at our Middleburg, Pennsylvania facility. The stone veneer plant has sufficient capacity to support our planned sales growth for the foreseeable future. We expect our capital expenditures for our Siding, Fencing and Stone segment in the near future to be at or below our historical expenditure levels as a result of lower near-term demand due to market conditions.

## Raw Materials and Suppliers

PVC resin and aluminum are major components in the production of our siding, fencing, and stone products and changes in PVC resin and aluminum prices have a direct impact on our cost of products sold. Historically, we have been able to pass on the price increases to our customers. The results of operations for individual quarters can be negatively impacted by a delay between the time of raw material cost increases and price increases that we implement in our products, or conversely can be positively impacted by a delay between the time of a raw material price decrease and competitive pricing moves that we implement accordingly.

## Competition

We compete with other national and regional manufacturers of vinyl siding, fencing and stone products. We believe we are one of the largest manufacturers of vinyl siding in North America, alongside CertainTeed and Alside. We believe that we have increased our market share and that in 2009 we accounted for approximately 33% of the U.S. vinyl siding market as compared to approximately 29% in 2008. Our aluminum accessories competitors include Alisco, Gentek and other smaller regional competitors. Significant growth in vinyl fencing and railing has attracted many new entrants, and the sector today is fragmented. Our fencing and railing competitors include U.S. Fence, Homeland, Westech, Bufftech, Royal, and Azek. Our stone veneer competitors include Owens Corning, Eldorado Stone, Coronado Stone, and smaller, regional competitors. We generally compete on product quality, breadth of product offering, sales and service support. In addition to competition from other vinyl siding, fencing and stone products, our products face competition from alternative materials, such as wood, metal, fiber cement and masonry siding. Increases in competition from other vinyl exterior building products manufacturers and alternative building materials could cause us to lose customers and lead to net sales decreases.



### Seasonality

Markets for our products are seasonal and can be affected by inclement weather conditions. Historically, our business has experienced increased sales in the second and third quarters of the year due to increased construction during those periods. Because a portion of our overhead and expenses are fixed throughout the year, our operating profits tend to be lower in the first and fourth quarters. Inclement weather conditions can affect the timing of when our products are applied or installed, causing delayed profit margins when such conditions exist.

We generally carry increased working capital during the first half of a fiscal year to support those months where customer demand exceeds production capacity. We believe that this is typical within the industry.

### Backlog

Our Siding, Fencing, and Stone segment had a backlog of approximately \$14.7 million at April 3, 2010. We expect to fill all of the orders during 2010.

### Windows and Doors Segment

#### Products

In our Windows and Doors segment, our principal products include vinyl, aluminum, wood and clad-wood windows and patio doors, and steel, wood, and fiberglass entry doors that serve both the new home construction and the repair and remodeling sectors in the United States and Western Canada. Our products in our Windows and Doors segment are sold under the Ply Gem Windows, Great Lakes Window, and CWD Windows and Doors brands. In the past, we have also sold our windows and doors under our MW, Patriot, Twin Seal, Alenco, Builders View, Great Lakes, Ply Gem, Uniframe, Grandview, Seabrooke, Bayshore, Napco, and CertainTeed brand names. A summary of our current product lines is presented below according to price point:

	Ply Gem Windows	Great Lakes Window	CWD
	New Construction	Replacement	New Construction
Specialty/Super-Premium	Mira Premium Series	Select Series	Regency Fusion
Premium	Pro Series – West	Premium Series	Ambassador
Standard	Pro Series - East	Pro Series	Envoy Diplomat Premier
Economy	Builder Series	Contractor Series	Consul



In 2010, we will begin selling our CWD Windows and Doors under the Ply Gem brand in Canada which is consistent with our strategy of building brand equity in the Ply Gem name.

We continue introducing new products to the portfolio which allow us to enter or further penetrate new distribution channels and customers. The breadth of our product lines and our multiple price point strategy enable us to target multiple distribution channels (wholesale, retail and builder direct) and end-use sectors (home repair and remodeling and new home construction).

#### Customers and Distribution

We have a multi-channel distribution and product strategy that enables us to serve both the home repair and remodeling and new home construction sectors. By offering this broad product offering and industry leading service, we are able to meet the local needs of our customers on a national scale. This strategy has enabled our customer base (existing and new) to simplify their supply chain by consolidating window suppliers. Our good, better, best product and price point strategy allows us to increase our sales and sector penetration while minimizing channel conflict. This strategy reduces our dependence on any one channel, providing us with a greater ability to sustain our financial performance through economic fluctuations.

The new construction product lines are sold for use in new residential and light commercial construction through a highly diversified customer base, which includes independent building material dealers, regional/national lumberyard chains, builder direct/OEMs, and retail home centers. Our repair and remodeling window products are primarily sold through independent home improvement dealers and one-step distributors. Dealers typically market directly to homeowners or contractors in connection with remodeling requirements while distributors concentrate on local independent retailers.

In Canada, sales of Ply Gem Canada product lines in the new construction market are predominantly made through direct sales to builders and contractors, while sales in the renovation market are made primarily through retail lumberyards. Ply Gem Canada products are distributed through eight distribution centers.

Our sales of windows and doors to our top five largest window and door customers represented 23.1% of the net sales of our Windows and Doors segment and 9.1% of our consolidated net sales for the year ended December 31, 2009. For the year ended December 31, 2008, our five largest customers represented 24.8% of the net sales of our Windows and Doors segment and 8.5% of our consolidated net sales.

#### Production and Facilities

Our window and door products leverage a network of vertically integrated production and distribution facilities located in Virginia, Ohio, North Carolina, Georgia, Texas, California, Washington and western Canada. Our window and door manufacturing facilities have benefited from our continued investment and commitment to product development and product quality combined with increasing integration of best practices across our product offerings. In 2009, we began producing vinyl compound for our west coast facilities which improved our operating efficiency and resulted in lower production cost for these items. In 2009, we also began making upgrades to insulated glass production lines in anticipation of more stringent energy efficiency requirements driven by changes in building codes and consumer demand for Energy Star rated products. These improvements will continue throughout 2010.

Due to excess capacity and the need to reduce operating costs, the Company closed the Hammonton, New Jersey, Phoenix, Arizona and Tupelo, Mississippi facilities in the first six months of 2009. While the market has required us to close facilities and ramp down capacity in our remaining facilities in 2009, all of our facilities have the ability to



increase capacity in a cost effective manner by expanding production shifts. Ongoing capital investments will focus upon new product introductions and equipment maintenance and cost reductions.

## Raw Materials and Suppliers

PVC compound, wood, aluminum, and glass are major components in the production of our window and door products. Historically, changes in PVC compound, aluminum billet, and wood cutstock prices have had the most significant impact on our material cost of products sold in our Windows and Doors segment. We are one of the largest consumers of PVC resin in North America and we continue to leverage our purchasing power on this key raw material. As mentioned above, the PVC resin compound that is used in window lineal production is now produced internally. The leveraging of our PVC resin buying power and the expansion of PVC resin compounding capabilities has begun to benefit all of our domestic window companies. Our window plants have significantly consolidated glass purchases to take advantage of strategic sourcing savings opportunities. In addition, we have continued to vertically integrate aluminum extrusion for a variety of our product lines.

## Competition

The window and patio door sector remains fragmented, comprised primarily of local and regional manufacturers with limited product offerings. The sector's competitors in the United States include national brands, such as Jeld-Wen, Simonton, Pella and Andersen, and numerous regional brands, including MI Home Products, Atrium, Weathershield, and Milgard. Competitors in Canada include Jeld-Wen, Gienow, All Weather and Loewen. We generally compete on service, product performance, a complete product offering, sales and support. We believe all of our products are competitively priced.

## Seasonality

Markets for our products are seasonal and can be affected by inclement weather conditions. Historically, our business has experienced increased sales in the second and third quarters of the year due to increased construction during those periods. Accordingly, our working capital is typically higher in the second and third quarters as well. Because much of our overhead and expense are fixed throughout the year, our operating profits tend to be lower in the first and fourth quarters. Inclement weather conditions can affect the timing of when our products are applied or installed, causing delayed profit margins when such conditions exist.

Because we have successfully implemented lean manufacturing techniques and many of our windows and doors are made to order, inventories in our Windows and Doors segment do not change significantly with seasonal demand.

## Backlog

Our Windows and Doors segment had a backlog of approximately \$23.8 million at April 3, 2010. We expect to fill all of the orders during 2010.

## Environmental and Other Regulatory Matters

We are subject to Canadian and U.S. federal, state, provincial and local environmental laws and regulations that relate to the presence of hazardous materials, pollution and the protection of the environment, including those governing emissions to air, discharges to water, use, storage and transport of hazardous materials, storage, treatment and disposal of waste, remediation of contaminated sites, and protection of worker health and safety. From time to time, our facilities are subject to investigation by environmental regulators. We believe that our current operations are in substantial compliance with all applicable environmental laws and that we maintain all material permits required to operate our business.



Based on available information, we do not believe that any known compliance obligations, claims, releases or investigations will have a material adverse effect on our results of operations, cash flows or financial position. However, there can be no guarantee that these or newly discovered matters or any inability to enforce available indemnification rights we have against Nortek (an indemnity under the stock purchase agreement governing the Ply Gem acquisition) and Alcan Aluminum Corporation (an indemnity we received when we purchased our York, Nebraska facility from Alcan Aluminum Corporation in 1998) will not result in material costs.

Under the stock purchase agreement governing the MW acquisition, the sellers agreed to indemnify us for the first \$250,000 in certain costs of compliance with the New Jersey Industrial Site Recovery Act at an MW facility in Hammonton, New Jersey and for 75% of any such costs between \$250,000 and \$5.5 million. MW's Rocky Mount, Virginia property is involved in a corrective action, relating to contamination associated with an underground storage tank formerly located at the Rocky Mount, Virginia property. Liability for this subject contamination has been previously assumed by U.S. Industries, Inc., pursuant to its indemnity obligation under the stock purchase agreement dated August 11, 1995, whereby U.S. Industries, Inc. sold the stock of MW to Fenway Partners. As the successor in interest of Fenway Partners, we are similarly indemnified by U.S. Industries, Inc. U.S. Industries and MW are working to develop a course of action to address the site contamination that is acceptable to both companies and the Virginia regulatory authorities.

We voluntarily comply with the Vinyl Siding Institute ("VSI") Certification Program with respect to our vinyl siding and accessories. Prior to 1998, there was no commonly-adopted industry certification process for vinyl siding products. Uniform minimum standards were available, but uniform compliance was not assured. In 1998, the VSI instituted a new industry-wide program to assure compliance with minimum product standards. All major vinyl siding manufacturers, representing over 97% of all products, comply with these guidelines.

Under the VSI Certification Program, third party verification and certification, provided by Architectural Testing, Inc., ("ATI") is used to ensure uniform compliance with the minimum standards set by the American Society for Testing and Materials, ("ASTM"). Those products compliant with ASTM specifications for vinyl siding will perform satisfactorily in virtually any environment. ATI initially inspects all qualifying products for compliance and inspects plants to assure effective quality control programs. In addition, compliance with advertised specifications is verified. All manufacturing plants are inspected bi-annually during unannounced visits to monitor compliance. Upon certification, products are added to the official VSI list of certified products and are eligible to bear the official VSI certification logo.

## Employees

As of April 3, 2010, we had approximately 4,200 full-time employees worldwide, of whom approximately 3,800 were in the United States and 400 were in Canada. Employees at our Canadian plant, our Valencia, Pennsylvania plant, and our Bryan, Texas plant are currently our only employees with whom we have a collective bargaining agreement.

- Approximately 5.9% of our total employees are represented by the United Brotherhood of Carpenters and Joiners of America, pursuant to a collective bargaining agreement with certain of our Canadian employees, which expires on December 31, 2011.
- Approximately 0.5% of our total employees are represented by the United Steelworkers of America, AFL-CIO-CLC, pursuant to a collective bargaining agreement with certain of our Valencia, Pennsylvania employees, which expires on December 1, 2011.

- Approximately 8.3% of our total employees are represented by the International Chemical Workers Union Council, pursuant to a collective bargaining agreement with certain of our Alenco Windows employees, which expires on December 4, 2010.

#### Financial Information about Geographic Areas

All of the Company's operations are located in the United States and Canada. Revenue from external customers for the three months ended April 3, 2010 consists of:

Revenue from external customers for the three months ended April 3, 2010 consists of:

- \$187.8 million from United States customers
- \$15.7 million from Canadian customers
- \$0.7 million from all other foreign customers

Revenue from external customers for the year 2009 consists of:

- \$882.9 million from United States customers
- \$65.0 million from Canadian customers
- \$3.5 million from all other foreign customers

Revenue from external customers for the year 2008 consists of:

- \$1,084.1 million from United States customers
- \$84.5 million from Canadian customers
- \$6.4 million from all other foreign customers

Revenue from external customers for the year 2007 consists of:

- \$1,269.8 million from United States customers
- \$89.3 million from Canadian customers
- \$4.4 million from all other foreign customers

At April 3, 2010, December 31, 2009, 2008, and 2007, long-lived assets totaled approximately \$18.1 million, \$17.5 million, \$23.2 million, and \$51.2 million, respectively, in Canada, and \$715.2 million, \$729.7 million, \$771.7 million, and \$1,240.0 million, respectively, in the United States. We are exposed to risks inherent in any foreign operation, including foreign exchange rate fluctuations.

## Properties

Our corporate headquarters are located in Cary, North Carolina. We own and lease several additional properties in the U.S. and Canada. We operate the following facilities as indicated, and each facility is leased unless indicated with "Owned" under the Lease Expiration Date column below.

Location	Square Footage	Facility Use	Lease Expiration Date
<b>Siding, Fencing, and Stone Segment</b>			
Jasper, TN	270,000	Manufacturing and Administration	Owned
Fair Bluff, NC (1)	200,000	Manufacturing and Administration	09/30/2024
Kearney, MO (1)	175,000	Manufacturing and Administration	09/30/2024
Valencia, PA (1)	104,000	Manufacturing and Administration	09/30/2024
Martinsburg, WV (1)	163,000	Manufacturing and Administration	09/30/2024
Martinsburg, WV	124,000	Warehouse	01/31/2011
York, NE (1)	76,000	Manufacturing	09/30/2024
Stuarts Draft, VA	257,000	Manufacturing and Administration	Owned
Sidney, OH	819,000	Manufacturing and Administration	Owned
Gaffney, SC	260,000	Manufacturing and Administration	Owned
Harrisburg, VA	268,000	Warehouse	03/15/2015
Gaffney, SC	27,000	Warehouse	Month-to-month
Blacksburg, SC	49,000	Warehouse	10/31/2010
Kansas City, MO	36,000	Administration	12/31/2017
Middleburg, PA	100,000	Manufacturing and Administration	12/31/2016
<b>Windows and Doors Segment</b>			
Calgary, AB, Canada (1)	301,000	Manufacturing and Administration	09/30/2024
Walbridge, OH (1)	250,000	Manufacturing and Administration	09/30/2024
Walbridge, OH	30,000	Warehouse	06/30/2012
Rocky Mount, VA (1)	600,000	Manufacturing and Administration	09/30/2024
Rocky Mount, VA	162,920	Manufacturing	05/31/2013
Rocky Mount, VA	180,000	Manufacturing	08/31/2016
Rocky Mount, VA	70,000	Warehouse	02/16/2012
Rocky Mount, VA	80,000	Warehouse	08/31/2013
Rocky Mount, VA	80,000	Warehouse	08/31/2016
Rocky Mount, VA	56,160	Warehouse	Owned
Rocky Mount, VA	49,615	Warehouse	Month-to-month
Hammonton, NJ (2)	360,000	Manufacturing and Administration	02/01/2011
Tupelo, MS (2)	200,000	Manufacturing and Administration	06/16/2010
Fayetteville, NC	56,000	Warehouse	Owned
Peachtree City, GA	148,000	Manufacturing	08/19/2014
Peachtree City, GA	40,000	Manufacturing	Owned
Dallas, TX (3)	32,000	Manufacturing	Month-to-month
Dallas, TX	29,232	Warehouse	06/30/2015
Bryan, TX	274,000	Manufacturing and Administration	08/20/2014
Bryan, TX	75,000	Manufacturing	12/31/2014

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Phoenix, AZ (2)	156,000	Manufacturing	03/31/2011
Auburn, WA	262,000	Manufacturing and Administration	12/31/2013
Corona, CA	128,000	Manufacturing and Administration	09/30/2012
Sacramento, CA	234,000	Manufacturing and Administration	09/12/2019
Corporate Cary, NC	20,000	Administration	10/31/2015

(1) These properties are included in long-term leases entered into as a result of a sale/leaseback agreement entered into in August 2004 as part of the funding for the purchase of MWM Holding.

(2) Closed facility.

(3) The Company will vacate this lease and location during 2010.



## Litigation

From time to time, we may be involved in litigation relating to claims arising out of our operations. As of April 3, 2010, we were not a party to any material legal proceedings.

## MANAGEMENT

### Board of Directors and Executive Officers

The Board of Directors of Ply Gem Prime Holdings, Ply Gem Holdings, and Ply Gem Industries are identical.

Name	Age	Positions(s)
Frederick J. Iseman	57	Chairman of the Board and Director
Gary E. Robinette	61	President, Chief Executive Officer and Director
Shawn K. Poe	48	Vice President and Chief Financial Officer
John Wayne Lynn	48	President, Siding Group
Morstad Keith	46	President, U.S. Windows Group
Pigues Robert A. Ferris	47	Senior Vice President, Chief Marketing Officer
Steven M. Lefkowitz	67	Director
John D. Roach	45	Director
Michael P. Haley	66	Director
Timothy T. Hall	59	Director
Jeffrey T. Barber	40	Director
	57	Director

Set forth below is a brief description of the business experience of each of the members of our Board of Directors and our executive officers.

#### Frederick J. Iseman – Chairman of the Board and Director

Since the Ply Gem Acquisition, Frederick Iseman has served as our chairman of the Board of Directors. Mr. Iseman is currently Chairman and CEO of CI Capital Partners LLC (formerly Caxton-Iseman Capital LLC), a private equity firm which was founded by Mr. Iseman in 1993. Prior to establishing CI Capital Partners, Mr. Iseman founded Hambro-Iseman Capital Partners, a merchant banking firm. From 1988 to 1990, Mr. Iseman was a member of the

Hambro International Venture Fund. Mr. Iseman is a former Chairman of the Board of Anteon International.

Mr. Iseman's experience in the private equity field provides the Company with valuable insight regarding acquisitions, debt financings, equity financings, and public market sentiment. In addition, Mr. Iseman's experience with growing portfolio companies similar to the Company provides benchmarking and other industry tools pertinent to the Company. Mr. Iseman's background and experiences qualify him to serve as Chairman of the Board.

Gary E. Robinette – President, Chief Executive Officer and Director

Gary E. Robinette was appointed President and Chief Executive Officer of the Company in October 2006 at which time he was also elected to the Company's Board of Directors. Prior to joining Ply Gem, Mr. Robinette served as Executive Vice President and COO at Stock Building Supply, formerly a Wolseley company, since September 1998, and was also a member of the Wolseley North American Management Board. Mr. Robinette held the position of President of Erb Lumber Inc., a Wolseley company, from 1993-1998 and served as Chief Financial Officer and Vice President of Carolina Holdings which was the predecessor company of Stock Building Supply. Mr. Robinette received a BS in accounting from Tiffin University, where he is a member of the Board of Trustees, and a MBA from Xavier University, where he is a member of the President's Advisory Board. He is also a member of Harvard University's Joint Center for Housing Studies.

Mr. Robinette's 30 years of experience with building products and distribution companies provides the Board with relevant industry knowledge and expertise pertinent to the environment currently experienced by the Company. Throughout Mr. Robinette's tenure with various building product companies, he has experienced the housing industry's thriving growth, as well as a number of recessionary declines in the market. These experiences provide the Board with valuable insight regarding strategic decisions and the future direction and vision of the Company.

Shawn K. Poe – Vice President and Chief Financial Officer

Since the Ply Gem Acquisition, Mr. Poe has served as our Vice President and Chief Financial Officer. Mr. Poe was appointed Vice President of Finance of our siding and accessories subsidiaries in March 2000. Prior to joining the Company, Mr. Poe held the position of Corporate Controller and various other accounting positions at Nordyne, Inc., joining the Company in 1990. In addition, Mr. Poe held various accounting positions with Federal Mogul Corporation from 1984 to 1990. Mr. Poe graduated from Southeast Missouri State University in 1984 with a BS in Accounting. Mr. Poe graduated from Fontbonne College in 1994 with a MBA.

John Wayne – President, Siding Group

Mr. Wayne was appointed President of our siding and accessories subsidiaries in January 2002. Mr. Wayne joined our company in 1998, and prior to his appointment to President had been Vice President of Sales and Marketing for our Variform and Napco siding and accessories subsidiaries. Prior to joining us, Mr. Wayne worked for Armstrong World Industries, Inc. from 1985 to 1998, holding a variety of sales management positions, including Vice President of Sales. Mr. Wayne graduated from the University of Wisconsin in 1984 with a BA in Finance and Marketing. Mr. Wayne served as the Chairman of the Vinyl Siding Institute ("VSI"), the Chairman of the VSI Code and Regulatory Committee, and Chairman of the VSI Board of Directors through December 2007 when his term ended.

Lynn Morstad - President, U.S. Windows Group

Mr. Morstad was appointed President of our U.S. Windows Group in October 2007 after having served as President of our US Window Group since November 2006. Prior to that, Mr. Morstad served as President, Chief Operating Officer and Chief Financial Officer respectively of MW Manufacturers Inc., a Ply Gem subsidiary he joined in 2000. From March 1998 to May 2000, Mr. Morstad was employed by the Dr. Pepper/Seven Up division of Cadbury Schweppes as Vice President and Corporate Controller. In addition, Mr. Morstad served in senior financial positions with various divisions of the Newell Company for more than eight years. Mr. Morstad is a graduate of the University of Iowa and is a Certified Public Accountant.



Keith Pignes – Senior Vice President, Chief Marketing Officer

Mr. Pignes was appointed Senior Vice President and Chief Marketing Officer in August 2007. Prior to joining Ply Gem, he served as Vice President of Marketing at CEMEX U.S. Operations from 2005 to 2007. Previously, Mr. Pignes served in senior marketing and strategy positions at RR Donnelley, ADP and Honeywell International. Mr. Pignes received a BS in electrical engineering from Christian Brothers University in 1984, and an MBA from the University of North Carolina Kenan-Flagler Business School in 1993.

Robert A. Ferris – Director

Since the Ply Gem Acquisition, Robert A. Ferris has served as a director. Mr. Ferris retired as Managing Director of CI Capital Partners LLC (formerly Caxton-Iseman Capital LLC) in December 2007, and was employed by CI Capital Partners since March 1998. From 1981 to February 1998, Mr. Ferris was a General Partner of Sequoia Associates (a private investment firm headquartered in Menlo Park, California). Prior to founding Sequoia Associates, Mr. Ferris was a Vice President of Arcata Corporation, a New York Stock Exchange-listed company. Mr. Ferris is a former director of Anteon International Corporation. Effective January 1, 2008, Mr. Ferris assumed the position of President of Celtic Capital LLC, the investment manager of the entities that primarily hold the assets and investments of the Ferris Family.

Mr. Ferris's prior tenure with CI Capital Partners as well as public company experience as a director of Antheon provides the Board with extensive knowledge of the debt and equity markets and the effect that pending strategic decisions will have on these public markets. Mr. Ferris provides advice regarding the impact of certain strategic decisions on the industry.

Steven M. Lefkowitz – Director

Since the Ply Gem Acquisition, Steven M. Lefkowitz has served as a director. Mr. Lefkowitz is President of CI Capital Partners LLC (formerly Caxton-Iseman Capital LLC) and has been employed by CI Capital Partners since 1993. From 1988 to 1993, Mr. Lefkowitz was employed by Mancuso & Company, a private investment firm, and served in several positions including as Vice President and as a Partner of Mancuso Equity Partners. Mr. Lefkowitz is a former director of Anteon International Corporation.

Mr. Lefkowitz's experience with private equity markets provides the Board integral knowledge with respect to acquisitions, debt financings, and equity financings.

John D. Roach – Director

Since the Ply Gem Acquisition, Mr. Roach has served as a director. Mr. Roach is Chairman of the Board and Chief Executive Officer of Stonegate International, a private investment and advisory services company, and has been employed by Stonegate International since 2001. Mr. Roach served as Chairman of the Board, President and Chief Executive Officer of Builders FirstSource, Inc. from 1998 to 2001, and as Chairman of the Board, President and Chief Executive Officer of Fibreboard Corporation from 1991 to 1997. Mr. Roach is a director of Kaiser Aluminum Corporation and its subsidiary, Kaiser Aluminum & Chemical Corporation, a director of Material Sciences Corp., a provider of materials-based solutions, a director of URS Corporation, an engineering firm, a director of PMI Group, Inc., a provider of credit enhancement products and lender services, and a director of VeriSign, a leading provider of internet infrastructure services. Mr. Roach received a BS in Industrial Management at Massachusetts Institute of Technology and an MBA at Stanford School of Business.

Mr. Roach's industry experience has provided valuable insight to the Board regarding strategic decisions. Mr. Roach understands the Board's impact in establishing corporate governance and evaluating strategic alternatives. Mr. Roach's vast experience with multiple Boards is valuable to the current Board when establishing the future direction of the Company.

Michael P. Haley – Director

In June 2005, Mr. Haley announced his retirement as Chairman of MW Manufacturers, but has remained as a director. Mr. Haley joined MW in June 2001 as President and served in this capacity until being named Chairman. Prior to joining MW, Mr. Haley had been the President of American of Martinsville (a subsidiary of La-Z-Boy Inc.) from 1994 until May 2001. In addition, Mr. Haley was President of Loewenstein Furniture Group from 1988 to 1994. Mr. Haley graduated from Roanoke College in 1973 with a Bachelor's Degree in Business Administration. From April 2006 to present, Mr. Haley has served as an advisor to Fenway Partners, a private equity firm.

Mr. Haley's industry experience and background with the Company provides the Board with relevant industry knowledge and expertise when evaluating certain strategic decisions.

Timothy T. Hall – Director

In December 2006, the Board of Directors approved the addition of Mr. Hall as a member of the Board. Mr. Hall is a Principal at CI Capital Partners LLC (formerly Caxton-Iseman Capital LLC) and has been employed by CI Capital Partners since 2001. Prior to CI Capital Partners, Mr. Hall was a Vice President at FrontLine Capital and an Assistant Vice President at GE Equity. Mr. Hall has a MBA from Columbia Business School and a BS degree from Lehigh University.

Mr. Hall's experience with private equity markets provides the Board integral knowledge with respect to acquisitions, debt financings, and equity financings.

Jeffrey T. Barber – Director

In January 2010, the Board of Directors approved the addition of Mr. Barber as a member of the Board. Mr. Barber is a certified public accountant who worked for PricewaterhouseCoopers LLP from 1977-2008 and served as managing partner of PricewaterhouseCoopers' Raleigh, North Carolina office for 14 years. Mr. Barber was appointed by the Governor of North Carolina to serve on the State Board of CPA Examiners, where he currently serves as Vice President of the Board. Mr. Barber is currently a Managing Director with Fennebresque & Co., a Charlotte, North Carolina based investment banking firm. In addition, Mr. Barber currently serves on the Board of Trustees of Blue Cross and Blue Shield of North Carolina, the Board of Directors of Sciquest, Inc., the Board of the North Carolina School of Science and Mathematics Foundation, as well as other civic organizations. Mr. Barber has a BS degree in accounting from the University of Kentucky.

Mr. Barber's audit experience with PricewaterhouseCoopers LLP for 30 years in which he worked on initial public offerings, Sarbanes-Oxley 404 attestations, business acquisitions, and debt financings will provide the Board with the financial background and experience to ensure the Company's consolidated financial statements comply with financial reporting guidelines. These experiences qualify Mr. Barber as a financial expert allowing him to contribute financial reporting considerations when evaluating certain strategic decisions.

## EXECUTIVE COMPENSATION

### Overview

This compensation discussion describes the material elements of compensation of the Company's executive officers who served as named executive officers during our fiscal year ended December 31, 2009. The individuals who served as the principal executive officer and principal financial officer during 2009, as well as the other individuals included in the Summary Compensation Table below, are referred to as the "named executive officers." This compensation discussion focuses primarily on compensation awarded to, earned by, or paid to the named executive officers in 2009, as reflected in the following tables and related footnotes and narratives, but also describes compensation actions taken before or after 2009 to the extent that it enhances an understanding of the executive compensation disclosure.

The principal elements of our executive compensation program are base salary, annual cash incentives, other personal benefits and perquisites, post-termination severance, and equity-based interests. The Company's other personal benefits and perquisites consist of life insurance benefits and car allowances. The named executive officers are also eligible to participate in our 401(k) plan and our company-wide employee benefit health and welfare programs.

### Compensation Program Objectives and Philosophy

#### General Philosophy

Our compensation philosophy is designed to provide a total compensation package to our executive officers that is competitive within the building materials industry and enables us to attract, retain, and motivate the appropriate talent for long-term success. We believe that total compensation should be reflective of individual performance but should also vary with our performance in achieving financial and non-financial objectives, thus rewarding the attainment of these objectives. We align compensation levels commensurate with responsibilities and experience of the respective executive officers. We balance these compensation levels with our risk management policies to mitigate any conflicts of interest. We also ensure a proper weighting of executive officers' base salaries, incentive amounts, and equity awards to avoid risk taking incentives that could have a detrimental effect on the Company.

The components of total compensation for our executive officers are as follows:

- Base Salary

In General. We provide the opportunity for our named executive officers and other executives to earn a competitive annual base salary. We provide this opportunity to attract and retain an appropriate caliber of talent for these positions and to provide a base wage that is not subject to the Company's performance risk, as are other elements of our compensation, such as the annual cash incentive awards and equity interests described below. Base salaries of our named executive officers are only one component of our executive officers' compensation package and will not substitute for our incentive awards.

Our President and Chief Executive Officer, Gary E. Robinette, reviews the base salaries for our named executive officers, other than the President and Chief Executive Officer, in November and December of each year with any recommended increases being based on our performance as well as the individual's performance and responsibilities, which we believe to be consistent with our overall philosophy of rewarding both strong individual and Company performance. After this review, any salary increases for the executive officers other than the President and Chief Executive Officer are recommended by our President and Chief Executive Officer to our compensation committee and



Board for approval. The base salary for our President and Chief Executive Officer is determined by the compensation committee of our Board of Directors, but will not be less than \$530,000 per year.

- Annual Cash Incentive Awards

In General. We provide the opportunity for our named executive officers to earn an annual cash incentive award based upon the Company's performance as well as the individual's performance. We provide this opportunity to attract and retain an appropriate caliber of talent for these positions and to motivate executives to achieve the Company's financial goals. We believe that providing these annual incentives is consistent with our objective of providing compensation that varies with our performance in achieving financial and non-financial objectives.

2009 Target Award Opportunities. In light of the depressed residential housing and remodeling markets for the year ended December 31, 2009, the Company did not establish a cash incentive plan for any employees, including the executive officers. As a result, there were no 2009 target award opportunities for the named executive officers.

- Perquisites and Other Personal Benefits

In General. We provide the opportunity for our named executive officers to receive certain perquisites and other personal benefits, including car allowances and Company-paid life insurance premiums. We provide these benefits to provide an additional useful benefit for our executives, and we believe that providing these benefits is essential to our ability to remain competitive in the general marketplace for attracting and retaining executive talent.

Total Compensation Comparison. For the year ended December 31, 2009, personal benefits and perquisites accounted for approximately 14.7% of total compensation for our named executive officers.

- Equity Awards

In General. We have provided the opportunity for our named executive officers to purchase both shares of common stock, par value \$.01 per share ("Common Stock") and senior preferred stock, par value \$.01 per share ("Senior Preferred Stock") in Ply Gem Prime Holdings, Inc. ("Prime Holdings"), our indirect parent company.

We believe it is vital to our Company to provide our named executive officers with the opportunity to hold an equity interest in our business. We believe that equity ownership among executives aligns management's interests with those of stockholders and provides long-term incentives for the executives. Our named executive officers are the employees who are primarily responsible for the long-term performance of the Company, so this opportunity is intended to incentivize them to improve the overall value of the business. Providing a Senior Preferred Stock component as well as a Common Stock component allows the executives to hold an ownership interest that mirrors that held by non-employee investors in our Company and motivates and rewards the executives for achieving financial objectives. We also believe that our management equity ownership structure promotes the retention of key management and that providing an equity component of compensation is consistent with our compensation objectives of rewarding performance-based compensation and attracting and retaining an appropriate caliber of talent.

The opportunities that we give our executive officers to invest in the business are event-driven and are not provided on any annual or other regular basis. The number of shares that a named executive officer has been permitted to purchase is determined based upon the individual's level of responsibility within the Company. All equity purchases are reviewed and approved by our compensation committee and Board of Directors.



Common Stock. Our named executive officers have purchased our Common Stock either as (1) “Incentive Stock” or (2) part of a strip of equity that is purchased at the same time the officer purchases shares of our Senior Preferred Stock.

Incentive Stock – Protected and Unprotected. Common Stock that is purchased as Incentive Stock becomes “Protected” over time, based on the officer’s continued service to our Company. Twenty percent (20%) of each officer’s Incentive Stock becomes Protected on the first anniversary of the purchase date and on each of the next four anniversaries. If the officer’s employment with us is terminated at any time, no remaining Incentive Stock that is not Protected (“Unprotected”) will become Protected. In addition, if a realization event or an initial public offering occurs at any time, any Incentive Stock that is Unprotected becomes immediately fully Protected.

Incentive Stock – Termination of Employment. If a named executive officer’s Incentive Stock becomes Protected, the officer may have the opportunity to receive a greater per share price for such stock if the stock is purchased by the Company. Specifically, if the named executive officer’s employment with us is terminated for reasons other than cause, then Prime Holdings has the right to purchase the officer’s shares of Protected Incentive Stock at a price per share (the “Protected Stock Purchase Price”) equal to the quotient obtained by dividing (x) the excess of (i) a multiple of consolidated EBITDA over (ii) consolidated indebtedness, less the amount of unrestricted cash of Prime Holdings and its consolidated subsidiaries as of the date of termination by (y) the number of shares of fully diluted Common Stock on the date of the officer’s termination of employment. For any Incentive Stock that is Unprotected as of termination, the purchase price is the lesser of (a) the original purchase price paid by the officer for the Incentive Stock, plus or minus any change in adjusted retained earnings per share from the date the shares were originally purchased through the end of the most recent fiscal quarter preceding the date of termination of employment and (b) the Protected Stock Purchase Price. If the officer is terminated for Cause, all Incentive Stock held by the officer, whether or not Protected, will be repurchased by Prime Holdings for the same price applicable to Unprotected Incentive Stock in the preceding sentence.

We believe that this schedule whereby Incentive Stock becomes Protected over time aids in our ability to retain executive officers by requiring the executives’ continued service to the Company. In addition, because this schedule provides that the officers’ Incentive Stock becomes protected upon certain corporate transactions, this schedule will provide the officers the incentive to work toward achieving such a transaction and to share in the value received by other shareholders.

If Common Stock is not designated as “Incentive Stock” and is purchased as part of a strip with Senior Preferred Stock, then the Common Stock is fully vested at the time of purchase. This Common Stock may be repurchased by Prime Holdings at any time following the officer’s termination of employment for the Protected Stock Purchase Price described above.

Senior Preferred Stock. Senior Preferred Stock that is purchased by the officers is fully vested at the time of purchase. This Senior Preferred Stock may be repurchased by Prime Holdings at any time following the officer’s termination of employment for a price that takes into account the liquidation value and the maximum dividend on the shares of Senior Preferred Stock, consistent with the Certificate of Incorporation of Prime Holdings.

None of the named executive officers purchased either Common Stock or Senior Preferred Stock during 2009 or for the three months ended April 3, 2010.



Phantom Common and Preferred Stock Units. Upon the completion of the Ply Gem Acquisition and the MW Acquisition, certain members of management contributed their investment in predecessor companies in exchange for phantom common stock units and phantom preferred stock units which were governed by a phantom stock plan. Under the phantom stock plan, each participant's interest in the plan was recorded in a bookkeeping account; however, no stock was initially issued under the phantom stock plan. Each account recorded a number of units so that, any "phantom common stock units" were deemed to be invested in Common Stock and any "phantom preferred stock units" were deemed invested in Senior Preferred Stock. Certain of the phantom common stock units became "Protected" according to the same schedule as the Incentive Stock, based on the date the units were first awarded to the officers. Other phantom common stock units were not subject to any such schedule. Under the plan, upon liquidation and payment of a participant's account, the value of the account generally was to be paid to the participant either in cash or in shares of Prime Holdings' stock having a fair market value equal to the account balance, in the discretion of Prime Holdings. The opportunity for any named executive officer to participate in the phantom stock plan, as well as their level of participation, was reviewed and approved by our Board of Directors.

For the first three quarters of 2006, the phantom units were recognized by the Company as liability awards that had to be marked to market every quarter. In addition, in 2004, 2005, and 2006, new tax rules governing nonqualified deferred compensation required a re-examination of the structure of the phantom stock plan. Because of the risk of volatility associated with the above accounting treatment and the complexity associated with tax and accounting rule changes, the Company's Board of Directors determined that the cost associated with the administrative, accounting and tax work for the phantom stock units was excessive and outweighed the benefits of continuing to permit the officers to hold such units.

As such, in September 2006, the Company converted all phantom common and preferred stock units held by each named executive officer into a cash account payable on a fixed schedule in years 2007 and beyond. The value of the portion of each cash account that represented phantom common units equaled the number of phantom common stock units credited to the phantom plan account on September 25, 2006 multiplied by \$10.00. From September 25, 2006 through January 31, 2007, the value of the cash account was updated as if interest was credited on such value and compounded at December 31, 2006 at a rate equal to the applicable federal rate for short-term loans. This portion of the account was paid to each officer in a single lump-sum cash payment on January 31, 2007. The value of the portion of the cash account that represented the value of the phantom preferred stock units equaled the face amount of the number of shares of Senior Preferred Stock represented by such units. This portion of the account is credited with deemed earnings, as if with interest, at an annual rate of 10% compounded semi-annually as of each June 30 and December 31, from the date of issuance of the phantom preferred stock unit through the date of payment. This portion of the account is payable on each of August 31, 2009, 2010, and 2011, such that one third of the original face amount, plus deemed earnings, is paid on each such date, or, if earlier, the officer's death, disability or a change of control. During the year ended December 31, 2009, Mr. Morstad received a phantom stock payout of \$262,583.

In connection with the conversion described above, the Board authorized Prime Holdings to allow the officers to invest in Common Stock on September 25, 2006, which stock was either Incentive Stock or not, in the same proportion that the officer's phantom units had been deemed invested in such stock.

- Stock Options

The Company may grant the named executive officers an option to purchase shares of Common Stock pursuant to the Ply Gem Prime Holdings, Inc. 2004 Stock Option Plan (the "Option Plan"). Options granted pursuant to the Option Plan are intended to qualify as incentive stock options under the Internal Revenue Code of 1986, as amended. Each of our named executive officers was granted an option to purchase shares of Common Stock during the year ended December 31, 2008, as described in the "Grants of Plan-Based Awards" table of the 2008 Form 10-K disclosure statement. However, there were no stock options granted during the year ended December 31, 2009 to named executive officers.

- Employment Agreements

President and Chief Executive Officer. In October 2006, Mr. Robinette joined the Company and was appointed as our President and Chief Executive Officer. In connection with such appointment, Mr. Robinette entered into an employment agreement with us, pursuant to which we have agreed to pay him an annual base salary of not less than \$530,000 and an annual cash incentive target of 100% of base salary. In addition, Mr. Robinette was provided the opportunity by our compensation committee and Board to purchase 125,660 shares of Common Stock, at a price of \$10.00 per share and 7,434 shares of Senior Preferred Stock at a price of \$100.00 per share. In November 2008, the Company finalized a retention agreement with Mr. Robinette to continue to provide service through September 1, 2011 at which point Mr. Robinette would be entitled to receive a one-time, lump-sum cash payment of \$2,000,000 which the Board determined to be a reasonable and necessary amount to retain Mr. Robinette's services and remain competitive in the marketplace for executive talent. The Company provided this retention opportunity to Mr. Robinette because the Company believes that Mr. Robinette's experience and talent are necessary to guide the Company through the depressed residential and housing markets which currently exist.

- Post-termination Severance

In General. We provide the opportunity for certain of our named executive officers to be protected under the severance provisions contained within their retention agreements and, for Mr. Robinette, his employment agreement by providing salary continuation if employment is terminated under certain circumstances (two years for Mr. Robinette and one year for our other named executive officers). If the payment of severance to Mr. Robinette causes him to become subject to the golden parachute excise tax rules, then we will pay him a gross-up amount so that after all taxes are paid on the gross-up, he will have enough funds remaining to pay the excise tax imposed on the severance payments. We provide this opportunity to attract and retain an appropriate caliber of talent for the position. These retention agreements and Mr. Robinette's employment agreement were approved by our Board of Directors, and the terms of these agreements can be found in individual agreements that have previously been filed as exhibits with the Securities and Exchange Commission (SEC). We believe the terms of our retention agreements and of Mr. Robinette's employment agreement are consistent with the provisions and benefit levels of other companies based upon reviewing disclosures made by those companies with the SEC. We believe the arrangements and benefits opportunity contained within our retention agreements and Mr. Robinette's employment agreement are reasonable and allow us to remain competitive in the general marketplace for executive talent. These arrangements are described in detail in the "Potential Payments Upon Termination or Change in Control" section below. The employment agreement between Mr. Robinette and the Company establishes the terms of his employment including salary and benefits, annual cash incentive award target and severance provisions in the event of termination of Mr. Robinette's employment.

- Chief Financial Officer Retention Payment

In November of 2008, the Company finalized a retention agreement with Mr. Poe to continue to provide service through September 1, 2011 at which point Mr. Poe would be entitled to receive a one-time, lump-sum cash payment of \$650,000 which the Board determined to be a reasonable and necessary amount to retain Mr. Poe's services and remain competitive in the marketplace for executive talent. The Company provided this retention opportunity to Mr. Poe because the Company believes that Mr. Poe's experience and talent are necessary to guide the Company through the depressed residential and housing markets which currently exist.



The following table shows information concerning the annual compensation during 2009 for services provided to us by our President and Chief Executive Officer, our Vice President and Chief Financial Officer and our three other most highly compensated executive officers.

## Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock and Option Awards (\$) (1)	Non-Equity & Nonqualified Incentive Plan Compensation (\$) (2)	Change in Pension Value	All Other Compensation (\$) (4)	Total (\$)
						Deferred Compensation Earnings (\$) (3)		
Gary E. Robinette President & Chief Executive Officer	2009	\$ 580,000	\$ -	\$ -	\$ -	\$ -	\$ 13,894	\$ 593,894
	2008	580,000	-	4,971	-	-	34,042	619,013
	2007	530,000	-	-	506,680	-	25,081	1,061,761
Shawn K. Poe Vice President & Chief Financial Officer	2009	300,000	-	-	-	-	304,836	604,836
	2008	300,000	-	1,519	-	-	49,260	350,779
	2007	275,000	50,000(5)	-	197,175	-	22,133	544,308
John Wayne President, Siding Group	2009	388,500	-	-	-	-	20,279	408,779
	2008	388,500	-	16,025	-	-	39,847	444,372
	2007	370,000	-	-	301,920	-	25,409	697,329