

NCI BUILDING SYSTEMS INC

Form PREM14A

August 09, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by
Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to
§240.14a-12

NCI BUILDING SYSTEMS, INC.

(Name of the Registrant as Specified in its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

Title of each class of securities to which transaction applies:

Common stock, par value \$0.01 per share

(2)

Aggregate number of securities to which transaction applies:

58,709,067

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was calculated based on the value of the transaction, which was computed by multiplying 58,709,067 shares of NCI Building Systems, Inc. common stock by \$15.24 per share, that being the average of the high and low prices reported on the New York Stock Exchange on August 8, 2018. In accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended, the filing fee was determined at the rate of \$124.50 per million.

(4)

Proposed maximum aggregate value of transaction:

\$894,726,181

(5)

Total fee paid:

\$111,393.41

Fee paid previously with preliminary materials.

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

(1)

Amount Previously Paid:

Not applicable

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

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PRELIMINARY PROXY STATEMENT — SUBJECT TO COMPLETION, DATED AUGUST 9, 2018

MERGER PROPOSED — YOUR VOTE IS IMPORTANT

Dear Stockholders of NCI Building Systems, Inc.:

You are cordially invited to attend a special meeting of the stockholders of NCI Building Systems, Inc. (“we,” “us,” the “Company” or “NCI”), which will be held on [•], 2018 at [•], at [•] local time) for the purpose of considering and voting upon the proposed merger of Ply Gem Parent, LLC, a Delaware limited liability company (“Ply Gem”) with and into NCI, and related matters.

On July 17, 2018 (the “execution date”), NCI entered into an Agreement and Plan of Merger (as it may be amended from time to time, the “merger agreement”) with Ply Gem, and for certain limited purposes set forth in the merger agreement, Clayton, Dubilier & Rice, LLC, a Delaware limited liability company (“Sponsor”), pursuant to which Ply Gem will be merged with and into NCI (the “merger”), with NCI surviving the merger and continuing its corporate existence. In the merger, NCI will issue to Ply Gem’s equity holders 58,709,067 shares of NCI common stock (as defined below) representing approximately 47% of the total number of shares expected to be outstanding after closing. At the special meeting, holders of NCI’s common stock, par value \$0.01 per share (“NCI common stock”) will be asked to consider and vote on (1) a proposal to adopt the merger agreement (the “merger agreement proposal”), (2) as required by New York Stock Exchange (“NYSE”) rules, a proposal to issue 58,709,067 shares of NCI common stock to the holders (“Ply Gem holders”) of all of Ply Gem’s equity interests (“Ply Gem LLC interests”) as of immediately prior to the closing of the merger (the “share issuance proposal”), (3) a proposal to approve the amendment to NCI’s Amended and Restated Certificate of Incorporation to increase the authorized number of shares of NCI common stock to 200,000,000 and make other changes necessitated by the merger and by a new stockholders agreement and the new registration rights agreement to be entered into among NCI, certain affiliates of Sponsor and certain affiliates of Golden Gate Private Equity, Inc., a minority holder of Ply Gem LLC interests (“GGC”) at the time of the merger (the “charter amendment proposal”), (4) a proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to NCI’s named executive officers in connection with the merger (the “compensation proposal”), and (5) a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement (the “adjournment proposal”). The approval of each of the merger agreement proposal and the charter amendment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of NCI common stock entitled to vote at the special meeting. The approval of each the share issuance proposal, the compensation proposal and the adjournment proposal requires the affirmative vote of the holders of a majority of the votes cast on the proposals at the special meeting. The merger agreement and the merger have been approved and recommended by a special committee of NCI’s directors who are independent and not affiliated with Sponsor. NCI’s board of directors, by unanimous vote of the directors not affiliated with Sponsor, recommends that NCI stockholders vote “FOR” the adoption of the merger agreement proposal, “FOR” the share issuance proposal, “FOR” the charter amendment proposal, “FOR” the compensation proposal and “FOR” the adjournment proposal.

Your vote is very important. The merger cannot be completed unless holders of a majority of the outstanding shares of NCI common stock entitled to vote at the special meeting vote in favor of the proposal to adopt the merger agreement. A failure to vote your shares of NCI common stock on the proposal to adopt the merger agreement will have the same effect as a vote “AGAINST” the proposal to adopt the merger agreement.

The obligations of NCI and Ply Gem to complete the merger are subject to the satisfaction or waiver of a number of conditions set forth in the merger agreement, a copy of which is included as Annex A, to the attached proxy statement. The attached proxy statement describes the special meeting, the merger, the documents and agreements related to the merger, including the new stockholders agreement and the new registration rights agreement to be entered into among NCI, certain affiliates of Sponsor and certain affiliates of GGC, and other related matters. It also contains or references information about NCI and Ply

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Gem, and certain related agreements and matters. Please carefully read this entire proxy statement, including “Risk Factors,” beginning on page 24, for a discussion of the risks relating to the merger. You also can obtain information about NCI from documents that NCI has filed with the Securities and Exchange Commission.

If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, MacKenzie Partners, Inc., at (800) 322-2885 or via email at proxy@mackenziepartners.com.

Thank you for your continued support.

Sincerely,

James S. Metcalf

Chairman of the NCI Board

Donald R. Riley

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger described in this proxy statement or determined if this proxy statement is accurate or complete. Any representation to the contrary is a criminal offense.

This document is dated [•], 2018 and is first being mailed to stockholders of NCI on or about [•], 2018.

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NCI BUILDING SYSTEMS, INC.
10943 North Sam Houston Parkway West
Houston, Texas 77064

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [•], 2018

This is a notice that a special meeting of stockholders (the “special meeting”) of NCI Building Systems, Inc., a Delaware corporation (“we,” “us,” the “Company” or “NCI”) will be held on [•], 2018 at [•], at [•] local time. The special meeting will be held for the following purposes:

1.
to adopt the Agreement and Plan of Merger, dated as of July 17, 2018 (as it may be amended from time to time, the “merger agreement”), by and among NCI Building Systems, Inc., a Delaware corporation, Ply Gem Parent, LLC, a Delaware limited liability company (“Ply Gem”), and for certain limited purposes set forth in the merger agreement, Clayton, Dubilier & Rice, LLC, a Delaware limited liability company (“Sponsor”), a copy of which is attached as Annex A to the proxy statement of which this notice is a part and incorporated by reference herein (the “merger proposal”);
2.
to approve the issuance in the merger of 58,709,067 shares of NCI common stock, in the aggregate to the holders of all of the equity interests in Ply Gem (the “share issuance proposal”);
3.
to approve the amendment to NCI’s Amended and Restated Certificate of Incorporation (the “charter amendment”) to increase the authorized number of shares of NCI common stock to 200,000,000 and make other changes necessitated by the merger and by a new stockholders agreement (the “new stockholders agreement”) to be entered into among NCI, Clayton, Dubilier & Rice Fund VIII, L.P. (“CD&R Fund VIII”), CD&R Friends & Family Fund VIII, L.P. (“CD&R FF Fund VIII” and, collectively with CD&R Fund VIII, the “Sponsor Fund VIII Investors”) and CD&R Pisces Holdings, L.P. (the “Sponsor Fund X Investor” and, collectively with the Sponsor Fund VIII Investors, the “Sponsor Investors” and each, a “Sponsor Investor”) and Atrium Intermediate Holdings, LLC, GGC BP Holdings, LLC and AIC Finance Partnership, L.P. (collectively, the “GGC Investors” and each, a “GGC Investor”) at the time of the merger (the “charter amendment proposal”);
4.
to approve, on an advisory (non-binding) basis, the compensation that may become payable to NCI’s named executive officers in connection with the consummation of the merger (the “compensation proposal”); and
5.
to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement proposal, share issuance proposal and charter amendment proposal (the “adjournment proposal”).

This proxy statement describes the proposals listed above in more detail. Please refer to the attached document, including the merger agreement and all other annexes and any documents incorporated by reference herein, for further information with respect to the business to be transacted at the special meeting. You are encouraged to read the entire document carefully before voting. In particular, see “Proposal 1: Adoption of the Merger Agreement,” beginning on page 42, and “Proposal 2: Issuance of Shares in the Merger,” beginning on page 100, for a description of the transactions contemplated by the merger agreement, and the section titled “Risk Factors” beginning on page 24 for an explanation of the risks associated with the merger and the other transactions contemplated by the merger agreement.

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The merger agreement and the merger have been approved and recommended by a special committee of NCI's directors who are independent and not affiliated with Sponsor. NCI's board of directors, by unanimous vote of the directors not affiliated with Sponsor, recommends that NCI stockholders vote "FOR" the adoption of the merger agreement proposal, "FOR" the share issuance proposal, "FOR" the charter amendment proposal, "FOR" the compensation proposal and "FOR" the adjournment proposal.

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Your vote is very important. The merger cannot be completed unless holders of a majority of the outstanding shares of NCI common stock entitled to vote at the special meeting vote in favor of the proposal to adopt the merger agreement. A failure to vote your shares of NCI common stock on the proposal to adopt the merger agreement will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement.

The NCI board of directors has fixed [•], 2018 as the record date to determine which NCI stockholders are entitled to receive notice of, and to vote at, the special meeting or any adjournments or postponements thereof. Only holders of record of NCI common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting.

YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES OF NCI COMMON STOCK YOU OWN.

Whether or not you expect to attend the special meeting in person, we urge you to submit a proxy to have your shares voted as promptly as possible by either: (1) logging onto the website shown on your proxy card and following the instructions to vote online; (2) dialing the toll-free number shown on your proxy card and following the instructions to vote by phone; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the special meeting. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares of NCI will be represented at the special meeting if you are unable to attend.

If your shares are held in the name of a broker, bank, trustee or other nominee, please follow the instructions on the voting instruction form furnished by such broker, bank, trustee or other nominee, as appropriate. If you have any questions concerning the merger agreement, the merger or the other transactions contemplated by the merger agreement or this proxy statement, would like additional copies or need help voting your shares of NCI common stock, please contact NCI's proxy solicitor:

MacKenzie Partners, Inc.
1407 Broadway
New York, NY 10018
Shareholders May Call Toll-Free: (800) 322-2885
Banks & Brokers May Call Collect: (212) 929-5500
By order of the Board of Directors,

Todd R. Moore
Executive Vice President, Chief Legal, Risk & Compliance Officer and Corporate Secretary

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ADDITIONAL INFORMATION

NCI files annual, quarterly and current reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the “SEC”). You may read and copy any materials that NCI files with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Room 1580, and Washington, DC 20549. Please call the SEC at (800) 732-0330 for further information on the Public Reference Room. In addition, NCI files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You can also obtain these documents, free of charge, from NCI at <http://www.ncibuildingsystems.com>. By referring to NCI’s website and the SEC’s website, NCI does not incorporate by reference any such website or its contents into this proxy statement.

This proxy statement incorporates important business and financial information about NCI from documents that are not attached to this proxy statement. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement free of charge by requesting them in writing or by telephone from NCI or its proxy solicitor at the following addresses and telephone numbers:

NCI Building Systems, Inc.

10943 North Sam Houston Parkway West

Houston, TX 77064

(281) 897-7788

Attention: Corporate Secretary

MacKenzie Partners, Inc.

1407 Broadway

New York, NY 10018

Shareholders May Call Toll-Free: (800) 322-2885

Banks & Brokers May Call Collect: (212) 929-5500

If you would like to request any documents, please do so by [•], 2018 in order to receive them before the special meeting.

For a more detailed description of the information incorporated by reference into this proxy statement and how you may obtain it, see “Where You Can Find More Information” beginning on page 135.

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ABOUT THIS PROXY STATEMENT

This proxy statement constitutes a proxy statement and notice of special meeting for NCI under the Securities Exchange Act of 1934, as amended, and under the Delaware General Corporation Law.

You should rely only on the information contained in or incorporated by reference into this proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement. This proxy statement is dated [•], 2018, and you should assume that the information contained in this proxy statement is accurate only as of such date. You should also assume that the information incorporated by reference into this proxy statement is only accurate as of the date of such information. This proxy statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement regarding NCI has been provided by NCI, and information contained in this proxy statement regarding Ply Gem has been provided by Ply Gem.

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QUESTIONS AND ANSWERS

The following are some questions that you, as a stockholder of NCI Building Systems, Inc. (“we,” “us,” the “Company” or “NCI”) may have regarding the transactions contemplated by the merger agreement and other matters being considered at the special meeting of the NCI stockholders (the “special meeting”) and the answers to those questions. NCI urges you to carefully read the remainder of this proxy statement because the information in this section does not provide all the information that might be important to you with respect to the merger of NCI and Ply Gem and the other matters being considered at the special meeting. Additional important information is also contained in the annexes to, and the documents incorporated by reference into, this proxy statement.

Q:

Why am I receiving this document?

A:

NCI and Ply Gem have agreed to merge under the terms of a merger agreement that is described in this proxy statement (the “merger agreement”). Subject to the terms and conditions of the merger agreement, Ply Gem will be merged with and into NCI, with NCI continuing its existence as a corporation organized under the laws of the State of Delaware (the “merger”).

In order to complete the merger, NCI stockholders must approve the proposal to adopt the merger agreement (the “merger agreement proposal”) and the issuance (the “share issuance”) of 58,709,067 shares of NCI common stock representing approximately 47% of the total number of shares expected to be outstanding after closing, to Ply Gem holders of all of the Ply Gem LLC interests as of immediately prior to the closing of the merger (the “share issuance proposal”), and all other conditions to the merger must be satisfied or waived. NCI will hold a special meeting to obtain these approvals and the approval of a proposal to amend NCI’s Amended and Restated Certificate of Incorporation (the “charter amendment”) to increase the authorized number of shares of NCI common stock to 200,000,000 and make other changes necessitated by the merger and by the new stockholders agreement to be entered into among NCI, the Sponsor Investors and the GGC Investors at the time of the merger (the “charter amendment proposal”). At the special meeting, stockholders will also vote to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to NCI’s named executive officers in connection with the merger (the “compensation proposal”) and vote to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement proposal, share issuance proposal and charter amendment proposal (the “adjournment proposal”).

This proxy statement, which you should read carefully, contains important information about the merger and other matters being considered at the special meeting.

Q:

What consideration is NCI paying to the Ply Gem holders in the merger?

A:

The Ply Gem LLC interests will be converted at the closing of the merger into the right of the Ply Gem holders to receive, in the aggregate, with respect to all such interests, 58,709,067 shares of NCI common stock (the “aggregate merger consideration”), with each holder being entitled to receive its pro rata share of the aggregate merger consideration. The shares issued as aggregate merger consideration will be listed on the NYSE along with NCI common stock already outstanding. The outstanding shares of NCI common stock held by NCI stockholders immediately prior to the merger will remain outstanding after the closing of the merger.

For additional information regarding the consideration to be received in the merger, see “Proposal 1: Adoption of the Merger Agreement — Effects of the Merger.”

Q:

What will be NCI stockholders’ interest in NCI immediately following the merger?

A:

Based upon the estimated number of shares of NCI common stock that will be outstanding immediately prior to the consummation of the merger, we estimate that, upon consummation of the merger, existing NCI stockholders will hold approximately 53% of NCI common stock and the former holders of all of the Ply Gem LLC interests as of immediately prior to the closing of the merger will hold approximately 47% of NCI common stock.

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Q:

What happens to outstanding NCI equity awards in the Merger?

A:

At the effective time of the merger, certain NCI restricted stock awards, options, restricted stock units and performance restricted stock units will become vested. Following the effective time of the merger, all other outstanding NCI equity awards will remain outstanding, without adjustment, and continue to vest in accordance with their terms (including any vesting terms that provide for acceleration upon a change in control or a qualifying termination of employment thereafter). For additional information regarding the consideration to be received in the merger, see “Proposal 1: Adoption of the Merger Agreement — Interests of NCI Executive Officers and Directors in the Merger — Treatment of NCI Equity Awards.”

Q:

What vote is required to approve each proposal?

A:

Your vote “FOR” each proposal presented at the special meeting is very important, and you are encouraged to submit a proxy as soon as possible.

Proposal to Adopt the Merger Agreement. Approval of the merger agreement proposal requires the affirmative vote of holders of a majority of the outstanding shares of NCI common stock entitled to vote on the merger agreement proposal. Any abstention by any NCI stockholder, the failure of any NCI stockholder to submit a vote and any broker non-vote will have the same effect as a vote “AGAINST” the merger agreement proposal.

Proposal to Approve the Share Issuance in the Merger. Approval of the share issuance proposal requires the affirmative vote of the holders of a majority of the votes cast at the special meeting. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes will have no effect on the outcome of the adjournment proposal.

Proposal to Amend NCI’s Amended and Restated Certificate of Incorporation. Approval of the charter amendment proposal requires the affirmative vote of holders of a majority of the outstanding shares of NCI common stock entitled to vote on the merger agreement proposal. Any abstention by any NCI stockholder, the failure of any NCI stockholder to submit a vote and any broker non-vote will have the same effect as a vote “AGAINST” the charter amendment proposal.

Proposal Regarding Certain Merger-Related Executive Compensation Arrangements. Adoption of the compensation proposal requires the affirmative vote of the holders of a majority of the votes cast at the special meeting. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the compensation proposal. Broker non-votes will have no effect on the outcome of the compensation proposal. Since the compensation proposal is non-binding, if the merger agreement proposal is approved by NCI’s stockholders and the merger is completed, the compensation that is the subject of the compensation proposal may be paid in accordance with its terms regardless of the outcome of the non-binding advisory vote.

Proposal to Adjourn the Special Meeting. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the votes cast at the special meeting. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes will have no effect on the outcome of the adjournment proposal.

Q:

When do NCI and Ply Gem expect to complete the merger?

A:

NCI and Ply Gem currently expect to complete the merger in the fourth calendar quarter of 2018. However, neither NCI nor Ply Gem can predict the actual date on which the merger will be completed, nor can the parties assure that the merger will be completed, because completion is subject to conditions beyond either company’s control. See “Proposal

1: Adoption of the Merger Agreement — Regulatory Clearances Required to Complete the Merger” and “The Merger Agreement — Completion of the Merger.”

Q:

What happens if the merger is not completed?

A:

If the merger agreement is not adopted by NCI stockholders or the merger is not completed for any

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other reason, the holders will not receive any payment for their Ply Gem LLC interests and NCI will remain an independent public company, NCI common stock will continue to be listed and traded on the NYSE and registered under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and NCI will continue to file periodic reports with the SEC on account of NCI’s common stock.

Under specified circumstances, NCI may be required to pay a termination fee upon termination of the merger agreement, as described under “The Merger Agreement — Expenses and Termination Fees Relating to the Termination of the Merger Agreement.”

Q:

When and where is the special meeting?

A:

The special meeting will be held on [•], 2018, at [•] (local time), at [•].

Q:

When is the record date for the special meeting? Am I entitled to vote at the special meeting?

A:

Only stockholders of record on [•], 2018, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. As of the close of business on [•], there were [•] outstanding shares of NCI common stock entitled to vote at the special meeting, with each share of NCI common stock entitling the holder of record on such date to one vote.

Q:

What constitutes a quorum at the special meeting?

A:

In order for business to be conducted at the special meeting, a quorum must be present. A quorum at the special meeting requires the presence, in person or by proxy, of holders of a majority in voting power of the outstanding shares of NCI common stock entitled to vote at the special meeting.

Q:

What do I need to do now?

A:

After you have carefully read and considered the information contained or incorporated by reference into this proxy statement, please submit your proxy via the Internet or by telephone in accordance with the instructions set forth on the enclosed proxy card, or complete, sign, date and return the enclosed proxy card in the postage-prepaid envelope provided as soon as possible so that your shares will be represented and voted at the special meeting.

Additional information on voting procedures can be found under the section titled “Special Meeting.”

Q:

How will my proxy be voted?

A:

If you submit your proxy via the Internet, by telephone or by completing, signing, dating and returning the enclosed proxy card, your proxy will be voted in accordance with your instructions.

If you are a registered stockholder of record and you return your signed proxy card but do not indicate your voting preference, the persons named in the proxy card will vote the shares represented by the proxy as recommended by the NCI board of directors (the “NCI board”). Please note that you may not vote shares held in “street name” by returning a

proxy card directly to NCI, or by voting in person at the special meeting unless you provide a “legal proxy,” which you must obtain from your broker, bank or nominee. If you hold your shares in the name of a broker, bank or other nominee and you do not instruct your broker, bank or nominee how to vote your shares, your broker may not vote your shares of NCI common stock, which will have the same effect as a vote “AGAINST” the merger agreement proposal and the charter amendment proposal but will have no effect on the share issuance proposal, the compensation proposal and the adjournment proposal, assuming a quorum is present.

Additional information on voting procedures can be found under the section titled “Special Meeting.”

Q:

Who will count the votes?

A:

The votes at the special meeting will be counted by [•], the independent inspector of election appointed by the NCI board.

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Q:

May I vote in person?

A:

Yes. If you are a stockholder of record of NCI at the close of business on [•], you may attend the special meeting and vote your shares in person, in lieu of submitting your proxy by Internet, telephone or by completing, signing, dating and returning the enclosed proxy card.

If you are a beneficial holder of NCI common stock, you are also invited to attend the special meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid “legal proxy” from your broker, bank or nominee.

Q:

What must I bring to attend the special meeting?

A:

Only NCI stockholders of record, as of the close of business on the record date, beneficial owners of NCI common stock as of the record date, holders of valid proxies for the special meeting, and invited guests of NCI may attend the special meeting. All attendees should be prepared to present government-issued photo identification (such as a driver’s license or passport) for admittance. The additional items, if any, that attendees must bring depend on whether they are stockholders of record, beneficial owners or proxy holders.

Additional information on attending the special meeting can be found under the section titled “Special Meeting.”

Q:

What should I do if I receive more than one set of voting materials for the special meeting?

A:

You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement and multiple proxy cards or voting instruction forms. For example, if you hold your NCI common stock in more than one brokerage account, you will receive a separate voting instruction form for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please submit each separate proxy or voting instruction form that you receive by following the instructions set forth in each separate proxy or voting instruction form.

Q:

What is the difference between holding shares as a “shareholder of record” and holding shares as “beneficial owner” (or in “street name”)?

A:

Most stockholders are considered “beneficial owners” of their shares, that is, they hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially or in “street name.”

Shareholder of Record: If your shares are registered directly in your name with NCI’s transfer agent, you are considered the “shareholder of record” with respect to those shares. As a shareholder of record, you have the right to grant your voting proxy directly to us by submitting your vote by written proxy, telephone or via the Internet, or to vote in person at the meeting.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of shares held in “street name,” and the proxy materials are being forwarded to you by your broker, bank or nominee. As a beneficial owner, you have the right to direct your broker, bank or nominee as to how to vote your shares if you follow the instructions you receive from your broker, bank, or nominee. You are also

invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the meeting unless you request, complete and deliver the proper documentation provided by your broker, bank or nominee and bring it with you to the meeting.

Q:

What is a broker non-vote?

A:

If you are a beneficial owner of shares held in “street name” and do not provide your broker, bank or nominee with specific voting instructions, the broker, bank or nominee may generally vote on “routine”

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matters, but cannot vote on “non-routine” matters. If the broker, bank or nominee does not receive instructions from you on how to vote your shares on a non-routine matter, it will inform the inspector of election that it does not have authority to vote on this matter with respect to your shares. This is referred to as a “broker non-vote.”

You should instruct your broker, bank or other nominee how to vote your shares. Under the rules applicable to broker-dealers, your broker, bank or other nominee does not have discretionary authority to vote your shares on any of the proposals scheduled to be voted on at the special meeting. A broker non-vote will have the same effect as a vote “AGAINST” with respect to the merger agreement proposal and the charter amendment proposal.

Additional information on voting procedures can be found under the section titled “Special Meeting.”

Q:

Can I revoke or change my vote?

A:

Yes. A holder of record may revoke or change a proxy before the proxy is exercised by filing with NCI’s Corporate Secretary a notice of revocation, delivering to NCI a new proxy, by attending the meeting and voting in person, or by re-voting by telephone or the Internet. Beneficial owners must follow instructions provided by their broker, bank or other nominee. A stockholder’s last timely vote, whether via the Internet, by telephone or by mail, is the vote that will be counted.

Beneficial owners of NCI common stock may change their voting instruction by submitting new voting instructions to the brokers, banks or other nominees that hold their shares of record or by requesting a “legal proxy” from such broker, bank or other nominee and voting in person at the special meeting.

Additional information can be found under the section titled “Special Meeting.”

Q:

What constitutes a quorum?

A:

Stockholders representing a majority of all the shares entitled to vote at the special meeting, present in person or by proxy, will constitute a quorum for the transaction of business at the meeting. Abstentions and broker non-votes will be counted towards a quorum. At the close of business on [•], the record date for the special meeting, there were [•] shares of NCI common stock outstanding.

Q:

What happens if I sell or otherwise transfer my shares of NCI common stock before the special meeting?

A:

The record date for stockholders entitled to vote at the special meeting is [•], which is earlier than the date of the special meeting. If you sell or otherwise transfer your shares after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies NCI in writing of such special arrangements, you will retain your right to vote such shares at the special meeting but will otherwise transfer ownership of your shares of NCI common stock.

Q:

Where can I find voting results of the special meeting?

A:

NCI intends to announce the preliminary voting results at the special meeting and publish the final results in a Current Report on Form 8-K that will be filed with the SEC following the special meeting. All reports that NCI files with the SEC are publicly available when filed. See “Where You Can Find More Information.”

Q:

Do I have appraisal rights?

A:

Neither NCI stockholders nor Ply Gem holders are entitled to appraisal rights in connection with the merger. For further information relating to appraisal rights, see “Proposal 1: Adoption of the Merger Agreement — No Appraisal Rights.”

Q:

How can I find more information about NCI and Ply Gem?

A:

You can find more information about NCI and Ply Gem from various sources described in the sections titled “Information About NCI and Ply Gem” and “Where You Can Find More Information.”

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Q:

What is the cost of the proxy solicitation?

A:

NCI will bear all of the cost of the solicitation of proxies, including the preparation, assembly, printing and mailing of all proxy materials sent by it if the merger is consummated; if the merger is terminated such cost will be shared between NCI and Ply Gem with NCI bearing the lesser of 53% of combined expenses or NCI's own expenses. NCI also reimburses banks, brokers, custodian and other record holders for their costs in forwarding the proxy materials to the beneficial owners of holders of NCI common stock. NCI and its directors, officers, and regular officers also may solicit proxies by mail, personally, by telephone or by other appropriate means. No additional compensation will be paid to directors, officers or other regular employees for such services. In addition, we have retained MacKenzie Partners, Inc. to aid in the solicitation of proxies by mail, personally, by telephone, email or other appropriate means. For these services, we will pay \$75,000, plus reasonable out-of-pocket expenses.

Q:

Who can answer any questions I may have about the special meeting, the merger, the other transactions contemplated by the merger agreement, the new stockholders agreement or the new registration rights agreement?

A:

If you have any questions about the special meeting, the merger, the new stockholders agreement, the new registration rights agreement to be entered into by NCI, the Sponsor Investors and the GGC Investors (the "new registration rights agreement"), or how to submit your proxy, or if you need additional copies of this proxy statement or documents incorporated by reference herein, the enclosed proxy card or voting instructions, you should contact:

NCI Building Systems, Inc.
10943 North Sam Houston Parkway West
Houston, TX 77064
(281) 897-7788
Attention: Corporate Secretary

MacKenzie Partners, Inc.
1407 Broadway
New York, NY 10018
Shareholders May Call Toll-Free: (800) 322-2885
Banks & Brokers May Call Collect: (212) 929-5500

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SUMMARY

The following summary highlights selected information described in more detail elsewhere in this proxy statement and the documents incorporated by reference into this proxy statement and may not contain all the information that may be important to you. To understand the merger and the other matters being voted on by NCI stockholders at the special meeting more fully, and to obtain a more complete description of the legal terms of the merger agreement, the new stockholders agreement and the new registration rights agreement, you should carefully read this entire document, including the annexes, and the documents to which NCI refers you. Each item in this summary includes a page reference directing you to a more complete description of that topic. See “Where You Can Find More Information.”

The Companies (see page [36](#))

NCI Building Systems, Inc.

NCI, headquartered in Houston, TX, is one of North America’s largest integrated manufacturers of metal products for the commercial building industry, selling products such as metal wall and roof systems, insulated metal panels, roll-up doors, trim, accessories and engineered commercial buildings. NCI has approximately 5,300 employees across 38 manufacturing locations throughout North America.

NCI was formed in 1984 and is incorporated in the State of Delaware. NCI’s principal executive offices are located at 10943 North Sam Houston Parkway West, Houston, Texas 77064 and its phone number is (281) 897-7788.

For additional information concerning NCI’s business, see the section entitled “Information About NCI and Ply Gem.” Ply Gem Parent, LLC

Ply Gem is a privately held Delaware limited liability company, in which the Sponsor Fund X Investor holds a controlling interest, and the parent company of a leading manufacturer of exterior building products for the residential new construction and repair and remodeling end markets in the U.S. and Canada. Ply Gem has two main product groups: (i) siding, fencing and stone and (ii) windows and doors, and has established leading positions in many of its core product categories, including vinyl siding, aluminum accessories and vinyl windows.

The principal executive offices of Ply Gem are located at 5020 West Parkway, Suite 400, Cary, North Carolina, 27513, and its telephone number is (888) 975-9436.

Effects of the Merger (see page [42](#))

Upon satisfaction or waiver of the conditions to closing, on the closing date, Ply Gem will merge with and into NCI, with NCI continuing its existence as a corporation incorporated under the laws of the State of Delaware. At the effective time, the Ply Gem LLC interests issued and outstanding immediately prior to the effective time will be converted into the right to receive, in the aggregate, 58,709,067 shares of NCI common stock.

Recommendation of the NCI board and Reasons of the Special Committee and NCI Board for the Merger (see page [49](#))

The NCI board formed the NCI special committee, consisting of five of NCI’s directors who are independent and not affiliated with Sponsor (the “NCI special committee”), to consider the proposed merger with Ply Gem. After careful consideration, on July 17, 2018, the NCI special committee and the NCI board of directors (other than the Sponsor-affiliated directors, who had been recused from the matter) each unanimously determined that the terms of the merger agreement, the new stockholders agreement and the registration rights agreement, and the transactions contemplated by the merger agreement, including the merger, the share issuance and charter amendment (collectively, “transactions”), are advisable, fair and in the best interests of NCI and its stockholders. Accordingly, based on its evaluation and having received the recommendation of the NCI special committee, the NCI board, by unanimous vote of the directors not

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affiliated with Sponsor, recommends that NCI stockholders vote “FOR” the adoption of the merger agreement proposal and “FOR” the related other proposals, including the share issuance proposal, the charter amendment proposal and the compensation proposal.

The merger agreement and the merger have been approved and recommended by a special committee of NCI’s directors who are independent and not affiliated with Sponsor. NCI’s board of directors, by unanimous vote of the directors not affiliated with Sponsor, recommends that NCI stockholders vote “FOR” the adoption of the merger agreement proposal, “FOR” the share issuance proposal, “FOR” the charter amendment proposal, “FOR” the compensation proposal and “FOR” the adjournment proposal.

Opinion of NCI’s Financial Advisor (see page 54)

In connection with the merger, NCI retained Evercore Group L.L.C., which we refer to as Evercore, to act as a financial advisor to the NCI board and the NCI special committee. On July 17, 2018, at a meeting of the NCI board, Evercore rendered its oral opinion, subsequently confirmed by delivery of a written opinion that, based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, as of such date, the aggregate merger consideration to be paid by NCI in the merger was fair, from a financial point of view, to NCI. The full text of the written opinion, dated July 17, 2018, of Evercore, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this document. The summary of Evercore’s opinion contained in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. Evercore provided its opinion to the NCI board (in its capacity as such) for the benefit and use of the NCI board in connection with and for purposes of its evaluation of the aggregate merger consideration, from a financial point of view, to NCI. Evercore’s opinion does not address the relative merits of the merger as compared to other business or financial strategies that might be available to NCI, nor does it address the underlying business decision of NCI to engage in the merger. Evercore’s opinion does not address any other aspect of the merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed merger or any related matter.

For further information, see the section of this proxy statement entitled “Proposal 1: Adoption of the Merger Agreement — Opinion of NCI’s Financial Advisor” and Annex D.

Board of Directors and Management of Surviving Corporation Following Completion of the Merger (see page 70)

Under the terms of the merger agreement and the new stockholders agreement, at the effective time of the merger, the board of directors of the surviving corporation will consist of 12 directors, seven of whom will be directors nominated by NCI and five of whom will be persons nominated by the Sponsor Investors. Upon completion of the merger, Jim Metcalf will be the Chairman and Chief Executive Officer of NCI.

Material U.S. Federal Income Tax Consequences (see page 71)

The merger will not result in any U.S. federal income tax consequences to NCI stockholders with respect to their shares of NCI common stock. NCI stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the merger. The material U.S. federal income tax consequences of the merger are described in more detail in the section of this document entitled “Proposal 1: Adoption of the Merger Agreement — Material U.S. Federal Income Tax Consequences.”

Accounting Treatment of the Merger (see page 72)

NCI prepares its financial statements in accordance with the generally accepted accounting principles in the United States (“U.S. GAAP”) and its unaudited pro forma financial information in accordance with Article 11 of Regulation S-X. The merger will be accounted for as an acquisition under Financial Accounting Standards Codification Topic 805 (“ASC 805”), Business Combinations, with NCI being considered the accounting acquirer of Ply Gem. This means that NCI will allocate the purchase price to the

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fair value of Ply Gem’s tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price, if any, being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

Regulatory Clearances Required to Complete the Merger (see page 72)

The consummation of the merger is conditioned on the (1) termination or expiration of the applicable waiting periods under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended (“HSR Act”), and the rules and regulations promulgated in connection with the HSR Act, and (2) the occurrence of, or the parties having received, any necessary approvals or termination of any applicable waiting periods under the Competition Act of Canada and the Austrian Cartel Act (Kartellgesetz) 2005 (BGB I 2005/61), as amended (the “Austrian Cartel Act”).

Treatment of NCI Equity Awards (see page 65)

Upon the effective time of the merger, certain NCI restricted stock awards, options, restricted stock units and performance restricted stock units will become vested. Following the effective time of the merger, all other outstanding NCI equity awards will remain outstanding, without adjustment, and continue to be subject to the terms and conditions (including any vesting terms that provide for acceleration upon a change in control or a qualifying termination of employment thereafter) applicable to such awards immediately prior to the effective time of the merger. Ply Gem has no outstanding equity awards and has agreed not to grant any equity awards prior to the effective time of the merger.

Non-Solicitation of Alternative Proposals (see page 81)

NCI has agreed that it will, and will cause its subsidiaries and direct its representatives to, immediately cease and terminate any and all activities, discussions or negotiations that commenced prior to, and that were ongoing as of, July 17, 2018 regarding any transaction involving a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving NCI or transaction that will result in another person owning 15% of NCI’s assets or 15% of NCI common stock or securities convertible into NCI common stock (the “NCI alternative proposal”). In addition, NCI has agreed that it will not, and will cause its subsidiaries and representatives not to, directly or indirectly, (i) solicit, initiate or knowingly facilitate or encourage any inquiry, proposal or offer from any person relating to, or that could reasonably be expected to lead to, an NCI alternative proposal, (ii) engage or participate in any discussions or negotiations with, or provide any non-public information or access to the business, properties, assets, books or records of NCI or its subsidiaries to, or cooperate with, assist or facilitate any efforts by any person relating to or in connection with, or that was intended to and could reasonably be expected to lead to, an NCI alternative proposal, (iii) accept any proposal or offer from any person relating to or in connection with an NCI alternative proposal, (iv) approve, adopt, or enter into or recommend any contract, term sheet, letter of intent or similar agreement with any person (other than Sponsor, Ply Gem, or another affiliate of Sponsor) relating to or in connection with an NCI alternative proposal, (v) amend or grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of NCI or its subsidiaries, subject to the NCI board’s fiduciary duties, as exercised by the NCI special committee, under the Delaware General Corporation Law (the “DGCL”) or (vi) resolve, agree or publicly propose to, or permit NCI or any of its subsidiaries or any of its representatives to agree or publicly propose to, take any of the actions referred to in clauses (i)-(v).

Nevertheless, NCI is permitted, prior to obtaining the approval of its stockholders adopting the merger agreement and approving the transactions (“stockholder approval”), to engage in the activities described in clauses (i) and (ii) of the preceding paragraph solely with and to any person who has made an unsolicited bona fide written alternative proposal that did not result from a breach of NCI’s non-solicitation obligations under the merger agreement; provided that (i) no non-public information may be furnished until NCI receives an executed confidentiality agreement containing limitations on the use and disclosure of non-public information no less favorable to that party in the aggregate than the terms of the confidentiality agreement between NCI and Ply Gem; and (ii) prior to taking any such actions, the NCI special committee determines in good faith, after consultation with its financial advisors and legal counsel, that such alternative proposal is, or would reasonably be expected to lead to, a superior proposal.

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From and after July 17, 2018, Ply Gem and Sponsor (i) shall, and shall cause their respective affiliates and representatives to, immediately terminate any and all activities, discussions or negotiations that commenced prior to July 17, 2018, regarding any transaction involving a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving Ply Gem or transaction that will result in another person owning 15% of Ply Gem's assets or 15% of Ply Gem LLC interests (the "Ply Gem alternative proposal"); (ii) shall not, and shall cause their respective affiliates and representatives not to, directly or indirectly, (A) solicit, initiate, or knowingly encourage, or take any other action to knowingly facilitate, any Ply Gem alternative proposal or any inquiry or proposal that would reasonably be expected to lead to a Ply Gem alternative proposal, (B) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person (other than NCI) any information with respect to, or otherwise cooperate in any way with, any Ply Gem alternative proposal or any inquiry or proposal that would reasonably be expected to lead to a Ply Gem alternative proposal or (C) approve, endorse, recommend, execute or enter into any term sheet, letter of intent, memorandum of understanding, agreement in principle, joint venture agreement, partnership agreement or merger, acquisition or similar agreement constituting or contemplating any Ply Gem alternative proposal.

Change in NCI board Recommendation and Superior Proposal Termination Right (see page 82)

Prior to the stockholder approval, in response to a bona fide written alternative proposal received by NCI after the execution date that did not result from a breach of its non-solicitation obligations, the NCI board, acting through directors not affiliated with Sponsor, or the NCI special committee may effect a recommendation change or terminate the merger agreement in order to enter into a definitive agreement relating to such proposal, if prior to taking such action the NCI special committee determines in good faith after consultation with its financial advisors and outside legal counsel that (i) such alternative proposal is a superior proposal and (ii) failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law; provided, however, that prior to effecting a recommendation change or terminating the merger agreement, NCI has complied with certain procedural and notice requirements, including by negotiating in good faith with Ply Gem, to revise the terms and conditions of the merger agreement such that it would cause the alternative proposal to no longer be a superior proposal.

In addition, prior to adoption by NCI stockholders of the merger agreement, in response to an intervening event that occurs or arises after the execution date, NCI may effect a recommendation change if prior to taking such action the NCI board or the NCI special committee reasonably determines in good faith, after consultation with its financial advisors and outside legal counsel, that the failure of the NCI board or NCI special committee to effect a recommendation change would be inconsistent with its fiduciary duties under applicable law; provided, however, that prior to effecting a recommendation change, NCI has complied with certain procedural and notice requirements, including by negotiating in good faith to enable Ply Gem to revise the merger agreement such that it would cause the failure of the NCI board to effect a recommendation change to no longer be inconsistent with its fiduciary duties.

Conditions to Completion of the Merger (see page 85)

The obligations of NCI and Ply Gem to consummate the merger are subject to the satisfaction or waiver (to the extent permissible under applicable laws) of the following mutual conditions:

- adoption of the merger agreement proposal by NCI stockholders;
- any waiting periods applicable to the merger under the HSR Act having been terminated or expired and any necessary approvals or termination of any applicable waiting periods under the Competition Act of Canada and the Austrian Cartel Act;
- absence of any decision, injunction, decree, ruling, law or order (whether temporary, preliminary or permanent) enjoining or otherwise prohibiting the consummation of the transactions; and
-

NCI common stock to be issued in the merger having been approved for listing on the NYSE, subject to official notice of issuance.

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The obligation of Ply Gem to effect the merger is also subject to the satisfaction or waiver by Ply Gem of the following additional conditions:

- the accuracy of the representations and warranties of NCI set forth in the merger agreement, subject, in most cases, to “materiality” or “material adverse effect” standards set forth in the merger agreement, as of the date of the merger agreement and as of the closing date of the merger (except to the extent such representations and warranties are expressly made as of a specific date, in which case such representations and warranties will be true and correct as of such specific date only) and Ply Gem’s receipt of an officer’s certificate from NCI to such effect;
- the performance of, or compliance with, in all material respects all agreements and covenants required to be performed or complied with under the merger agreement by NCI at or prior to the effective time and Ply Gem’s receipt of an officer’s certificate from NCI to such effect;
- the receipt by Ply Gem of a written tax opinion from Debevoise & Plimpton LLP (“Debevoise”), in form and substance reasonably satisfactory to Ply Gem, dated as of the closing date, to the effect that, on the basis of the facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a “reorganization” within the meaning of the Code; and
- the delivery by NCI to Ply Gem of copies of the new stockholders agreement and the new registration rights agreement duly executed by NCI.

The obligations of NCI to effect the merger are also subject to the satisfaction or waiver by NCI of the following additional conditions:

- the accuracy of the representations and warranties of Ply Gem set forth in the merger agreement, subject, in most cases, to “materiality” or “material adverse effect” standards set forth in the merger agreement, as of the date of the merger agreement and as of the closing date of the merger (except to the extent such representations and warranties are expressly made as of a specific date, in which case such representations and warranties will be true and correct as of such specific date only) and NCI’s receipt of an officer’s certificate from Ply Gem to such effect;
- the performance of, or compliance with, in all material respects all agreements and covenants required to be performed or complied with under the merger agreement by Ply Gem and Sponsor at or prior to the effective time and NCI’s receipt of an officer’s certificate from Ply Gem to such effect;
- the receipt by NCI of a written tax opinion from Wachtell, Lipton, Rosen & Katz (“Wachtell Lipton”), in form and substance reasonably satisfactory to NCI, dated as of the closing date, to the effect that, on the basis of the facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a “reorganization” within the meaning of the Code; and
- the delivery by the investors to NCI of copies of the new stockholders agreement and the new registration rights agreement duly executed by the investors.

As further discussed under the section titled “Risk Factors,” neither NCI nor Ply Gem can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (see page 87)

NCI and Ply Gem may mutually agree to terminate the merger agreement before consummating the merger, even after adoption of the merger agreement proposal by NCI stockholders.

In addition, either NCI or Ply Gem may terminate the merger agreement if:

- any governmental authority of competent jurisdiction shall have issued any order, decree, ruling or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the merger agreement and such order,

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decree, ruling or injunction or other action shall have become final and nonappealable, or if there shall be adopted any law that makes consummation of such transactions illegal or otherwise prohibited (provided that the party seeking to terminate the agreement has fulfilled its general efforts obligations under the merger agreement);

- the merger is not consummated by January 17, 2019 or if the stockholder approval is not obtained (provided that this right to terminate the merger agreement shall not be available to any party whose failure to fulfill any of its covenants or agreements under the merger agreement has been the principal cause of, or resulted in, the failure of the merger to occur on or before the end date);

- any of the representations or warranties of the other party is inaccurate or any covenant or other agreement of the parties contained in the merger agreement is breached by the other party, and any such breaches or inaccuracies that (i) would cause a condition of closing not to be satisfied and (ii) are not curable, or if curable, is not cured during the time period set forth in the merger agreement (provided that the party seeking to terminate the merger agreement pursuant to this provision is not itself in material breach of any of its representations, warranties and covenants); and

- the special meeting has concluded without adoption of the merger agreement proposal by NCI stockholders.

NCI may also terminate the merger agreement in order to enter into a definitive agreement with respect to a superior proposal prior to the stockholder approval (provided that NCI has complied with certain procedural, notice and other requirements set forth in the merger agreement and, no later than two (2) business days after such termination, NCI pays a termination fee to Ply Gem).

Ply Gem may also terminate the merger agreement if the NCI board changes or withdraws its recommendation of the transaction to stockholders.

Expenses and Termination Fees Relating to the Termination of the Merger Agreement (see page 88)

NCI will be obligated to pay Ply Gem a termination fee of \$45 million in the following circumstances:

- if Ply Gem terminates the merger agreement because the NCI board has changed or withdrawn its recommendation of the transaction to its stockholders;

- if the merger agreement is terminated by either NCI or Ply Gem because the stockholder approval is not obtained and (i) prior to the meeting of NCI's stockholders duly called for the purpose of obtaining the stockholder approval, an NCI alternative proposal is publicly proposed or disclosed and (ii) NCI enters into a definitive agreement with respect to, or consummates, such NCI alternative proposal within 12 months of such termination (provided that any reference in the definition of NCI alternative proposal to "15%" shall be deemed to be a reference to "50%");

- if the merger agreement is terminated by Ply Gem because NCI breached covenants pertaining to non-solicitation of alternative transactions and (i) before such termination, an NCI alternative proposal is publicly proposed or disclosed and (ii) NCI enters into a definitive agreement with respect to, or consummates, such NCI alternative proposal within 12 months of the merger agreement being terminated (provided that any reference in the definition of NCI alternative proposal to "15%" shall be deemed to be a reference to "50%"); or

- if the merger agreement is terminated by NCI, before the stockholder approval is obtained, in order to enter into a definitive agreement with respect to a superior alternative transaction.

In no event shall Ply Gem be entitled to receive more than one termination fee.

If the merger agreement is terminated, expenses incurred by NCI and Ply Gem in connection with the merger will be shared between NCI and Ply Gem, with NCI bearing the lesser of 53% of combined expenses or NCI's own expenses. If the merger is consummated, the surviving corporation will bear all of the expenses of NCI and Ply Gem incurred in connection with the merger.

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Specific Performance (see page 88)

In addition to any other remedy that may be available to each party, including monetary damages, each of the parties will be entitled to an injunction or injunctions, or any other appropriate form of specific performance or equitable relief, to prevent breaches of the merger agreement and to enforce specifically its terms and provisions.

Expected Timing of the Merger (see page 73)

The merger is expected to be completed in the fourth calendar quarter of 2018. However, neither NCI nor Ply Gem can predict the actual date on which the merger will be completed, nor can the parties assure that the merger will be completed, because completion is subject to conditions beyond each party's control.

Listing of NCI Common Stock (see page 73)

It is a condition to the consummation of the merger that the shares of NCI common stock to be issued in the merger be authorized for listing on the NYSE, subject to official notice of issuance.

No Appraisal Rights (see page 73)

Under the DGCL, neither NCI's stockholders nor Ply Gem holders are entitled to appraisal rights in connection with the merger or the other transactions contemplated by the merger.

Financing Cooperation (see page 86)

The merger agreement requires Ply Gem and NCI and their subsidiaries to use their reasonable best efforts to obtain the financing contemplated by the debt commitment letter (the "debt commitment letter"), dated as of the execution date, from certain committed lenders and the arrangers party thereto and addressed to Ply Gem Midco, Inc. ("Ply Gem Midco"), a subsidiary of Ply Gem, or under certain circumstances any substitute financing.

The New Stockholders Agreement (see page B-1)

In connection with the completion of the merger, NCI, the Sponsor Investors and the GGC Investors will enter into the new stockholders agreement. Pursuant to the new stockholders agreement, among other matters, the Sponsor Investors will be entitled to nominate five out of 12 initial members of the NCI board and, thereafter, so long as the Sponsor Investors beneficially own at least 7.5% of the outstanding shares of NCI common stock, to nominate a number of board members in proportion to the Sponsor Investors' percentage beneficial ownership of outstanding NCI common stock, but never to exceed one less than the number of independent, non-Sponsor-affiliated directors serving on the NCI board. The Sponsor Investors and the GGC Investors will also have preemptive rights to subscribe for any equity securities NCI proposes to issue in accordance with each of their respective percentage beneficial ownership of NCI common stock and registration rights for the shares of NCI common stock it receives in the merger, subject to customary exceptions. Under the new stockholders agreement, among other things, until such time that their respective percentage beneficial ownership of the outstanding NCI common stock falls below 10% and stays below such threshold for a period of six months, each of the Sponsor Investors and the GGC Investors will be subject to standstill, voting and transfer restrictions and limitations, including a prohibition on transferring NCI common stock to any third party or group that beneficially owns, or would, after giving effect to such transfer, beneficially own 10% or more of the outstanding NCI common stock.

The New Registration Rights Agreement (see page 98)

Pursuant to the terms of the merger agreement, prior to, but effective as of, the closing of the merger, NCI will enter into the new registration rights agreement, pursuant to which, among other matters, the investors will be granted customary shelf, demand and piggyback registration rights.

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Sponsor Voting

Under NCI's existing stockholders agreement with the Sponsor Fund VIII Investors ("original stockholders agreement"), NCI's entry into the merger agreement required the Sponsor Fund VIII Investors' consent, which the Sponsor Fund VIII Investors have granted. As a result, under the original stockholders agreement, the Sponsor Fund VIII Investors are obligated to vote the shares of NCI common stock they own in favor of each of the proposals to be voted upon at the special meeting.

Risk Factors (see page 24)

Before voting at the special meeting, you should carefully consider all of the information contained in or incorporated by reference into this proxy statement, as well as the specific factors under the section titled "Risk Factors."

Interests of NCI Directors and Executive Officers in the Merger (see page 65)

NCI's directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of the NCI stockholders generally. The members of the NCI board were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending that NCI stockholders adopt the merger agreement. You should be aware of these interests when you consider the recommendation of the NCI board that you vote in favor of the merger agreement proposal and the other proposals.

These interests include, among others: (1) the continued employment of the executive officers of NCI by the surviving corporation, the continued service of independent directors of NCI as directors of NCI or the surviving corporation, (2) each of NCI's executive officers is a party to an agreement with NCI that provides for enhanced severance benefits and accelerated vesting of equity awards in the event of a qualifying termination of employment following the merger, (3) certain NCI executive officers are entitled to retention and/or merger-related bonuses, (4) certain NCI outstanding equity awards will vest "single-trigger" upon the effective time of the merger and all other NCI outstanding equity awards will continue to vest in accordance with their terms (which may include acceleration of vesting of equity awards on a qualifying termination of employment after the effective time of the merger) and (5) NCI's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement. In addition, four NCI directors, James G. Berges, Nathan K. Sleeper, Jonathan L. Zrebiec, and William R. VanArsdale, are employed by or otherwise affiliated with Sponsor; the Sponsor Fund VIII Investors beneficially own approximately 34.5% of the outstanding shares of NCI common stock. The foregoing affiliations with Sponsor were known by or disclosed to the remaining directors on the NCI board. These four NCI directors recused themselves from participating in the NCI board's review and consideration of the merger and did not vote with respect to the merger. The interests of NCI directors and executive officers are described in more detail in "Proposal 1: Adoption of the Merger Agreement — Interests of NCI Directors and Executive Officers in the Merger."

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Selected Historical Consolidated Financial Data of NCI

The following table sets forth NCI's selected consolidated historical financial information that has been derived from (i) NCI's audited consolidated financial statements as of and for the years ended October 29, 2017, October 30, 2016, November 1, 2015, November 2, 2014 and November 3, 2013, and (ii) NCI's unaudited condensed consolidated financial statements as of and for the six months ended April 29, 2018. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of NCI nor does it include the effects of the merger. You should read this financial information together with NCI's consolidated financial statements, the related notes and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations of NCI" in its Annual Report on Form 10-K as of and for the year ended October 29, 2017, filed on December 18, 2017, and Quarterly Report on Form 10-Q as of and for the quarter ended April 29, 2018, filed on June 7, 2018 and Current Report on form 8-K, dated August 6, 2018, each of which is incorporated into this proxy statement by reference. The following information should be read together with NCI's consolidated financial statements and the notes related to those financial statements. For more information, see "Where You Can Find More Information."

	As of or for the six months ended, April 29, 2018	Year ended December 31,				
	(Unaudited)	2017 (Audited)	2016	2015	2014	2013(6)
		(In thousands, except per share data)				
Sales	\$ 878,418	\$ 1,770,278	\$ 1,684,928	\$ 1,563,693	\$ 1,370,540	\$ 1,308,395
Net income (loss)	\$ (435)(1)	\$ 54,724(2)	\$ 51,027(3)	\$ 17,818(4)	\$ 11,185(5)	\$ (12,885)(7)
Net income (loss) applicable to common shares	\$ (435)(1)	\$ 54,399(2)	\$ 50,638(3)	\$ 17,646(4)	\$ 11,085(5)	\$ (12,885)(7)
Earnings (loss) per common share:						
Basic	\$ (0.01)	\$ 0.77	\$ 0.70	\$ 0.24	\$ 0.15	\$ (0.29)
Diluted	\$ (0.01)(1)	\$ 0.77(2)	\$ 0.70(3)	\$ 0.24(4)	\$ 0.15(5)	\$ (0.29)(7)
Cash flow from operating activities	\$ 39,986	\$ 63,874	\$ 68,479	\$ 105,785	\$ 34,104	\$ 65,119
Total assets	\$ 1,006,607	\$ 1,031,112	\$ 1,025,396	\$ 1,049,317	\$ 739,025	\$ 750,489
Total debt	\$ 408,957	\$ 387,290	\$ 396,051	\$ 434,542	\$ 233,709	\$ 235,737
Stockholders' equity	\$ 262,324	\$ 305,247	\$ 281,317	\$ 271,976	\$ 246,542	\$ 252,758
Diluted average	66,311	70,778	72,857	73,923	74,709	44,761(8)

common
shares

Note: NCI calculated the after-tax amounts below by applying the applicable statutory tax rate for the respective period to each applicable item.

(1)

Includes restructuring and impairment charges of \$1.6 million (\$1.2 million after tax), strategic development and acquisition related costs of \$1.9 million (\$1.4 million after tax), loss on disposition of business of \$6.7 million (\$4.9 million after tax), and acceleration of CEO retirement benefits of \$4.6 million (\$3.4 million after tax).

(2)

Includes loss on sale of assets of \$0.1 million (\$0.1 million after tax), restructuring charges of \$5.3 million (\$3.2 million after tax), strategic development and acquisition related costs of \$2.0 million (\$1.2 million after tax), loss on goodwill impairment of \$6.0 million (\$3.7 million after tax), gain on insurance recovery of \$9.7 million (\$5.9 million after tax), and unreimbursed business interruption costs of \$0.5 million (\$0.3 million after tax).

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(3)

Includes gain on sale of assets and asset recovery of \$1.6 million (\$1.0 million after tax), restructuring charges of \$4.3 million (\$2.6 million after tax), strategic development and acquisition related costs of \$2.7 million (\$1.6 million after tax), and gain from bargain purchase of \$1.9 million (non-taxable).

(4)

Includes gain on legal settlements of \$3.8 million (\$2.3 million after tax), strategic development and acquisition related costs of \$4.2 million (\$2.6 million after tax), restructuring charges of \$11.3 million (\$6.9 million after tax), fair value adjustments to inventory of \$2.4 million (\$1.5 million after tax), and amortization of acquisition fair value adjustments of \$8.4 million (\$5.1 million after tax).

(5)

Includes gain on insurance recovery of \$1.3 million (\$0.8 million after tax), secondary offering costs of \$0.8 million (\$0.5 million after tax), foreign exchange losses of \$1.1 million (\$0.7 million after tax), strategic development and acquisition related costs of \$5.0 million (\$3.1 million after tax) and reversal of Canadian deferred tax valuation allowance of \$2.7 million in fiscal 2014.

(6)

Fiscal 2013 includes 53 weeks of operating activity.

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Selected Historical Financial Data of Ply Gem Holdings Inc.

The following table shows selected historical financial and operating data of Ply Gem Holdings Inc. (“Ply Gem Holdings”), the predecessor of Ply Gem, for the periods and as of the dates indicated. Ply Gem Holdings was acquired by the Sponsor Fund X Investor and the GGC Investors and merged with Atrium Corporation (“Atrium”) on April 12, 2018 (“Ply Gem-Atrium merger”). The selected historical financial data of Ply Gem Holdings, as of and for the years ended December 31, 2017, 2016, and 2015, are derived from the audited financial statements of Ply Gem Holdings, appearing elsewhere in this proxy statement. The selected historical financial data of Ply Gem Holdings as of and for the three months ended March 31, 2018 are derived from the unaudited interim financial statements of Ply Gem Holdings appearing elsewhere in this proxy statement.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Ply Gem Holdings nor does it include the effects of the merger or the Ply Gem-Atrium merger. You should read this financial information together with the financial statements of Ply Gem Holdings, the related notes and the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Ply Gem Holdings included in this proxy statement. The following information should be read together with the financial statements of Ply Gem Holdings and the notes related to those financial statements.

	As of and for the three months ended, March 31, 2018	Year ended December 31,		
	2018	2017	2016	2015(1)
(Amounts in thousands, except per share data)	(Unaudited)	(Audited)		
Statement of operations data:				
Net sales	\$ 459,904	\$ 2,056,303	\$ 1,911,844	\$ 1,839,726
Cost of products sold	371,854	1,587,790	1,449,570	1,420,014
Gross profit	88,050	468,513	462,274	419,712
Operating expenses:				
Selling, general and administrative expenses	70,675	272,984	268,714	271,874
Amortization of intangible assets	5,354	21,271	25,064	25,306
Total operating expenses	76,029	294,255	293,778	297,180
Operating earnings	12,021	174,258	168,496	122,532
Foreign currency gain (loss)	(741)	1,363	299	(3,166)
Interest expense	(16,455)	(69,361)	(72,718)	(74,876)
Interest income	20	78	36	57
Tax receivable agreement liability adjustment	—	10,749	(60,874)	(12,947)
Loss on modification or extinguishment of debt	—	(2,106)	(11,747)	—
Income (loss) before provision (benefit) from income taxes	(5,155)	114,981	23,492	31,600
Provision (benefit) from income taxes	(592)	46,654	(51,995)	(688)
Net income (loss)	\$ (4,563)	\$ 68,327	\$ 75,487	\$ 32,288

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	As of and for the three months ended, March 31, 2018	Year ended December 31,		
	(Unaudited)	2017	2016	2015(1)
(Amounts in thousands, except per share data)				
Per basic common share:				
Net income (loss) applicable to common shares	\$ (0.07)	\$ 1.00	\$ 1.11	\$ 0.47
Per diluted common share:				
Net income (loss) applicable to common shares	\$ (0.07)	\$ 0.99	\$ 1.10	\$ 0.47
Total assets(2)	\$ 1,288,292	\$ 1,319,567	\$ 1,257,741(3)	\$ 1,266,572
Long-term debt, less current maturities(2)	\$ 849,352	\$ 807,334	\$ 836,086	\$ 975,531

(1)

Includes the results of Canyon Stone from the date of acquisition, May 29, 2015.

(2)

In accordance with ASU No. 2015-03 Interest-Imputed Interest: Simplifying the Presentation of Debt Issuance Costs, Ply Gem Holdings reclassified \$19.3 million in 2015, \$21.9 million in 2014, and \$15.1 million in 2013 of debt issuance costs to long-term debt. Total assets and total liabilities were each reduced by these amounts with no impact to net income (loss) or total shareholders' equity (deficit) previously reported.

(3)

Ply Gem Holdings elected to prospectively adopt ASU No. 2015-17 Income taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, during the year ended December 31, 2016. The impact of this adoption was a reclassification of current deferred tax assets to noncurrent deferred tax assets; prior years were not retrospectively adjusted.

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Selected Historical Financial Data of Atrium Corporation

The following table shows selected historical financial and operating data of Atrium for the periods and as of the dates indicated. Atrium was merged with Ply Gem Holdings and a controlling interest in both companies was acquired by the Sponsor Fund X Investor on April 12, 2018. The selected historical financial data of Atrium as of and for the years ended December 31, 2017, 2016 and 2015 are derived from the audited financial statements of Atrium, appearing elsewhere in this proxy statement. The selected historical financial data of Atrium as of and for the three months ended March 31, 2018 are derived from the unaudited interim financial statements of Atrium appearing elsewhere in this proxy.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Atrium nor does it include the effects of the merger or the Ply Gem-Atrium merger. You should read this financial information together with Atrium's financial statements, the related notes and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Atrium included in this proxy statement. The following information should be read together with Atrium's financial statements and the notes related to those financial statements.

	As of and for the three months ended March 31, 2018	Year ended December 31,		
		2017	2016	2015
(Amounts in thousands, except per share data)				
Statement of Operations Data:				
Net sales	\$ 72,369	\$ 348,844	\$ 312,628	\$ 300,453
Cost of goods sold	50,873	234,451	214,688	201,015
Gross profit	21,496	114,393	97,940	99,438
Operating Expenses:				
Selling, delivery, general and administrative expenses	16,694	67,572	63,364	63,841
Amortization expense	1,722	6,723	6,231	6,432
Stock compensation expense	—	1	11	11
Total selling, delivery, general and administrative expenses	18,416	74,296	69,606	70,284
Impairment of trade name	—	1,560	200	—
Impairment of goodwill and other intangible assets	—	—	—	300
(Gain) Loss on disposal of assets, net	—	(239)	288	6
Total operating expenses	18,416	75,617	70,094	70,590
Operating income from continuing operations	3,080	38,776	27,846	28,848
Interest expense	9,050	35,903	42,479	39,804
Other expense (income), net	61	226	546	(519)
Income (loss) from continuing operations before income taxes	(6,031)	2,647	(15,179)	(10,437)
Income tax expense (benefit)	(464)	1,521	1,320	2,229
Loss from continuing operations	(5,567)	1,126	(16,499)	(12,666)
Loss from discontinued operations, net of tax	(436)	(1,148)	(8,173)	(13,402)

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Net income (loss)	\$ (6,003)	\$ (22)	\$ (24,672)	\$ (26,068)
Total assets	\$ 213,690	\$ 213,630	\$ 203,444	\$ 214,829
Long-term debt, less current maturities	\$ 302,549	\$ 301,974	\$ 299,543	\$ 311,814
Long-term debt, due to related party	79,709	77,326	68,371	53,556

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Summary Selected Unaudited Pro Forma Condensed Combined Financial Information
of the Surviving Corporation

The following selected unaudited pro forma condensed combined consolidated information has been prepared to reflect the effects of the merger on the financial statements of NCI. The unaudited pro forma condensed combined statements of operations for the six months ended April 29, 2018 and for the year ended October 29, 2017, are presented as if the merger had been completed on October 31, 2016, the beginning of the earliest period presented. The unaudited pro forma condensed combined balance sheet is presented as if the merger had been completed on April 29, 2018.

The following selected unaudited pro forma condensed combined consolidated financial information is not necessarily indicative of the results that might have occurred had the merger taken place on October 31, 2016 for statement of operations purposes or on or April 29, 2018 for balance sheet purposes, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled "Risk Factors." The following selected unaudited pro forma condensed combined consolidated financial information should be read in conjunction with the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" and related notes included in this proxy statement.

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Unaudited Pro Forma Condensed Combined Balance Sheet and Statements of Operations

	As of April 29, 2018
Assets	
Current assets:	
Cash and cash equivalents	\$ 125,581
Restricted cash	177
Accounts receivable, net	439,300
Inventories, net	507,203
Income taxes receivable	6,439
Investments in debt and equity securities, at market	6,332
Prepaid expenses and other current assets	84,480
Assets held for sale	10,102
Total current assets	1,179,614
Property and equipment, net	527,037
Other assets:	
Goodwill	1,707,153
Intangible assets, net	1,802,338
Deferred income tax assets	12,954
Other assets, net	27,574
Total other assets	3,550,019
Total assets	5,256,670
Liabilities	
Current liabilities:	
Notes payable	1,656
Accounts payable	259,098
Accrued compensation and benefits	63,736
Accrued interest	17,118
Other accrued expenses	332,711
Current portion of payable to related parties pursuant to tax receivable agreement	24,894
Current portion of long-term debt	22,300
Total current liabilities	721,513
Long-term debt, net of deferred financing costs	2,818,943
Deferred income taxes	444,255
Long-term portion of payable to related parties pursuant to tax receivable agreement	18,125
Other long-term liabilities	109,719
Total long-term liabilities	3,391,042
Total liabilities	4,112,555
Stockholders' Equity	
Common stock	1,257

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Additional paid-in capital	1,435,176
Accumulated deficit	(282,621)
Accumulated other comprehensive loss	(7,555)
Treasury stock, at cost	(2,142)
Total stockholders' equity	1,144,115
Total liabilities and stockholders' equity	\$ 5,256,670

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	Pro Forma	
	For the six months ended April 29, 2018	For the year ended October 29, 2017
Revenue		
Net sales	2,019,280	4,175,425
Cost of sales	1,581,702	3,194,568
Loss (gain) on sale of assets and asset recovery	—	137
Gross profit	437,578	980,720
Engineering, selling, general and administrative expenses	311,446	608,817
Intangible asset amortization	60,491	120,952
Goodwill impairment	—	6,000
Strategic development and acquisition related costs	1,861	1,971
Restructuring and impairment charges	1,582	5,297
Gain on insurance recovery	—	(9,749)
Gain on legal settlements	—	—
Loss on disposition of business	6,686	—
Operating Earnings	55,512	247,432
Interest income	136	335
Interest expense	(100,990)	(201,471)
Foreign currency gain (loss)	(1,031)	1,864
Other income, net	727	1,472
Loss on extinguishment of debt	(21,875)	—
Tax receivable agreement liability adjustment	10,749	10,749
Income (loss) before income taxes	(56,772)	60,381
(Benefit) provision for income taxes	(8,651)	21,523
Net income (loss) from continuing operations	(48,121)	38,858
Net income allocated to participating securities	—	(325)
Net income (loss) applicable to common shares	(48,121)	38,533
Income (loss) per common share:		
Basic	\$ (0.38)	\$ 0.30
Diluted	\$ (0.38)	\$ 0.30
Weighted average number of common shares outstanding:		
Basic	125,706	130,024
Diluted	125,706	130,173

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The following table shows per share data regarding earnings (losses) from continuing operations, book value per share and cash dividends for NCI on a historical basis and for the surviving corporation on a pro forma basis. For the purposes of unaudited pro forma per share data of the surviving corporation, the figures for the six months ended April 29, 2018 and for the year ended October 29, 2017 are presented as if the merger had been completed on October 31, 2016.

The following comparative per share data for NCI is derived from and should be read together with the audited historical consolidated financial statements and the related notes thereto contained in the Current Report on Form 8-K, dated August 6, 2018, which is incorporated by reference into this proxy statement. The historical data for Ply Gem Holdings and Atrium is derived from their respective audited financial statements for the fiscal year ended December 31, 2017 and unaudited interim financial statements for the three months ended March 31, 2018, which are included elsewhere in this proxy statement. The information below should be read in conjunction with the “Unaudited Pro Forma Condensed Combined Financial Information” beginning on page 104.

	As of and for the six months ended April 29, 2018	As of and for the three months ended March 31, 2018		As of and for the six months ended April 29, 2018	As of and for the year ended October 29, 2017	As of and for the year ended December 31, 2017		As of and for the year ended Octo 201
(In thousands, except per share data)	Historical NCI	Historical Ply Gem Holdings	Historical Atrium	Pro Forma (1)	Historical NCI	Historical Ply Gem Holdings	Historical Atrium	Pro (1)
Income per common share – basic	\$ (0.01)	n/a	n/a	\$ (0.38)	\$ 0.77	\$ 1.00	\$ (0.00)	\$ 0
Income per common share – diluted	\$ (0.01)	n/a	n/a	\$ (0.38)	\$ 0.77	\$ 0.99	\$ (0.00)	\$ 0
Weighted average number of common shares outstanding – basic	66,311	68,546	2,010	125,706	70,629	68,443	2,010	1
Weighted average number of common shares outstanding – diluted	66,311	68,546	2,010	125,706	70,778	69,007	2,010	1
Book value per share of common stock	\$ 3.97	\$ 1.12	\$ (117.65)	\$ 9.11	\$ 4.46	\$ 1.20	\$ (113.23)	
Dividends declared per share of common stock	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(1)

Pro forma per share figures include the number of shares of NCI common stock expected to be issued to Ply Gem (or its members) in the merger and to certain NCI accelerated equity award holders. For more information, refer to the Unaudited Pro Forma Condensed Combined Financial Information.

n/a — Ply Gem Holdings and Atrium have previously not prepared six-month period ended March 31, 2018 financial information. The historical basic and diluted earnings per share for Ply Gem and Atrium for the three-month period ended March 31, 2018 were (\$0.07) and (\$2.99), respectively. Refer to the Unaudited Pro Forma Condensed Combined Financial Information and the interim financial statements of Ply Gem Holdings and Atrium included elsewhere in this proxy statement.

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RISK FACTORS

In addition to the other information included and incorporated by reference into this proxy statement, including the matters addressed in the section titled “Cautionary Statements Regarding Forward-Looking Statements,” you should carefully consider the following risk factors before deciding whether to vote for the merger agreement proposal. In addition, you should read and consider the risks associated with each of the businesses of NCI and Ply Gem because these risks will relate to the surviving corporation following the completion of the merger. Descriptions of some of these risks can be found in the Annual Report of NCI on Form 10-K for the fiscal year ended October 29, 2017, and any amendments thereto, as such risks may be updated or supplemented in NCI’s subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, including the Current Report of NCI on Form 8-K, dated August 6, 2018, which are incorporated by reference into this proxy statement. You should also consider the other information in this document and the other documents incorporated by reference into this document. See “Where You Can Find More Information.”

Risks Relating to the Merger

NCI and Ply Gem may fail to complete the merger if certain required conditions, many of which are outside the companies’ control, are not satisfied.

Completion of the merger is subject to various customary closing conditions, including, but not limited to, (i) adoption of the merger agreement by NCI’s stockholders, (ii) the expiration or termination of any applicable waiting period under the HSR Act, the Competition Act of Canada and the Austrian Cartel Act, (iii) the absence of any order of injunction prohibiting the consummation of the merger, (iv) no material adverse effect occurring with respect to NCI or Ply Gem, (v) subject to certain exceptions and materiality and material adverse effect standards, the accuracy of the representations and warranties of the parties to the merger agreement, (vi) performance and compliance by the parties to the merger agreement in all material respects with agreements and covenants contained in the merger agreement and (vii) the receipt by each company of a written opinion from its tax counsel to the effect that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. Despite the companies’ best efforts, they may not be able to satisfy or receive the various closing conditions or obtain the necessary approvals in a timely fashion or at all.

Failure to complete the merger could negatively impact NCI’s stock prices and future businesses and financial results. If the merger is not completed, NCI will be subject to several risks, including the following:

- certain damages for which NCI may be liable to Ply Gem under the terms and conditions of the merger agreement, including a termination fee in certain circumstances;
- payment for certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees;
- negative reactions from the financial markets, including declines in the price of NCI’s common stock due to the fact that current prices may reflect a market assumption that the merger will be completed;
- diverted attention of NCI’s management to the merger rather than to NCI’s operations and pursuit of other opportunities that could have been beneficial to it; and
- a negative impact on NCI’s future growth plan, including with regard to potential acquisitions, for which the surviving corporation is likely to provide a stronger foundation.

Directors and executive officers of NCI may have interests in the transactions contemplated by the merger agreement that are different from, or in addition to, those of NCI stockholders generally.

NCI's directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of the NCI stockholders generally. The members of the NCI board were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement

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and the merger, and in recommending that NCI stockholders adopt the merger agreement. You should be aware of these interests when you consider the recommendation of the NCI board that you vote in favor of the merger agreement proposal, the compensation proposal and the other proposals.

These interests include, among others: (1) the continued employment of the executive officers of NCI by the surviving corporation, the continued service of independent directors of NCI as directors of NCI or the surviving corporation, (2) each of NCI's executive officers is a party to an agreement with NCI that provides for enhanced severance benefits and accelerated vesting of equity awards in the event of a qualifying termination of employment following the merger, (3) certain NCI executive officers are entitled to retention and/or merger-related bonuses, (4) certain NCI outstanding equity awards will vest "single-trigger" upon the effective time of the merger and all other NCI outstanding equity awards will continue to vest in accordance with their terms (which may include acceleration of vesting of equity awards on a qualifying termination of employment) and (5) NCI's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement.

In addition, four NCI directors, James G. Berges, Nathan K. Sleeper, Jonathan L. Zrebiec, and William R. VanArsdale, are employed by or otherwise affiliated with Sponsor; the Sponsor Fund VIII Investors beneficially own approximately 34.5% of the outstanding shares of NCI common stock. The foregoing affiliations with Sponsor were known by or disclosed to the remaining directors on the NCI board. These four NCI directors recused themselves from participating in the NCI board's review and consideration of the merger and did not vote with respect to the merger. The interests of NCI directors and executive officers are described in more detail in "Proposal 1: Adoption of the Merger Agreement — Interests of NCI Directors and Executive Officers in the Merger."

The consideration to be received by Ply Gem Holders is fixed and will not be adjusted for changes affecting Ply Gem or NCI.

Under the merger agreement, at the closing of the merger, the Ply Gem LLC interests outstanding as of immediately prior to the closing of the merger will be converted into the right of the holders to receive, in the aggregate with respect to all such interests, the aggregate merger consideration, with each holder being entitled to receive its pro rata share of the aggregate merger consideration. The aggregate merger consideration is fixed and will not be adjusted prior to completion of the merger for changes in the businesses, operations, results and prospects of Ply Gem or NCI. Such changes may affect the value of the aggregate merger consideration or may affect the market value of NCI stock prior to the completion of the merger. Market assessments of the benefits of the merger and general and industry-specific market and economic conditions may also have an effect on the market price of NCI common stock. NCI will be subject to various uncertainties and contractual restrictions while the merger is pending that could adversely affect its business and operations.

Uncertainty about the effect of the merger on customers, suppliers and vendors may have an adverse effect on NCI's business, financial condition and results of operations. It is possible that some customers, suppliers and other persons with whom NCI has business relationships may delay or defer certain business decisions, or might decide to seek to terminate, change or renegotiate their relationship with NCI as a result of the merger, which could negatively affect NCI's financial results, as well as the market price of NCI common stock, regardless of whether the merger is completed.

In addition, under the terms of the merger agreement, NCI is subject to certain restrictions on the conduct of its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies. These restrictions may, among other matters, prevent NCI from pursuing otherwise attractive business opportunities, selling assets, incurring indebtedness, engaging in significant capital expenditures in excess of certain limits set forth in the merger agreement, entering into other transactions or making other changes to NCI's business prior to consummation of the merger or termination of the merger agreement. Such limitations could negatively affect NCI's businesses and operations prior to the completion of the merger.

NCI may have difficulty attracting, motivating and retaining executives and other employees in light of the merger. Uncertainty about the effect of the merger on NCI's employees may impair its ability to attract, retain and motivate personnel until the merger is completed. Employee retention may be particularly challenging

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during the pendency of the merger, as employees may feel uncertain about their future roles with the combined organization. In addition, NCI may have to provide additional compensation in order to retain employees. If employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to become employees of the surviving corporation, the surviving corporation's ability to realize the anticipated benefits of the merger could be adversely affected.

The provisions of the merger agreement limiting NCI's ability to pursue alternative transactions to the merger and requiring it to pay a termination fee if it does so may discourage others from trying to acquire NCI.

The merger agreement prohibits NCI and its directors, officers, employees, advisors and other representatives, subject to specified exceptions, from initiating, soliciting or knowingly facilitating or encouraging any inquiry, proposal or offer from any third party regarding alternative acquisition proposals. This prohibition limits NCI's ability to pursue offers from other possible acquirers that may constitute superior alternative transactions. If NCI receives an unsolicited proposal from a third party that is superior to the merger with Ply Gem and the merger agreement is terminated, NCI would be required to pay a termination fee to Ply Gem.

These provisions could discourage a potential third-party acquirer that might have an interest in acquiring all or a significant portion of NCI's common stock or assets from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher market value than the market value proposed to be realized in the merger. Similarly, these provisions might result in a potential third-party acquirer proposing to pay a lower price to NCI stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. If the merger agreement is terminated and we determine to seek another business combination, we may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the merger agreement.

In connection with the merger, Ply Gem, NCI and/or the surviving corporation may be required to take write-downs or write-offs, restructuring and impairment or other charges that could negatively affect the business, assets, liabilities, prospects, outlook, financial condition and results of operations of Ply Gem, NCI and/or the surviving corporation. Although Ply Gem and NCI have conducted extensive due diligence on each other in connection with the merger, they cannot assure you that this diligence revealed all material issues that may be present, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of NCI's and Ply Gem's control will not later arise. Even if NCI's and Ply Gem's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with NCI's and Ply Gem's preliminary risk analysis. Further, as a result of the merger, purchase accounting, and the proposed operation of the surviving corporation going forward, Ply Gem, NCI and/or the surviving corporation may be required to take write-offs or write-downs, restructuring and impairment or other charges. As a result, Ply Gem, NCI and/or the surviving corporation may be forced to write-down or write-off assets, restructure its operations, or incur impairment or other charges that could negatively affect the business, assets, liabilities, prospects, outlook, financial condition and results of operations of Ply Gem, NCI and/or the surviving corporation.

The market price of the surviving corporation's NCI common stock may be volatile, and holders of the surviving corporation's NCI common stock could lose a significant portion of their investment due to drops in the market price of the surviving corporation's NCI common stock following completion of the merger.

The market price of the surviving corporation's NCI common stock may be volatile, and following completion of the merger or otherwise due to fluctuations in its market price, including changes in price caused by factors unrelated to the surviving corporation's operating performance or prospects.

Specific factors that may have a significant effect on the market price for the surviving corporation's NCI common stock include, among others, the following:

- changes in stock market analyst recommendations or earnings estimates regarding the surviving corporation's NCI common stock, other companies comparable to it or companies in the industries they serve;

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- actual or anticipated fluctuations in the surviving corporation's operating results of future prospects;
- reaction to public announcements by the surviving corporation;
- strategic actions taken by the surviving corporation or its competitors, such as the intended business separations, acquisitions or restructurings;
- failure of the surviving corporation to achieve the perceived benefits of the transactions, including financial results and anticipated synergies, as rapidly as or to the extent anticipated by financial or industry analysts;
- adverse conditions in the financial market or general U.S. or international economic conditions, including those resulting from war, incidents of terrorism and responses to such events; and
- sales of NCI common stock by the surviving corporation, members of its management team or significant stockholders.

The opinion of NCI's financial advisor will not be updated to reflect changes in circumstances between the signing of the merger agreement in July 2018 and the completion of the merger.

NCI has not obtained an updated opinion from its financial advisor as of the date of this proxy statement, and NCI does not anticipate asking its financial advisor to update its opinion. Changes in the operations and prospects of NCI or Ply Gem, general market and economic conditions and other factors that may be beyond the control of NCI or Ply Gem, and on which NCI's financial advisor's opinion was based, may significantly alter the price of the shares of NCI common stock or the value of the Ply Gem LLC interests by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of the merger agreement. Because NCI's financial advisor will not be updating its opinion, which was issued in connection with the signing of the merger agreement in July 2018, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. The NCI board's recommendation that NCI stockholders vote "FOR" the merger agreement proposal, however, is made as of the date of this proxy statement. For a description of the opinion that NCI received from its financial advisor, please refer to "Proposal 1: Adoption of the Merger Agreement — Opinion of NCI's Financial Advisor."

Risks Relating to the Business of the Surviving Corporation upon Completion of the Merger

Upon consummation of the merger, Ply Gem will merge with and into NCI, with NCI continuing its existence as a Delaware corporation. Accordingly, the risks specific to the businesses of NCI and Ply Gem will affect the combined business of the surviving corporation.

You should read and consider risk factors specific to the business of Ply Gem described below under "— Other Risk Factors of Ply Gem." In addition, you should read and consider the risk factors described in Item 1A of NCI's Annual Report on Form 10-K for the fiscal year ended October 29, 2017, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed by NCI with the SEC and incorporated by reference into this document. See "Where You Can Find More Information."

The surviving corporation may fail to realize the anticipated benefits of the merger and may assume unanticipated liabilities.

The success of the merger will depend on, among other things, the surviving corporation's ability to combine the NCI and Ply Gem businesses in a manner that realizes the various benefits, growth opportunities and synergies identified by the companies. Achieving the anticipated benefits of the transaction is subject to a number of risks and

uncertainties. NCI would assume all of the liabilities associated with Ply Gem, which could reduce the value of Ply Gem to NCI. Also, it is uncertain whether NCI's and Ply Gem's existing operations and the acquired properties and assets can be integrated in an efficient and effective manner.

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As with other acquisitions, the success of the merger depends on, among other things, the accuracy of NCI's assessment of the operating costs and various other factors. These assessments are necessarily inexact. Although the business and operations to be acquired are subject to many of the risks and uncertainties to which both NCI and Ply Gem businesses and operations are subject, risks associated with the merger in particular include those associated with the significant size of the transaction relative to NCI's and Ply Gem's existing operations.

In addition, the integration of operations following the merger will require the attention of NCI's management and other personnel, which may distract their attention from NCI's day-to-day business and operations and prevent the surviving corporation from realizing benefits from other opportunities. Completing the integration process may be more expensive than anticipated, and NCI cannot assure you that it will be able to effect the integration of these operations smoothly or efficiently, or that the anticipated benefits of the transaction will be achieved.

The unaudited pro forma condensed combined financial information included in this proxy statement is preliminary. The actual financial condition and results of operations of NCI after the merger may differ materially.

This proxy statement includes unaudited pro forma condensed combined financial information for NCI, which we refer to as the pro forma financial information, that combines the audited historical consolidated financial statements of NCI for the fiscal year ended October 29, 2017 and the unaudited historical consolidated financial information of NCI as of and for the six months ended April 29, 2018 with the Ply Gem-Atrium merger the unaudited pro forma condensed combined financial information for the fiscal year ended December 31, 2017 and as of and for the six months ended March 31, 2018, adjusted to give effect to the merger. The pro forma financial information should be read in conjunction with NCI's financial statements and accompanying notes, which are incorporated by reference in this proxy statement, and the historical financial statements of Ply Gem Holdings and Atrium included elsewhere in this proxy statement. The pro forma financial statements are presented for illustrative purposes only, are based on certain assumptions, address a hypothetical situation and reflect limited historical financial data. The pro forma financial information is presented for illustrative purposes only, is based on certain assumptions, addresses a hypothetical situation and reflects limited historical financial data. The pro forma financial information does not include, among other things, estimated cost or growth synergies, adjustments related to restructuring or integration activities, future acquisitions or disposals not yet known or probable, or impacts of merger-related change in control provisions that currently are not factually supportable and/or probable of occurring. Therefore, the pro forma financial information is presented for informational purposes only and is not necessarily indicative of what the surviving corporation's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. Accordingly, NCI's business, assets, results of operations and financial condition may differ significantly from those indicated by the pro forma financial informations included in this proxy statement. For more information, see "Unaudited Pro Forma Condensed Combined Financial Information."

The Sponsor Investors will have the ability to exercise significant influence over certain corporate actions following completion of the merger.

Following the merger, affiliates of the Sponsor Investors will collectively own approximately 49.7% of NCI outstanding NCI common stock. As a significant stockholder, the Sponsor Investors could significantly influence the outcome of matters requiring a stockholder vote, including the election of directors, the adoption of any amendment to NCI's certificate of incorporation or bylaws and the approval of mergers and other significant corporate transactions. Their influence over NCI may have the effect of delaying or preventing a change of control or may adversely affect the voting and other rights of other stockholders.

If, subject to the new stockholders agreement transfer restrictions, the Sponsor Investors or the GGC Investors were to sell all or a material number of the shares issued to it in the merger, the market price of NCI's common stock could be negatively impacted.

The Sponsor Fund X Investor will receive approximately 39,128,930 shares of NCI common stock in the merger and, combined with the Sponsor Fund VIII Investors' current ownership of NCI common stock, the Sponsor Investors will own approximately 49.7% of the shares expected to be outstanding upon

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closing. The GGC Investors will receive approximately 18,981,187 shares of NCI common stock, representing approximately 15.7% of the shares expected to be outstanding upon closing.

Sales of these shares are subject to certain transfer restrictions pursuant to the new stockholders agreement. Following the expiration of such transfer restrictions, sales of these shares, particularly if sold in substantial amounts or all at once or within a short time period, could cause the market price of NCI common stock to decline or affect NCI's ability to raise equity capital around the time of such sales. In addition, for so long as the Sponsor Investors and the GGC Investors hold a significant number of shares, the possibility that the Sponsor Investors or the GGC Investors might sell a substantial number of shares could depress the market price for NCI common stock. Pursuant to the terms of the new registration rights agreement, NCI is obliged to file a shelf registration statement, upon the later of a date that is 90 days after the closing date and January 31, 2019, to permit a public resale of the NCI common stock held by the GGC Investors and by the Sponsor Investors.

The financial analyses and forecasts considered by NCI and its financial advisor may not be realized, which may adversely affect the market price of NCI common stock following the completion of the merger.

In performing its financial analyses and rendering its opinion regarding fairness, from a financial point of view, of the NCI merger consideration, the financial advisor to NCI relied on, among other things, internal forecasts and cost savings and operating synergies projections provided to it. See "Proposal 1: Adoption of the Merger Agreement — Certain NCI and Ply Gem Unaudited Prospective Financial and Operating Information." The forecasts were prepared by, or as directed by, the managements of NCI and Ply Gem. None of these analyses and forecasts was prepared with a view towards public disclosure or compliance with the published guidelines of the SEC, U.S. GAAP, or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts. These projections are inherently based on various estimates and assumptions that are subject to the judgment of those preparing them. These projections are also subject to significant economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of NCI and Ply Gem. There can be no assurance that NCI's or Ply Gem's financial condition or results of operations will be consistent with those set forth in such analyses and forecasts, which could have a material impact on the market price of NCI common stock following the merger.

Combining the businesses of NCI and Ply Gem may be more difficult, costly and time-consuming than expected, which may adversely affect the surviving corporation's results and negatively affect the value of NCI common stock following the merger.

NCI and Ply Gem have entered into the merger agreement because each believes that combining the businesses of NCI and Ply Gem will produce benefits and cost savings. However, NCI and Ply Gem historically have operated as independent companies and will continue to do so until the completion of the merger. Following the completion of the merger, the surviving corporation's management will need to integrate NCI's and Ply Gem's respective business. The combination of two independent businesses is a complex, costly and time-consuming process and the management of the surviving corporation may face significant challenges in implementing such integration, many of which may be beyond the control of management, including, without limitation:

- latent impacts resulting from the diversion of NCI's and Ply Gem's respective management teams' attention from ongoing business concerns as a result of the devotion of management's attention to the merger and performance shortfalls at one or both of the companies;
- ongoing diversion of the attention of management from the operation of the surviving corporation's business as a result of the intended business separations;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects;
- the possibility of faulty assumptions underlying expectations regarding the integration process;

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- unanticipated issues in integrating accounting, information technology, communications programs, financial procedures and operations, and other systems, procedures and policies;

- difficulties in managing a larger surviving corporation, addressing differences in business culture and retaining key personnel;

- unanticipated changes in applicable laws and regulations;

- coordinating geographically separate organizations; and

- unforeseen expenses or delays associated with the merger.

Some of these factors will be outside of the control of NCI and Ply Gem, and any one of them could result in increased costs and diversion of management's time and energy, as well as decreases in the amount of expected revenue that could materially impact the business, financial conditions and results of operations of the combined business. The integration process and other disruptions resulting from the merger may also adversely affect the surviving corporation's relationships with employees, suppliers, customers, distributors, licensors and others with whom NCI and Ply Gem have business or other dealings, and difficulties in integrating the businesses of NCI and Ply Gem could harm the reputation of the surviving corporation.

If the surviving corporation is not able to successfully combine the businesses of NCI and Ply Gem in an efficient, cost-effective and timely manner, the anticipated benefits and cost savings of the merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of NCI common stock, the revenues, levels of expenses and results of operations may be affected adversely. If the surviving corporation is not able to adequately address integration challenges, the surviving corporation may be unable to successfully integrate NCI's and Ply Gem's operations or realize the anticipated benefits of the transactions.

NCI will incur significant costs in connection with the integration of the surviving corporation.

While both NCI and Ply Gem have assumed that a certain level of expenses would be incurred in connection with the merger and the other transactions contemplated by the merger agreement, there are many factors beyond their control that could affect the total amount of, or the timing of, anticipated expenses with respect to the integration and implementation of the combined businesses.

There may also be additional unanticipated significant costs in connection with the merger that the surviving corporation may not recoup. These costs and expenses could reduce the benefits and additional income NCI expects to achieve from the merger. Although NCI expects that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

NCI may pursue acquisitions as part of its future growth strategy, which could result in NCI acquiring additional risk or liability and result in dilution to NCI's stockholders.

NCI's management and the NCI board regularly consider potential strategic alternatives, including potential acquisitions and business combination transactions, and, from time to time, NCI has pursued various transaction opportunities. NCI expects to continue to evaluate and pursue potential strategic acquisitions and business combination transactions as part of its growth strategy. No assurance can be given that NCI will be successful in identifying attractive acquisition candidates or completing acquisitions on favorable terms. In the event NCI does make acquisitions, such acquisitions may be accompanied by risks commonly associated with acquisitions. These risks include potential exposure to unknown liabilities of acquired companies or to acquisition costs and expenses, the difficulty and expense of integrating the operations and personnel of the acquired companies, the potential disruption to the business of the surviving corporation and potential diversion of NCI's management's time and attention, the

impairment of relationships with and the possible loss of key employees and customers as a result of the changes in management, and the incurrence of amortization expenses and write-downs. In the event that NCI chooses to use equity as consideration for such acquisitions, NCI stockholders may suffer dilution.

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The significant amount of the surviving corporation's indebtedness may limit the cash flow available to invest in the ongoing needs of the business.

The surviving corporation will have substantial indebtedness, which could have important consequences. For example, it could:

- require the surviving corporation to dedicate a substantial portion of its cash flow from operations to interest and principal payments on indebtedness, reducing the availability of cash flow for other purposes, such as capital expenditures, acquisitions and working capital;
- limit the surviving corporation flexibility in planning for, or reacting to, changes in its business, the industry in which it operates and the general economy;
- place the surviving corporation at a disadvantage compared to its competitors that have less debt;
- expose the surviving corporation to fluctuations in the interest rate environment because the interest rates of certain credit facilities of the surviving corporation are at variable rates; and
- limit the surviving corporation's ability to borrow additional funds.

Any of the foregoing could have a material adverse effect on the surviving corporation's business, financial condition, cash flows, results of operations, and ability to satisfy the surviving corporation's obligations under its indebtedness.

Other Risk Factors of NCI

NCI's businesses are and will be subject to the risks described above. In addition, NCI's business is, and will continue to be, subject to the business risks described in NCI's Annual Report on Form 10-K for the fiscal year ended October 29, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement. See "Where You Can Find More Information" for the location of information incorporated by reference into this proxy statement.

Other Risk Factors of Ply Gem

The businesses of Ply Gem and NCI are subject to substantially similar risks and uncertainties. Ply Gem's businesses are and will be subject to the risks described above and the risks described in NCI's Annual Report on Form 10-K for the fiscal year ended October 29, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement. In addition, Ply Gem is, and will continue to be subject to many of the risks described in the Annual Reports on Form 10-K of Ply Gem Holdings, Ply Gem's predecessor, for the fiscal year ended December 31, 2017, as updated by subsequent Current Reports on Form 8-K, all of which are filed with the SEC.

In addition, on April 12, 2018, the Sponsor Fund X Investor and the GGC Investors acquired and merged Ply Gem Holdings and Atrium as subsidiaries of Ply Gem Midco, a subsidiary of Ply Gem. Following this transaction, Ply Gem is subject to the following risks related to the integration of Ply Gem Holdings and Atrium:

There is a significant degree of difficulty inherent in the process of integrating Ply Gem Holdings and Atrium. These difficulties include:

- the challenge of integrating Ply Gem Holdings and Atrium while also effectively carrying on the ongoing operations of each business;
- the challenge of integrating the business cultures and employees of each company;

- the challenge of optimizing Ply Gem's geographic footprint, particularly in areas of geographic overlap;
- the challenges associated with realizing anticipated merger synergies through manufacturing or

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assembly realignments, consolidation or integration of facilities or other cost savings initiatives, including challenges related to achieving procurement savings and any business interruption or unexpected employee turnover that may result from the implementation of identified initiatives;

- the challenges of managing customer relationships smoothly and maintaining customer accounts, particularly in instances where both companies serve the same customer;

- difficulties encountered in any internal reorganization that Ply Gem may undertake after the acquisition and merger of Ply Gem Holdings and Atrium;

- the challenge and cost of integrating the information technology, financial management systems and internal controls of each company; and

- the potential difficulty in retaining key officers and sales personnel of Ply Gem Holdings and Atrium.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of Ply Gem Holdings' or Atrium's existing businesses and may require Ply Gem to incur substantial costs. Members of senior management may be required to devote considerable amounts of time and attention to the integration process, which will decrease the time they will have to manage the combined company, service existing customers, attract new customers, develop new products or strategies and manage risk. If senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, Ply Gem's business could suffer.

Ply Gem cannot provide assurances that it will successfully or cost-effectively integrate the Ply Gem Holdings' and Atrium businesses. The failure to do so could have a material adverse effect on its financial condition, cash flows and results of operations.

Ply Gem may not realize the anticipated merger synergies and growth opportunities from the acquisition and merger of Ply Gem Holdings and Atrium or the benefits of the Ply Gem's 2x20 cost reduction initiative (the "Ply Gem 2x20 Cost Reduction Initiative").

The benefits that Ply Gem expects to achieve as a result of the acquisition and merger of Ply Gem Holdings and Atrium will depend, in part, on its ability to realize the potential anticipated merger cost synergies and its ability to drive incremental sales from cross-selling. Ply Gem's success in realizing these cost synergies and the timing of this realization depends on the successful integration of the respective Ply Gem Holdings and Atrium businesses and operations. Even if Ply Gem is able to integrate Ply Gem Holdings and Atrium and implement the identified synergy realization plan, the integration may not result in the realization of the full benefits of the merger cost synergies that Ply Gem currently expects within the anticipated time frame or at all. In addition, Ply Gem's success in realizing the cost savings from the Ply Gem 2x20 Cost Reduction Initiative depends on the successful implementation of a separate set of initiatives at the same time as it is integrating the Ply Gem Holdings and Atrium businesses and operations. These initiatives also may not result in the realization of the full benefits that Ply Gem currently expects within the anticipated time-frame or at all.

Moreover, Ply Gem may incur substantial expenses in connection with the integration of Ply Gem Holdings and Atrium and the implementation of the identified merger cost synergies and the Ply Gem 2x20 Cost Reduction Initiative. While Ply Gem anticipates that certain expenses will be incurred, such expenses are difficult to estimate accurately and may exceed current estimates.

Ply Gem's charges to earnings resulting from the business combination, restructuring and integration costs or to historical factors at the Ply Gem Holdings and Atrium businesses may adversely affect its financial results.

Ply Gem will account for the completion of the acquisition and merger of Ply Gem Holdings and Atrium using the purchase method of accounting. Ply Gem will allocate the total estimated consideration to net tangible assets,

amortizable intangible assets and indefinite-lived intangible assets, and based on their fair values as of the completion date of the acquisition and merger of Ply Gem Holdings and Atrium

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record the excess, if any, of the consideration over those fair values as goodwill. Ply Gem's financial results could be adversely affected by a number of adjustments required in purchase accounting, in addition to non-recurring charges related to the business combination and realization of merger synergies.

If infrastructure and network systems integration and planning related to the acquisition and merger of Ply Gem Holdings and Atrium cost more than the amounts that have been budgeted, Ply Gem's business, financial condition, cash flows and results of operations could be adversely affected. Interruptions to or other problems with Ply Gem's information technology systems or other operations could damage its reputation and brand and substantially harm its business and results of operations.

The satisfactory performance, reliability, consistency, security and availability of Ply Gem's websites, information technology systems and other operations are critical to its reputation and brand and its ability to effectively service customers. Any interruptions or other problems that cause any of Ply Gem's websites or information technology systems to malfunction, be unavailable or negatively impact its manufacturing processes or other operations, may damage its reputation and brand, result in lost revenue, cause it to incur significant costs seeking to remedy the problem and otherwise substantially harm its business and results of operations.

Moreover, the business interruption insurance that Ply Gem carries may not be sufficient to compensate it for the potentially significant losses, including the potential harm to the future growth of Ply Gem's business that may result from interruptions in service as a result of system failures.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

Throughout this proxy statement and the documents incorporated by reference into this proxy statement, we make statements that may be deemed “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about the closing of the merger, the timing of such closing, the expected benefits of the merger, and NCI’s, Ply Gem’s and the surviving corporation’s future strategy, plans, estimates, beliefs, timing and expected performance. All of these types of statements, other than statements of historical fact included in or incorporated by reference into this proxy statement, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “expect,” “seek,” “believe,” “upside,” “will,” “may,” “expect,” “anticipate,” “plan,” “will be dependent on,” “potential,” “intend,” “could,” “should,” “estimate,” “predict,” “pursue,” “target,” “objective,” “continue,” the negative of such other comparable terminology (including those contained in certain visual depictions).

Forward-looking statements are dependent upon events, risks and uncertainties that may be outside NCI’s, Ply Gem’s and the surviving corporation’s control. NCI’s actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the following risks and uncertainties:

- risks and uncertainties relating to the merger, including the possibility that the merger does not close when expected or at all because conditions to closing are not satisfied on a timely basis or at all;
- potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the merger;
- timing of the merger;
- the possibility that the anticipated benefits of the merger are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies;
- the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- the ability to implement the anticipated business plans of the combined company following closing and achieve anticipated benefits and savings;
- the possibility that the parties may not be able to achieve expected synergies and operating efficiencies in connection with the merger within the expected time-frames or at all;
- diversion of management’s attention from ongoing business operations and opportunities;
- changes in residential and commercial construction demands, driven in part by fluctuating interest rates, demographic shifts and customer trends;

- the ability of the parties to secure stockholder and regulatory approvals in a timely manner or on the terms desired or anticipated;
- the ability of NCI and Ply Gem to integrate their businesses;
- the outcome of any legal proceedings related to the proposed merger;
- industry cyclical and seasonality and adverse weather conditions;
- volatility in the U.S. economy and abroad, generally, and in the credit markets;
- changes in foreign currency exchange and interest rates;
- our ability to generate significant cash flow required to service or refinance our existing debt and obtain future financing;
- our substantial indebtedness and our ability to incur substantially more indebtedness;

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- our ability to comply with the financial tests and covenants in our existing and future debt obligations;
- commodity price increases and/or limited availability of raw materials, including steel;
- retention and replacement of key personnel;
- volatility of NCI's stock price;
- potential future sales of NCI's common stock held by the Sponsor Investors;
- substantial governance and other rights held by the Sponsor Investors;
- changes in laws or regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2009;
- other uncertainties, as well as those factors discussed in this proxy statement and in NCI's Annual Report on Form 10-K for the year ended October 29, 2017, its Quarterly Reports on Form 10-Q for the quarters ended January 28, 2018 and April 29, 2018, and its Report on Form 8-K, dated August 6, 2018 under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors," and in other documents incorporated by reference in this proxy statement.

All forward-looking statements contained in this proxy statement speak only as of the date of this proxy statement and all forward-looking statements incorporated by reference into this proxy statement speak only as of the dates such statements were made. NCI expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements, whether as a result of new information, future events or otherwise.

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INFORMATION ABOUT NCI AND PLY GEM

NCI Building Systems, Inc.

NCI is one of North America's largest integrated manufacturers and marketers of metal products for the nonresidential construction industry. Of the approximate \$275 billion nonresidential construction industry, we primarily serve the low-rise nonresidential construction market (five stories or less) which, according to Dodge Data & Analytics, represented approximately 86% of the total nonresidential construction industry during our fiscal year 2017. Our broad range of products is used primarily in new construction and in repair and retrofit activities, mostly in North America.

Shares of NCI common stock are traded on the NYSE under the symbol "NCS."

The principal executive offices of NCI are located at 10943 North Sam Houston Parkway West, Houston, Texas 77064, and its telephone number is (281) 897-7788. Additional information about NCI and its subsidiaries is included in documents incorporated by reference into this proxy statement. See "Where You Can Find More Information."

Ply Gem Parent, LLC

Ply Gem is a privately held Delaware limited liability company, in which the Sponsor Fund X Investor holds a controlling interest, and the parent company of a leading manufacturer of exterior building products for the residential new construction and repair and remodeling end markets in the U.S. and Canada. Ply Gem has two main product groups: (i) siding, fencing and stone and (ii) windows and doors, and has established leading positions in many of its core product categories, including vinyl siding, aluminum accessories and vinyl windows.

The principal executive offices of Ply Gem are located at 5020 West Parkway, Suite 400, Cary, North Carolina 27513, and its telephone number is (888) 975-9436.

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SPECIAL MEETING

General

This proxy statement is being provided to NCI stockholders as part of a solicitation of proxies by the NCI board for use at the special meeting and at any adjournments or postponements of such special meeting. This proxy statement provides NCI stockholders with important information about the special meeting and should be read carefully in its entirety.

Date, Time and Place of the Special Meeting

The special meeting will be held on [•], 2018 at [•], at [•] (local time).

Purposes of the Special Meeting

The special meeting is being held to consider and vote upon the following proposals:

- Proposal 1. To adopt the Agreement and Plan of Merger, dated as of July 17, 2018 (as it may be amended from time to time, the “merger agreement”), by and among NCI Building Systems, Inc., a Delaware Corporation, Ply Gem Parent, LLC, a Delaware limited liability company (“Ply Gem”), and for certain limited purposes set forth in the merger agreement, Clayton, Dubilier & Rice, LLC, a Delaware limited liability company (“Sponsor”), a copy of which is attached as Annex A to the proxy statement of which this notice is a part and incorporated by reference herein (the “merger proposal”);

- Proposal 2. To approve the issuance in the merger of 58,709,067 shares of NCI’s common stock, par value \$0.01 per share (“NCI common stock”) in the aggregate to the holders of all of the equity interests in Ply Gem (the “share issuance proposal”);

- Proposal 3. To approve the amendment to NCI’s Amended and Restated Certificate of Incorporation (the “charter amendment”) to increase the authorized number of shares of NCI common stock to 200,000,000 and make other changes necessitated by the merger and by a new stockholders agreement (the “new stockholders agreement”) to be entered into among NCI, the Sponsor Investors and the GGC Investors at the time of the merger (the “charter amendment proposal”);

- Proposal 4. To approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to NCI’s named executive officers in connection with the merger, discussed under the heading “Proposal 1: Adoption of the Merger Agreement — Interests of NCI Directors and Executive Officers in the Merger”; and

- Proposal 5. To approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement proposal, share issuance proposal and charter amendment proposal (the “adjournment proposal”).

Recommendation of the NCI board

The merger agreement and the merger have been approved and recommended by a special committee of NCI’s directors who are independent and not affiliated with Sponsor. NCI’s board of directors, by unanimous vote of the directors not affiliated with Sponsor, recommends that NCI stockholders vote:

- Proposal 1: “FOR” the adoption of the merger agreement proposal;

- Proposal 2: “FOR” the approval of the share issuance proposal;

- Proposal 3: “FOR” the approval of the charter amendment proposal;
- Proposal 4: “FOR” the compensation proposal; and
- Proposal 5: “FOR” the approval of the adjournment proposal.

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The NCI board, by unanimous vote of directors not affiliated with Sponsor, (1) declared it advisable to enter into the merger agreement, (2) determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the share issuance and charter amendment, and the terms of the new stockholders agreement and the new registration rights agreement to be entered into by NCI, the Sponsor Investors and the GGC Investors prior to, and as a condition for, and effective upon the consummation of the merger are fair and in the best interests of the Company and its stockholders, (3) approved the merger agreement, the new stockholders agreement, the new registration rights agreement and the transactions and (4) determined to recommend that NCI stockholders vote to approve the transactions, including the share issuance and the charter amendment, and adopt the merger agreement.

This proxy statement contains important information regarding these proposals and factors that NCI stockholders should consider when deciding how to cast their votes. NCI stockholders are encouraged to read the entire document carefully, including the annexes to and documents incorporated by reference into this proxy statement, for more detailed information regarding the merger agreement and the transactions contemplated by the merger agreement, including the new stockholders agreement.

Attendance at the Special Meeting

Only NCI stockholders of record as of the close of business on the record date, beneficial owners as of the close of business on the record date, holders of valid proxies for the special meeting and invited guests of NCI may attend the special meeting.

Record Date

The record date for the determination of stockholders entitled to notice of and to vote at the special meeting is [•], 2018. Only NCI stockholders who held shares of record at the close of business on [•], 2018 are entitled to vote at the special meeting and any adjournment or postponement of the special meeting, so long as such shares remain outstanding on the date of the special meeting.

Outstanding Shares as of Record Date

As of the close of business on the record date, there were [•] shares of NCI common stock outstanding, held by [•] holders of record, and no shares of preferred stock outstanding. Each share of NCI common stock entitles its holder of record to one vote at the special meeting. The NCI common stock is the only class of stock entitled to vote at the special meeting, and holders of NCI common stock are entitled to vote on each proposal presented.

A complete list of registered NCI stockholders entitled to vote at the special meeting will be available for inspection at the place of the special meeting during the meeting.

Shares and Voting of NCI Directors and Executive Officers

As the close of business on the record date, approximately [•]% of the outstanding shares of NCI common stock were held by NCI directors and executive officers and their affiliates. We currently expect that NCI directors and executive officers will vote their shares of NCI common stock in favor of the above-listed proposals, although none of them have entered into any agreements obligating them to do so.

Sponsor Voting

Under the NCI's original stockholders agreement, entry into the merger agreement, and completion of the merger and the transactions contemplated by the merger agreement, required the Sponsor Fund VIII Investors' consent. The Sponsor Fund VIII Investors granted this consent on July 17, 2018. Under NCI's original stockholders agreement, the Sponsor Fund VIII Investors are obligated to vote the shares of NCI common stock they own in favor of any action to which they have granted consent under the NCI original stockholders agreement. Accordingly, the Sponsor Fund VIII Investors are obligated to cause the shares of NCI common stock they own in favor of each of the proposals to be voted upon at the special meeting.

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Quorum

In order for business to be conducted at the special meeting, a quorum must be present. A quorum requires the presence of holders of a majority of the issued and outstanding shares of NCI common stock entitled to vote at the special meeting. For purposes of determining whether there is a quorum, all shares that are present, including abstentions and broker non-votes, will count towards the quorum. Broker non-votes occur when a beneficial owner holding shares in “street name” does not instruct the broker, bank or other nominee that is the record owner of such stockholder’s shares on how to vote those shares on a particular proposal.

Vote Required

The votes required for each proposal are as follows:

Proposal 1 — the Merger Agreement Proposal. The affirmative vote of holders of a majority in voting power of the outstanding shares of NCI common stock entitled to vote on the merger agreement proposal is required to adopt the merger agreement proposal. The failure of any NCI stockholder to submit a vote (e.g., by not submitting a proxy or not voting in person) and any abstention by an NCI stockholder will have the same effect as a vote “AGAINST” the merger agreement proposal. Because the merger agreement proposal is non-routine, brokers, banks and other nominees do not have discretionary authority to vote on the merger agreement proposal, and will not be able to vote on the merger agreement proposal absent instructions from the beneficial owner. A broker non-vote will have the same effect as a vote “AGAINST” the merger agreement proposal.

Proposal 2 — the Share Issuance Proposal. The affirmative vote of the holders of a majority of the votes cast on the share issuance proposal is required to approve the share issuance proposal. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes (if any) will have no effect on the outcome of the share issuance proposal.

Proposal 3 — the Charter Amendment Proposal. The affirmative vote of holders of a majority in voting power of the outstanding shares of NCI common stock entitled to vote on the charter amendment proposal is required to adopt the charter amendment proposal. The failure of any NCI stockholder to submit a vote (e.g., by not submitting a proxy or not voting in person) and any abstention by an NCI stockholder will have the same effect as a vote “AGAINST” the charter amendment proposal. Because the charter amendment proposal is non-routine, brokers, banks and other nominees do not have discretionary authority to vote on the charter amendment proposal, and will not be able to vote on the charter amendment proposal absent instructions from the beneficial owner. A broker non-vote will have the same effect as a vote “AGAINST” the charter amendment proposal.

Proposal 4 — the Compensation Proposal. The affirmative vote of the holders of a majority of the votes cast on the share issuance proposal is required to approve the share issuance proposal. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes (if any) will have no effect on the outcome of the share issuance proposal. Since the compensation proposal is non-binding, if the merger agreement proposal is approved by NCI’s stockholders and the merger is completed, the compensation that is the subject of the compensation proposal may be paid in accordance with its terms regardless of the outcome of the non-binding advisory vote.

Proposal 5 — the Adjournment Proposal. The affirmative vote of the holders of a majority of the votes cast on the adjournment proposal is required to approve the adjournment proposal. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes (if any) will have no effect on the outcome of the adjournment proposal.

How to Vote

NCI stockholders of record as of the close of business on the record date may have their shares voted by submitting a proxy or may vote in person at the special meeting by following the instructions provided on the enclosed proxy card. NCI recommends that NCI stockholders entitled to vote submit a proxy even if they plan to attend the special meeting.

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NCI stockholders who hold their shares beneficially in “street name” and wish to submit a proxy must provide instructions to the broker, bank, trustee or other nominee that holds their shares of record as to how to vote their shares with respect to Proposals 1, 2, 3 and 4. NCI stockholders who hold their shares beneficially and wish to vote in person at the special meeting must obtain proxies issued in their own names (known as a “legal proxy”).

NCI stockholders of record may submit a proxy in one of three ways or vote in person at the special meeting:

- Internet: NCI stockholders may submit their proxy over the Internet at the web address shown on their proxy card. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m., Eastern Time, on [•], 2018. Stockholders will be given an opportunity to confirm that their voting instructions have been properly recorded. NCI stockholders who submit a proxy this way need not send in their proxy card.

- Telephone: NCI stockholders may submit their proxy by calling the toll-free telephone number shown on their proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m., Eastern Time, on [•], 2018. Easy-to-follow voice prompts will guide stockholders through the voting and allow them to confirm that their instructions have been properly recorded. NCI stockholders who submit a proxy this way need not send in their proxy card.

- Mail: NCI stockholders may submit their proxy by properly completing, signing, dating and mailing their proxy card in the postage-paid envelope (if mailed in the United States) included with this proxy statement. NCI stockholders who vote this way should mail the proxy card early enough so that it is received before the date of the special meeting.

- In Person: NCI stockholders may vote in person at the special meeting or by sending a representative with an acceptable proxy that has been signed and dated. Attendance at the special meeting will not, however, in and of itself constitute a vote or a revocation of a prior proxy.

NCI stockholders are encouraged to submit a proxy promptly. Each valid proxy received in time will be voted at the special meeting according to the choice specified, if any. Executed but uninstructed proxies (i.e., proxies that are properly signed, dated and returned but are not marked to tell the proxies how to vote) will be voted in accordance with the recommendations of the NCI board.

Proxies and Revocation

NCI stockholders of record may revoke their proxies at any time before their shares are voted at the special meeting in any of the following ways:

- sending a written notice of revocation to NCI at 10943 North Sam Houston Parkway West, Houston, Texas 77064, Attention: Corporate Secretary, which must be received before their shares are voted at the special meeting;

- properly submitting a new, later-dated proxy card, which must be received before their shares are voted at the special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

- submitting a proxy via the Internet or by telephone at a later date, which must be received by [•], Eastern Time, on [•], 2018 (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

- attending the special meeting and voting in person. Attendance at the special meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

NCI beneficial owners may change their voting instruction only by submitting new voting instructions to the brokers, banks or other nominees that hold their shares of record.

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Inspector of Election

The NCI board has selected [•] to act as the independent inspector of election at the special meeting.

Solicitation of Proxies

NCI will pay for the proxy solicitation costs related to the special meeting. In addition to sending and making available these materials, some of NCI's directors, officers and other employees may solicit proxies by contacting NCI stockholders by telephone, by mail, by email or in person. NCI stockholders may also be solicited by press releases issued by NCI and/or Ply Gem, postings on NCI's or Ply Gem's websites and advertisements in periodicals. None of NCI's directors, officers or employees will receive any extra compensation for their solicitation services. NCI has also retained MacKenzie Partners, Inc. to assist in the solicitation of proxies for an estimated fee of approximately \$75,000, plus reasonable out-of-pocket expenses. NCI will also reimburse brokers, banks and other nominees for their expenses in sending proxy solicitation materials to the beneficial owners of NCI common stock and obtaining their proxies.

Adjournments

The special meeting may be adjourned in the absence of a quorum by the affirmative vote of a majority of the votes cast on the proposal by holders of NCI's common stock.

Even if a quorum is present, the special meeting could be adjourned in order to provide more time to solicit additional proxies in favor of approval of the merger agreement proposal if a majority of votes are cast in favor of the NCI adjournment proposal. If after the adjournment a new record date is set for the adjourned meeting, a notice of the adjourned meeting must be given to each NCI stockholder of record entitled to vote at the special meeting.

No Appraisal Rights

Under the DGCL, neither NCI's stockholders nor Ply Gem holders are entitled to appraisal rights in connection with the merger or the other transactions contemplated by the merger.

Other Matters

At this time, NCI knows of no other matters to be submitted at the special meeting.

Householding of Special Meeting Materials

To reduce the expense of delivering duplicate proxy solicitation materials, NCI and some brokers may take advantage of the SEC's "householding" rules. These householding rules permit the delivery of only one set of proxy solicitation materials to stockholders who share the same address, unless otherwise requested. Any NCI stockholder of record who shares an address with another NCI stockholder of record and who has received only one set of proxy solicitation materials may receive a separate copy of those materials, without charge, and/or request future delivery of separate materials upon contacting MacKenzie Partners, Inc. at the address or phone number provided below or upon writing to NCI's Corporate Secretary at 10943 North Sam Houston Parkway West, Houston, TX 77064.

Questions and Additional Information

NCI stockholders may contact NCI's proxy solicitor, MacKenzie Partners, Inc., with any questions about the proposals or how to vote or to request additional copies of any materials at:

MacKenzie Partners, Inc.

1407 Broadway

New York, New York 10018

Shareholders May Call Toll-Free: (800) 322-2885

Banks & Brokers May Call Collect: (212) 929-5500

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PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT

This section of the proxy statement describes the material aspects of the proposed merger. This section may not contain all of the information that is important to you. You should carefully read this entire proxy statement and the documents incorporated by reference into this proxy statement, including the full text of the merger agreement, a copy of which is attached to this proxy statement as Annex A and incorporated by reference herein, for a more complete understanding of the proposed merger and the transactions related thereto. In addition, important business and financial information about each of NCI and Ply Gem is included in or incorporated by reference into this proxy statement and is included in the annexes hereto. See also “Where You Can Find More Information.”

Effects of the Merger

Upon satisfaction or waiver of the conditions to closing, on the closing date, Ply Gem will merge with and into NCI, with NCI surviving as a Delaware corporation. The Ply Gem LLC interests as of immediately prior to the closing of the merger will be converted into the right of the holders of such interests to receive the aggregate merger consideration, with each Ply Gem holder being entitled to receive its pro rata share of the aggregate merger consideration.

Authorization and Issuance of NCI Common Stock

Pursuant to the terms of the merger agreement, NCI expects to issue, in the aggregate, 58,709,067 shares of NCI common stock to the holders upon completion of the merger, with each Ply Gem holder becoming entitled to receive its pro rata share of the aggregate merger consideration. Delivery of the aggregate merger consideration is necessary for the completion of the merger.

In order to accommodate the issuance of NCI common stock to deliver the aggregate merger consideration, NCI is proposing that NCI stockholders approve the share issuance proposal and the charter amendment proposal. For more information regarding the share issuance proposal and the charter amendment proposal, see sections entitled “Proposal 2: Issuance of Shares in the Merger” and “Proposal 3: Approval of Amendment to the Amended and Restated Certificate of Incorporation,” respectively.

Background of the Merger

NCI’s management and the NCI board regularly review NCI’s performance, prospects and strategy in light of the current business, economic and commodity-input environment, as well as developments in the nonresidential construction industry in which NCI participates. From time to time, these reviews have included consideration of various strategic alternatives, including potential mergers with or acquisitions of other participants in the construction industry or adjacent industries, or a sale of the company. During late 2016 and early 2017, at the NCI board’s direction, NCI conducted a non-public process to explore a sale of NCI, including contacting numerous potentially interested strategic and financial parties. The process resulted in the submission of only one indication of interest, at an unacceptably low premium and valuation, and the process was terminated in late February, 2017.

During the second half of 2017, NCI’s management and the NCI board continued to review NCI’s performance, prospects and strategy, including discussion of the possibility of augmenting NCI’s growth potential through a merger or strategic acquisition. Following the NCI board’s regularly scheduled meeting in November, 2017, and in preparation for a meeting of the NCI board scheduled for late February, 2018, as is his customary practice as chairman, James S. Metcalf, chairman of the NCI board, spoke informally by telephone with each of the other directors of NCI. The feedback received during these conversations indicated to Mr. Metcalf that the NCI board would welcome a discussion of strategic alternatives as part of the regular agenda at its next meeting. Accordingly, Mr. Metcalf requested NCI’s management to prepare for the NCI board a review of NCI’s potential strategic alternatives, including the alternatives of geographic expansion, business- or product-line expansion, as well as joint venture or merger or acquisition opportunities.

The Sponsor Fund VIII Investors, investment funds affiliated with Sponsor, which first invested in NCI in late 2009, own approximately 34.5% of the outstanding shares of NCI common stock. The Sponsor Fund VIII Investors are parties to the original stockholders agreement providing them with certain

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governance rights and subjecting them to certain standstill, voting and transfer restrictions and limitations, and nominated three of its affiliates (Nathan K. Sleeper, James G. Berges and Jonathan L. Zrebiec) to be members of NCI's 12-person board of directors, each of whom was ultimately elected by NCI stockholders to the NCI board.

On January 31, 2018, Sponsor publicly announced that the Sponsor Fund X Investor, an investment fund affiliated with Sponsor, had entered into definitive agreements to acquire each of Ply Gem Holdings and Atrium (in which the GGC Investors held a majority interest). These acquisitions were completed on April 12, 2018, and Atrium's business was combined into that of Ply Gem Holdings.

On February 27 and 28, 2018, the NCI board met, together with members of NCI senior management, for a regularly scheduled meeting. During this meeting, the NCI board engaged in a high-level discussion of potential acquisition targets and merger partners, including Ply Gem. Following this meeting, at the request of the NCI board, Mr. Metcalf, together with Donald R. Riley, NCI's chief executive officer, and other members of senior management, conducted a review of the growth-focused aspects of NCI's strategic plan, including opportunities for both organic growth as well as inorganic growth via a strategic transaction with one or more of the potential counterparties identified by NCI's senior management, and concluded that a merger with Ply Gem was the most promising potential opportunity for inorganic growth and that such a merger could potentially create significant value for NCI stockholders and assist NCI to improve its strategic positioning, and warranted further evaluation. Mr. Metcalf spoke by telephone with each of NCI's independent directors not affiliated with Sponsor to obtain their respective reactions to the board meeting generally, including the discussion of strategic opportunities. In these conversations, the directors expressed interest in, and encouraged Messrs. Metcalf and Riley to further evaluate, a potential transaction with Ply Gem.

During March and early April, 2018, Messrs. Metcalf and Riley, together with NCI's management, and with the assistance of an internationally known strategic consulting firm independent of Sponsor that had been engaged to assist in this evaluation, evaluated a potential combination of NCI and Ply Gem, including the potential impact on NCI's strategic positioning and growth prospects, and the synergy potential from such a combination. In recent years, NCI has achieved significant cost reductions by increasing the efficiency of its manufacturing and plant operations, and Messrs. Metcalf and Riley and other members of NCI senior management believed that significant cost savings and synergies could potentially be achieved in Ply Gem's operations through the application of similar efficiency-enhancing techniques. During mid-April, 2018, Mr. Metcalf again spoke by telephone with each of NCI's independent directors not affiliated with Sponsor, concerning Ply Gem, and concerning the possibility of discussing a potential combination of NCI and Ply Gem with Sponsor in order to determine whether Sponsor would be receptive to exploring such a transaction. In these conversations, the directors encouraged Messrs. Metcalf and Riley to discuss with Sponsor the exploration of a possible combination of NCI and Ply Gem.

On April 24, 2018, Messrs. Metcalf and Riley met with representatives of Sponsor, including several senior executives of Sponsor, as well as Messrs. Sleeper, Berges and Zrebiec, each of whom is a partner at Sponsor and also serves as a director of NCI. At this meeting, Messrs. Metcalf and Riley presented to the Sponsor representatives the possibility of combining NCI and Ply Gem, and informed the Sponsor representatives that NCI intended to explore the combination further, including by retaining a financial advisor to assist NCI in assessing the desirability of engaging in such a transaction and the possible terms thereof. The Sponsor representatives indicated that from both Sponsor's perspective as the manager of the Sponsor Fund X Investor, which is the majority holder of Ply Gem LLC interests and from Sponsor's perspective as the manager of the Sponsor Fund VIII Investors, which are NCI's largest stockholders, Sponsor was willing to consider, and would not discourage NCI from considering, a potential combination of NCI and Ply Gem.

Following the April 24, 2018 meeting, Mr. Metcalf and members of NCI's senior management contacted Wachtell Lipton, independent outside counsel that does not represent Sponsor or its affiliated investment funds, to discuss process, governance and fiduciary duty matters in connection with a potential transaction between NCI and Ply Gem. On May 1, 2018, the NCI board met telephonically, together with members of NCI's senior management and representatives of Wachtell Lipton. At this meeting, the NCI board and senior management reviewed NCI's strategic alternatives, NCI's senior management reviewed and discussed

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information about each of NCI and Ply Gem, and the NCI board and senior management discussed the potential opportunities and risks associated with a combination with Ply Gem. Based on these discussions and discussion solely among the directors not designated by the Sponsor Fund VIII Investors, the NCI board concluded that a merger with Ply Gem was the most promising potential opportunity for inorganic growth and that such a merger could potentially create significant value for NCI stockholders and could improve NCI's strategic positioning, improve its growth prospects, improve its operating and financial performance, and create cost reduction and merger synergy opportunities. The NCI board identified as primary risks of the potential combination the risk that NCI and/or Ply Gem could fail to successfully execute on its business plan, that projected performance might prove unachievable or that expected synergies might not be realized. Following discussion among the directors, from substantial portions of which Messrs. Berges, Sleeper and Zrebiec were recused, the NCI board determined to form a special committee of five directors, selected solely from among NCI's independent directors who were not and continue not to be affiliated with Sponsor, to review and evaluate, and to make a recommendation to the NCI board as to, whether NCI should seek to engage in a combination transaction with Ply Gem. The NCI board appointed directors George L. Ball, Gary L. Forbes, John J. Holland, George Martinez and Mr. Metcalf to serve on the NCI special committee, with Mr. Ball serving as chairman of the NCI special committee. From and after the formation of the NCI special committee, Messrs. Sleeper, Berges and Zrebiec were recused from all future NCI board discussions concerning the proposed transaction. From and after May 22, 2018, Mr. William R. VanArsdale, who is a consultant to certain investment funds sponsored by Sponsor, including Clayton Dubilier & Rice Fund X, L.P. in connection with its investment in Suncourse Holdings, Inc., was recused from all future NCI board discussions concerning the proposed merger. On May 3, 2018, the NCI special committee met telephonically, together with members of NCI senior management and representatives of Wachtell Lipton. At this meeting, the NCI special committee confirmed the engagement of Wachtell Lipton, confirmed its intention to engage Evercore to act as independent financial advisor, and directed management to work with Evercore to evaluate the potential combination with Ply Gem for presentation later in May to the NCI special committee and, should the NCI special committee deem appropriate, to the NCI board (other than the Sponsor-affiliated directors).

Following the May 3, 2018 NCI special committee meeting, Evercore received from NCI senior management information related to NCI and Ply Gem that allowed Evercore to begin analyzing a potential combination of the two companies. Also during this period, representatives of Wachtell Lipton engaged in preliminary discussions with Debevoise, outside counsel to Sponsor and Ply Gem concerning, among other things, transaction structure and post-closing governance. In these discussions, Wachtell Lipton indicated to Debevoise that the NCI special committee would likely insist upon terms for the post-closing new stockholders agreement, including standstill, voting and transfer restrictions and limitations, intended to restrict the ability of the Sponsor Investors to control NCI following completion of the proposed merger, to coordinate with the GGC Investors to control or influence the management of NCI or to deliver an influential or controlling interest in NCI to a third party.

On May 8, 2018, NCI and Sponsor entered into a mutual non-disclosure agreement enabling confidential negotiations, the exchange of confidential information and mutual due diligence. On May 10, 2018, representatives of Evercore contacted Sponsor to initiate preliminary business discussions and to request that Sponsor provide to NCI and Evercore business and financial information concerning Ply Gem (including Atrium), including Ply Gem's business plan and financial projections.

On May 14, 2018, and again on May 18, 2018, the NCI special committee met telephonically, together with members of NCI senior management and representatives of Evercore and Wachtell Lipton, to receive an update from management and preliminary observations from Evercore and to discuss the potential combination, including the potential opportunities and risks associated with the potential combination. As a result of these meetings, the NCI special committee concluded that the transaction continued to appear to be highly attractive to NCI and its stockholders from a strategic and business logic perspective and authorized Evercore to contact Sponsor to engage in initial valuation discussions.

On May 17, 2018, representatives of Evercore met telephonically with representatives of Sponsor for a preliminary discussion on potential transaction structure. Both parties were of the view that the transaction should be structured as a merger of equals, with each company valued at its current valuation, but there was

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disagreement as to the appropriate approach to determining the current valuation. Evercore suggested that Ply Gem be valued at the sum of the separate valuations of Ply Gem and Atrium agreed to in late January 2018 with respect to the acquisition of Ply Gem by the Sponsor Fund X Investor and the merger of Atrium into Ply Gem, while Sponsor suggested that Ply Gem having been acquired by the Sponsor Fund X Investor and merged with Atrium be valued at its current fair value taking into account Ply Gem's improved operating outlook and 2019 projected performance as well as the value created from the synergies that were being generated by combining Ply Gem and Atrium, the value created by the attractive long-term capital structure the Sponsor Fund X Investor had put in place at Ply Gem in connection with Sponsor Fund X Investor's acquisition of Ply Gem and Atrium, which could remain in place on favorable terms for the potential merger and the likelihood that the greater scale, scope and growth prospects of Ply Gem, given the Ply Gem-Atrium merger, would have the potential to increase NCI's cash-earnings-per-share multiple. The representatives of Sponsor stated that in their view, an all-stock merger at fair values for both NCI and Ply Gem would imply a contribution to combined equity value of approximately 50% from each company. The representatives of Sponsor agreed to provide additional information concerning Ply Gem for Evercore to consider in its evaluation. On May 21 and 22, 2018, the NCI special committee met in person, together with members of NCI's senior management and representatives of Evercore and Wachtell Lipton, to determine whether to recommend to the NCI board that NCI continue to seek to pursue a combination of NCI and Ply Gem. Representatives of Evercore made a financial presentation concerning NCI, Ply Gem, and a combination of the two companies, including the potential impact of such a combination on NCI stockholders. Following discussion, including discussion of the potential opportunities and risks associated with a combination with Ply Gem, the meeting was adjourned and scheduled to resume the following afternoon following a scheduled meeting of the NCI board.

On May 22, 2018, the NCI board (including Messrs. Berges, Sleeper and Zrebiec, but with one independent director absent for health reasons) met, together with members of NCI senior management and representatives of Evercore and Wachtell Lipton. During this meeting, Mr. Sleeper, on behalf of Sponsor, informed the NCI board that Sponsor had been considering the potential combination since the April 24, 2018 meeting with Messrs. Metcalf and Riley and had concluded that the potential combination would be highly beneficial for each of Ply Gem and NCI, and Mr. Sleeper reviewed some of the reasons behind Sponsor's conclusion. Mr. Sleeper noted that Sponsor favored the transaction not only from Sponsor's overall perspective but also favored the transaction when viewed solely from the perspective of NCI stockholders, of which the Sponsor Fund VIII Investors are the largest. Mr. Sleeper also discussed Sponsor's reasons for believing that Ply Gem should be valued at its current fair value, an approach that would suggest a sharing ratio of 48% to 50% to NCI's current stockholders and 50% to 52% to Ply Gem's current owners. Following extensive discussion concerning the proposed transaction as well as leadership and management of a combined NCI and Ply Gem, the NCI board meeting was adjourned and the NCI special committee meeting was resumed. The NCI special committee discussed the potential opportunities and risks associated with a combination with Ply Gem, including that a combination with Ply Gem would likely be value- and cash-earnings-per-share accretive to NCI's stockholders by improving NCI's strategic positioning and growth prospects, expanding its scope and scale beyond low-rise non-residential construction, improving its operating and financial performance, and creating cost reduction and merger synergy opportunities. The NCI special committee discussed, among other risks, the risk that NCI and/or Ply Gem could fail to successfully execute on its business plan, that projected performance might prove unachievable or that expected synergies might not be realized. The Evercore representatives made a financial presentation, including with respect to NCI's standalone valuation as well as valuation relative to Ply Gem, and NCI senior management and Evercore reviewed financial projections for each of NCI and Ply Gem, which we refer to as the initial case projections. With respect to NCI, the initial case was prepared by NCI management in November 2017 in connection with its annual planning, and with respect to Ply Gem, the initial case was a set of projections prepared by Ply Gem management representing the combination of Ply Gem and Atrium, which were provided to prospective providers of debt financing in connection with the Sponsor Fund X Investor's acquisition of Ply Gem and Atrium in the first half of 2018. Representatives of Sponsor had provided the projections for Ply Gem to Evercore, and noted that Ply Gem's most recent internal management projections following the completion of the merger with Atrium and accounting for the benefits of the combination suggested higher projected profitability than the case

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that had been used in the acquisition financing process. Following discussion among the NCI special committee members and Evercore, the NCI special committee concluded that the potential combination continued to appear highly beneficial to NCI and, indeed, to be more beneficial to NCI than to Ply Gem; that the potential combination would be beneficial to NCI even at the sharing ratio implied by Mr. Sleeper; and that the potential combination appeared to be a more favorable alternative for NCI and its stockholders than other alternatives available to NCI, including the alternative of pursuing a strategic transaction with another company as well as the alternative of remaining independent and continuing on a standalone basis. Accordingly, the NCI special committee directed that Messrs. Ball and Metcalf, with the assistance of NCI's senior management, Evercore and Wachtell Lipton, continue to engage and negotiate with Sponsor to determine if a transaction could be obtained on terms more favorable to NCI and its stockholders than the terms suggested by Mr. Sleeper. The NCI special committee and Evercore then discussed parameters for a potential valuation discussion with or proposal to Sponsor. The NCI special committee then discussed leadership and management of a combined NCI and Ply Gem. Based on this discussion and prior discussions among the directors, the NCI special committee concluded that because strong business-plan execution by the NCI side of the business would be critical to the success of the proposed combined NCI and Ply Gem, Mr. Riley should, in the near term, remain focused on the NCI side of the business without the distraction of integrating and operating Ply Gem. Accordingly, the NCI special committee determined to recommend that, should the proposed merger be entered into and completed, Mr. Metcalf should serve as chief executive officer of the combined NCI and Ply Gem, with Mr. Riley to continue as chief executive officer of the NCI business.

On May 25, 2018, the NCI special committee met telephonically, together with representatives of Evercore and Wachtell Lipton, to discuss and determine a counter proposal on valuation to make to Sponsor. Based on the discussions at this meeting and at prior meetings, the NCI special committee authorized Evercore to propose a sharing ratio of 57% to NCI's current stockholders and 43% to Ply Gem's current owners.

On May 29, 2018, representatives of Evercore met in person with representatives of Sponsor to discuss valuation. Evercore presented and discussed the implications of the 57% - 43% sharing ratio as directed by the NCI special committee. The Sponsor representatives stated that 43% ownership in the combined company, resulting from the proposed merger of NCI and Ply Gem, was insufficient to interest Ply Gem's owners in the potential combination and that they would be better off not engaging in the transaction at that level. However, the Sponsor representatives stated that the parties should continue discussing a potential transaction and that Sponsor would continue to refine its evaluation of the transaction and would revert with a counter-proposal.

On May 31, 2018, representatives of Evercore met in person with representatives of Sponsor to discuss valuation. At this meeting, the Sponsor representatives proposed a sharing ratio of 53% for NCI's current stockholders and 47% for Ply Gem's current owners and made a supporting presentation. The Sponsor representatives noted that, based purely on financial metrics and applying the valuation methodology suggested by NCI, the sharing ratio should be 52% - 48%, but that Sponsor was willing to agree to 53% - 47% sharing ratio in order to complete the negotiations. However, the Sponsor representatives indicated that the matter had been reviewed by Sponsor's investment committee, its highest decision-making body, and that Sponsor would be unwilling to agree to a transaction at a sharing ratio of anything less than 47% to Ply Gem's current owners.

Later on May 31, 2018, the NCI special committee met telephonically, together with representatives of Evercore and Wachtell Lipton, to discuss the proposal received from Sponsor. Following a financial presentation by Evercore and extensive discussion, the NCI special committee unanimously concluded that the potential combination of NCI and Ply Gem would be highly beneficial to, and would create value for, NCI and its stockholders at a 53% - 47% sharing ratio; that, based on the statements made by Sponsor's representatives and based on the NCI special committee members' nine years of experience with Sponsor, Sponsor was unlikely to agree to a transaction at a sharing ratio of less than 47%; and that the NCI special committee should recommend to the NCI board (other than the Sponsor-affiliated directors, who had been recused) that NCI should seek to negotiate a transaction with Ply Gem based on a 53% - 47% sharing ratio, subject to further review and final approval or disapproval by the NCI special committee and the NCI board.

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On June 2, 2018, the NCI board met telephonically, together with representatives of Evercore and Wachtell Lipton, to discuss the proposal received from Sponsor and the NCI special committee's recommendation with respect to the proposal. The Sponsor-affiliated directors did not participate in the meeting. Evercore reviewed the history of the valuation negotiations and made a financial presentation, and Mr. Ball described the NCI special committee's recommendation and the reasons for it. Following further discussion, the directors unanimously agreed with the assessments of the NCI special committee, including as to the favorability of the sharing ratio to NCI and the unlikelihood that Sponsor would agree to a sharing ratio of less than 47%, and accepted the recommendation of the NCI special committee. Following the meeting, the NCI special committee directed Messrs. Ball and Metcalf, with the assistance of NCI's senior management, Evercore and Wachtell Lipton, to seek to negotiate a transaction with Ply Gem based on a 53% - 47% sharing ratio, subject to further review and final approval or disapproval by the NCI special committee and the NCI board. Among other things, the NCI special committee directed the negotiating team to insist upon terms for the post-closing new stockholders agreement, including standstill, voting and transfer restrictions and limitations, intended to restrict the ability of the Sponsor Investors following completion of the merger to control NCI, to coordinate with the GGC Investors to control or influence the management of NCI or to deliver an influential or controlling interest in NCI to a third party.

On June 3, 2018, representatives of Evercore informed representatives of Sponsor of the NCI special committee's conclusions. Thereafter, from early June through mid-July, 2018, the parties engaged in mutual due diligence and negotiated the structure and non-financial terms of the transaction, and Wachtell Lipton and Debevoise negotiated the merger agreement as well as the terms of a new stockholders agreement and new registration rights agreement to be entered into among NCI, the Sponsor Investors and the GGC Investors at the completion of the merger. Also during this period, Messrs. Ball and Metcalf spoke periodically by phone with representatives of Evercore and Wachtell Lipton to receive updates from, and provide guidance to, them.

On June 7, 2018, NCI entered into a mutual non-disclosure agreement with Ply Gem, and on June 13, 2018, NCI entered into a non-disclosure agreement with the GGC Investors, in each case enabling confidential negotiations, the exchange of confidential information and mutual due diligence. On June 8, 2018, Ply Gem provided NCI with access to two virtual data rooms (one for each of Ply Gem and Atrium) that contained the confidential information that was previously made available to the Sponsor Fund X Investor prior to its acquisition of Ply Gem and Atrium on April 16, 2018.

On June 21, 2018, the NCI special committee met telephonically, together with representatives of Wachtell Lipton, to discuss potential terms for the new stockholders agreement and the new registration rights agreement and potential responses to proposals received from Sponsor as to specific terms and provisions contained in these agreements. By July 13, 2018, the parties had substantially completed mutual due diligence and had made substantial progress on the terms of the merger agreement, new stockholders agreement and new registration rights agreement, as well as on the terms of the financing commitment to be received from Credit Suisse and RBC Capital Markets in connection with planned refinancing of NCI's outstanding indebtedness. On July 13, 2018, the NCI special committee met telephonically, together with members of NCI's senior management and representatives of Evercore and Wachtell Lipton, to discuss and deliberate on the proposed combination of NCI with Ply Gem, and to receive presentations from NCI's senior management and advisors. Although the NCI special committee deliberated separately, at the request of the NCI special committee, the NCI board (other than the Sponsor-affiliated directors) attended portions of the meeting devoted to receipt of the presentations and joint discussion. Mr. Ball and representatives of Evercore and Wachtell Lipton briefed the directors on the status of negotiations with Sponsor and Ply Gem, and Mr. Riley reviewed the results of NCI's business, synergy potential and due diligence review of Ply Gem. Evercore made an updated financial analysis presentation, including with respect to NCI's standalone valuation as well as valuation relative to Ply Gem, and Evercore reviewed adjustments to the financial projections for each of NCI and Ply Gem made by NCI management to reflect management's assessment of the achievability of such projections after careful review of the initial case projections that had been provided to Evercore and the NCI board in May. See "Certain NCI and Ply Gem Unaudited Prospective Financial and Operating Information". A representative of Wachtell Lipton discussed the directors' fiduciary duties and presented a detailed summary of the terms of the draft merger agreement,

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draft new stockholders agreement and draft new registration rights agreement. After discussion among the directors and deliberation by the NCI special committee meeting separately, including as to the matters described in the section entitled “The Merger — Reasons for the Merger; Recommendation of the NCI Board of Directors”, it was the unanimous view of the NCI special committee and of the NCI board (other than the Sponsor-affiliated directors, who had been recused) that NCI should seek to finalize the merger agreement and related agreements with Sponsor and Ply Gem, subject to final NCI special committee and NCI board review and approval at a meeting to be scheduled for July 17, 2018.

From July 13, 2018, through the early afternoon of July 17, 2018, the parties finalized negotiation of the merger agreement, the new stockholders agreement and the new registration rights agreement, and NCI and Ply Gem completed negotiation of the financing commitment letter with Credit Suisse and RBC Capital Markets. Also during this period, the parties calculated the precise number of shares to be issued by NCI to Ply Gem’s current owners in the merger to be 58,709,067, which represents approximately 47% of the total number of shares NCI common stock that would be outstanding after giving effect to the issuance of such shares. In the morning of July 17, 2018, the NCI special committee met telephonically, together with representatives of Evercore and Wachtell Lipton, to receive an update from, and to provide guidance to, Wachtell Lipton concerning the remaining issues in the transaction documents.

In the afternoon of July 17, 2018, the NCI special committee met telephonically, together with members of NCI’s senior management and representatives of Evercore and Wachtell Lipton. Mr. Ball and a representative of Wachtell Lipton provided an update on developments since the NCI special committee’s previous meeting. The Wachtell Lipton representative provided directors with an updated summary of the draft merger agreement, draft new stockholders agreement and draft new registration rights agreement, and representatives of Evercore provided directors with an updated financial analysis presentation, which had been refined slightly since the July 13, 2018 NCI special committee meeting. A representative of Evercore delivered Evercore’s oral opinion, confirmed by delivery of a written opinion dated July 17, 2018, to the NCI special committee and the NCI board to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its written opinion, the aggregate consideration to be paid by NCI in the merger with Ply Gem was fair, from a financial point of view to NCI. See “Opinion of NCI’s Financial Advisor” for more information.

After discussions, including as to the matters discussed below in the section entitled “NCI’s Reasons for the Merger; Recommendation of the NCI,” the NCI special committee, by unanimous vote of all of its members, resolved to recommend that the NCI board approve the merger agreement, the merger and the related transactions. After the NCI special committee concluded its meeting, the NCI board (other than the Sponsor-affiliated directors, who had been recused) met telephonically, together with members of NCI’s senior management and representatives of Evercore and Wachtell Lipton. Mr. Ball and a representative of Wachtell Lipton provided an update on developments since the NCI special committee’s previous meeting and informed the NCI board of the NCI special committee’s unanimous favorable recommendation of the proposed merger with Ply Gem and the reasons for the recommendation. The Wachtell Lipton representative provided directors with an updated summary of the draft merger agreement, draft new stockholders agreement and draft new registration rights agreement, and representatives of Evercore provided directors with an updated financial analysis presentation, which had been updated slightly since the July 13 NCI special committee meeting for more recent stock trading prices. A representative of Evercore delivered Evercore’s oral opinion, confirmed by delivery of a written opinion dated July 17, 2018, to the NCI special committee and the NCI board to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its written opinion, that the aggregate consideration to be paid by NCI in the merger with Ply Gem was fair, from a financial point of view to NCI. See “Opinion of NCI’s Financial Advisor” for more information. After further discussions, including as to the matters discussed below in the section entitled “NCI’s Reasons for the Merger; Recommendation of the NCI,” the NCI board, by unanimous vote of all of its members (other than the Sponsor-affiliated directors, who had been recused), and having received the recommendation of the NCI special committee, approved and declared advisable the merger agreement, the transactions contemplated by the merger agreement, including the merger, and the forms of new stockholders agreement and new registration rights agreement, and resolved to recommend that NCI stockholders vote to approve and adopt the merger agreement, the merger and the related transactions.

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Following the conclusion of the NCI board meeting, the parties finalized the transaction documentation, executed the merger agreement, and issued a joint press release announcing the proposed merger.

Recommendation of the NCI board and Reasons of the NCI Special Committee and NCI Board for the Merger

The NCI board formed the NCI special committee, consisting of five of NCI's directors who are independent and not affiliated with Sponsor, to consider the proposed merger with Ply Gem. After careful consideration, the NCI special committee and the NCI board (other than the Sponsor-affiliated directors, who had been recused), with the assistance of their independent financial and legal advisors, each unanimously determined that the terms of the merger agreement, the new stockholders agreement and the registration rights agreement, and the transactions contemplated by the merger agreement, including the merger, the share issuance and charter amendment, are advisable, fair and in the best interests of NCI and its stockholders. Accordingly, based on its evaluation and having received the recommendation of the NCI special committee, the NCI board, by unanimous vote of the directors not affiliated with Sponsor, recommends that NCI stockholders vote "FOR" the adoption of the merger agreement proposal and "FOR" the related other proposals, including the share issuance proposal, the charter amendment proposal and the compensation proposal.

In reaching their determinations and recommendations, the NCI special committee and the NCI board consulted with NCI's management and financial and legal advisors and considered a number of factors, including the following factors that weighed in favor of the merger:

- Transformational Combination Creating a Large-Scale Public Company with an Attractive Financial Growth Profile. The NCI board considered that the proposed combination with Ply Gem offers a unique strategic opportunity to create a larger scale public company with a broader set of growth opportunities, improved profitability, and higher shareholder value creation potential, and therefore a more attractive equity and improved investment opportunity. The NCI board further noted that:

- The combination presents an opportunity for substantial equity returns as a result of strong growth, including expected growth in combined Adjusted EBITDA between 2018 and 2019 of greater than 20%, expected Adjusted EBITDA growth in the high-teens annual percentage rates over several years beyond 2019, and robust free cash flow generation due to growth, operating and financial leverage.

- The combined company would have the potential to trade at higher cash-earnings-per-share and other financial metric multiples and the potential to attract broader investor demand that could lead to share price appreciation, including because:

- The combined company would be a larger and more diversified building products company than NCI is currently.

- The combination is expected to be immediately accretive to NCI stockholders and to enhance key performance metrics including growth, revenue, EBITDA (earnings before interest, taxes, depreciation and amortization), margins and free cash flow conversion.

- The combined company is expected to have higher revenue- and EBITDA growth rates.

- The combined company would present a broader product portfolio as a basis for an expanded universe of adjacencies and a larger platform for more substantial organic and inorganic investments.

- The near-term general and administrative, procurement and manufacturing cost savings and long-term cross-selling opportunities of the combined company are expected to enhance profitability and growth.

- **Attractive Run-Rate Synergies and Cost Reduction Programs.** The NCI board considered that the synergies and cost reduction benefits would be meaningful for the combined company. In this regard, the NCI board considered that:

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- The combined company is targeting \$150 million or more in run-rate cost savings and synergies annually within the three years following the closing of the merger, including approximately \$40 to \$50 million in merger-specific synergies.

- The cost reduction programs have been clearly identified to include process automation and labor savings, improved yield and product quality, waste elimination, six sigma implementation and North America consolidation and off-shoring.

- That additional cost savings and synergies not reflected in the estimates referred to above could potentially be achieved in Ply Gem's operations through the application of efficiency-enhancing techniques that had been successful at NCI in recent years.

- Many cost savings actions and activities resulting from the Ply Gem-Atrium merger in April 2018 are already implemented or underway and yielding early benefits.

- **Strengthened Product Offerings and Reduced Volatility.** The NCI board considered that the combination of NCI and Ply Gem would reduce the volatility of NCI's business by diversifying its product offerings and tilting them away from upstream metals processing and towards value-added building products. In this regard, the NCI board considered that:

- The combined company will have a more diversified product portfolio across a broader range of exterior residential and non-residential offerings.

- Downstream building products companies trade at a premium to upstream metal processors.

- The combination would provide greater balance across end-markets, channels and inputs to reduce volatility.

- The combination balances NCI's raw materials exposure thereby limiting the volatility of sales and earnings.

- The combination expands NCI's exposure across the new construction and repair and remodel markets.

- **Attractive Valuation of a Combination Partner with Strong Growth Prospects.** The NCI board considered that the combination presented an opportunity to combine with a company with comparatively strong growth prospects at an attractive value. In this regard, the NCI board considered that:

- Ply Gem has stronger projected growth in both revenue and profitability compared to NCI or to other building products companies.

The combined company would benefit from the increased scale and synergies generated by the Ply Gem-Atrium merger as well as the combination between NCI and Ply Gem.

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Attractive Exchange Ratio and Fair Merger Consideration. The NCI board considered factors related to the attractiveness of the exchange ratio and the fairness of the aggregate merger consideration, including:

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That based on the relative expected growth prospects of each of NCI and Ply Gem, the expected synergies from the combination, the synergies from the Ply Gem-Atrium merger, and the immediate accretiveness of the transaction to NCI stockholders, among other factors, the sharing ratio provided for in the merger agreement (and implied by the number of shares of NCI common stock constituting the aggregate merger consideration) of 53% to NCI current stockholders and 47% to Ply Gem's current owners was attractive from NCI's perspective and that the transaction would have been beneficial to NCI and its stockholders even at a lower sharing ratio.

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The opinion of Evercore, NCI's financial advisor, to the effect that, as of July 17, 2018, and based on and subject to, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, the aggregate merger consideration to be paid pursuant to the merger agreement was fair, from a financial point of view, to NCI.

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- Other Factors Considered by the NCI Board. In addition to considering the strategic and financial factors described above, the NCI board considered the following additional factors that weighted in favor of the merger:

- Current and historical conditions in the residential and commercial construction products manufacturing sector.

- That the combined company expects to have maximum net leverage at the closing of 4.4x Adjusted EBITDA and is targeting a reduction in leverage to 2.0-3.0x Adjusted EBITDA within 24-36 months, guided by a prudent capital allocation policy that prioritizes debt pay-down.

- That the combined company is expected to benefit from significant excess cash flow generation and a flexible capital structure, with minimal leverage covenants and no significant maturities until 2025, leading to an attractive financial profile through market cycles.

- Terms of the Merger Agreement. The NCI board considered the terms of the merger agreement, including (1) the strong commitments that the parties are making to complete the merger; and (2) that before the NCI stockholders approve the merger agreement proposal, the NCI board, under certain circumstances, is able to discuss and negotiate an unsolicited acquisition proposal, should one be made, and, under certain circumstances, is able to terminate the merger agreement to enter into an unsolicited superior acquisition proposal.

- Terms of the Stockholders Agreement. Limit on Investors' Ability to Exercise Control. The NCI board believes that the terms of the new stockholders agreement sufficiently constrain the ability of the Sponsor Investors or GGC Investors to exert control over NCI and the NCI board after the consummation of the transactions contemplated by the merger agreement and align the interests of Sponsor with NCI's other stockholders. For more information regarding the stockholders agreement, see section entitled "The Stockholders Agreement."

- Subject to certain exceptions, the investors will be subject to the terms and restrictions in the new stockholders agreement until the "sunset date," which is the earlier of (i) a change of control event of NCI and (ii) the last day of the first six-month continuous period during which each investor group, respectively, holds less than 10% of voting power.

- Under the terms of the new stockholders agreement, until the Sponsor Investors' beneficial ownership of NCI common stock falls below 7.5% or until the new stockholders agreement is otherwise validly terminated, the number of Sponsor Investors' board representatives will always be lower than the number of independent directors.

- The number of board representatives the Sponsor Investors may nominate to the NCI board decreases in proportion to its beneficial ownership of NCI common stock.

- Until the sunset date, subject to certain exceptions, the investors are subject to certain voting limitations and customary standstill restrictions. The investors are also subject to transfer restrictions that for 18 months following the closing, with respect to the shares that the Sponsor Fund X Investor will receive in the merger, and for the later of

90 days following the closing or January 31, 2019, with respect to the shares of NCI common stock that the Sponsor Fund VIII Investors own prior to the consummation of the merger or shares that the GGC Investors will receive in the merger, permit them to transfer shares of NCI common stock only to affiliates or in connection with a change of control approved by independent directors not designated by Sponsor and, thereafter, permit them to also transfer their shares in a public market trade, pursuant to a private sale to a transferee who is not a competitor of NCI and will not hold, following the transfer, more than 10% of the common shares outstanding.

In the course of their respective deliberations, the NCI special committee and the NCI board also considered a variety of risks and other potentially negative factors, including the following:

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- That NCI would be required to pay to Ply Gem a termination fee of \$45 million in the event the NCI board were to terminate the merger agreement in order for NCI to enter into an unsolicited superior alternative acquisition proposal, should one be made, or if the merger agreement were to be terminated by NCI or Ply Gem under certain other circumstances.

- The potential for diversion of management and employee attention and the potential effect of the combination on the businesses of both companies.

- The risk that anticipated cost savings and operational efficiencies between the two companies, or other anticipated benefits of the merger, might not be realized or might take longer to realize than expected.

- The potential challenges and difficulties in integrating the operations of NCI and Ply Gem.

- The restrictions on the conduct of NCI's business during the period between the execution of the merger agreement and the completion of the transactions contemplated thereby as set forth in the merger agreement.

- The obligations of NCI under the new stockholders agreement, including the obligation to honor the Sponsor Investors' and the GGC Investors' preemptive rights and registration rights with regard to the NCI common stock.

- Risks of the type and nature described under the sections entitled "Risk Factors" and "Cautionary Statements Regarding Forward-Looking Statements."

In addition, the NCI board and the NCI special committee were aware of and considered the interests that NCI's directors and executive officers may have with respect to the transaction that differ from, or are in addition to, their interests as stockholders of NCI generally, as described in the section entitled "Proposal 1: Adoption of the Merger Agreement — Interests of NCI's Directors and Executive Officers in the Merger."

This discussion of the information and factors considered by the NCI special committee and the NCI board includes the material positive and negative factors considered by the NCI board, but it is not intended to be exhaustive and may not include all the factors considered by the NCI special committee or the NCI board. Neither the NCI special committee nor the NCI board quantified or assigned any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger agreement and the transactions. Rather, the NCI special committee and the NCI board each viewed its position and recommendation as being based on the totality of the information presented to and factors considered by it. In addition, individual members of the NCI special committee and the NCI board may have given differing weights to different factors. All references to the NCI board in this section of the proxy entitled "Reasons of the NCI Special Committee and the NCI Board for the Merger" refer to the NCI board without the participation of the four directors affiliated with Sponsor.

Certain NCI and Ply Gem Unaudited Prospective Financial and Operating Information

Neither NCI nor Ply Gem, as a matter of course, makes public long-term forecasts or projections as to future performance, revenues, production, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the NCI special committee's and the NCI board's evaluation of the merger, NCI's management prepared certain unaudited internal financial projections with respect to NCI that were provided to the NCI special committee and the NCI board in connection with their evaluation of the merger and to Evercore in connection with its preparation of its fairness opinion. In addition, NCI received from Ply

Gem certain unaudited internal financial projections with respect to Ply Gem, which Ply Gem had prepared in connection with the obtaining of debt financing for its majority acquisition by the Sponsor Fund X Investor in the Spring of 2018. These Ply Gem projections, as provided by Ply Gem and as reviewed and adjusted by NCI's management, were also provided to the NCI special committee and the NCI board in connection with their evaluation of the merger and to Evercore in connection with its preparation of its fairness opinion. The NCI and Ply Gem projections included below are referred to as the projections. The inclusion of the projections should not be regarded as an indication that any of NCI, Ply Gem, or their respective advisors

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or other representatives or any other recipient of the projections considered, or now considers, it to be necessarily predictive of actual future performance or events, or that it should be construed as financial guidance, and such summary projections set forth below should not be relied on as such.

The projections were prepared solely for internal use and are subjective in many respects. While presented with numeric specificity, the unaudited prospective financial and operating projections reflect numerous estimates and assumptions that are inherently uncertain and may be beyond the control of NCI's or Ply Gem's management, including the matters described in "Cautionary Statements Regarding Forward-Looking Statements" and "Risk Factors." The unaudited prospective financial and operating projections reflect both assumptions as to certain business decisions that are subject to change and, in many respects, subjective judgment, and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. NCI and Ply Gem can give no assurance that the unaudited prospective financial and operating projections and the underlying estimates and assumptions will be realized. In addition, since the unaudited prospective financial and operating projections cover multiple years, such information by its nature becomes less predictive with each successive year. Actual results may differ materially from those set forth below, and important factors that may affect actual results and cause the unaudited prospective financial projections to be inaccurate include, but are not limited to, risks and uncertainties relating to its business, industry performance, the regulatory environment, general business and economic conditions and other matters described under the section of this proxy statement titled "Risk Factors." See also "Cautionary Statements Regarding Forward-Looking Statements" and "Where You Can Find More Information."

The unaudited prospective financial and operating projections were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with U.S. GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither NCI's nor Ply Gem's independent registered public accounting firm, nor any other independent accountants, has compiled, examined or performed any procedures with respect to the unaudited prospective financial and operating projections contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of the independent registered public accounting firm to NCI contained in its Annual Report on Form 10-K for the year ended October 29, 2017 and Current Report on Form 8-K, dated August 6, 2018, which are incorporated by reference into this proxy statement, relates to historical financial information of NCI, and such report does not extend to the projections included below and should not be read to do so.

Furthermore, the unaudited prospective financial and operating projections do not take into account any circumstances or events occurring after the date it was prepared. NCI and Ply Gem can give no assurance that, had the unaudited prospective financial and operating projections been prepared either as of the date of the merger agreement or as of the date of this proxy statement, similar estimates and assumptions would be used. Except as required by applicable securities laws, NCI and Ply Gem do not intend to, and disclaim any obligation to, make publicly available any update or other revision to the unaudited prospective financial and operating projections to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions are shown to be in error, including with respect to the accounting treatment of the merger under U.S. GAAP, or to reflect changes in general economic or industry conditions. The unaudited prospective financial and operating projections do not take into account all of the possible financial and other effects on NCI or Ply Gem of the merger, the effect on NCI or Ply Gem of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect of any business or strategic decisions or actions that would likely have been taken if the merger agreement had not been executed, but which were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the unaudited prospective financial and operating information does not take into account the effect on NCI or Ply Gem of any possible failure of the merger to occur. None of NCI, Ply Gem, or their respective affiliates, officers, directors, advisors or other representatives has made, makes or is authorized in the future to make any representation to any NCI stockholder or other person regarding NCI's or Ply Gem's ultimate performance compared to the information contained in the unaudited prospective financial and operating projections or that the forecasted results will be achieved. The inclusion of the unaudited prospective financial and operating projections herein should not be deemed

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an admission or representation by NCI, Ply Gem, their respective advisors or any other person that it is viewed as material information of NCI or Ply Gem, particularly in light of the inherent risks and uncertainties associated with such forecasts. The summary of the unaudited prospective financial and operating projections included below is not being included to influence your decision whether to vote in favor of or against the merger or any other proposal to be considered at the special meetings, but is being provided solely because it was made available to the NCI board, Ply Gem and NCI's financial advisor in connection with the merger.

In light of the foregoing, and considering that the special meeting will be held several months after the unaudited prospective financial and operating information was prepared, as well as the uncertainties inherent in any forecasted or projected information, NCI stockholders are cautioned not to place undue reliance on such information, and NCI urges you to review NCI's most recent SEC filings for a description of NCI's reported financial results and Ply Gem's audited financial results included herein. See "Where You Can Find More Information."

Two sets of projections for each of NCI and Ply Gem were provided to the NCI special committee, the NCI board and Evercore — an initial case and a later evaluated case. With respect to NCI, the initial case was prepared by NCI management in November, 2017 in connection with its regular long-range planning process. For Ply Gem the initial case was a "bank case" prepared by Ply Gem management and representing projections for the combination of Ply Gem and Atrium, which were provided to prospective providers of debt financing in connection with the majority acquisition of Ply Gem and Atrium by the Sponsor Fund X Investor in the first half of 2018.

For both NCI and Ply Gem, the evaluated case projections were prepared by NCI's management after careful review of the initial case projections and discussion both internally and, with respect to the Ply Gem projections, review and discussion with Ply Gem's management and representatives of the Sponsor Fund X Investor, and consideration of NCI's performance and industry trends since the preparation of the NCI initial case projections. As a result of this review, NCI management believed that the evaluated case projections were more likely to be achieved than were the initial case projections. Below is a table summarizing these projections:

		Initial Case			Evaluated Case		
		2018E	2019E	2020E	2018E	2019E	2020E
Ply Gem	Revenue	\$ 2,651*	\$ 2,841	\$ 3,054	\$ 2,649	\$ 2,901	\$ 3,148
	EBITDA	\$ 355	\$ 418	\$ 485	\$ 339	\$ 410	\$ 471
NCI	Revenue	\$ 1,866	\$ 1,959	\$ 2,076	\$ 1,950	\$ 2,011	\$ 2,108
	EBITDA	\$ 199	\$ 240	\$ 290	\$ 199	\$ 231	\$ 260
Prospective	Revenue	\$ 4,517	\$ 4,800	\$ 5,130	\$ 4,599	\$ 4,911	\$ 5,256
Operating	EBITDA (Pre-Synergies)	\$ 554	\$ 659	\$ 774	\$ 538	\$ 640	\$ 731
Projections	EBITDA (Post-Synergies)	\$ 554	\$ 694	\$ 844	\$ 538	\$ 657	\$ 766

(* \$ in millions)

Opinion of NCI's Financial Advisor

In connection with the merger, NCI retained Evercore to act as a financial advisor to the NCI board and the NCI special committee. The NCI board engaged Evercore based on Evercore's qualifications, experience and reputation, as well as its familiarity with the businesses of NCI and Ply Gem. Evercore is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, leveraged buyouts, competitive biddings, private placements and valuations for corporate and other purposes. As part of this engagement, NCI requested that Evercore evaluate the fairness of the aggregate merger consideration to be paid by NCI in the merger, from a financial point of view, to NCI. On July 17, 2018, at a meeting of the NCI board, Evercore rendered its oral opinion, subsequently confirmed by delivery of a written opinion that, based upon and subject to the

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factors, procedures, assumptions, qualifications and limitations set forth in its opinion, as of such date, the consideration to be paid by NCI in the merger, consisting of the right for holders of the Ply Gem LLC interests, to receive in the aggregate with respect to all such interests 58,709,067 fully paid and non-assessable shares of NCI common stock, was fair, from a financial point of view, to NCI.

The full text of the written opinion of Evercore, dated as of July 17, 2018, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex D to this proxy statement. The following summary of Evercore's opinion is qualified in its entirety by reference to the full text of the opinion, which is incorporated herein by reference. You are urged to read Evercore's opinion carefully and in its entirety. Evercore's opinion was addressed to, and provided for the information and benefit of, the NCI board (in its capacity as such) in connection with its evaluation of the aggregate merger consideration to be paid by NCI in the merger from a financial point of view and did not address any other aspects or implications of the merger. The opinion should not be construed as creating any fiduciary duty on Evercore's part to any party, and such opinion is not intended to be, and does not constitute, a recommendation to the NCI board or to any other persons in respect of the merger, including as to how any holder of shares of NCI common stock should vote or act in respect of the merger. Evercore's opinion did not address the relative merits of the merger as compared to other business or financial strategies that might be available to NCI, nor did it address the underlying business decision of NCI to engage in the merger.

Evercore's opinion necessarily was based upon information made available to Evercore as of the date of its opinion and financial, economic, monetary, market, regulatory and other conditions and circumstances as they existed and could be evaluated on such date. Evercore undertook no obligation, and is under no obligation, to update, revise or reaffirm its opinion based on subsequent developments.

In connection with rendering its opinion and performing its related financial analysis, Evercore, among other things:

- reviewed certain publicly available business and financial information relating to NCI and Ply Gem that Evercore deemed to be relevant, including publicly available research analysts' estimates;
- reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to each of NCI and Ply Gem prepared and furnished to Evercore by the management of NCI and Ply Gem, respectively;
- reviewed certain non-public projected financial data relating to NCI and Ply Gem, as well as certain non-public projected operating data, in each case prepared and furnished to Evercore by management of NCI and Ply Gem, respectively, as well as projected financial and operating data relating to NCI and Ply Gem under alternative business assumptions, as prepared by management of NCI;
- reviewed certain non-public projected financial statements and other non-public financial and operating data relating to NCI and Ply Gem, including cost savings and other operating synergies estimated to result from the merger (collectively, the "synergies") and the amounts, as well as the timing and cost of realization, of such Synergies, in each case prepared and furnished to Evercore by management of NCI and Ply Gem, respectively;
- discussed the past and current operations, financial projections and current financial condition of each of NCI and Ply Gem with the management of NCI and Ply Gem (including their views on the risks and uncertainties of achieving such projections);
-

reviewed the reported prices and the historical trading activity of the NCI common stock and of the common stock of Ply Gem prior to it becoming a private company;

- compared the financial performance of NCI and Ply Gem and their stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;
- compared the financial performance of NCI and Ply Gem and the valuation multiples relating to the merger with those of certain other transactions that Evercore deemed relevant;
- reviewed the potential pro forma financial impact of the merger on the future financial

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performance of the combined company, based on the projected financial data relating to each of NCI and Ply Gem referred to above, including the projected Synergies and other strategic benefits and the amount and timing of realization thereof, anticipated by management of NCI to be realized from the merger;

- reviewed a draft of the merger agreement dated July 17, 2018, which Evercore assumed was in substantially final form and would not differ in any material respect from the executed merger agreement; and

- performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore has not assumed any liability therefor. With respect to the projected financial data relating to NCI and Ply Gem referred to above (including the synergies), Evercore assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the respective managements of NCI and Ply Gem as to (i) the future financial performance of the companies under the assumptions reflected therein and (ii) the synergies, including the amount and timing of realization of such synergies.

Evercore expressed no view as to any projected financial data relating to NCI and Ply Gem or the synergies or the assumptions on which they were based. Evercore relied, at the NCI board's direction, without independent verification, upon the assessments of the management of NCI and Ply Gem (both on an individual and combined basis).

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the consummation of the merger will be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the merger will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on NCI, Ply Gem or the consummation of the merger or materially reduce the benefits to holders of NCI common stock.

Evercore did not make nor assume any responsibility for making any physical inspection, independent valuation or appraisal of the assets or liabilities of NCI or Ply Gem, nor was Evercore furnished with any such inspection, valuation or appraisal, nor did Evercore evaluate the solvency or fair value of NCI or Ply Gem under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion was necessarily based upon information made available to it as of the date of the opinion and financial, economic, market and other conditions as they existed and as could be evaluated on the date of the opinion. Subsequent developments may affect Evercore's opinion and Evercore did not undertake any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness to NCI, from a financial point of view, of the aggregate merger consideration to be paid by NCI in the merger. Evercore did not express any view on, and its opinion did not address, the fairness of the merger to, or any consideration received in connection therewith by, the holders of any securities, creditors or other constituencies of NCI, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of NCI, or any class of such persons, whether relative to the aggregate merger consideration or otherwise. Evercore assumed that any modification to the structure of the transaction would not vary in any respect material to its analysis. Evercore's opinion did not address the relative merits of the merger as compared to other business or financial strategies that might be available to NCI, nor did it address the underlying business decision of NCI to engage in the merger. In arriving at its opinion, Evercore was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any

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or all of the NCI common stock, any acquisition (whether involving the issuance of NCI common stock or the payment of other consideration) or any business combination or other extraordinary transaction involving NCI. Evercore's opinion did not constitute a recommendation to the NCI board or to any other persons in respect of the merger, including as to how any holder of shares of NCI common stock should vote or act in respect of the merger. Evercore expressed no opinion as to the price at which shares of NCI common stock will trade at any time. Evercore is not a legal, regulatory, accounting or tax expert and assumed the accuracy and completeness of assessments by NCI and its advisors with respect to legal, regulatory, accounting and tax matters.

Summary of Material Financial Analyses

Set forth below is a summary of the material financial and other analyses performed by Evercore and reviewed with the NCI board on July 17, 2018, in connection with rendering its opinion. All valuations of Ply Gem in this section represent the value of Ply Gem, including Atrium. The following summary, however, does not purport to be a complete description of the analyses performed by Evercore. The order of the analyses described and the results of these analyses do not represent relative importance or weight given to these analyses by Evercore. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on or before July 11, 2018, and is not necessarily indicative of then-current market conditions.

In arriving at its opinion, Evercore did not draw, in isolation, conclusions from or with regard to any factor or analysis considered by it. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses. Considering selected portions of the analyses and reviews in the summary set forth below, without considering the analyses and reviews as a whole, could create an incomplete or misleading view of the analyses and reviews underlying Evercore's opinion.

For purposes of its analyses and reviews, Evercore considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of NCI and Ply Gem. No company, business or transaction used in Evercore's analyses and reviews as a comparison is identical to NCI or Ply Gem or the merger, and an evaluation of the results of those analyses and reviews is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions used in Evercore's analyses and reviews. The estimates contained in Evercore's analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by Evercore's analyses and reviews. In addition, analyses and reviews relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Evercore's analyses and reviews are inherently subject to substantial uncertainty. Any references below to NCI's or Ply Gem's "implied equity value" should be interpreted to refer only to the equity value of such company's common stock or equity interests, as applicable.

The following summary of financial analyses includes information presented in tabular format. These tables must be read together with the text of each summary in order to understand fully the financial analyses. The tables alone do not constitute a complete description of the financial analyses. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Evercore's financial analyses.

Value of the Aggregate Merger Consideration

Evercore calculated the value of the aggregate merger consideration by multiplying the closing price of NCI common stock on July 11, 2018, by the proposed issuance of 58,709,067 shares of NCI common stock, for an equity purchase price of approximately \$1,236 million.

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Selected Peer Trading Analysis

In performing a selected peer trading analysis of NCI and Ply Gem, Evercore reviewed and compared certain financial, operating and market information relating to NCI and Ply Gem to corresponding information of the publicly traded companies listed in the tables below, which Evercore deemed most relevant to consider in relation to NCI and Ply Gem, respectively, based on its professional judgment and experience, because they are public companies with operations that for purposes of this analysis Evercore considered similar to the operations of one or more of the business lines of NCI and Ply Gem, respectively.

Evercore reviewed, among other things, total enterprise value (“TEV”) of the selected companies as a multiple of estimated earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the next twelve months (“NTM”) and for 2019. Enterprise values were calculated for the purpose of this analysis as equity value (based on the per share closing price of each selected company on July 11, 2018, multiplied by the fully diluted number of such company’s outstanding equity securities on such date), plus net debt. The financial data of Ply Gem and NCI were based on both the evaluated case and initial case projections provided to Evercore by NCI management. See “Certain NCI and Ply Gem Unaudited Prospective Financial and Operating Information.”

The EBITDA multiples for each of Ply Gem’s selected peer companies are set forth in the table below:

Sector	Selected Public Company	TEV/ NTM EBITDA	TEV/ 2019E EBITDA
Windows, Doors & Siding Company	James Hardie Industries plc	13.2x	11.9x
Windows, Doors & Siding Company	PGT Innovations, Inc.	11.9x	11.4x
Windows, Doors & Siding Company	Masonite International Corporation	8.9x	8.4x
Windows, Doors & Siding Company	Quanex Building Products Corporation	7.8x	7.7x
Windows, Doors & Siding Company	JELD-WEN Holding, Inc.	7.7x	7.2x
Other Building Product Companies	Other Companies (Aggregated)(1)	9.2x	8.8x

(1)

Other Building Product Companies include American Woodmark Corporation (AMWD), Apogee Enterprises, Inc. (APOG), Armstrong Flooring, Inc. (AFI), Armstrong World Industries, Inc. (AWI), Boral Limited (BLD), Caesarstone Ltd. (CSTE), Continental Building Products, Inc. (CBPX), Gibraltar Industries, Inc. (ROCK), Interface, Inc. (TILE), Kingspan Group plc (KRX) (pro forma Synthesia acquisition), Mohawk Industries, Inc. (MHK), Owens Corning (OC), Simpson Manufacturing Co., Inc. (SSD), Trex Company, Inc. (TREX) and USG Corporation (USG).

The EBITDA multiples for each of NCI’s selected peer companies are set forth in the table below:

Sector	Selected Public Company	TEV/ NTM EBITDA	TEV/ 2019E EBITDA
Select Building Product Company	Kingspan Group plc	16.1x	15.4x
Select Building Product Company	Simpson Manufacturing Co., Inc.	12.2x	11.3x
Select Building Product Company	Armstrong World Industries, Inc.	11.5x	11.1x
Select Building Product Company	USG Corporation	10.4x	9.8x
Select Building Product Company	Gibraltar Industries, Inc.	9.3x	8.8x
Select Building Product Company	Apogee Enterprises, Inc.	8.3x	7.7x
Select Building Product Company	Owens Corning	7.2x	6.9x
Metal Fabrication Company	Steel Dynamics, Inc.	6.4x	6.7x
Metal Fabrication Company	Nucor Corporation	6.4x	6.7x
Metal Fabrication Company	BlueScope Steel Limited	6.1x	6.1x

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Evercore reviewed the evaluated case projections and applied a reference range of TEV/EBITDA multiples of 9.0x to 10.0x and 8.0x to 9.0x to Ply Gem and NCI, respectively, in each case derived by Evercore based on its review of the respective peer companies selected and its experience and professional judgment, to the estimated EBITDA for each of Ply Gem and NCI for the NTM period. Additionally, Evercore applied a reference range of TEV/EBITDA multiples of 8.5x to 9.5x and 7.5x to 8.5x to Ply Gem and NCI, respectively, in each case derived by Evercore based on its review of the respective peer companies selected and its experience and professional judgment, to the estimated EBITDA for each of Ply Gem and NCI for 2019. In the case of Ply Gem, estimated EBITDA was based on the evaluated case projections that NCI management developed for Ply Gem through its due diligence of Ply Gem's business. Estimated EBITDA for Ply Gem also included run-rate synergies expected to be generated from Ply Gem's acquisition of Atrium Windows & Doors, Inc. because in Evercore's judgment, the illustrative value of Ply Gem should include the impact of these synergies. In the case of NCI, estimated EBITDA was based on the evaluated case projections provided by the management of NCI. This analysis indicated an implied equity value range for Ply Gem of \$939 million to \$1,328 million based on EBITDA for the NTM period and \$997 million to \$1,416 million based on EBITDA for 2019, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million. Additionally, Evercore's analysis indicated an implied equity value range for NCI of \$1,308 million to \$1,523 million based on EBITDA for the NTM period and \$1,317 million to \$1,547 million based on EBITDA for 2019. Evercore noted that the equity market capitalization of NCI as of July 11, 2018 was \$1,428 million.

While Evercore's analysis primarily focused on the evaluated case projections, Evercore also supplemented its analysis using the initial case projections as a point of comparison. This analysis indicated an implied equity value range for Ply Gem of \$1,070 million to \$1,474 million based on EBITDA for the NTM period and \$1,074 million to \$1,503 million based on EBITDA for 2019, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million. Furthermore, using the initial case projections indicated an implied equity value range for NCI of \$1,346 million to \$1,566 million based on EBITDA for the NTM period and \$1,389 million to \$1,630 million based on EBITDA for 2019.

Selected Precedent Transaction Analysis

Evercore performed an analysis of selected precedent transactions to compare multiples paid in other transactions to the multiples implied in the merger. Evercore analyzed nine merger and acquisition transactions that were announced between 2010 and 2018 involving acquisitions of companies in the exterior building products sector.

While none of the companies that participated in the selected precedent transactions is directly comparable to Ply Gem and none of the transactions in the selected precedent transactions analysis is directly comparable to the merger, Evercore selected these transactions because each of the target companies was involved in the exterior building products sector and had operating characteristics and products that for purposes of analysis may be considered similar to certain of Ply Gem's operating characteristics and products.

For each of the selected transactions, Evercore reviewed transaction values and calculated the TEV implied for each target company based on the consideration paid in the selected transaction, as a multiple of the target company's EBITDA (in each case, primarily calculated for the last full financial year prior to the date of announcement of such transaction).

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The selected precedent transactions and the TEV/LTM EBITDA multiples related thereto are set forth in the table below:

Date Announced	Acquiror	Target	TEV/LTM EBITDA
January 2018	The Sponsor Fund X Investor	Ply Gem Holdings, Inc.	9.8x
January 2018	The Sponsor Fund X Investor	Atrium Windows & Doors, Inc.	8.1x
November 2016	Boral Limited	Headwaters Incorporated	11.8x
August 2016	Headwaters Incorporated	Krestmark Industries LP	11.6x
November 2015	PGT, Inc.	WinDoor, Inc.	11.8x
August 2014	Ply Gem Industries, Inc.	Fortune Brands Windows, Inc.	10.0x
July 2014	PGT, Inc.	CGI Windows & Doors Holdings, Inc.	11.9x
August 2013	Ares Management LLC/Ontario Teachers' Pension Plan	CPG International Inc.	11.0x
September 2010	Hellman & Friedman LLC	Associated Materials LLC	11.4x

Evercore then applied a reference range of estimated TEV/LTM EBITDA multiples of 9.5x to 11.5x, derived by Evercore based on its review of the selected precedent transactions and its experience and professional judgment, to the LTM EBITDA of Ply Gem, including run-rate synergies expected to be generated from Ply Gem's acquisition of Atrium Windows & Doors, Inc. This analysis indicated an implied equity value range for Ply Gem of \$734 million to \$1,429 million, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million.

Discounted Cash Flow AnalysisPly Gem

Evercore performed a discounted cash flow analysis of Ply Gem to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that Ply Gem was projected to generate from January 1, 2019 through calendar year 2022, based on the evaluated case projections of Ply Gem that NCI management developed for Ply Gem through its due diligence of Ply Gem's business.

Evercore also calculated a terminal value for Ply Gem by applying both a range of TEV/NTM EBITDA multiples of 7.5x to 8.5x to projected EBITDA for the year after the terminal year, and a range of perpetuity growth rates of 2.0% to 3.0% to the unlevered, after-tax free cash flows in the terminal year. The ranges of terminal TEV/NTM EBITDA multiples and perpetuity growth rates were based on the professional judgment of Evercore given the nature of Ply Gem, its business, and growth rates in the residential building products sector. The cash flows and terminal values for Ply Gem were then discounted to December 31, 2018 using a discount rate of 10.0% to 11.0%, based on an estimate of Ply Gem's weighted average cost of capital, to derive a range of implied TEVs for Ply Gem as of December 31, 2018. The discount rates were based on Evercore's analysis of the capital structures and costs of equity and debt of publicly traded companies that may be considered similar to Ply Gem. Ranges of implied equity values for Ply Gem were then calculated by reducing the respective ranges of implied TEVs by the amount of Ply Gem's projected net debt (calculated as debt and debt-like items less cash and cash equivalents) as of December 31, 2018. These implied equity values for Ply Gem were then discounted to present value using a discount rate of 12.0%, based on an estimate of Ply Gem's cost of equity. Evercore's analysis indicated an implied equity value reference range for Ply Gem on a standalone basis of approximately \$1,357 million to \$1,861 million in the terminal multiple case and \$1,284 million to \$2,185 million in the perpetuity growth rate case, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million.

While Evercore's analysis primarily focused on the evaluated case projections, Evercore also supplemented its analysis

using the initial case projections as a point of comparison. This analysis indicated an implied equity value reference range for Ply Gem on a standalone basis of approximately \$1,472 million to \$1,991 million in the terminal multiple case and \$1,366 million to \$2,286 million in the perpetuity growth rate case, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million.

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NCI

Evercore performed a discounted cash flow analysis of NCI to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that NCI was projected to generate from January 1, 2019 through calendar year 2022, based on the evaluated case projections of NCI that were provided by NCI management.

Evercore also calculated a terminal value for NCI by applying both a range of TEV/NTM EBITDA multiples of 7.0x to 8.0x to projected EBITDA for the year after the terminal year, and a range of perpetuity growth rates of 1.5% to 2.5% to the unlevered, after-tax free cash flows in the terminal year. The ranges of terminal TEV/NTM EBITDA multiples and perpetuity growth rates were based on the professional judgment of Evercore given the nature of NCI, its business, and growth rates in the non-residential building products sector. The cash flows and the terminal values for NCI were then discounted to December 31, 2018 using a discount rate of 10.0% to 11.0%, based on an estimate of NCI's weighted average cost of capital, to derive a range of implied TEVs for NCI as of December 31, 2018. Ranges of implied equity values for NCI were then calculated by reducing the range of implied TEVs by the amount of NCI's projected net debt (calculated as debt and debt-like items less cash and cash equivalents) as of December 31, 2018 as provided by NCI management. These implied equity values for NCI were then discounted to present value using a discount rate of 12.0%, based on an estimate of NCI's cost of equity. Evercore's analysis indicated an implied equity value reference range for NCI on a standalone basis of approximately \$1,703 million to \$1,983 million in the terminal multiple case and \$1,646 million to \$2,088 million in the perpetuity growth rate case.

While Evercore's analysis primarily focused on the evaluated case projections, Evercore also supplemented its analysis using the initial case projections as a point of comparison. This analysis indicated an implied equity value reference range for NCI on a standalone basis of approximately \$1,738 million to \$2,020 million in the terminal multiple case and \$1,690 million to \$2,137 million in the perpetuity growth rate case.

Present Value of Future Stock Price Analysis

Ply Gem

Evercore performed an illustrative analysis of the present value of the future equity value of Ply Gem, which is designed to provide an indication of the present value of a theoretical future value of a company as a function of such company's estimated future EBITDA and its assumed TEV/NTM EBITDA multiple. Evercore used the evaluated case projections for Ply Gem through calendar year 2020 that NCI management developed for Ply Gem through its due diligence of Ply Gem's business. Evercore first multiplied the EBITDA estimate by a range of TEV/NTM EBITDA multiples of 8.0x to 10.0x to calculate the implied future TEVs. Evercore then calculated the implied future equity values for Ply Gem as of December 31 of each year through calendar year 2020 by reducing the implied future enterprise values by the amount of Ply Gem's projected future net debt as of each such date. Evercore then discounted the projected equity value as of a particular future date to the present using a discount rate of 11.5% to 12.5%. The discount rate was based on Evercore's analysis of the cost of equity for Ply Gem. This analysis resulted in an implied future equity value reference range for Ply Gem of approximately \$1,317 million to \$2,486 million and an implied present value of equity reference range of approximately \$1,242 million to \$1,893 million, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million.

While Evercore's analysis primarily focused on the evaluated case projections, Evercore also supplemented its analysis using the initial case projections as a point of comparison. This analysis indicated an implied present value of equity reference range of Ply Gem of approximately \$1,550 million to \$1,989 million, as compared to the value of the aggregate merger consideration in the merger of \$1,236 million.

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NCI

Evercore performed an illustrative analysis of the present value of the future equity value of NCI, which is designed to provide an indication of the present value of a theoretical future value of a company as a function of such company's estimated future EBITDA and its assumed TEV/NTM EBITDA multiple. Evercore used the evaluated case projections for NCI derived from assumptions provided by NCI management through calendar year 2020. Evercore first multiplied the EBITDA estimate by a range of TEV/NTM EBITDA multiples of 7.5x to 9.0x to calculate the implied future TEVs. Evercore then calculated the implied future equity values for NCI as of December 31 of each year through calendar year 2020 by reducing the implied future enterprise values by the amount of NCI's projected future net debt as of each such date. Evercore then discounted the projected equity value as of a particular future date to the present using a discount rate of 11.5% to 12.5%. The discount rate was based on Evercore's analysis of the cost of equity for NCI. This analysis resulted in an implied future equity value reference range for NCI of approximately \$1,619 million to \$2,543 million and an implied present value of equity reference range of approximately \$1,526 million to \$1,937 million.

While Evercore's analysis primarily focused on the evaluated case projections, Evercore also conducted its analysis using the initial case projections as a point of comparison. This analysis indicated an implied present value of equity reference range of NCI of approximately \$1,757 million to \$2,036 million.

Combination Analyses

Relative Contribution Analysis

Evercore analyzed the respective contributions of NCI, Ply Gem and the run-rate synergies expected to be realized to the combined company's EBITDA and EBITDA less Capital Expenditures for the years 2018, 2019 and 2020, based on the evaluated case projections provided by the management of NCI.

	NCI Contribution	Ply Gem Contribution	Run-Rate Synergies
EBITDA			
2018E	33%	60%	7%
2019E	33%	60%	6%
2020E	34%	61%	6%
EBITDA – CapEx			
2018E	30%	61%	9%
2019E	30%	62%	8%
2020E	31%	63%	7%

Relative Enterprise Value

At Transaction	33%	67%	N/A
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This analysis also indicated the relative contributions of NCI, Ply Gem and the run rate synergies expected to be realized to the combined company financial metrics described above, as compared to the relative contributions of NCI and Ply Gem to the implied enterprise value of the combined company following the merger based on the fact that holders of existing NCI common stock and holders of existing Ply Gem equity interests who will receive newly issued NCI common stock as a result of the aggregate merger consideration will hold 53% and 47%, respectively, of the pro forma combined company.

Implied Ownership Analysis

Based on each of the valuation methodologies described above, the expected 53% and 47% ownership split between current holders of NCI common stock and holders of Ply Gem equity interests, respectively, in the pro forma combined company falls within each methodology's resulting range of implied equity value contributions.

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Based on the evaluated case projections, Evercore's selected peer trading analysis resulted in an implied reference range for NCI's equity value contribution of 49.6% to 61.9% for the NTM period and 48.2% to 60.8% for 2019.

Evercore's discounted cash flow analysis indicated an implied equity value reference range of 47.8% to 59.4% in the terminal multiple case and 43.0% to 61.9% in the perpetuity growth rate case. Evercore's hypothetical present value of future stock price analysis for 2020 resulted in an implied future equity value reference range of 46.9% to 56.9%.

NCI's expected ownership of 53% in the pro forma combined company falls within each of these reference ranges.

Based on the initial case projections, Evercore's selected peer trading analysis resulted in an implied reference range for NCI's equity value contribution of 47.7% to 59.4% for the NTM period and 48.0% to 60.3% for 2019. Evercore's discounted cash flow analysis indicated an implied equity value reference range of 46.6% to 57.8% in the terminal multiple case and 42.5% to 61.0% in the perpetuity growth rate case. Evercore's hypothetical present value of future stock price analysis for 2020 resulted in an implied future equity value reference range of 46.9% to 56.8%. NCI's expected ownership of 53% in the pro forma combined company falls within each of these reference ranges.

Pro Forma Combined Valuation Based on DCF

Evercore analyzed the potential pro forma financial effect of the merger, based on a discounted cash flow analysis run with the evaluated case projections and estimated cost synergies expected to be realized from the transaction provided by the management of NCI, to calculate the estimated value of the pro forma combined company's unlevered, after-tax free cash flows that it is projected to generate from January 1, 2019 through calendar year 2022.

Evercore also calculated a terminal value for the pro forma combined company by applying both a range of TEV/NTM EBITDA multiples of 7.5x to 8.5x to projected EBITDA for the year after the terminal year, and a range of perpetuity growth rates of 2.0% to 3.0% to the unlevered, after-tax free cash flows in the terminal year. The ranges of terminal TEV/NTM EBITDA multiples and perpetuity growth rates were based on the professional judgment of Evercore. The cash flows and the terminal values were then discounted to December 31, 2018 using a discount rate of 10.0% to 11.0%, based on an estimate of the pro forma combined company's weighted average cost of capital, to derive a range of implied TEVs for the combined company as of December 31, 2018. Ranges of implied equity values for the combined company were then calculated by reducing the range of implied TEVs by the amount of the combined company's projected net debt (calculated as debt and debt-like items less cash and cash equivalents) as of December 31, 2018. These implied equity values for the combined company were then discounted to present value using a discount rate of 12.0%, based on an estimate of the combined company's cost of equity. Evercore's analysis indicated an implied equity value reference range for the pro forma combined company of approximately \$3,483 million to \$4,308 million in the terminal multiple case and \$3,530 million to \$5,062 million in the perpetuity growth rate case.

Under the terminal multiple case as calculated on a per share basis, Evercore's analysis indicated a per share value reference range of standalone NCI of \$25.10 to \$29.23, and a per share value reference range of the pro forma combined company of \$27.52 to \$34.04 (representing a 13.3% implied premium calculated using each range's midpoint). Under the perpetuity growth case calculated on a per share basis, Evercore's analysis indicated a per share value reference range of standalone NCI of \$24.26 to \$30.77, and a per share value reference range of the pro forma combined company of \$27.90 to \$40.01 (representing a 22.3% implied premium calculated using each range's midpoint).

Miscellaneous

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by Evercore. In connection with the review of the merger by the NCI board, Evercore performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Evercore's opinion. In arriving at its fairness determination, Evercore considered the results of all the analyses and did not draw, in isolation, conclusions from or with regard to any one analysis

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or factor considered by it for purposes of its opinion. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Evercore may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Evercore with respect to the actual value of NCI common stock or Ply Gem equity interests. No company used in the above analyses as a comparison is directly comparable to NCI or Ply Gem, and no transaction used is directly comparable to the merger. Further, Evercore's analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies or transactions used, including judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of NCI, Ply Gem and their respective advisors.

Evercore prepared these analyses for the purpose of providing an opinion to the NCI board as to the fairness of the aggregate merger consideration to be paid by NCI in the merger, from a financial point of view, to NCI. These analyses do not purport to be appraisals or to necessarily reflect the prices at which the business or securities actually may be sold. Any estimates contained in these analyses are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by such estimates. Accordingly, estimates used in, and the results derived from, Evercore's analyses are inherently subject to substantial uncertainty, and Evercore assumes no responsibility if future results are materially different from those forecasted in such estimates.

With respect to the merger, Evercore did not recommend any specific amount of consideration to the NCI board or the NCI management or that any specific amount of consideration constituted the only appropriate consideration in the merger.

Pursuant to the terms of Evercore's engagement letter with NCI, a fee of \$3.0 million was payable to Evercore upon the delivery of Evercore's fairness opinion to the NCI board. If the merger is consummated, Evercore will be entitled to receive an amount equal to \$12.0 million less the \$3.0 million already received upon delivery of the fairness opinion. An additional discretionary fee may be paid to Evercore by NCI, the amount of which, if any, will not exceed \$3.0 million and will be determined by the NCI board in its sole and absolute discretion and may or may not be contingent upon consummation of the merger. The NCI board has full discretion regarding the amount of such fee (if any) and the circumstances under which such a fee might be paid. In the event the NCI board determines to pay an additional discretionary fee to Evercore, the NCI board may consider any factors it deems relevant in determining the amount of such fee. At this time, the NCI board has not made any determinations regarding the payment of a discretionary fee or the criteria that it may use to assess whether a discretionary fee should be paid. In addition, NCI has agreed to reimburse Evercore for its expenses and to indemnify Evercore for certain liabilities arising out of its engagement.

"During the two-year period prior to the delivery of its opinion, Evercore and its affiliates provided investment banking services to a portfolio company of an investment fund sponsored by Sponsor in connection with a matter unrelated to NCI, for which Evercore and its affiliates received compensation of less than \$1 million." During the two-year period prior to the delivery of its opinion, no material relationship existed between Evercore and its affiliates and Ply Gem pursuant to which compensation was received by Evercore or its affiliates as a result of such a relationship. During the two-year period prior to the delivery of its opinion, Evercore and its affiliates did provide investment banking services to Clayton, Dubilier & Rice, LLC, or one or more of its affiliated investment funds, in connection with unrelated transactions for which Evercore and its affiliates have received compensation. Evercore may provide financial or other services to NCI or its affiliates in the future and in connection with any such services Evercore may receive compensation.

In the ordinary course of business, Evercore or its affiliates may actively trade the securities, or related derivative securities, or financial instruments of NCI, Ply Gem and their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

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The issuance of the fairness opinion was approved by an Opinion Committee of Evercore.

Interests of NCI Directors and Executive Officers in the Merger

In considering the approval of the NCI special committee and the recommendation of the NCI board with respect to the merger, NCI stockholders should be aware that the directors and executive officers of NCI have certain interests, including financial interests, in the merger that may be different from, or in addition to, the interests of NCI stockholders generally. The NCI special committee and the NCI board were aware of these interests and considered them, among other matters, in approving the merger agreement, and in making its recommendation that NCI stockholders adopt the merger agreement. Four NCI directors, James G. Berges, Nathan K. Sleeper, Jonathan L. Zrebiec, and William R. VanArsdale, are all employed by or otherwise affiliated with Sponsor. The foregoing affiliations with Sponsor were known by or disclosed to the remaining directors on the NCI board. Accordingly, these four NCI directors recused themselves from participating in NCI board's review and consideration of the merger and did not vote with respect to the merger.

Assumptions

For purposes of this disclosure, "officers" refers to: (1) Donald R. Riley, President and Chief Executive Officer, (2) Todd R. Moore, Executive Vice President, Chief Legal, Risk & Compliance Officer, (3) John L. Kuzdal, President of Group Manufacturing Segment, (4) Katy K. Theroux, Executive Vice President, Corporate Marketing and Chief Human Resources Officer, (5) Robert D. Ronchetto, Vice President, Chief Procurement Officer and (6) Bradley S. Little, Interim Chief Financial Officer and Treasurer. In addition, for purposes of this disclosure, Messrs. Riley, Moore, Little and Kuzdal and Ms. Theroux are referred to as the "named executive officers". As discussed below, Norman C. Chambers, NCI's former Chief Executive Officer, retired on December 31, 2017 and Mark E. Johnson, NCI's former Executive Vice President, Chief Financial Officer and Treasurer retired on June 29, 2018.

The potential payments quantified in the narrative and tables below are, unless otherwise noted, based on the following assumptions: (1) the effective time of the merger occurs on August 6, 2018, which is the assumed date of the effective time solely for purposes of this compensation-related disclosure, (2) each officer is terminated without cause or resigns with good reason, in either case, immediately following the assumed effective time of the merger, (3) any performance metrics applicable to performance share units or annual bonuses are satisfied at target levels, (4) the relevant price per share of NCI common stock is \$16.81, the average closing price per share over the first five business days following the announcement of the merger agreement and (5) each officer's base salary and target bonus opportunity as in effect on August 6, 2018 remains unchanged. The amounts set forth in the narrative and tables below are estimates of amounts that may be payable to the officers based on the arrangements as in effect as of August 6, 2018 and multiple assumptions that may or may not actually occur, including the assumptions described above. Some of the assumptions are based on information not currently available and, as a result, the actual amounts received by an officer may differ materially from the amounts set forth in the narrative and tables below.

Treatment of NCI Equity Awards

Upon the effective time of the merger, certain NCI restricted stock awards, options, restricted stock units ("RSU awards") and performance restricted stock units ("PSU awards") will become vested. Following the effective time of the merger, all other outstanding NCI equity awards will remain outstanding, without adjustment, and continue to be subject to the terms and conditions (including any vesting terms that provide for acceleration upon a change in control or a qualifying termination of employment thereafter) applicable to such awards immediately prior to the effective time of the merger. A summary of the change in control provisions applicable to the unvested options, RSU awards, restricted stock awards, and PSU awards held by the officers is set forth in the next paragraph. The merger will constitute a "change in control" for purposes of NCI's equity awards and the employment agreements described below. Upon the effective time of the merger, RSU awards and PSU awards held by officers that were granted prior to May 31, 2016 and certain restricted stock awards held by Mr. Riley and Ms. Theroux will vest in full, with any applicable performance metrics deemed satisfied at maximum. RSU awards held by officers

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that were granted on or following May 31, 2016 will vest upon the officer's termination without cause or resignation with good reason that occurs during the two years following the effective time of the merger (a "qualifying termination"). PSU awards held by officers that were granted on or following May 31, 2016 will convert into service-vesting RSU awards upon the effective time of the merger, and will continue to vest based on continued service through the end of the applicable performance period or upon an earlier qualifying termination. With respect to PSU awards, the number of shares of NCI common stock subject to the service-vesting RSU awards will be determined as follows: (1) if the applicable performance goal is based on free cash flow or earnings per share and the effective time of the merger occurs prior to the second anniversary of the grant date, the number of shares of NCI common stock subject to the service-vesting RSU award will equal the target number of shares, (2) if the performance goal is based on free cash flow or earnings per share and the effective time of the merger occurs on or following the second anniversary of the grant date, the number of shares of NCI common stock subject to the service-vesting RSU award will be equal to the number of shares that would have vested based on actual performance through the date of the effective time of the merger, prorated based on the number of quarters of the performance period completed prior to the date of the effective time of the merger and (3) if the performance goal is based on total shareholder return, the number of shares of NCI common stock subject to the service-vesting RSU award will be equal to the number of shares of NCI common stock that would have been earned at the completion of the performance period if the total shareholder return (or similar goal) at the completion of the performance period equaled (a) the actual total shareholder return (or similar goal) achieved during the performance period as of the date of the effective time of the merger divided by (b) the portion of the performance period (expressed as a fraction) that has elapsed as of the date of the effective time of the merger. RSU awards, restricted stock awards and option awards held by non-employee directors will vest in full upon the effective time of the merger.

For an estimate of the value of the payments and benefits described above that would become payable to each of the named executive officers in respect of their unvested RSU awards, restricted stock awards, and PSU awards, see "— Quantification of Payments and Benefits to NCI's Named Executive Officers" below. The estimated value of the payments that will be made to the officer other than the named executive officers in respect of his unvested RSU awards and PSU awards is \$1,199,109. The estimated value of the aggregate payments that may be made to the non-employee directors as a group in respect of their unvested NCI equity awards is: \$1,125,547 in respect of their unvested NCI RSU awards and \$110,828 in respect of their unvested NCI restricted stock awards. The estimated value of the outstanding, unvested restricted stock and RSU awards held by non-employee directors includes such awards that have been assigned to Sponsor by the applicable Sponsor directors, who are partners of Sponsor. Please see footnote four under "Beneficial Ownership of NCI's Directors, Executive Officers, and Persons Owning More than 5% of the Outstanding Shares of NCI's Common Stock" for more information regarding such assigned awards. The non-employee directors also hold 2,637 unvested NCI options in the aggregate, all of which have a per share exercise price of \$17.07 and are out-of-the-money based on the assumed stock price of \$16.81. All of the options held by officers are vested and none of the non-employee directors hold any PSU awards.

Employment Agreements

NCI entered into an employment agreement with each officer at or around the time the officer was hired or promoted into an executive-level role that provides for severance benefits that are payable upon a qualifying termination. The severance benefits are conditioned upon each officer's execution and non-revocation of a release of claims. For each officer, upon a qualifying termination, the employment agreements provide for the payment of a lump sum cash payment on the first payroll date following the release effective date, in an amount equal to: (1) for Mr. Riley, the sum of two times his annual base salary plus three times his target annual bonus, (2) for Messrs. Moore, Kuzdal and Ronchetto, and Ms. Theroux, two times the sum of the officer's annual base salary and target annual bonus, and (3) for Mr. Little, two times his annual base salary. In addition, upon a qualifying termination, each officer is entitled to (a) a prorated bonus for the fiscal year of termination based on actual performance, paid at the time such bonuses are paid to actively employed executive officers and (b) continued participation in medical and dental benefits at active employee rates for the officer and his or her dependents for up to 18 months (except for Mr. Riley, this benefit will be paid in the form of a lump sum cash payment equal to the cost of 18 months of COBRA premiums for Mr. Riley and his dependents). In addition, pursuant to the terms of the

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employment agreements, if an officer is terminated on or following July 17, 2018 and prior to the effective time of the merger, subject to the occurrence of the effective time of the merger, the officer will be entitled to the payments and benefits described in this paragraph.

Each officer is subject to certain obligations under his or her employment agreement. Those obligations include a perpetual confidentiality covenant and 12-month (24-month for Mr. Riley) post-termination non-compete, non-solicitation, non-disparagement, and non-interference covenants.

For an estimate of the value of the payments and benefits described above that may become payable to each named executive officer in respect of his or her employment agreement, see “— Quantification of Payments and Benefits to NCI’s Named Executive Officers” below. The estimated value of the aggregate payments that may become payable to the officer other than the named executive officers in respect of his employment agreement is \$1,173,496.

Executive Officer Transition

Norman C. Chambers, NCI’s former Chief Executive Officer and Executive Chairman, retired on December 31, 2017. Pursuant to the terms of Mr. Chambers’ employment agreement, his PSU awards remain outstanding following his retirement and will be treated as described above under “— Treatment of NCI Equity Awards” in connection with the merger. The estimated value of his outstanding, unvested PSU awards is \$4,496,609.

Mark E. Johnson, NCI’s former Executive Vice President, Chief Financial Officer and Treasurer retired on June 29, 2018. Following his retirement, Mr. Johnson is not entitled to any compensation or benefits in connection with the merger. On June 29, 2018, Mr. Little was appointed Interim Chief Financial Officer and Treasurer.

Retention Bonuses

NCI granted retention bonuses to Messrs. Little and Ronchetto in connection with the merger and, in the case of Mr. Little, in connection with his promotion to Interim Chief Financial Officer and Treasurer. 33.3% of each retention bonus will vest upon the effective time of the merger and 66.7% of each retention bonus will vest on the date that is the latest of (1) the 181st day following the effective time of the merger and (2) March 31, 2019. Any vested portion of the retention bonus will be paid within 15 days following the applicable vesting date. Upon a qualifying termination or termination due to death or disability prior to any applicable vesting date, any unvested portion of the retention bonus will be paid within 15 days following the applicable date of termination. The aggregate amount of the retention bonuses payable to Messrs. Little and Ronchetto is \$366,500.

Subject to the approval of Ply Gem, NCI may grant additional retention bonuses or merger bonuses to its employees, including the officers, prior to the effective time of the merger. As of the date of this filing, no officer (other than Messrs. Little and Ronchetto) is entitled to any such retention or merger bonuses, and the recipients, amounts and terms of any such additional retention and merger bonuses have not yet been determined.

Pension/Nonqualified Deferred Compensation

Upon the effective time of the merger, deferred compensation account balances for Messrs. Riley, Kuzdal and Little will become vested (to the extent not already vested) and payable in a cash lump sum, in each case in accordance with the terms of the deferred compensation plan. For an estimate of the value of these payments and benefits, see “— Quantification of Potential Payments to NCI Executive Officers in Connection with the Merger” below.

Transaction Equity Award Grants

NCI and Ply Gem have agreed to grant equity awards to selected employees of the combined company at or shortly following the effective time of the merger, which may include grants to the officers and Mr. Metcalf. As of the date of this filing, no officer is entitled to any such equity award and the recipients, amounts and terms of such equity awards have not yet been determined.

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Indemnification; Directors' and Officers' Insurance

NCI is party to indemnification agreements with each of its directors and executive officers (including the officers) that require NCI, among other things, to indemnify the directors and executive officers against certain liabilities that may arise by reason of their status or service as directors or officers. In the new stockholders agreement, NCI has agreed that as long as the Sponsor Investors have representation rights on the NCI board, directors appointed by the Sponsor Investors shall be entitled to the same rights, privileges and compensation as the other members of the NCI board in their capacity as such, including with respect to insurance coverage and reimbursement for NCI board participation and related expenses.

In addition, the merger agreement provides that, after the effective time, the surviving corporation will indemnify, defend, and hold harmless for six years after the effective time, each present and former director, officer, or employee of Ply Gem or any of its subsidiaries against any costs or expenses (including reasonable attorneys' fees and expenses and disbursements), judgments, fines, losses, claims, damages, or liabilities incurred in connection with any actions, suits, claims, hearings, inquiries, examinations, investigations, or other proceedings, whether civil, criminal, administrative or investigative, arising out of or pertaining to the fact that such person is or was a director, officer, or employee of Ply Gem or any of its subsidiaries, whether asserted or claimed prior to, at or after the effective time. The surviving corporation is also obligated, subject to certain limited exceptions, to maintain an insurance and indemnification policy that has terms with respect to coverage and in amounts no less favorable in the aggregate than those of Ply Gem's directors' and officers' insurance policy in effect on the execution date. See "The Merger Agreement — Indemnification and Insurance" and "The Stockholders Agreement — Governance Matters."

Continued Service

Under the terms of the merger agreement and the new stockholders agreement, at the effective time of the merger, the board of directors of the surviving corporation will consist of 12 directors, seven of whom will be directors designated by NCI and five of whom will be persons nominated by the Sponsor Investors. Upon completion of the merger, Mr. Metcalf will be the Chairman and Chief Executive Officer of NCI. In addition, following the completion of the merger, each officer is expected to continue employment with NCI. As of the date of this filing, NCI has not entered into any employment or similar agreement with Mr. Metcalf or any officer relating to his or her compensation and benefits following the effective time of the merger.

Quantification of Payments and Benefits to NCI's Named Executive Officers

The table below sets forth the amount of payments and benefits that each of NCI's named executive officers (determined as of the last day of NCI's most recently completed fiscal year) would receive in connection with the merger (referred to by the applicable SEC disclosure rules as "golden parachute compensation"), based on the assumptions set forth under "— Assumptions" above and detailed in the footnotes below. The amounts set forth in the tables below are estimates of amounts that may be payable to the named executive officers based on multiple assumptions that may or may not actually occur. Some of the assumptions are based on information not currently available and, as a result, the actual amounts received by a named executive officer may differ materially from the amounts set forth in the narrative and tables below. Mr. Johnson retired on June 29, 2018 and is excluded from the table below because he is not entitled to any compensation or benefits in connection with the merger.

Golden Parachute Compensation

Name	Cash \$(1)	Equity \$(2)	Pension/ NQDC \$(3)	Perquisites/ Benefits \$(4)	Other \$(5)	Total (\$)
Donald R. Riley President and Chief Executive Officer	4,325,342	4,597,452	133,554	30,000	—	9,086,348
Todd R. Moore Executive Vice President, Chief Legal, Risk & Compliance Officer	1,536,404	1,871,726	—	30,000	—	3,438,130

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Name	Golden Parachute Compensation					Total (\$)
	Cash \$(1)	Equity \$(2)	Pension/ NQDC \$(3)	Perquisites/ Benefits \$(4)	Other \$(5)	
John L. Kuzdal President of Group Manufacturing Segment	1,695,342	2,093,198	98,816	30,000	—	3,917,356
Katy K. Theroux Executive Vice President, Corporate Marketing and Chief Human Resources Officer	1,630,137	1,749,282	—	30,000	—	3,409,419
Bradley S. Little Interim Chief Financial Officer and Treasurer	716,986	1,035,950	44,103	30,000	222,500	2,049,539
Norman C. Chambers Former Chief Executive Officer and Executive Chairman(6)	—	4,496,609	—	—	—	4,496,609

(1)

Cash. Cash severance benefits are a “double-trigger” benefit payable upon a termination without cause or resignation with good reason that occurs during the two years following the effective time of the merger. Upon such qualifying termination, each named executive officer would be entitled to: (a) a lump sum cash payment, paid on the first payroll date following the release effective date, equal to (x) for Mr. Riley, the sum of two times his annual base salary plus three times his target annual bonus, (y) for Messrs. Moore and Kuzdal and Ms. Theroux, two times the sum of the officer’s annual base salary and target annual bonus and for Mr. Little, two times his base salary and (b) a prorated bonus for the fiscal year of termination based on actual performance, paid at the time such bonuses are paid to actively employed executive officers. Please see “— Employment Agreements” above for more information regarding the cash severance benefits that may become payable to the named executive officers.

Name	Cash Severance(\$)	Pro Rata Bonus(\$)	Total(\$)
Donald R. Riley	3,750,000	575,342	4,325,342
Todd R. Moore	1,319,500	216,904	1,536,404
John L. Kuzdal	1,456,000	239,342	1,695,342
Katy K. Theroux	1,400,000	230,137	1,630,137
Bradley S. Little	530,000	186,986	716,986

(2)

Equity. RSU awards and PSU awards held by named executive officers that were granted prior to May 31, 2016 and certain restricted stock awards held by Mr. Riley and Ms. Theroux will vest “single-trigger” upon the effective time of the merger, with any applicable performance metrics deemed satisfied at maximum (200% of the target amount). RSU awards and PSU awards held by named executive officers that were granted on or following May 31, 2016 will vest “double-trigger” upon the named executive officer’s termination without cause or resignation with good reason that occurs during the two years following the effective time of the merger. PSU awards held by named executive officers that were granted on or following May 31, 2016 will convert into service-vesting RSU awards upon the effective time of the merger, and will continue to vest based on continued service through the end of the applicable performance

period (except as described in the immediately preceding sentence). Please see “— Treatment of NCI Equity Awards” above for more information, including information regarding how the number of shares of NCI common stock subject to the service-vesting RSUs will be determined.

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Name	Single-Trigger PSU Awards (\$)	Single-Trigger RSU and Restricted Stock Awards (\$)	Double-Trigger PSU Awards (\$)	Double-Trigger RSU Awards (\$)	Total (\$)
Donald R. Riley	1,259,070	235,375	1,776,161	1,326,846	4,597,452
Todd R. Moore	854,386	96,843	593,493	327,004	1,871,726
John L. Kuzdal	989,269	112,123	642,780	349,026	2,093,198
Katy K. Theroux	719,469	113,485	544,206	372,122	1,749,282
Bradley S. Little	449,668	125,924	299,184	161,174	1,035,950

(3)

Pension/Nonqualified Deferred Compensation. This amount represents the total deferred compensation account balance (both employee and employer contributions) that becomes vested (to the extent not already vested) and payable as a lump sum cash “single trigger” benefit at the effective time of the merger, in each case in accordance with the terms of the deferred compensation plan.

(4)

Perquisites/Benefits. Continued medical and dental benefits are a “double-trigger” benefit provided upon a termination without cause or resignation with good reason that occurs during the two years following the effective time of the merger. Upon such a qualifying termination, each named executive officer would be entitled to: (a) for Mr. Riley, a lump sum cash payment equal to the cost of 18 months of COBRA premiums for Mr. Riley and his dependents and (b) for Messrs. Moore, Kuzdal and Little and Ms. Theroux, continued participation in medical and dental benefits at active employee rates for the officer and his or her dependents for up to 18 months. Please see “— Employment Agreements” above for more information regarding the medical and dental benefits that may be provided to the named executive officers.

(5)

Other. This amount represents Mr. Little’s \$222,500 cash retention bonus, 33.3% of which is a “single trigger” benefit which will be payable upon the effective time of the merger, and 66.7% of which is a “double trigger” benefit to the extent it becomes payable upon a qualifying termination (and the payment will be a “single trigger” benefit if Mr. Little remains employed following the effective time of the merger through the latest of (1) the 181st day following the effective time of the merger and (2) March 31, 2019). Please see “— Retention Bonuses” above for more information regarding this payment.

(6)

Mr. Chambers retired on December 31, 2017. Pursuant to the terms of Mr. Chambers’ employment agreement, his PSU awards remain outstanding following his retirement and will be treated as described above under “— Treatment of NCI Equity Awards” in connection with the merger. He is not entitled to any other compensation in connection with the merger.

Board of Directors and Management of the Surviving Corporation Following Completion of the Merger

Under the terms of the merger agreement and the new stockholders agreement, at the effective time of the merger, the initial board of directors of the surviving corporation will consist of 12 directors, one of whom will be the Chief Executive Officer, six of whom will be current NCI directors who are independent of both NCI and of Sponsor, and five of whom will be persons nominated by the Sponsor Investors, one of whom must be independent.

Biographical information for NCI’s current directors who will serve on the surviving corporation’s board is incorporated by reference from NCI’s most recent proxy statement filed on Schedule 14A, dated January 26, 2018.

Executive Officers

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Name	Age	Position
James S. Metcalf	60	Chairman & Chief Executive Officer
Donald R. Riley	54	Chief Executive Officer, NCI Division and Head of Supply Chain & Technology

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Name	Age	Position
Shawn K. Poe	56	Chief Financial Officer
Katy K. Theroux	49	Executive Vice President, Chief Human Resources Officer
Todd R. Moore	58	Executive Vice President, Chief Legal, Risk & Compliance Officer and Corporate Secretary

Biographical information for NCI'S executive officers who will serve on as executive officers of the surviving corporation is incorporated by reference from NCI's most recent proxy statement filed on Schedule 14A, dated January 26, 2018.

Shawn K. Poe, Chief Financial Officer

Shawn K. Poe, age 56, has served as the Chief Financial Officer and Secretary of Ply Gem since 2004 and as Executive Vice President since 2015. Mr. Poe was appointed Vice President of Finance of Ply Gem's siding and accessories subsidiaries in March 2000. Prior to joining Ply Gem, Mr. Poe held the position of Corporate Controller and various other accounting positions at Nordyne, Inc., which he joined 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 an MBA. Material U.S. Federal Income Tax Consequences

The following general discussion describes the material U.S. federal income tax consequences of the merger to NCI stockholders. This discussion is based on current provisions of the Code, the Treasury regulations promulgated thereunder, judicial interpretations thereof and administrative rulings and published positions of the Internal Revenue Service, all as in effect as of the date hereof and all of which are subject to change or different interpretations, possibly with retroactive effect, and any such change or interpretation could affect the accuracy of the statements and conclusions set forth herein.

This discussion is limited to NCI stockholders that hold their NCI common stock as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion is for general information only and does not purport to address all aspects of U.S. federal income taxation that may be relevant to particular holders in light of their personal circumstances and does not apply to holders subject to special rules under the U.S. federal income tax laws (including, for example, United States persons having a "functional currency" other than the U.S. dollar, persons subject to special rules applicable to former citizens and residents of the United States, persons who are not "United States persons" for U.S. federal income tax purposes, banks or other financial institutions, mutual funds, persons subject to the alternative minimum tax, grantor trusts, real estate investment trusts, S corporations or other pass-through entities or arrangements (or investors in S corporations or other pass-through entities or arrangements), insurance companies, tax-exempt organizations, dealers in securities or currencies, traders in securities who elect to apply a mark-to-market method of accounting, persons holding NCI common stock in connection with a hedging transaction, straddle, conversion transaction or other integrated transaction, holders required to report income no later than when such income is reported on an "applicable financial statement," holders that hold (or that held, directly or constructively, at any time during the five year period ending on the date of the merger) 5% or more of the NCI common stock, holders who acquired their NCI common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan, or holders who also own a direct or indirect interest in Ply Gem). This discussion does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, any state, local or foreign tax consequences, nor does it address any U.S. federal tax considerations other than those pertaining to the income tax. Holders should consult their own tax advisors as to the particular tax consequences to them of the merger, including the applicability of any U.S. federal income and other tax laws, any state, local or foreign tax laws or any treaty, and any changes (or proposed changes) in tax laws or interpretations thereof.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds NCI common stock, the tax treatment of a person treated as a partner in such partnership will generally depend upon the status of the partner and upon the activities of the partnership. Persons that for U.S. federal

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income tax purposes are treated as a partner in a partnership holding NCI common stock should consult their own tax advisors regarding the tax consequences of the merger.

NCI STOCKHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS.

The NCI common shares outstanding immediately prior to the effective time of the merger will remain outstanding, and NCI stockholders will not participate in the merger. Accordingly, NCI stockholders generally will not recognize gain or loss upon the merger. NCI stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the merger.

The preceding discussion is intended only as a general discussion of the material U.S. federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to particular holders. NCI stockholders should consult their own tax advisors as to the particular tax consequences to them of the merger, including tax return reporting requirements, the applicability and effect of federal, state, local and other tax laws and the effect of any proposed changes in the tax laws.

Accounting Treatment of the Merger

NCI prepares its financial statements in accordance with U.S. GAAP. The merger will be accounted for as an acquisition in accordance with ASC 805, Business Combinations with NCI being considered the accounting acquirer of Ply Gem. This means that NCI will allocate the purchase price to the fair value of Ply Gem's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price, if any, being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

Regulatory Clearances Required to Complete the Merger

The completion of the merger is subject to antitrust review in the United States. Under the HSR Act, the merger cannot be completed until NCI and Ply Gem have given notification and furnished information to the United States Federal Trade Commission ("FTC") and the United States Department of Justice ("DOJ"), and until the applicable waiting period has expired or has been terminated.

A transaction requiring notification under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties' filing of their respective HSR Act Notification and Report Forms or the early termination of that waiting period. If the FTC or DOJ issues a "Request for Additional Information and Documentary Material" (a "second request") prior to the expiration of the initial waiting period, the parties must observe a second 30-day waiting period, which would begin to run only after both parties have substantially complied with the second request, unless the waiting period is terminated earlier or the parties otherwise agree to extend the waiting period.

On July 31, 2018, NCI and Ply Gem each filed a Premerger Notification and Report Form under the HSR Act.

At any time before or after consummation of the merger, notwithstanding the expiration or termination of the waiting period under the HSR Act, the FTC or the DOJ, or any state, could take such action under antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger or seeking divestiture of substantial assets of NCI or Ply Gem or their respective subsidiaries. Private parties may also seek to take legal action under antitrust laws under certain circumstances.

The completion of the merger will also be subject to approval in Canada. On [•], the parties submitted an Advance Ruling Certificate request to the Canadian Bureau of Competition.

Under the merger agreement, completion of the merger is subject to receipt of any approval required under the Austrian Cartel Act. However, the parties have concluded that no such approval is required.

Dividend Policy

NCI currently does not pay dividends on its NCI common stock and currently does not intend to do so in the foreseeable future. NCI currently intends to retain any earnings for use in the business. The NCI

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board will determine whether NCI will pay future dividends on its NCI common stock. Any payment of cash dividends in the future will depend upon NCI's financial condition, its capital requirements and earnings, any applicable contractual restrictions on its ability to pay dividends and such other factors as the NCI board may deem relevant. NCI's existing senior credit agreement and existing indenture limits its ability to pay dividends.

Subject to limited exceptions, the merger agreement prohibits NCI (unless consented to in advance by Ply Gem, which consent may not be unreasonably withheld, conditioned or delayed) from paying dividends or other distribution to holders of NCI common stock until the earlier of the effective time and the termination of the merger agreement in accordance with its terms.

For additional information on the treatment of dividends under the merger agreement, see "The Merger Agreement — Conduct of Business."

In addition, both the current stockholders agreement and the new stockholders agreement require that NCI obtain the consent of the Sponsor Fund VIII Investors to pay any extraordinary dividends although NCI may reinstate quarterly dividends without such consent. See "The Stockholders Agreement — Consent Rights."

Expected Timing of the Merger

The merger is expected to be completed in the fourth calendar quarter of 2018. However, neither NCI nor Ply Gem can predict the actual date on which the merger will be completed, nor can the parties assure that the merger will be completed, because completion is subject to conditions beyond each party's control.

Listing of NCI Common Stock

It is a condition to the consummation of the merger that the shares of NCI common stock to be issued in the merger be authorized for listing on the NYSE, subject to official notice of issuance. Shares of NCI common stock currently trade on the NYSE under the stock symbol "NCS."

No Appraisal Rights

Under the DGCL, neither NCI's stockholders nor Ply Gem holders are entitled to appraisal rights in connection with the merger or the other transactions contemplated by the merger.

Vote Required and the NCI board's Recommendation

The affirmative vote of holders of a majority of the outstanding shares of NCI common stock entitled to vote on the merger agreement proposal is required to approve the merger agreement proposal. Broker non-votes and abstentions will have same effect as a vote "AGAINST" the merger agreement proposal.

The merger agreement and the merger have been approved and recommended by a special committee of NCI directors who are independent and not affiliated with Sponsor and the NCI board. The NCI board, by unanimous vote of the directors not affiliated with Sponsor, recommends that NCI stockholders vote "FOR" the adoption of the merger agreement proposal.

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THE MERGER AGREEMENT

The following describes the material provisions of the merger agreement and certain exhibits thereto, which is included as Annex A to this proxy statement and incorporated by reference herein. The summary of the material provisions of the merger agreement below and elsewhere in this proxy statement is qualified in its entirety by reference to the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. NCI encourages you to read carefully the merger agreement in its entirety before making any investment or voting decisions as it is the principal legal document governing the merger described in this proxy statement.

The merger agreement and this summary of its terms have been included to provide you with information regarding the terms of the merger agreement. Factual disclosures about NCI and Ply Gem contained in this proxy statement or NCI's filings with the SEC may supplement, update or modify the factual disclosures about NCI and Ply Gem contained in the merger agreement and described in the summary. The representations, warranties and covenants made in the merger agreement by NCI and Ply Gem are qualified and subject to important limitations agreed to by NCI and Ply Gem in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were made solely for the benefit of the parties to the merger agreement, and were negotiated with the principal purpose of allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality that may be different from what is generally relevant to stockholders or applicable to reports and documents filed with the SEC, and in some cases are qualified by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the merger agreement or otherwise publicly disclosed. The representations and warranties in the merger agreement will not survive the completion of the merger. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement and subsequent developments or new information qualifying a representation or warranty may have been included or incorporated by reference into this proxy statement. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone, but instead should be read together with the information provided elsewhere in this proxy statement and in the documents incorporated by reference into this proxy statement. See "Where You Can Find More Information."

Terms of the Merger; Merger Consideration

On July 17, 2018 (the "execution date"), NCI, Ply Gem, and, for certain limited purposes set forth in the merger agreement, Sponsor, entered into the merger agreement, pursuant to which Ply Gem will merge with and into NCI, with NCI continuing its existence as a Delaware corporation. At the closing, the Ply Gem LLC interests as of immediately prior to the closing of the merger will be converted into the right of the Ply Gem holders to receive, in the aggregate with respect to all such interests, 58,709,067 shares of NCI common stock (the "aggregate merger consideration"), with each Ply Gem holder being entitled to receive its pro rata share of the aggregate merger consideration based upon a schedule to be provided by Ply Gem. NCI common stock outstanding immediately prior to the merger will remain outstanding after the closing of the merger. The sections of the merger agreement to which Sponsor is a party pertain primarily to the obligations of the parties to make efforts to complete the merger. See section entitled "The Merger Agreement — Efforts to Consummate the Merger".

Completion of the Merger

Unless the parties agree otherwise, the closing of the merger (the "closing") will take place at 9:00 a.m., New York City time, on the second (2nd) business day after all the conditions to closing have been satisfied or waived (other than those conditions that by their nature cannot be satisfied until the closing of the merger but subject to the satisfaction or waiver of such conditions as of the closing).

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Representations and Warranties

NCI and Ply Gem have each made representations and warranties to the other. NCI's representations and warranties relate to, among other topics, the following:

- organization and standing;
- corporate power and authority to enter into the merger agreement, new stockholders agreement and new registration rights agreement and consummate the transactions contemplated therein;
- the absence of conflicts with, or violations of, organizational documents, contracts or laws;
- consents and approvals of governmental authorities or third parties relating to the transactions contemplated by the merger agreement;
- capital structure;
- compliance with applicable laws;
- SEC reports and financial statements;
- absence of certain changes or events;
- real property;
- intellectual property;
- environmental matters;
- material contracts;
- legal proceedings;
- permits;
- taxes;

- employee benefit plan, employment and labor matters;
- insurance;
- required vote of NCI stockholders;
- state anti-takeover statutes;
- related party transactions;
- brokers' fees payable in connection with the merger;
- receipt of an opinion from NCI's financial advisor;
- accuracy of information supplied or to be supplied in this proxy statement;
- customers and suppliers;
- warranties/product liability; and
- acknowledgment that Ply Gem gave no other representations and warranties than those clearly set out in the merger agreement.

Ply Gem's representations and warranties relate to, among other topics, the following:

- organization and standing;
- corporate power and authority to enter into the merger agreement, the new stockholders agreement and the new registration rights agreement and consummate the transactions contemplated therein;
- the absence of conflicts with, or violations of, contracts and organizational documents;

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- consents and approvals of governmental authorities or third parties relating to the transactions contemplated by the merger agreement;
- capital structure;
- compliance with applicable laws;
- SEC reports and financial statements;
- absence of certain changes or events;
- real property;
- intellectual property;
- environmental matters;
- material contracts;
- legal proceedings;
- permits;
- taxes;
- employee benefit plan, employment and labor matters;
- insurance;
- related party transactions;
- brokers' fees payable in connection with the merger;
-

accuracy of information supplied or to be supplied in this proxy statement;

- customers and suppliers;
- financing;
- warranties/product liability; and
- acknowledgment that NCI gave no other representations and warranties than those clearly set out in the merger agreement.

Certain of the representations and warranties given by NCI and Ply Gem, as applicable, are qualified as to “materiality” or “material adverse effect.” For purposes of the merger agreement, a “material adverse effect” with respect to a party means any event, change, development, effect, condition, circumstance, occurrence or state of facts, or any combination of the foregoing that has a material adverse effect on the business, financial condition or results of operations of a party, taken as a whole. However, no effect resulting from any of the following shall be considered when determining whether a material adverse effect will have occurred: (i) any change in general economic, political, business or other capital markets conditions (including prevailing interest rates and any effects on the economy arising as a result of acts of terrorism); (ii) any change or developments in prices for a party’s raw material inputs, end products, or other commodity prices; (iii) general market and economic conditions in the relevant industries of each party; (iv) any change in accounting requirements or principle impose by U.S. GAAP or any change in law after signing of the merger agreement; (v) any change resulting from the announcement of the merger agreement or announcement of the transactions contemplated by the merger agreement; (vi) any change resulting from the party’s actions required to be taken pursuant to the terms of the merger agreement or with the consent of the other party; (vii) any hurricane, tornado, flood, earthquake or other force majeure event or other natural disaster; (viii) any act of war (whether or not declared), armed hostilities or terrorism; (ix) (1) the failure to meet any projections, guidance, budgets, forecasts or estimates, and, in the case of NCI only, (2) a decline in the trading price or trading volume of the NCI common stock or, (3) any ratings downgrade or change in ratings outlook for NCI or any of its subsidiaries (provided that, in the case of (1), (2) or (3) of this clause (ix), the underlying causes may be considered); or (x) in the case of NCI only, any pending or threatened shareholder litigation relating to the entry into the merger agreement or to the merger. However,

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the occurrence of any changes described in (i), (ii), (iii), (vii) or (viii) above will be considered to the extent that the affected party, taken as a whole, is disproportionately affected relative to other similarly sized and situated companies in the industry for manufacturing metal products for commercial construction, but only to the extent of such disproportion.

Conduct of Business

Under the merger agreement, each of NCI and Ply Gem has agreed to restrict the conduct of its respective businesses between the date of the merger agreement and the earlier of the effective time and the termination of the merger agreement.

Conduct of Business by NCI and its subsidiaries

In general, except as expressly permitted by the merger agreement, previously disclosed by NCI to Ply Gem or otherwise consented to by Ply Gem in writing (which consent shall not be unreasonably withheld, conditioned or delayed), NCI has agreed that it will and will cause its subsidiaries to conduct their businesses in the ordinary course of business consistent with past practice and use reasonable best efforts to (i) maintain and preserve intact its business organization, (ii) keep available the services of key employees and (iii) maintain satisfactory relationships with customers and suppliers. In addition, except as expressly permitted by the merger agreement, previously disclosed by NCI to Ply Gem, required by law or the regulations or requirements of any stock exchange or regulatory organization applicable to NCI or to the extent otherwise consented to by Ply Gem in writing (which consent shall not be unreasonably withheld, conditioned or delayed), until the effective time or the termination of the merger agreement, NCI has agreed that it will not and will not authorize or permit any of its subsidiaries to:

- make any change or amendment to NCI's organizational documents or make any material change or amendment to the organizational documents of any subsidiaries of NCI;

- make any acquisition of any other person or business, or purchase any securities or ownership interests or assets, or make any investment in any person, in each case, in excess of \$2,000,000 other than ordinary course acquisitions of inventory and equipment, ordinary course overnight investments consistent with NCI's cash management policies, intercompany capital contributions, travel advances to employees and extensions of trade credit;

- make aggregate capital expenditures in excess of 110% of NCI's anticipated 2018 capital budgets, or with respect to the time periods from and after October 30, 2018, as agreed by the parties, except as required on an emergency basis or for the safety of individuals or the environment;

- other than in the ordinary course of business consistent with past practice, (i) make, change or revoke any material tax election, but excluding any election that must be made periodically and is made consistent with past practice; (ii) make, change or revoke any election of NCI or any of its subsidiaries under certain federal, state or local tax regulations; (iii) change any material method of tax accounting; or (iv) settle or compromise any material tax proceeding for an amount materially in excess of the amounts accrued or reserved with respect thereto in NCI's financial statements;

- authorize, establish a record date for, declare or pay any dividends or other distribution in respect of any shares of its capital stock or other equity securities, except the declaration and payment of dividends or distributions from any wholly owned NCI subsidiary to NCI or any other wholly owned NCI subsidiary;

- split, combine or reclassify any shares of its capital stock or other equity securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for, its capital stock or equity securities, except for any

such transaction by a wholly owned NCI subsidiary that remains a wholly owned NCI subsidiary or any of its subsidiaries after consummation of such transaction;

- repurchase, redeem or otherwise acquire any of its capital stock or other equity securities or any securities convertible into or exercisable for any capital stock or equity securities, other than the

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acceptance of shares of NCI common stock as payment for the exercise price of NCI stock options or for withholding taxes incurred in connection with the exercise, vesting or settlement of NCI equity awards and dividend equivalents thereon;

- issue, deliver, sell, pledge or dispose of, or authorize the issuance, delivery, sale, pledge or disposition of, any (i) capital stock or equity securities of any class, (ii) debt securities having the right to vote on any matters on which holders of capital stock or members or partners of the same issuer may vote or (iii) securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such securities, other than issuances by a direct or indirect wholly owned NCI subsidiary of capital stock or equity securities to such person's parent or any other wholly owned NCI subsidiary, or sell, pledge or dispose of any equity interest in (or other interest that is convertible or exchangeable into any equity interest in) NCI or any of its subsidiaries, in each case, excluding (a) the issuance of shares of NCI common stock in respect of the exercise or settlement of equity awards that are outstanding on the execution date or granted thereafter in accordance with their terms and (b) subject to certain limitations, grants of equity awards made in the ordinary course of business, consistent with past practice;

- sell, assign, lease, transfer or otherwise dispose of any of its material assets or properties (including any equity interests in another person), other than (i) sales of inventory and obsolete equipment in the ordinary course of business and (ii) intercompany sales;

- settle or compromise any litigation or other legal proceedings, other than any settlement or compromise where the amount paid or to be paid by any NCI entity (i) is covered by insurance coverage maintained by an NCI entity, (ii) is less than or equal to the amount reserved therefor or reflected on the balance sheet included in the NCI financial statements, (iii) is less than or equal to \$2,000,000 individually or \$5,000,000 in the aggregate or (iv) is comprised of any combination of the foregoing, except, in the case of clauses (i), (ii), (iii), and (iv), claims relating to taxes;

- redeem, repurchase, prepay, create, incur, guarantee, assume or otherwise become liable for any indebtedness (directly, contingently or otherwise), other than (i) repayment and incurrence of indebtedness under certain revolving facilities in the ordinary course of business; provided that the amount of indebtedness outstanding under NCI's credit facilities shall not exceed \$500,000,000 in the aggregate at any time; (ii) any repayment or incurrence of indebtedness solely among NCI and/or any subsidiaries thereof; and (iii) repayments in accordance with contractual obligations in effect as of the execution date;

- merge with or into, or consolidate with, any other person or acquire all or substantially all of the business or assets of any other person, except transactions between NCI and any wholly owned NCI subsidiary or between wholly owned NCI subsidiaries;

- take any action with respect to or in contemplation of any liquidation, dissolution, recapitalization, reorganization, or other winding up;

- change or modify any material accounting policies, except as required by U.S. GAAP;

- except as required by the existing terms of any NCI benefit plan in existence as of the execution date or in the ordinary course of business consistent with past practice, and subject to certain limitations, (i) increase the

compensation or benefits payable or to become payable to any of its directors, officers, employees or individual independent contractors, (ii) grant to any of its directors, officers, employees or individual independent contractors any increase in severance or termination pay, (iii) pay or award, or commit to pay or award, any bonuses or incentive compensation, (iv) enter into any employment, severance, change of control or retention agreement (excluding offer letters that provide for no severance or change of control benefits) with any of its directors, officers, employees or individual independent contractors, (v) hire, retain or terminate the services of any employee or individual independent contractor, (vi) establish, adopt, enter into, amend or terminate any collective bargaining agreement or other agreement with a labor union or representative of employees or NCI benefit plan or (vii) take any action to accelerate any payment or benefit, or the funding of any payment or benefit, payable or to become payable to any of its directors, officers, employees or individual independent contractors.

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- except in the ordinary course of business, (i) modify, make any material amendment to or voluntarily terminate, prior to the expiration date thereof, any material contracts; (ii) enter into a contract after the execution date that would be a material contract if entered into prior to the execution date; or (iii) waive any default by, or release, settle or compromise any claim against, any other party to a material contract;

- enter into or consummate any related party transaction;

- enter into a new material line of business; or

- agree or commit to take any of the actions described above.

Conduct of Business by Ply Gem and Its Subsidiaries

In general, except as expressly permitted by the merger agreement, previously disclosed by Ply Gem to NCI or otherwise consented to by NCI in writing (which consent shall not be unreasonably withheld, conditioned or delayed), Ply Gem has agreed that it will and will cause its subsidiaries to conduct their businesses in the ordinary course of business consistent with past practice and use reasonable best efforts to (i) maintain and preserve intact its business organization, (ii) keep available the services of key employees and (iii) maintain satisfactory relationships with customers, suppliers and distributors. In addition, except as expressly permitted by the merger agreement, previously disclosed by Ply Gem to NCI, required by law or the regulations or requirements of any stock exchange or regulatory organization applicable to Ply Gem or to the extent otherwise consented to by NCI in writing (which consent shall not be unreasonably withheld, conditioned or delayed), until the effective time or the termination of the merger agreement, Ply Gem has agreed that it will not and will not authorize or permit any of its subsidiaries to:

- make any change or amendment to Ply Gem's organizational documents

- make any acquisition of any other person or business, or purchase any securities or ownership interests or assets, or make any investment in any person, in each case, in excess of \$2,000,000 other than ordinary course acquisitions of inventory and equipment, ordinary course overnight investments consistent with Ply Gem's cash management policies, intercompany capital contributions, travel advances to employees and extensions of trade credit;

- make aggregate capital expenditures in excess of 110% of Ply Gem's anticipated 2018 capital budgets except as required on an emergency basis or for the safety of individuals or the environment;

- other than in the ordinary course of business consistent with past practice, (i) make, change or revoke any material tax election, but excluding any election that must be made periodically and is made consistent with past practice; (ii) make, change or revoke any election of NCI or any of its subsidiaries under certain federal, state or local tax regulations; (iii) change any material method of tax accounting; or (iv) settle or compromise any material tax proceeding for an amount materially in excess of the amounts accrued or reserved with respect thereto in Ply Gem's financial statements;

- authorize, establish a record date for, declare or pay any dividends or other distribution in respect of any shares of its capital stock or other equity securities, except the declaration and payment of dividends or distributions from any

wholly owned Ply Gem subsidiary to Ply Gem or any other wholly owned Ply Gem subsidiary;

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split, combine or reclassify any shares of its capital stock or other equity securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for, its capital stock or equity securities, except for any such transaction by a wholly owned Ply Gem subsidiary that remains a wholly owned Ply Gem subsidiary or any of its subsidiaries after consummation of such transaction;

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repurchase, redeem or otherwise acquire any of its capital stock or other equity securities or any securities convertible into or exercisable for any capital stock or equity securities;

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- issue, deliver, sell, pledge or dispose of, or authorize the issuance, delivery, sale, pledge or disposition of, any (i) capital stock or equity securities of any class, (ii) debt securities having the right to vote on any matters on which holders of capital stock or members or partners of the same issuer may vote or (iii) securities convertible into or exercisable for, or any rights, warrants, calls or options to acquire, any such securities, other than issuances by a direct or indirect wholly owned Ply Gem subsidiary of capital stock or equity securities to such person's parent or any other wholly owned Ply Gem subsidiary, or sell, pledge or dispose of any equity interest in (or other interest that is convertible or exchangeable into any equity interest in) Ply Gem or any of its subsidiaries;

- sell, assign, lease, transfer or otherwise dispose of any of its material assets or properties (including any equity interests in another person), other than (i) sales of inventory and obsolete equipment in the ordinary course of business and (ii) intercompany sales;

- settle or compromise any litigation or other legal proceedings, other than any settlement or compromise where the amount paid or to be paid by any Ply Gem entity (i) is covered by insurance coverage maintained by a Ply Gem entity, (ii) is less than or equal to the amount reserved therefor or reflected on the balance sheet included in the Ply Gem financial statements, (iii) is less than or equal to \$2,000,000 individually or \$5,000,000 in the aggregate or (iv) is comprised of any combination of the foregoing, except, in the case of clauses (i), (ii), (iii), and (iv), claims relating to taxes;

- redeem, repurchase, prepay, create, incur, guarantee, assume or otherwise become liable for any indebtedness (directly, contingently or otherwise), other than (i) repayment and incurrence of indebtedness under certain revolving facilities in the ordinary course of business; provided that any such repayment or incurrence does not prevent or preclude the satisfaction of certain payment conditions set forth in Ply Gem's asset-based revolving credit facility on, or as of, the closing date; (ii) any repayment or incurrence of indebtedness solely among Ply Gem and/or any subsidiaries thereof and (iii) repayments in accordance with contractual obligations in effect as of the execution date;

- merge with or into, or consolidate with, any other person or acquire all or substantially all of the business or assets of any other person, except transactions between Ply Gem and any wholly owned Ply Gem subsidiary or between wholly owned Ply Gem subsidiaries;

- take any action with respect to or in contemplation of any liquidation, dissolution, recapitalization, reorganization, or other winding up;

- change or modify any material accounting policies, except as required by U.S. GAAP;

- except as required by the existing terms of any Ply Gem benefit plan in existence as of the execution date or in the ordinary course of business consistent with past practice, and subject to certain limitations, (i) increase the compensation or benefits payable or to become payable to any of its directors, officers, employees or individual independent contractors, (ii) grant to any of its directors, officers, employees or individual independent contractors any increase in severance or termination pay, (iii) pay or award, or commit to pay or award, any bonuses or incentive compensation, (iv) enter into any employment, severance, change of control or retention agreement (excluding offer letters that provide for no severance or change of control benefits) with any of its directors, officers, employees or

individual independent contractors, (v) hire, retain or terminate the services of any employee or individual independent contractor, (vi) establish, adopt, enter into, amend or terminate any collective bargaining agreement or other agreement with a labor union or representative of employees or Ply Gem benefit plan or (vii) take any action to accelerate any payment or benefit, or the funding of any payment or benefit, payable or to become payable to any of its directors, officers, employees or individual independent contractors.

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- except (i) in the ordinary course of business or (ii) in accordance with the debt commitment letter in furtherance of the transactions, (a) modify, make any material amendment to or voluntarily terminate, prior to the expiration date thereof, any Ply Gem material contracts; (b) enter into a material contract after the execution date; or (c) waive any default by, or release, settle or compromise any claim against, any other party to a Ply Gem material contract;

- enter into or consummate any related party transaction;

- enter into a new material line of business; or

- agree or commit to take any of the actions described above.

Non-solicitation of Alternative Proposals

NCI has agreed that it will, and will cause its subsidiaries and direct its representatives to, immediately cease and terminate any and all activities, discussions or negotiations that commenced prior to, and that were ongoing as of, July 17, 2018 regarding an NCI alternative proposal made or received prior to July 17, 2018. In addition, NCI has agreed that it will not, and will cause its subsidiaries and representatives not to, directly or indirectly, (i) solicit, initiate or knowingly facilitate or encourage any inquiry, proposal or offer from any person relating to, or that could reasonably be expected to lead to, an NCI alternative proposal, (ii) engage or participate in any discussions or negotiations with, or provide any non-public information or access to the business, properties, assets, books or records of NCI or its subsidiaries to, or cooperate with, assist or facilitate any efforts by any person relating to, or in connection with, or that was intended to and could reasonably be expected to lead to, an NCI alternative proposal, (iii) accept any proposal or offer from any person relating to an NCI alternative proposal, (iv) approve, adopt, or enter into or recommend any contract, term sheet, letter of intent or similar agreement with any person (other than Sponsor, Ply Gem, or another affiliate of Sponsor) relating to or in connection with an NCI alternative proposal, (v) amend or grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of NCI or its subsidiaries, subject to the NCI board's fiduciary duties, as exercised by the NCI special committee under the DGCL or (vi) resolve, agree or publicly propose to, or permit NCI or any of its subsidiaries or any of its representatives to agree or publicly propose to, take any of the actions referred to in clauses (i) – (v).

NCI has agreed to advise Ply Gem within no later twenty-four hours of its receipt of any alternative proposal, any inquiry or proposal that could reasonably be expected to lead to an alternative proposal, any request for non-public information or data made in connection with an alternative proposal and any request for discussions or negotiations relating to, or that could reasonably be expected to lead to, an alternative proposal. NCI has also agreed to provide Ply Gem (within such twenty-four hour time frame), either a copy or a written summary of any such alternative proposal, inquiry, proposal or request. NCI will keep Ply Gem reasonably informed regarding the status and the material terms of any such alternative proposal, inquiry, proposal or request and any material changes to the status of any such discussions.

An "alternative proposal" means any proposal or offer made by, or indication of interest from, any person whether involving a transaction or series of related transactions involving: (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving NCI, (ii) the direct or indirect acquisition, including by merger, by any person or group of related persons of more than 15% of the assets of NCI and its subsidiaries, on a consolidated basis (in each case, including securities of the subsidiaries of NCI), or (iii) the direct or indirect acquisition by any person or group of related persons of more than 15% of NCI's common stock (or securities of NCI convertible into or exchangeable or exercisable for NCI common stock) then issued and outstanding.

Nevertheless, NCI is permitted, prior to obtaining the stockholder approval, to engage in the activities described in clauses (i) and (ii) of the first paragraph of this "Non-solicitation of Alternative Proposals" section solely with and to

any person who has made an unsolicited bona fide written alternative proposal that did not result from a breach of NCI's non-solicitation obligations under the merger agreement; provided, that (i) no non-public information may be furnished until NCI receives an executed confidentiality agreement containing limitations on the use and disclosure of non-public information no less favorable to that party in the aggregate than the terms of the confidentiality agreement between

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NCI and Ply Gem, and (ii) prior to taking any such actions, the NCI special committee determines in good faith, after consultation with its financial advisors and legal counsel, that such alternative proposal is, or would reasonably be expected to lead to, a superior proposal.

A “superior proposal” means an alternative proposal, substituting “50%” for “15%,” that the NCI special committee determines in good faith, after consultation with NCI’s independent financial advisors and outside legal counsel, taking into account the timing, likelihood of consummation, legal, financial, regulatory and other aspects of the alternative proposal, including the financing terms thereof, and such other factors as the NCI special committee considers to be appropriate, to be more favorable to NCI and its stockholders than the transactions contemplated by the merger agreement.

From and after July 17, 2018, Ply Gem and Sponsor (i) shall, and shall cause their respective affiliates and representatives to, immediately terminate any and all activities, discussions or negotiations that commenced prior to July 17, 2018, regarding any Ply Gem alternative proposal; (ii) shall not, and shall cause their respective affiliates and representatives not to, directly or indirectly, (A) solicit, initiate, or knowingly encourage, or take any other action to knowingly facilitate, any Ply Gem alternative proposal or any inquiry or proposal that would reasonably be expected to lead to a Ply Gem alternative proposal, (B) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person (other than NCI) any information with respect to, or otherwise cooperate in any way with, any Ply Gem alternative proposal or any inquiry or proposal that would reasonably be expected to lead to a Ply Gem alternative proposal or (C) approve, endorse, recommend, execute or enter into any term sheet, letter of intent, memorandum of understanding, agreement in principle, joint venture agreement, partnership agreement or merger, acquisition or similar agreement constituting or contemplating any Ply Gem alternative proposal.

Change in NCI Board Recommendation and Superior Proposal Termination Right

On July 17, 2018, the NCI special committee as well as the NCI board (without participation of directors affiliated with Sponsor) unanimously approved the transactions contemplated by the merger agreement. In addition, the NCI board (without participation of directors affiliated with Sponsor) recommended that NCI stockholders vote to approve the transactions and adopt the merger agreement (the “NCI board recommendation”). NCI has agreed that, unless specifically permitted by the merger agreement, the NCI Board will not (i) fail to include the NCI board recommendation in the proxy statement, (ii) amend, withdraw, modify or qualify or propose publicly to amend, withdraw, modify or qualify, in a manner adverse to Ply Gem, the NCI board recommendation, (iii) recommend, adopt, authorize, endorse, declare advisable or approve, or propose publicly to recommend, adopt, authorize, endorse, declare advisable or approve, any alternative proposal or (iv) recommend acceptance of any tender or exchange offer for any outstanding capital stock of NCI or any of its subsidiaries.

Nevertheless, prior to adoption by NCI stockholders of the merger agreement, in response to a bona fide written alternative proposal received by NCI after the execution of the merger agreement that did not result from a breach of its non-solicitation obligations under the merger agreement, then NCI may effect a recommendation change or terminate the merger agreement in order to enter into a definitive agreement relating to such proposal, if prior to taking such action the NCI special committee determines in good faith after consultation with its financial advisors and outside legal counsel that such alternative proposal is a superior proposal; provided, however, that prior to effecting a recommendation change or terminating the merger agreement, (a) NCI shall have given at least five business days’ prior written notice to Ply Gem that it has received such proposal, specifying the material terms and conditions of such proposal, and that NCI intends to take such action at the end of the notice period, (b) following such five-business day period, the NCI special committee after taking into account in good faith any revisions to the terms of the relevant agreement, committed to in writing by Ply Gem, and, after consultation with its financial advisors and outside legal counsel, shall have determined in good faith that the alternative proposal remains a superior proposal.

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In addition, prior to adoption by the NCI stockholders of the merger agreement, in response to an intervening event that occurs or arises after the date of the merger agreement, NCI may effect a recommendation change if prior to taking such action the NCI special committee reasonably determines in good faith, after consultation with its financial advisors and outside legal counsel, that the failure of the NCI board or the NCI special committee to effect a recommendation change would be inconsistent with its fiduciary duties under applicable law; provided, however, that prior to effecting a recommendation change, (i) NCI shall have given at least five business days' prior written notice to Ply Gem that NCI has determined that an intervening event has occurred or arisen, and that NCI intends to effect a recommendation change at the end of the notice period, (ii) during such five-business-day period, if requested by Ply Gem, NCI will negotiate in good faith with Ply Gem, which may be on a non-exclusive basis with respect to negotiations or discussions permitted under the merger agreement, to revise the terms and conditions of the merger agreement such that a failure of the NCI board or the NCI special committee to effect such a recommendation change in response to such intervening event would not be inconsistent with the directors' fiduciary duties under applicable law, and (iii) following such five-business-day period, the NCI special committee, after taking into account in good faith any revisions to the terms of the merger agreement and, after consultation with its financial advisors and outside legal counsel, shall have reasonably determined in good faith that the failure to effect such a recommendation change would be inconsistent with the NCI board or the NCI special committee's fiduciary duties under applicable law.

An "intervening event" means any event, change, development, effect, condition, circumstance, occurrence or state of facts, or any combination of the foregoing, that did not result from any breach of the merger agreement and that was not known or reasonably foreseeable by the NCI board (excluding directors affiliated with Sponsor) as of the date of the merger agreement, which becomes known (or the unforeseen magnitude or material consequences thereof become known) to or by the NCI board (excluding directors affiliated with Sponsor) prior to obtaining the stockholder approval. However, in no event shall the following constitute, or be taken into account in determining the existence of, an "intervening event" for the purposes of the foregoing: (i) the receipt, existence or terms of an alternative proposal or superior proposal or any proposal, offer, inquiry, or request for information or request for negotiations or discussions that could reasonably be expected to lead to any alternative proposal, (ii) any event, fact, circumstance, development or occurrence relating to Ply Gem that does not amount to a material adverse effect for Ply Gem or any of its affiliates, (iii) any change, in and of itself, in the price or trading volume of shares of NCI common stock, (iv) meeting or exceeding internal or analysts' expectations, projections or results of operations (it being understood that the underlying facts giving rise or contributing to such circumstances may be taken into account in determining whether there has been an intervening event, to the extent otherwise permitted by such definition), (v) the consequences of the announcement of the merger agreement or (vi) any actions required to be taken by NCI and its subsidiaries under the merger agreement.

Efforts to Hold the Special Stockholders' Meeting

NCI has agreed to take all actions reasonably necessary to mail the proxy statement to its stockholders and to establish a record date, duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of securing the stockholder approval.

Under the merger agreement, NCI has agreed to submit the merger agreement proposal and no other alternative proposal to a stockholder vote, even if the NCI board has made a recommendation change (as described under "Change in NCI Board Recommendation and Superior Proposal Termination Right"), unless the merger agreement has been validly terminated pursuant to its terms, including the option of NCI to terminate the merger agreement to enter into a definitive agreement with respect to a superior proposal in compliance with the merger agreement (as described under "Non-solicitation of Alternative Proposals").

Anything to the contrary contained in the merger agreement notwithstanding, NCI may adjourn or postpone the special meeting (i) to the extent necessary to ensure that any required supplement or amendment to the proxy statement that NCI has determined in good faith (after consultation with outside legal counsel) is necessary under law is provided to NCI stockholders, (ii) if, as of the time for which the special meeting is originally scheduled (as set forth in this proxy statement), there are insufficient shares of NCI common stock represented to constitute a quorum necessary to conduct such meeting, or (iii) with the consent of Ply Gem, to solicit additional proxies necessary to obtain the stockholder approval (provided, however, that no adjournment or postponement may be made on or after January 14, 2019).

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Efforts to Consummate the Merger

The NCI, Ply Gem and Sponsor have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under law to consummate the merger, including using reasonable best efforts to (i) cause the conditions precedent to be satisfied, (ii) obtain all necessary waivers, consents, approvals, permits, orders or authorizations from governmental entities and make all necessary registrations, declarations and filings and take all steps as may be necessary to avoid, or to have terminated, if begun, any proceeding by any governmental entity by January 17, 2019, (iii) obtain all necessary waivers, consents, approvals, permits, orders or authorizations from third parties, (iv) defend any investigations or proceedings, whether judicial or administrative, challenging the merger agreement or the consummation of the transactions contemplated in the merger agreement, including seeking to avoid the entry of, or to have reversed, terminated, lifted or vacated, any stay, temporary restraining order or other injunctive relief or order entered by any governmental entity that could prevent or delay the merger and (v) execute and deliver additional instruments necessary to consummate the merger, and to fully carry out the purposes of, the merger agreement.

In addition, NCI, Ply Gem and Sponsor, will (i) make or cause to be made any antitrust registrations, declarations or filing (a) required under the HSR Act as promptly as reasonably practicable but in no event later than 10 business days following the execution date and (b) required under the antitrust laws of Austria and Canada as promptly as reasonably practicable following the execution date, (ii) furnish to any other party as promptly as reasonably practicable all information required for any application or other filing to be made by the other party pursuant to any applicable law in connection with the merger, (iii) respond as promptly as reasonably practicable to any inquiries received from, and supply as promptly as reasonably practicable any additional information or documentation that may be requested by any other governmental entity in respect of such registrations, declarations and filings, (iv) promptly notify the other party of any communication between that party and any governmental entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding the application of a regulatory law to the merger, and (v) act in good faith and use reasonable best efforts to cooperate with the other party in connection with any such registrations, declarations and filings and in connection with resolving any investigation or other inquiry of any such agency or other governmental entity under the HSR Act or any other regulatory law with respect to any such registration, declaration and filing. Materials provided to the other party or its outside counsel may be redacted to remove references concerning the valuation of NCI and its subsidiaries or Ply Gem and its subsidiaries or as necessary to address reasonable privilege concerns.

Indemnification and Insurance

For six years after the effective time, NCI will indemnify and hold harmless, in the same manner as provided by Ply Gem prior to the execution date, each of Ply Gem's and its respective subsidiaries' directors, officers and employees (the "indemnified parties") from acts or omissions occurring prior to the closing arising out of or related to such person's service as a director, officer or employee, and shall provide advancement of expenses to the parties being indemnified. In addition, as long as the Sponsor Investors have representation rights on the NCI board, directors appointed by the Sponsor Investors shall be entitled to the same rights, privileges and compensation as the other members of the NCI board in their capacity as such, including with respect to insurance coverage and reimbursement for NCI board participation and related expenses.

For six years after the effective time, NCI will have in its organization documents provisions no less favorable with respect to indemnification of the current and former directors and officers of Ply Gem than those provided in Ply Gem's organizational documents, and will maintain for the benefit of the indemnified parties an insurance and indemnification policy with an insurer with the same or better credit rating as the current carrier for Ply Gem that provides coverage for acts or omissions occurring prior to the effective time covering each such person covered by the officers' and directors' liability insurance policy of Ply Gem on terms with respect to coverage and in amounts no less favorable in the aggregate than those of Ply Gem's directors' and officers' insurance policy. However, NCI will not be required to pay an annual premium for such directors' and officers' insurance in excess of 300% of the annual premium currently paid by Ply Gem for such coverage and, if any annual premium for such insurance coverage exceeds 300% of such annual premium, NCI will obtain as much coverage as reasonably practicable for a cost not exceeding such amount.

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NCI's insurance obligations described above may be satisfied by purchasing a "tail" policy from an insurer with substantially the same or better credit rating as the current carrier for Ply Gem's existing directors' and officers' insurance policy, which (i) has a term of six years from the effective time, (ii) covers each person covered by Ply Gem's directors' and officers' insurance policy for actions and omissions occurring prior to the effective time and (iii) contains terms that are no less favorable in the aggregate than those of the Ply Gem's directors' and officers' insurance policy. If such "tail" policy has been obtained by Ply Gem prior to the effective time, NCI shall cause such policy to be maintained in full force and effect for its full term and cause all obligations thereunder to be honored by NCI.

For six years after the effective time, if NCI consolidates with or merges into any other person and will not be the continuing or surviving corporation or entity in such consolidation or merger, or transfers all or substantially all of its properties and assets to any person, then proper provision shall be made so that the successors and assigns of NCI honor the foregoing indemnification obligations.

Employee Matters

The merger agreement provides that, for a period of one year following the closing date, NCI will provide NCI and Ply Gem employees who are employed as of the effective time and whose employment is terminated without cause before the first anniversary of the closing date with severance benefits equal to the greater of the severance benefits such terminated employee would be eligible to receive under either the NCI or Ply Gem severance policy as in effect as of July 17, 2018 (and NCI and Ply Gem employees with individual employment or other agreements providing for severance will be entitled to severance under the terms of those individual agreements).

NCI also has agreed under the merger agreement to recognize years of service with Ply Gem or its subsidiaries and predecessors under all employee benefit plans maintained by NCI or its affiliates for the benefit of continuing Ply Gem employees, subject to certain customary exceptions, and to waive certain participation restrictions and credit certain previously incurred expenses for purposes of satisfying deductible, coinsurance and maximum out of pocket requirements under NCI's medical, dental, prescription drug and vision plans.

Additional covenants agreed to by the parties are described under the heading "Proposal 1: Adoption of the Merger Agreement — Interests of NCI Directors and Executive Officers in the Merger".

Conditions to Completion of the Merger

The obligations of NCI and Ply Gem to consummate the merger are subject to the satisfaction or waiver (to the extent permissible under applicable laws) of the following mutual conditions:

- adoption of the merger agreement by NCI's stockholders;
- any (i) waiting periods applicable to the merger under the HSR Act having been terminated or expired and (ii) any necessary approvals or termination of any applicable waiting periods under the Competition Act of Canada and the Austrian Cartel Act, as amended, shall have been received or occurred;
- absence of any decision, injunction, decree, ruling, law or order (whether temporary, preliminary or permanent) enjoining or otherwise prohibiting the consummation of the transactions; and
- the NCI common stock to be issued in connection with the merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

The obligation of Ply Gem to effect the merger is also subject to the satisfaction or waiver by NCI of the following additional conditions:

- the accuracy of the representations and warranties of NCI set forth in the merger agreement, subject, in most cases, to "materiality" or "material adverse effect" standards set forth in the merger agreement, as of the date of the merger agreement and as of the closing date (except to the extent such representations and warranties are expressly made as of

a specific date, in which case such representations and warranties will be true and correct as of such specific date only) and Ply Gem's receipt of an officer's certificate from NCI to such effect;

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- performance of, or compliance with, in all material respects all agreements and covenants required to be performed or complied with under the merger agreement by NCI at or prior to the effective time and Ply Gem's receipt of an officer's certificate from NCI to such effect;

- the receipt by Ply Gem of a written tax opinion from Debevoise, in form and substance reasonably satisfactory to Ply Gem, dated as of the closing date, to the effect that, on the basis of the facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a "reorganization" pursuant to Section 368(a) of the Code;

- the receipt by Ply Gem of a copy of the new stockholders agreement duly executed by NCI; and

- the receipt by Ply Gem of a copy of the new registration rights agreement duly executed by NCI.

The obligation of NCI to effect the merger is also subject to the satisfaction or waiver by Ply Gem of the following additional conditions:

- the accuracy of the representations and warranties of Ply Gem set forth in the merger agreement, subject in most cases, to "materiality" or "material adverse effect" standards set forth in the merger agreement, as of the date of the merger agreement and as of the closing date (except to the extent such representations and warranties are expressly made as of a specific date, in which case such representations and warranties will be true and correct as of such specific date only) and NCI's receipt of an officer's certificate from Ply Gem to such effect;

- performance of, or compliance with, in all material respects all agreements and covenants required to be performed or complied with under the merger agreement by Ply Gem at or prior to the effective time and NCI's receipt of an officer's certificate from Ply Gem to such effect;

- the receipt by NCI of a written tax opinion from Wachtell Lipton, in form and substance reasonably satisfactory to NCI, dated as of the closing date, to the effect that, on the basis of the facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify as a "reorganization" pursuant to Section 368(a) of the Code;

- the receipt by NCI of a copy of the new stockholders agreement duly executed by Ply Gem and the Sponsor Investors; and

- the receipt by NCI of a copy of the new registration rights agreement duly executed by Ply Gem and the Sponsor Investors.

As further discussed under the section titled "Risk Factors," neither NCI nor Ply Gem can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Financing Cooperation

The merger agreement requires each of Ply Gem and NCI and their subsidiaries to use their reasonable best efforts to obtain the financing (the "financing") contemplated by the debt commitment letter, dated as of the execution date, from certain committed lenders and the arrangers party thereto and addressed to Ply Gem Midco, a subsidiary of Ply Gem (the "debt commitment letter"). Each of Ply Gem and NCI must also, and must cause its subsidiaries to, and cause its

and their respective officers, employees and advisors (including legal and accounting representatives) to, use reasonable best efforts to cooperate in any manner that is reasonably requested by Ply Gem or NCI in order (i) to assist in any arrangement or syndication activities in respect of the financing as contemplated by the debt commitment letter, to satisfy on a timely basis all conditions to funding set forth in such debt commitment letter that are within Ply Gem's or NCI's control and to consummate the financing at or prior to the closing and (ii) if any portion of the financing becomes unavailable on the terms and conditions set forth in such debt commitment letter (including any flex provisions), to arrange to obtain alternative financing, including from alternative sources, on terms and conditions not less favorable than the terms and conditions (including any flex provisions) set forth in such debt commitment letter.

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Other Covenants and Agreements

The merger agreement contains certain other covenants and agreements, including, among other things, covenants relating to:

- access by each party to certain information about the other party during the period prior to the effective time or termination of the merger agreement, as applicable;
- confidentiality obligations;
- certain notices;
- cooperation between Ply Gem and NCI in connection with public announcements;
- possible application of takeover laws or anti-takeover provisions or restrictions;
- the listing of NCI common stock to be issued in connection with the merger on the NYSE;
- tax matters;
- treatment and repayment of certain indebtedness of NCI; and
- participation in the defense or settlement of any stockholder litigation relating to the transactions.

Termination of the Merger Agreement

Ply Gem and NCI may mutually agree to terminate the merger agreement before consummating the merger. In addition, either Ply Gem or NCI may terminate the merger agreement if:

- any governmental authority of competent jurisdiction shall have issued any order, decree, ruling or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the merger agreement and such order, decree, ruling or injunction or other action shall have become final and nonappealable, or if there shall be adopted any law that makes consummation of such transactions illegal or otherwise prohibited (provided that the party seeking to terminate the agreement has fulfilled its general efforts obligations under the merger agreement);
- the merger is not consummated by January 17, 2019 (provided that this right to terminate the merger agreement shall not be available to any party whose failure to fulfill any of its covenants or agreements under the merger agreement has been the principal cause of, or resulted in, the failure of the merger to occur on or before that date);
- any of the representations or warranties of the other party is inaccurate or any covenant or other agreement of the parties contained in the merger agreement is breached by the other party, and any such breaches or inaccuracies (i)

would cause a condition of closing not to be satisfied and (ii) are not curable, or if curable, are not cured during the time period set forth in the merger agreement (provided that the party seeking to terminate the merger agreement pursuant to this provision is not itself in material breach of any of its representations, warranties and covenants); or

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the special meeting has concluded without adoption of the merger agreement proposal by NCI stockholders.

NCI may also terminate the merger agreement in order to enter into a definitive agreement with respect to a superior proposal prior to the stockholder approval (provided that NCI has complied with certain procedural, notice and other requirements set forth in the merger agreement and, no later than two business days after such termination, NCI tenders a termination fee payment to Ply Gem).

Ply Gem may also terminate the merger agreement if the NCI board effect a recommendation change.

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Expenses and Termination Fees Relating to the Termination of the Merger Agreement

NCI will be obligated to pay Ply Gem a termination fee of \$45,000,000 in the following circumstances:

- if Ply Gem terminates the merger agreement because the NCI board has changed or withdrawn its recommendation of the transaction to its stockholders;
- if the merger agreement is terminated by either NCI or Ply Gem because the stockholder approval is not obtained and (i) prior to the meeting of NCI's stockholders duly called for the purpose of obtaining the stockholder approval an NCI alternative proposal is publicly proposed or disclosed and (ii) NCI enters into a definitive agreement with respect to, or consummates, such NCI alternative proposal within 12 months of such termination (provided that any reference in the definition of NCI alternative proposal to "15%" shall be deemed to be a reference to "50%");
- if the merger agreement is terminated by Ply Gem because NCI breached covenants pertaining to non-solicitation of alternative transactions and (i) before such termination, an NCI alternative proposal is publicly proposed or disclosed and (ii) NCI enters into a definitive agreement with respect to, or consummates, such NCI alternative proposal within 12 months of the merger agreement being terminated (provided that any reference in the definition of NCI alternative proposal to "15%" shall be deemed to be a reference to "50%"); or
- if terminates the merger agreement is terminated by NCI, before the stockholder approval is obtained, in order to enter into a definitive agreement with respect to an alternative transaction.

In no event shall Ply Gem be entitled to receive more than one termination fee.

If the merger agreement is terminated, certain expenses incurred by NCI and Ply Gem in connection with the merger will be borne 53% by NCI and 47% by Ply Gem, with NCI bearing the lesser of 53% of combined expenses or NCI's own expenses. If the merger is consummated, the surviving corporation will bear all of the expenses of NCI and Ply Gem incurred in connection with the merger.

Amendments and Waivers

Any provision of the merger agreement may be amended or waived by the parties at any time before or after the adoption of the merger agreement by NCI stockholders. However, after such stockholder approval is obtained, there may not be, without further approval by NCI stockholders, any amendment or waiver of any provision of the merger agreement for which applicable laws require further approval by such stockholders.

Specific Performance

In addition to any other remedy that may be available to each party, including monetary damages, each of the parties will be entitled to an injunction or injunctions, or any other appropriate form of specific performance or equitable relief, to prevent or restrain real or threatened breaches of the merger agreement and to enforce specifically its terms and provisions.

Governing Law

The merger agreement is governed by the laws of the State of Delaware, and each party irrevocably submits to the jurisdiction of the State of Delaware and the United States District Court for the District of Delaware, to resolve any disputes in connection therewith.

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THE STOCKHOLDERS AGREEMENT

The following is a description of the material terms of the new stockholders agreement that NCI will enter into, prior to, and as a condition for, and effective upon the consummation of the merger, with the Sponsor Investors and the GCC Investors. The new stockholders agreement will set forth various arrangements and restrictions with respect to the governance of the surviving corporation and certain rights of the Sponsor Investors and the GCC Investors.

A copy of the form of the new stockholders agreement is attached hereto as Annex B. The following summary of the terms of the new stockholders agreement is not a complete description thereof and is qualified in its entirety by the full text thereof.

Governance Matters

NCI Board Composition. Upon the effective time, the NCI board will consist of 12 directors, five of whom will be appointed by the Sponsor Investors, one of whom must be independent of both NCI and the Sponsor Investors, and the remaining members shall consist of the chief executive officer of NCI and directors who (i) are not affiliated with the Sponsor Investors, the GGC Investors or NCI, (ii) were not nominated by the Sponsor Investors and (iii) would qualify as an “independent director” pursuant to the listing standards of the stock exchange on which the securities of NCI are quoted or listed (the “independent non-sponsor directors”).

After the effective time, the NCI board will be constituted in accordance with the new stockholders agreement as follows:

- Sponsor Directors. From the effective time until the date that the Sponsor Investors beneficially own less than 7.5% of the outstanding NCI common stock (the “sponsor investor rights period”), the Sponsor Investors will be entitled to nominate for election, fill vacancies and appoint replacements for a number of directors (“Sponsor directors”) up to a number that is the lesser of (the “sponsor investor director number”) (i) the number that is proportionate to the ratio, expressed as a percentage, of (x) the aggregate number of votes that may be cast by NCI stockholders beneficially owned by the Sponsor Investors at the relevant time, divided by (y) the number of votes that may be cast by all NCI stockholder voting together as a single class on any matter on which such holders are entitled to vote at the relevant time (the “sponsor voting interest”), rounded to the nearest whole number, and (ii) the number that is one less than the number of independent non-sponsor directors at the relevant time;

- Chief Executive Officer. At all times at which the position of chief executive officer of NCI is filled, one of the members of the NCI board shall be the chief executive officer of NCI;

- NCI board Observer. Upon the occurrence of certain events of default by NCI, the Sponsor Investors will have the right to designate an individual as an observer of the NCI board and any committees thereof, provided that such observer shall not have any voting rights;

- Independent Non-Sponsor Directors. The remaining members of the NCI board shall consist of independent non-sponsor directors, provided that up to one member of the NCI board may be comprised of an additional director who is not (i) a Sponsor director or (ii) the chief executive officer of NCI (an “unaffiliated shareholder director”). Such unaffiliated shareholder director need not be an independent non-sponsor director.

- Lead Director. The Sponsor Investors will be entitled to designate the “lead director” as long as they hold at least 20% of the outstanding NCI common stock.

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During the sponsor investor rights period, NCI shall take the following actions necessary to cause the NCI board to include the nominee(s) nominated for appointment to the NCI board by the Sponsor Investors pursuant to the new stockholders agreement:

- at each annual meeting or special meeting(s) of stockholders, take all corporate and other actions necessary to cause the applicable Sponsor Investors' nominee(s) to be nominated for election as director(s) on the NCI board; and
- use its reasonable best efforts to solicit proxies in favor of the election of such Sponsor Investor nominee(s) to be elected at such meeting(s).

If at any time the number of Sponsor directors serving on the NCI board exceeds the sponsor investor director number, then unless otherwise requested by NCI by action of the independent non-sponsor directors, the Sponsor Investors shall promptly cause one or more of such Sponsor directors to resign such that, following the resignation(s), the number of Sponsor directors serving on the NCI board does not exceed the sponsor investor director number. If the limitations and requirements imposed by law, regulation or the rules of a stock exchange on which the securities of NCI are quoted or listed require a change to the number of Sponsor directors who are not Sponsor independent directors, following consultation with the NCI board, Sponsor shall promptly cause one or more of Sponsor directors to resign and, if, following such resignation(s), the number of Sponsor directors serving on the NCI board falls below the Sponsor investor director number, one or more Sponsor independent director shall be nominated and appointed to the NCI board in accordance with the new stockholders agreement so that, following such appointment(s), the number of Sponsor directors equals the sponsor investor director number.

For the purposes of the new stockholders agreement, the term "Sponsor independent director" shall mean any director who (i) was nominated by the Sponsor Investors, (ii) is not an affiliate of the Sponsor Investors, the GGC Investors or NCI and (iii) would qualify as an "independent director" pursuant to the listing standards of the stock exchange on which the securities of NCI are quoted or listed at the time.

Vacancies. Sponsor directors who are members of the nominating and corporate governance committee of NCI (or, if none serve thereon, the remaining Sponsor directors or, if no Sponsor directors remain in office, the Sponsor Investors) shall have the right to designate (x) any replacement for a Sponsor director upon the death, resignation, retirement or removal from office of such director and (y) fill any other vacancy or vacancies of the NCI board to the extent that the number of Sponsor directors is less than the sponsor investor director number. NCI and the NCI board will use its reasonable best efforts to take all corporate and other actions necessary to cause the nominees designated pursuant to the foregoing to be appointed by the NCI board.

Compensation. During the Sponsor investor rights period, Sponsor directors shall be entitled to the same rights, privileges and compensation as the other members of the NCI board in their capacity as such, including with respect to insurance coverage and reimbursement for participation in the NCI board and related expenses. NCI shall purchase and maintain, at its own expense, directors and officers liability insurance, from reputable carriers, in an aggregate amount customary for a business of the type and size of NCI, on behalf of and covering the individuals who at any time on or after the closing are or become directors of NCI, against expenses, liabilities or losses asserted against or incurred by such individual in such capacity or arising out of such individual's status as such, subject to customary exclusions.

Committees. Subject to applicable law, regulation or the rules of a stock exchange on which the securities of NCI are quoted or listed, for so long as the Sponsor voting interest is greater than 20%, the Sponsor Investors shall also be entitled to representation proportionate to its voting interest in NCI on all committees of the NCI board, provided that, notwithstanding the foregoing, (i) the Sponsor Investors shall be entitled to a minimum of one Sponsor director serving on each committee of the NCI board, (ii) each committee shall have at least one independent non-Sponsor director and (iii) in no event shall Sponsor directors compose a majority of any committee.

Nomination of Unaffiliated Shareholder Directors. The nominating and corporate governance committee of NCI shall (i) select the individual(s) to be nominated for election as unaffiliated shareholder Directors, (ii) select any replacement for an unaffiliated shareholder director and (iii) fill any other

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vacancies of the NCI board other than a vacancy to be filled by a Sponsor director. NCI will and the NCI board will use their reasonable best efforts to take all corporate and other actions necessary to cause the individual(s) nominated pursuant to the foregoing to be appointed to the NCI board.

Transfer and Hedging Restrictions

Prior to (i) with respect to the shares that the Sponsor Investors acquire pursuant to the merger agreement, the date that is 18 months after the closing date and (ii) with respect to both the shares that the Sponsor Investors own prior to the consummation of the merger and the shares GGC acquires pursuant to the merger agreement, the date that is the later of (a) 90 days after the closing date and (b) January 31, 2019 (the “transfer limitation period”), without the approval of a majority of the independent non-Sponsor directors, such investor shall not transfer, sell, pledge, assign or otherwise dispose of (including by merger or otherwise by operation of law) (a “transfer”) any (x) NCI common stock or, (y) to the extent held by a Sponsor Investor or a GGC Investor, any other equity securities or equity interests issued with respect to NCI common stock by way of conversion or exchange thereof or stock dividends, stock splits or in connection with a combination of shares, reclassification, recapitalization, merger, consolidation or other reorganization (the “registrable securities”), other than (each of the exceptions described below, a “transfer exception”):

- to an affiliate that agrees to be bound by the provisions of the new stockholders agreement as if it were such investor, as applicable;

- to NCI; or

- in a business combination approved, or recommended to NCI stockholders, by the NCI board in which the per-share consideration received by such investor is equal to, and in the same form as, the per-share consideration received by all holders of NCI common stock; provided, in the event all holders of NCI common stock have the opportunity to elect the form of consideration to be received in such business combination, such investor shall have the opportunity to make such election with respect to the consideration described above on the same basis as all holders of NCI common stock.

Following the transfer limitation period, each Sponsor Investor or GGC Investor shall not transfer any of its registrable securities, except that the registrable securities may be transferred pursuant to a transfer exception, and by each Sponsor Investor or each GGC Investor in:

- a privately negotiated transaction to a person or group that represents that it, and that such transferee reasonably believes, (a) it is not a competitor, (b) it is not and will not be, after giving effect to the transfer, a person or group beneficially owning securities of NCI entitling such person or group to cast a number of votes in excess of 10% of their aggregate voting power (a “10% holder”) or an affiliate of any 10% holder and (c) it is not proposing to effect a “change of control” (as defined below) of NCI without the prior written consent of the independent non-Sponsor directors (such person, a “permitted third party transferee”); provided that the transferring investor shall have provided NCI five business days’ notice in writing prior to any such transfer;

- public market trades; provided that the transferring investor shall have no reason to believe that any transferee is not a permitted third party transferee and the transferring investor shall have instructed the transferring investor’s underwriters or brokers, if any, of the requirements of a permitted third party transferee; and

- a traditional underwritten public offering in accordance with the new registration rights agreement.

In addition, until the later of (i) the 30-month anniversary of the closing date and (ii) (a) for the Sponsor Investors, the last day of the first continuous six-month period during which the sponsor voting interest is less than 10% and (b) for GGC Investors, the last day of the first continuous six-month period during which the aggregate number of votes that may be cast by GGC divided by the aggregate voting power of NCI common stock of NCI at the relevant time (the “GGC voting interest”) is less than 10% (the “hedging limitation period”), each Sponsor Investor and each GGC Investor will agree that it and its parent

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controlled affiliates shall not hedge their respective direct or indirect exposure to NCI common stock or any other security, except in transactions involving an index-based portfolio of securities that includes NCI common stock (provided that the value of such NCI common stock in such portfolio is not more than 5% of the total value of the portfolio of securities).

For the purposes of the new stockholders agreement, a “change of control” means, with respect to NCI, the occurrence of any one of the following events:

- any person or group (other than the Sponsor Investors) holds or acquires, directly or indirectly, a voting interest greater than 50% in NCI;
- the consummation of (i) any reorganization, consolidation, merger, share exchange, tender or exchange offer or other business combination or similar transaction involving NCI with any person or (ii) the sale, assignment, conveyance, transfer, exchange, lease or other disposition (including by liquidation or dissolution of NCI) by NCI of all or substantially all of its assets to any person other than a business combination following which (a) individuals or entities that were not the beneficial owners of NCI common stock outstanding immediately prior to such business combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then-outstanding voting securities entitled to vote of the entity resulting from such business combination in substantially the same proportions as their ownership immediately prior to such business combination of the voting power of NCI common stock of NCI and (b) no person or group (excluding the Sponsor Investors) either (x) beneficially owns, directly or indirectly, more of the combined power of the then-outstanding voting securities entitled to vote of such entity than the Sponsor Investors so beneficially own, or (y) beneficially owns, directly or indirectly, 25% or more of the combined voting power of the then-outstanding voting securities entitled to vote; or
- the number of directors who are not continuing directors and who are nominated by any person or group (other than the Sponsor Investors) constitutes at least a majority of directors that would constitute the full NCI board if there were no vacancies.

Standstill

Until (i) for Sponsor Investors, the last day of the first continuous six-month period during which Sponsor voting interest is less than 10% and (ii) for GGC Investors, the last day of the first continuous six-month period during which GGC voting interest in NCI is less than 10%, in each case, a “standstill termination event,” the Sponsor Investors and the GGC Investors shall not:

- other than by (1) acquisition of qualified debt or (2) acquisition of securities of NCI or its subsidiaries as a result of (a) the exercise of subscription rights pursuant to the new stockholders agreement, (b) any repurchase or redemption of securities by NCI or (c) any other right of the Sponsor Investor group or transaction contemplated by the new stockholders agreement or other transaction documents, acquire, offer or propose to acquire, or agree to acquire, in any manner (including by means of merger, consolidation, reorganization, recapitalization or otherwise), beneficial ownership of any securities of NCI or its subsidiaries (including convertible securities), if immediately following such acquisition or agreement the Sponsor Investors or the GGC Investors, as the case may be, would beneficially own in the aggregate more than the voting interest or economic interest of NCI held at closing, treating securities convertible into or exercisable for voting securities, economic interests or NCI common stock that are beneficially owned by such Sponsor Investor or GGC Investor or their respective parent controlled affiliates as fully converted into or exercised for the underlying voting securities, economic interests or NCI common stock without regard to the exercisability, vesting or similar provisions and restrictions thereof), provided, however, that in the case of the Sponsor Investors, if the Sponsor voting interest or economic interest of NCI at any time falls below 45%, then for purposes of the foregoing, the aggregate cap applicable to the Sponsor Investor group and the Sponsor Investors’ parent controlled affiliate will be 45% in lieu of Sponsor voting interest or economic interest as of the closing;

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- make any statement or proposal to the NCI board or any of NCI's representatives or stockholders regarding, or make any public announcement, proposal or offer with respect to, any business combination, merger, exchange or tender offer, recapitalization or similar transaction or recapitalization of debt, provided, however, that the Sponsor Investors or the GGC Investors may privately communicate such proposal to the NCI board or the chief executive officer of NCI as long as such communication would not, and would not reasonably be expected to, trigger public disclosure obligations for any person;
- deposit any voting securities of NCI into a voting trust, enter into voting agreements, pooling arrangements or other similar arrangements or contracts, or grant any proxies with respect to any voting securities of NCI, except to such investor's respective affiliates;
- participate in any "group" (as such term is used in Section 13(d) of the Exchange Act) other than with respect to its affiliates;
- enter into any transaction involving NCI not approved or recommended by the NCI board;
- act with another party to seek to control or influence NCI (it being understood that, subject to their fiduciary duties to NCI, no actions taken by Sponsor directors in their respective roles as members of the NCI board shall be deemed to violate this clause); or
- publicly seek, or announce their support for another party to seek, any amendment, waiver or release of, or contest the validity of, any of the restrictions described above.

In addition, until the end of the hedging limitation period, the Sponsor Investors shall not, directly or indirectly, without the prior written consent of a majority of the independent non-Sponsor directors: (a) in any way acquire, offer or propose to acquire or agree to acquire, directly or indirectly, in any manner, beneficial ownership of any indebtedness or debt securities of NCI other than qualified debt or (b) seek, directly or indirectly, any amendment, waiver or release of, or to contest the validity of, any of the restrictions described above.

Notwithstanding anything to the contrary contained in the new stockholders agreement, the restrictions described above shall not apply upon the occurrence of certain events of default by NCI; provided, that the restrictions shall apply from and after the date that such NCI default event is cured or remedied until the date upon which such restriction terminates. The restrictions described above terminate upon the occurrence of a change of control.

Voting

Following the closing, at any and all meetings of the NCI stockholders occurring prior to a change of control (as such term is defined in the new stockholders agreement) or a standstill termination event, each Sponsor Investor and GGC Investor shall:

- cause each share of NCI common stock beneficially owned by it to be present in person or represented by proxy at all meeting of stockholders of NCI, so that all such shares shall be counted as present for determining the presence of a quorum at such meetings; and
- vote, at such meetings or at any adjournments or postponements thereof or by written consent:

in favor of all director nominees nominated by the NCI board for election by the stockholders in accordance with the terms of the new stockholders agreement and bylaws of NCI;

as recommended by the NCI board, on any and all (i) proposals relating to or concerning compensation or equity incentives for directors, officers or employees of NCI adopted in the ordinary course of business consistent with past practice, (ii) proposals by NCI stockholders (including under Rule 14a-8 of the Exchange Act), and (iii) proposals the subject matter of which requires consent of the Sponsor Investors pursuant to its consent rights under the new stockholders agreement; and

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not in favor of any transaction constituting, or that would result in, a change of control that has not been approved by a majority of the independent non-Sponsor directors, if the per-share consideration to be received by any Sponsor Investor or GGC Investor in connection with such transaction is not equal to, and in the same form as, the per-share consideration to be received by the unaffiliated shareholders.

Subscription Rights

From and after the closing, if NCI offers to sell any “covered securities” (as defined below), in a public or non-public offering (a “qualified offering”), each Sponsor Investor and each GGC Investor shall be afforded the opportunity to acquire from NCI, for the same price and on the same terms as such covered securities are offered to others, in the aggregate up to the amount of covered securities required to enable such Sponsor Investor and GGC Investor to maintain (i) with respect to offers to sell covered securities consisting of stock or equity securities convertible or exchangeable for NCI common stock, its then-current Sponsor voting interest or GGC voting interest, as applicable, and (ii) with respect to offers to sell covered securities consisting of non-voting equity of NCI or equity securities convertible or exchangeable for non-voting equity, its then-current percentage economic interest.

NCI will provide the Sponsor Investors and the GGC Investors with advance written notice of any proposed issuance of covered securities subject to the Sponsor Investors’ and the GGC investors’ subscription rights. Each of the Sponsor Investors and the GGC Investors will have a right to purchase covered securities of the kind offered in such proposed issuance on the following terms:

- if a proposed issuance is an underwritten public offering or Rule 144A offering, NCI shall give each Sponsor Investor and each GGC Investor written notice of its intention, describing the anticipated amount of securities, price, timing and other material terms upon which NCI proposes to offer the same. Each Sponsor Investor and each GGC Investor shall have five business days from the date and time of receipt of any such notice to notify NCI that it intends to exercise such subscription rights and as to the amount of Covered Securities such investor desires to purchase;

- If NCI proposes to make a Qualified Offering of Covered Securities that is not an underwritten public offering or Rule 144A offering (a “private placement”), NCI shall (i) give each Sponsor Investor and each GGC Investor written notice of its intention, describing the anticipated amount of securities, price, timing and other material terms upon which NCI proposes to offer the same and (ii) promptly provide each Sponsor Investor and each GGC Investor with an updated notice reflecting any changes to such anticipated amount of securities, price or other material terms. Each Sponsor Investor and each GGC Investor shall have 10 business days from the date and time of receipt of any such notice to notify NCI that it intends to exercise such subscription rights and as to the amount of covered securities such investor desires to purchase;

- to the extent a Sponsor Investor elects not to exercise its subscription rights for the maximum amount, (i) any other Sponsor Investor may elect to purchase all or a portion of the covered securities elected not to be purchased, and (ii) any affiliate of the Sponsor Investors may elect to purchase all or a portion of the covered securities elected not to be purchased. In the case of any affiliate of the Sponsor Investors electing to purchase covered securities in accordance with clause (ii) above, such affiliate agrees to be bound by the provisions of the new stockholders agreement as if it were a Sponsor Investor;

- if the proposed issuance is a private placement, the Sponsor Investors and the GGC Investors exercising subscription rights shall be entitled to purchase such securities on the same material terms as the covered securities are offered to the underwriters or initial purchasers;

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if the Sponsor Investors or the GGC Investors exercise such subscription rights in connection with a proposed issuance that is a private placement, the closing of the purchase of the covered securities with respect to which such right has been exercised shall be conditioned on the consummation of the sale of securities pursuant to the private placement with respect to which such subscription right(s) has been exercised and shall take place as soon as practicable after the closing of the private placement;

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If the Sponsor Investors or the GGC Investors fail to exercise subscription rights within the applicable period or such investor is unable to consummate such purchase, NCI shall thereafter be entitled, during the period of 60 days following the conclusion of the applicable period, to sell or enter into an agreement to sell the covered securities not elected to be purchased or which such investor is unable to purchase.

In the case of a qualified offering of covered securities for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by a firm of independent public accountants or an independent appraiser.

NCI and each Sponsor Investor and each GGC Investor shall cooperate in good faith to facilitate the exercise of subscription rights.

Anything to the contrary in the new stockholders agreement notwithstanding, the Sponsor Investors' and each GGC Investor's subscription right to purchase covered securities pursuant to the foregoing shall not be available for any offering for the Sponsor Investors or the GGC Investors if, at any time following the closing date, if the voting interest of either the Sponsor Investors or the GGC Investors is less than 7.5%, respectively.

For the purposes of the new stockholders agreement, the term "covered securities" shall mean any equity securities or equity equivalents of NCI that are not (i) issued in connection with an employment contract, employee or benefit plan, stock purchase plan, stock ownership plan, stock option or equity compensation plan or other similar plan, to or for the benefit of any employees, officers or directors of NCI, (ii) issued by NCI in connection with business combinations, mergers or acquisitions of assets or securities of another person or (iii) issued upon the conversion, exchange or exercise of any security or right or purchase obligation that either (x) is outstanding as of the date of the new stockholders agreement or (y) becomes outstanding after the date of the new stockholders agreement if the security being converted, exchanged or exercised, was issued after the date of the new stockholders agreement and was not issued pursuant to clauses (i)-(iii) above at the time of its issuance.

Consent Rights

Until such time as the Sponsor voting interest is less than 25%, without the prior consent of the Sponsor Investors, NCI shall not, and shall cause its subsidiaries not to, take any of the following actions, commit, resolve or agree to take any of the following actions or authorize or otherwise facilitate any of the following actions:

- in any fiscal year, acquire, in a single transaction or a series of related transactions, any business organization or division thereof or assets if in such fiscal year (i) the aggregate consideration paid by NCI for all such acquisitions completed in such fiscal year would exceed 10% of NCI's consolidated assets as of the end of the most recently completed fiscal year or (ii) the aggregate contribution to revenue of the businesses, divisions and assets acquired on a pro forma basis for the most recently completed fiscal year would exceed 10% of NCI's revenues for the most recently completed fiscal year, excluding, in all cases, (a) transactions consented to by Sponsor Investor group, (b) transactions between and among any of NCI and its direct or indirect wholly owned subsidiaries and (c) acquisitions of inventory, equipment and real property in the ordinary course of business;

- in any fiscal year, sell, transfer or dispose of, in a single transaction or a series of related transactions, any business organization or division of NCI or any of its assets if in such fiscal year (i) the aggregate consideration received by NCI for all such sales, transfers or dispositions completed in such fiscal year would exceed 10% of NCI's consolidated assets as of the end of the most recently completed fiscal year or (ii) the aggregate contribution to revenue of the sold, transferred or disposed businesses, divisions and assets for the most recently completed fiscal year would exceed 10% of NCI's revenues for the most recently completed fiscal year, excluding, in all cases, (a) transactions consented to by Sponsor investor group, (b) transactions between and among any of NCI's and its direct or indirect wholly owned subsidiaries, (c) disposition of any aircraft owned by NCI and (d) dispositions of inventory, equipment and real property in the ordinary course of business;

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- other than grants in the ordinary course of business consistent with past practice as permitted by the new stockholders agreement, authorize, issue, deliver, sell, pledge, dispose of, grant, award or encumber any shares of capital stock, ownership interests or voting securities if the proceeds to NCI for all such issuances in the aggregate exceed \$20,000,000 in any given fiscal year;
- redeem, repurchase or acquire any shares of capital stock or securities convertible into or exercisable for shares of the capital stock, other than any registrable securities or pursuant to the acquisition of shares from a holder of an option, restricted share or any other share-based award in satisfaction of tax withholding obligations or in payment of the exercise price if, as a result of such action, the aggregate consideration paid by NCI since the date of the new stockholders agreement would exceed \$20,000,000 annually and other than transactions between and among any of NCI and its direct or indirect wholly owned subsidiaries;
- declare or pay any extraordinary dividend or distribution (other than distributions by a direct or indirect wholly owned subsidiary of NCI to NCI or a direct or indirect wholly owned subsidiary of NCI);
- newly incur or guarantee any indebtedness for borrowed money except for (i) any indebtedness among NCI and its wholly owned subsidiaries or among NCI's wholly owned subsidiaries, (ii) guarantees by NCI and/or any subsidiary of indebtedness of NCI or subsidiaries, which indebtedness is outstanding as of the date of the new stockholders agreement, (iii) borrowings under certain credit agreements to which NCI is a party, in each case without giving effect to any increase for borrowed money not to exceed \$125,000,000 in aggregate principal amount outstanding at any time;
- engage to a material extent in any business in which NCI is not engaged on the closing date or any business related, ancillary or complementary to such business;
- adopt a plan or agreement of complete or partial liquidation or dissolution (except a liquidation or dissolution of a direct or indirect wholly owned subsidiary into NCI or another wholly owned subsidiary) or commence a proceeding;
- increase or decrease the number of directors that would constitute the entire NCI board at such time assuming all vacancies were filled; or
- amend, alter or repeal any provisions of its certificate of incorporation or bylaws of NCI.

Term

The new stockholders agreement will be effective as of the closing and will continue in effect thereafter until the earliest of (i) its termination by the mutual written agreement of the parties, (ii) at such time as neither the Sponsor Investors nor the GGC Investors beneficially own any registrable securities and (iii) the dissolution, liquidation and winding up of NCI.

Amendments and Waivers

Except as otherwise provided by the new stockholders agreement, the provisions of the new stockholders agreement may be amended or waived only pursuant to an instrument in writing signed by an authorized officer of NCI and each of the Sponsor Investors and the GGC Investors. No failure by any party to insist upon strict performance of any

covenant, duty, agreement or condition of the new stockholders agreement shall constitute a waiver of any such breach or of any other covenant, duty, agreement or condition, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereunder.

Assignment

Neither the new stockholders agreement nor any of the rights, interests or obligations thereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation or law or otherwise), without the prior written consent of the other parties. The new stockholders agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns. Any attempted assignment, except as allowed by the new stockholders agreement, will be void.

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Specific Performance

In addition to any other remedy that may be available to each party, including monetary damages, each of the parties will be entitled to an injunction or injunctions, or any other appropriate form of specific performance or equitable relief, to prevent breaches of the new stockholders agreement and to enforce specifically its terms and provisions.

Governing Law

The new stockholders agreement is governed by the laws of the State of Delaware, and each party irrevocably submits to the jurisdiction of the Court of Chancery of the State of Delaware (or, solely if such courts decline jurisdiction, in the United States District Court for the District of Delaware or another court sitting in the State of Delaware), to resolve any disputes in connection therewith.

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THE NEW REGISTRATION RIGHTS AGREEMENT

The following is a description of the material terms of the new registration rights agreement that NCI will enter prior to, and as a condition for, and effective upon the consummation of the merger, with the Sponsor Investors and the GGC Investors.

A copy of the form of the new registration rights agreement is attached hereto as Annex C. The following summary of the terms of the registration rights agreement is not a complete description thereof and is qualified in its entirety by the full text thereof.

Pursuant to the new registration rights agreement, the parties agreed that:

- at any time and from time to time following the last day of the transfer limitation period, any investor (the “requesting investor”) may request in writing that NCI effect the registration under and in accordance with the provisions of the Securities Act of all or any part of the registrable securities held by such investor and any of its affiliates who are permitted transferees (each, a “demand request”). Promptly after its receipt of any demand request, but no later than ten days after receipt by NCI of such demand request, NCI shall give written notice of such request to all other holders, and shall use its reasonable best efforts to file, as promptly as reasonably practicable but not later than thirty days after receipt by NCI of such demand request, in accordance with the provisions of the new registration rights agreement, a registration statement covering all registrable securities that have been requested to be registered (i) in the demand request and (ii) by any other holders by written notice to NCI given within seven calendar days after the date NCI has given such holders notice of the demand request, in accordance with the method or methods of disposition of the applicable registrable securities elected by the requesting investor, provided, however, that in case of a demand registration with respect to a sale of registerable securities to one or several purchasers in a registered transaction by means of (a) a bought deal, (b) a block trade or (c) a registered direct sale, the registration statement shall cover registrable securities that have been requested to be registered by any other holders by written notice to NCI given within one business day. For the purposes of the new registration rights agreement, the transfer limitation period shall terminate on the occurrence of (x) a company default event or (y) a change of control event (the terms in clauses (x) and (y) as defined in the new registration rights agreement).

- NCI will use reasonable best efforts to file a shelf registration statement covering resales of NCI’s common stock to be received by the Investors, their affiliates and permitted transferees as merger consideration pursuant to Rule 415 under the Securities Act, prior to the end of the later of January 31, 2019 and 90 days following the closing date, and to cause such registration statement to be declared effective under the Securities Act.

- In the aggregate, the Sponsor Investors and their affiliates will have six long-form and short-form demand registration rights and the GGC Investors and their affiliates will have two long-form and short-form demand registration rights, in each case, (i) including underwritten shelf take-downs and piggyback registration rights with respect to future offerings of NCI common stock by NCI and (ii) subject to certain minimum thresholds, customary blackout periods and lock-up provisions. In no event shall the Sponsor Investors and the GGC Investors be permitted to effect more than three underwritten offerings in any twelve-month period. Underwritten shelf take-downs executed as block trades without marketing efforts by NCI will not count toward any demand limitations. In addition, NCI has agreed to pay customary registration and indemnification expenses, subject to certain limitations.

Holdback

The Sponsor Investors and the GGC Investors will agree, in connection with any underwritten offering made pursuant to a registration statement in which such holder has elected to include registrable securities, upon the written request of the managing underwriter(s) of such offering, not to effect any public sale or distribution of registrable securities or make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of registrable securities, any other securities of NCI or any securities convertible into or exchangeable or exercisable for any other securities of NCI without the prior written consent of the managing underwriter(s) during the period that is (i) with respect to any

registered offering covered by the
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new registration rights agreement, 90 days (or such shorter period as the managing underwriters permit) or (ii) in the case of a takedown from a shelf registration statement, 90 days after the date of the prospectus supplement filed with the SEC in connection with such takedown and during such prior period as NCI has given reasonable notice to the holder of registrable securities.

Assignment

The registration rights of any holder may be assigned (i) in the case of the Sponsor Investors, to any affiliate of the Sponsor Investors, (ii) in the case of the GGC Investors, to any affiliate of the GGC Investors and (iii) to any transferee of all or any portion of the registrable securities held by the Sponsor Investors or their affiliates or the GGC Investors or their affiliates. NCI may assign the new registration rights agreement in connection with a merger, reorganization or sale, transfer or contribution of all or substantially all of the assets or stock of NCI to any of its subsidiaries or affiliates, and, upon the consummation of any such merger, reorganization, sale, transfer or contribution, such subsidiary or affiliate shall automatically and without further action assume all of the obligations and succeed to all the rights of NCI under the agreement.

Term

The new registration rights agreement will generally be effective as of the date of closing and shall continue in effect thereafter until the date on which no registrable securities remain outstanding.

Specific Performance

In addition to any other remedy that may be available to each party, including monetary damages, each of the parties will be entitled to an injunction or injunctions, or any other appropriate form of specific performance or equitable relief, to prevent breaches of the new registration rights agreement and to enforce specifically its terms and provisions.

Governing Law

The new registration rights agreement will be governed by the laws of the State of New York, and each party thereto will irrevocably submit to the jurisdiction of the Supreme Court of the State of New York, New York County and the United States District Court for the Southern District of New York, to resolve any disputes in connection therewith.

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PROPOSAL 2: ISSUANCE OF SHARES IN THE MERGER

The merger agreement provides that NCI will pay an aggregate merger consideration of 58,709,067 shares of NCI common stock to the holders. Based on the shares currently outstanding and the shares issuable pursuant to the merger agreement, we estimate that approximately 124,873,315 shares of NCI common stock will be issued and outstanding following the closing, with current stockholders of NCI holding approximately 53% of the shares of the surviving corporation and the former holders of Ply Gem holding approximately 47% of the shares of the surviving corporation. For detailed information regarding this share issuance proposal, see the information about the proposed merger and the issuance of shares of NCI common stock in the merger contained throughout this proxy statement, including the information set forth in the sections of this proxy statement entitled “Proposal 1: Adoption of the Merger Agreement” and “The Merger Agreement.” A copy of the merger agreement is attached to this proxy statement as Annex A. If the proposal to approve the issuance of shares of NCI common stock in the merger is not approved, the merger cannot be completed.

Vote Required and the NCI board’s Recommendation

Assuming the presence of a quorum, the affirmative vote of the holders of a majority of the votes cast on the share issuance proposal is required to approve the share issuance proposal. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes (if any) will have no effect on the outcome of the share issuance proposal.

The NCI board (without participation of directors affiliated with Sponsor) recommends that NCI stockholders vote “FOR” the share issuance proposal.

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PROPOSAL 3: APPROVAL OF AMENDMENT TO THE AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

General

NCI proposes to amend its Amended and Restated Certificate of Incorporation (the “charter”) to increase the number of authorized shares of NCI common stock from 100,000,000 to 200,000,000. The increase in authorized shares of NCI common stock will permit the issuance of shares of NCI common stock to the holders pursuant to the merger agreement and will ensure that additional shares of NCI common stock are available for general corporate purposes, which may include raising capital through sales of equity securities, providing equity incentives to employees, officers or directors and declaring stock dividends or effecting stock splits. The form of amendment to the charter is attached as Annex E to this proxy statement

NCI expects to issue 58,709,067 shares of NCI common stock in the merger. If the charter amendment proposal is approved, 75,126,685 shares of NCI common stock are expected to remain available under the charter after the completion of the merger, in addition to 1 million shares of preferred stock that are already authorized under the current charter. NCI does not have any current intention or plan to issue shares of NCI common stock other than in connection with the merger and in connection with NCI’s existing employee benefit plans but, the NCI board nevertheless believes the additional authorized shares of NCI common stock should be available for corporate purposes from time to time, without the potential expense and delay incidental to obtaining stockholder approval for a particular issuance.

Effects of the Charter Amendment Proposal

The additional shares of authorized NCI common stock would be identical to the shares of NCI common stock now authorized and outstanding, and this proposed amendment would not affect the rights of current holders of NCI common stock. Any issuances of additional shares of NCI common stock, however, could adversely affect the existing holders of shares of NCI common stock by diluting their ownership, voting power and earnings per share with respect to such shares. Under the new stockholders agreement, the investors have preemptive rights to purchase on a pro rata basis any shares of NCI common stock that may be issued to maintain each such investor’s then-current percentage economic interest. If the merger agreement proposal is approved and the merger is consummated, until such time as the Sponsor Investors or the GGC Investors hold less than 10% of outstanding shares of NCI common stock, the Sponsor Investors and the GGC Investors, respectively, will have the right to participate on a pro rata basis in future equity offerings.

Vote Required and the NCI board’s Recommendation

Assuming the presence of a quorum, the affirmative vote of the holders of a majority in voting power of all outstanding shares of NCI common stock entitled to vote on the charter amendment proposal is required to approve this charter amendment proposal. Broker non-votes and abstentions will have the same effect as a vote “AGAINST” the charter amendment proposal.

The NCI board (without participation of directors affiliated with Sponsor) recommends that NCI stockholders vote “FOR” the charter amendment proposal.

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PROPOSAL 4: ADVISORY VOTE ON MERGER-RELATED COMPENSATION OF THE NAMED EXECUTIVE OFFICERS OF NCI

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) of the Exchange Act, NCI is seeking non-binding, advisory stockholder approval of the compensation of NCI's named executive officers that is based on or otherwise relates to the merger as disclosed in "Proposal 1: Adoption of the Merger Agreement — Interests of NCI Directors and Executive Officers in the Merger — Quantification of Payments and Benefits to NCI's Named Executive Officers." The proposal gives NCI stockholders the opportunity to express their views on the merger-related compensation of NCI's named executive officers. Accordingly, NCI is requesting stockholders to adopt the following resolution, on a non-binding, advisory basis:

"RESOLVED, that the compensation that may be paid or become payable to NCI's named executive officers in connection with the merger, as disclosed pursuant to Item 402(t) of Regulation S-K in "Proposal 1: Adoption of the Merger Agreement — Interests of NCI Directors and Executive Officers in the Merger — Quantification of Payments and Benefits to NCI's Named Executive Officers," is hereby APPROVED."

Consummation of the merger is not conditioned on approval of the compensation proposal. Because the vote is advisory in nature only, it will not be binding on either NCI or the combined company. Accordingly, to the extent NCI or the combined company is contractually obligated to pay the compensation, the compensation will be payable to the NCI's named executive officers, subject only to the conditions applicable thereto, if the merger agreement is approved and adopted and the merger is consummated, regardless of the outcome of the advisory vote.

Vote Required and the NCI board's Recommendation

Assuming the presence of a quorum, the affirmative vote of the holders of a majority of the votes cast on the share issuance proposal is required to approve the share issuance proposal. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes (if any) will have no effect on the outcome of the share issuance proposal.

The NCI board (without participation of directors affiliated with Sponsor) recommends that NCI stockholders vote "FOR" the compensation proposal.

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PROPOSAL 5: APPROVAL OF POSSIBLE ADJOURNMENT

If, at the special meeting, the NCI board determines that it is necessary or appropriate to adjourn or postpone the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement proposal, the share issuance proposal or the charter amendment proposal, NCI intends to move to adjourn or postpone the special meeting to a later date or time. If the NCI board determines that adjournment or postponement of the special meeting is necessary or appropriate, NCI will ask its stockholders to vote only upon the adjournment proposal, and not on the merger agreement proposal, the share issuance proposal or the charter amendment proposal.

If NCI stockholders approve the adjournment proposal, NCI could adjourn or postpone the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously voted. Among other things, approval of the adjournment proposal could mean that, even if NCI had received proxies representing a sufficient number of votes against the merger agreement proposal, the share issuance proposal, or the charter amendment proposal to defeat any of the proposals, NCI could adjourn or postpone the special meeting without a vote and seek to convince the holders of those shares to change their votes to vote in favor of the merger agreement proposal, the share issuance proposal or the charter amendment proposal.

Vote Required and the NCI board's Recommendation

Assuming the presence of a quorum, the affirmative vote of the holders of a majority of the votes cast on the share issuance proposal is required to approve the share issuance proposal. Abstentions will not be treated as votes cast and, as a result, any abstention will have no effect on the outcome of the adjournment proposal. Broker non-votes (if any) will have no effect on the outcome of the share issuance proposal.

The NCI board (without participation of directors affiliated with Sponsor) recommends that NCI stockholders vote "FOR" the adjournment proposal.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined balance sheet as of April 29, 2018 and unaudited pro forma condensed combined statements of operations for the year ended October 29, 2017, and for the six months ended April 29, 2018 are based on the historical consolidated financial statements of NCI Building Systems, Inc. (“NCI”), which are incorporated by reference in this proxy statement, and the unaudited pro forma condensed combined financial information of Ply Gem included in Note 7 of the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined statements of operations give effect to the proposed merger of Ply Gem Parent, LLC (“Ply Gem”) with and into NCI (the “merger”) and related financing (collectively, the “transactions”) and subsequently the Ply Gem-Atrium merger defined in Note 7, as if they had occurred on October 31, 2016, the beginning of the earliest period presented, and for purposes of the unaudited pro forma condensed combined balance sheet, as if they had occurred on April 29, 2018.

The unaudited pro forma condensed combined financial information includes unaudited pro forma adjustments that are (1) directly attributable to the transactions, (2) factually supportable and (3) with respect to the unaudited pro forma condensed combined statements of operations, are expected to have a continuing impact on the combined operating results. The unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial information reflect the following:

- the merger of NCI and Ply Gem with NCI surviving the merger and continuing its corporate existence;
- the issuance of 58,709,067 shares of NCI common stock, \$0.01 par value per share, to holders of all Ply Gem LLC interests;
- changes in Ply Gem’s indebtedness to be incurred on or before the closing date of the transactions to refinance NCI’s existing secured term loan facility and secured asset-based revolving credit facility;
- certain transaction fees and debt issuance costs incurred in connection with the transactions;
- changes in interest expense resulting from the transactions, including amortization of estimated debt issuance costs;
- the Ply Gem-Atrium merger, as defined in Note 7, representing the acquisition of Ply Gem Holdings and Atrium by the Sponsor Fund X Investor;
- the acceleration of certain NCI equity awards in connection with the transactions; and
- the estimated effect of the above adjustments on the related income tax expense.

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X. In addition, the acquisition method of accounting was used in accordance with Accounting Standards Codification Topic 805, Business Combinations (“ASC 805”), with NCI treated as the accounting acquirer of Ply Gem. The acquisition method of accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measure. Accordingly, the unaudited pro forma adjustments are preliminary, have been made solely for the purpose of providing unaudited pro forma condensed combined financial information, and are subject to revision based on a final determination of fair

value as of the date of the transactions. Differences between these preliminary estimates and the final acquisition accounting may have a material impact on the accompanying unaudited pro forma condensed combined financial information and the surviving corporation's future results of operations and financial position.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of NCI would have been had the transactions occurred on the dates assumed, nor is it necessarily indicative of future consolidated results of operations or consolidated financial position. The unaudited pro forma condensed combined financial information should be read in conjunction with:

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- the accompanying notes to the unaudited pro forma condensed combined financial information;
- the audited consolidated financial statements for the year ended October 29, 2017 and accompanying notes of NCI contained in the Current Report on Form 8-K, dated August 6, 2018, incorporated by reference herein;
- the audited financial statements and accompanying notes of Ply Gem Holdings and Atrium for the year ended December 31, 2017, included in this proxy statement;
- the unaudited consolidated financial statements and accompanying notes of NCI contained in its Quarterly Reports on Form 10-Q for the six month period ended April 29, 2018, incorporated by reference herein; and
- the unaudited financial statements and accompanying notes of Ply Gem Holdings and Atrium each for the quarter ended March 31, 2018, included in this proxy statement, and for the nine month period ended September 30, 2017, not included in this proxy statement.

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NCI BUILDING SYSTEMS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of April 29, 2018

(in thousands)

	NCI Historical	Ply Gem- Atrium Merger Pro Forma (Note 7)	Reclassifications (Note 5)	Pro Forma Adjustments	(Notes)	Pro Forma
Assets						
Current assets:						
Cash and cash equivalents	\$ 35,335	\$ 47,682	—	\$ 42,564	6.a	\$ 125,581
Restricted cash	177	—	—	—		177
Accounts receivable, net	180,393	258,907	—	—		439,300
Inventories, net	221,369	285,834	—	—		507,203
Income taxes receivable	6,439	—	—	—		6,439
Investments in debt and equity securities, at market	6,332	—	—	—		6,332
Prepaid expenses and other current assets	36,551	47,929	—	—		84,480
Assets held for sale	10,102	—	—	—		10,102
Total current assets	496,698	640,352	—	42,564		1,179,614
Property and equipment, net	221,398	305,639	—	—		527,037
Other assets:						
Goodwill	148,291	1,270,093	—	288,769	6.b	1,707,153
Intangible assets, net	132,338	1,670,000	—	—		1,802,338
Deferred income tax assets	2,513	10,441	—	—		12,954
Other assets, net	5,369	20,055	—	2,150	6.c	27,574
Total other assets	288,511	2,970,589	—	290,919		3,550,019
Total assets	1,006,607	3,916,580	—	333,483		5,256,670
Liabilities						
Current liabilities:						

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Notes payable	1,656	—	—	—		1,656
Accounts payable	157,819	101,279	—	—		259,098
Accrued compensation and benefits	49,850	—	15,449	(1,563)	6.d	63,736
Accrued interest	1,464	—	17,118	(1,464)	6.e	17,118
Other accrued expenses	104,475	—	199,428	28,808	6.f,6.g	332,711
Accrued expenses	—	231,995	(231,995)	—		—
Current portion of payable to related parties pursuant to tax receivable agreement	—	24,894	—	—		24,894
Current portion of long-term debt	—	17,550	—	4,750	6.h	22,300
Total current liabilities	315,264	375,718	—	30,531		721,513
Long-term debt, net of deferred financing costs	408,957	2,360,568	—	49,418	6.h	2,818,943
Deferred income taxes	1,928	442,327	—	—		444,255
Long-term portion of payable to related parties pursuant to tax receivable agreement	—	18,125	—	—		18,125
Other long-term liabilities	18,134	91,585	—	—		109,719
Total long-term liabilities	429,019	2,912,605	—	49,418		3,391,042
Total liabilities	744,283	3,288,323	—	79,949		4,112,555
Stockholders' Equity						
Ply Gem-Atrium merger pro forma equity	—	628,257	—	(628,257)	6.i	—
Common stock	663	—	—	594	6.i	1,257
Additional paid-in capital	521,190	—	—	913,986	6.i	1,435,176
Accumulated deficit	(249,832)	—	—	(32,789)	6.i	(282,621)
	(7,555)	—	—	—		(7,555)

Accumulated other comprehensive loss					
Treasury stock, at cost	(2,142)	—	—	—	(2,142)
Total stockholders' equity	262,324	628,257	—	253,534	1,144,115
Total liabilities and stockholders' equity	\$ 1,006,607	\$ 3,916,580	\$ —	\$ 333,483	\$ 5,256,670

See the accompanying notes to the unaudited pro forma condensed combined financial information.

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NCI BUILDING SYSTEMS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the six months ended April 29, 2018

(in thousands, except per share data)

	NCI Historical	Ply Gem- Atrium Merger Pro Forma (Note 7)	Reclassifications (Note 5)	Pro Forma Adjustments	(Notes)	Pro Forma
Revenue						
Net sales	\$ 878,418	\$ 1,140,862	—	—		\$ 2,019,280
Cost of sales	682,418	899,402	(118)	—		1,581,702
Gross profit	196,000	241,460	118	—		437,578
Engineering, selling, general and administrative expenses	149,192	162,936	118	(800)	6.j	311,446
Intangible asset amortization	4,825	55,666	—	—		60,491
Strategic development and acquisition related costs	1,861	—	—	—		1,861
Restructuring and impairment charges	1,582	—	—	—		1,582
Loss on disposition of business	6,686	—	—	—		6,686
Operating Earnings	31,854	22,858	—	800		55,512
Interest income	70	66	—	—		136
Interest expense	(12,341)	(86,449)	—	(2,200)	6.k	(100,990)
Foreign currency gain (loss)	166	(1,197)	—	—		(1,031)
Other income, net	727	—	—	—		727
Loss on extinguishment of debt	(21,875)	—	—	—		(21,875)
Tax receivable agreement liability adjustment	—	10,749	—	—		10,749
Income (loss) before income taxes	(1,399)	(53,973)	—	(1,400)		(56,772)
(Benefit) provision for income taxes	(964)	(7,309)	—	(378)	6.l	(8,651)
Net income (loss) from continuing operations	(435)	(46,664)	—	(1,022)		(48,121)
Net income allocated to participating securities	—	—	—	—		—

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Net income (loss) applicable to common shares	\$ (435)	\$ (46,664)	—	\$ (1,022)	\$ (48,121)
Income (loss) per common share:					
Basic	\$ (0.01)				\$ (0.38)
Diluted	\$ (0.01)				\$ (0.38)
Weighted average number of common shares outstanding:					
Basic	66,311		59,395	6.m	125,706
Diluted	66,311		59,395	6.m	125,706

See the accompanying notes to the unaudited pro forma condensed combined financial information.

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NCI BUILDING SYSTEMS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the year ended October 29, 2017

(in thousands, except per share data)

	NCI Historical	Ply Gem- Atrium Merger Pro Forma (Note 7)	Reclassifications (Note 5)	Pro Forma Adjustments	(Notes)	Pro Forma
Revenue						
Net sales	\$ 1,770,278	\$ 2,405,147	—	—		\$ 4,175,425
Cost of sales	1,354,077	1,840,770	(279)	—		3,194,568
Loss (gain) on sale of assets and asset recovery	137	—	—	—		137
Gross profit	416,064	564,377	279	—		980,720
Engineering, selling, general and administrative expenses	293,145	315,393	279	—		608,817
Intangible asset amortization	9,620	111,332	—	—		120,952
Goodwill impairment	6,000	—	—	—		6,000
Strategic development and acquisition related costs	1,971	—	—	—		1,971
Restructuring and impairment charges	5,297	—	—	—		5,297
Gain on insurance recovery	(9,749)	—	—	—		(9,749)
Operating Earnings	109,780	137,652	—	—		247,432
Interest income	238	97	—	—		335
Interest expense	(28,899)	(172,645)	—	73	6.k	(201,471)
Foreign currency gain (loss)	547	1,317	—	—		1,864
Other income, net	1,472	—	—	—		1,472
Loss on extinguishment of debt	—	—	—	—		—
Tax receivable agreement liability adjustment	—	10,749	—	—		10,749
Income (loss) before income taxes	83,138	(22,830)	—	73		60,381
(Benefit) provision for income taxes	28,414	(6,919)	—	28	6.l	21,523
	54,724	(15,911)	—	45		38,858

Net income (loss) from continuing operations					
Net income (loss) allocated to participating securities	(325)	—	—	—	(325)
Net income (loss) applicable to common shares	\$ 54,399	\$ (15,911)	—	\$ 45	\$ 38,533
Income (loss) per common share:					
Basic	\$ 0.77				\$ 0.30
Diluted	\$ 0.77				\$ 0.30
Weighted average number of common shares outstanding:					
Basic	70,629		59,395	6.m	130,024
Diluted	70,778		59,395	6.m	130,173

See the accompanying notes to the unaudited pro forma condensed combined financial information.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note 1 — Basis of Presentation

The merger will be accounted for as an acquisition, which requires determination of the accounting acquirer. The accounting guidance in ASC 805 provides that in identifying the acquiring entity in a combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered. Management determined that NCI is considered the accounting acquirer of Ply Gem as NCI is the legal acquirer in the transactions, NCI will have majority voting interest after the transactions (53%), NCI will appoint a majority of the members of the combined company board and senior management of the combined company will be comprised primarily of former NCI senior management.

This means that NCI will allocate the purchase price to the fair value of Ply Gem's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price, if any, being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

Under U.S. GAAP, consideration transferred in a business combination should be measured at fair value. Since the Ply Gem LLC interests were not publicly traded and did not have a readily observable market price, the per share value used in the unaudited pro forma condensed combined financial information equals the closing price per share of NCI common stock on August 3, 2018. The quoted per share price of NCI common stock has been determined to be the most factually supportable measure available in the determination of the fair value of the consideration transferred given the market participant element of stock traded in an active market. The number of shares of NCI common stock used to calculate the purchase price in the unaudited pro forma condensed combined financial information is fixed at 58,709,067, as per the terms of the merger agreement.

In connection with the unaudited pro forma condensed combined financial information, NCI allocated the purchase price using its best estimates of fair value of Ply Gem's assets and liabilities. These estimates are based on the most recently available market information as of April 12, 2018 (date of closing of the Ply Gem-Atrium merger defined in Note 7). NCI management determined that the valuation performed as part of the Ply Gem-Atrium merger illustrates the estimated effect of the transactions and all required fair value adjustments to the Ply Gem historical financial information have been made within Note 7. Therefore, NCI did not make additional fair value pro forma adjustments in the unaudited pro forma condensed combined financial information resulting in the recognition of incremental goodwill for the difference between the NCI purchase price transferred to Ply Gem and the Ply Gem-Atrium merger pro forma net assets.

The final purchase price allocation is dependent upon certain valuation and other analyses that are not yet final. Accordingly, the pro forma purchase price allocations are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. There can be no assurances that the final valuations will not result in material changes to the preliminary purchase price allocation.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the transactions or any integration costs.

NCI and Ply Gem have different fiscal year ends and the unaudited pro forma condensed combined financial information combines the accounting periods of NCI and Ply Gem where NCI is both the legal and accounting acquirer in the transactions. The unaudited pro forma condensed combined financial information has been prepared utilizing periods that differ by less than 93 days, as permitted by SEC rules and regulations. As such, NCI's historical results in the unaudited pro forma condensed combined financial information is derived from NCI's unaudited consolidated balance sheet as of April 29, 2018, unaudited consolidated statement of operations for the six months ended April 29, 2018 and audited consolidated statement of operations for the year ended October 29, 2017. Ply Gem's results are derived from Ply Gem's unaudited pro forma condensed combined balance sheet as of March 31, 2018, Ply Gem's unaudited pro forma condensed combined statement of operations for the six months ended March 31, 2018 and for the year ended December 31, 2017 included in Note 7. Also refer to Note 7 for a discussion of the historical quarterly period included more than once in the Ply Gem-Atrium merger unaudited pro forma condensed combined financial information.

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Note 2 — Calculation of Estimated Purchase Price

The purchase price is determined with reference to the closing stock price of NCI common stock on August 3, 2018 of \$15.55. The purchase price is calculated as follows:

Number of NCI shares to be issued	58,709,067
NCI common stock price	\$ 15.55
Estimated purchase price	\$ 912,925,992

The estimated purchase price reflected in the unaudited pro forma condensed combined financial information does not purport to represent what the actual purchase price will be when the transactions close. In accordance with ASC 805, the fair value of equity securities issued as consideration will be measured on the closing date of the transactions at the then-current market price. This requirement will likely result in an actual per share fair value upon closing of the transactions that differs from the \$15.55 per share of NCI common stock assumed in the unaudited pro forma condensed combined financial information, which was the closing stock price of NCI common stock on the New York Stock Exchange (“NYSE”) on August 3, 2018, and the difference may be material. NCI believes that an increase or decrease of 35% (estimated using NCI’s 18 month historical stock price volatility) in the market price of NCI common stock on the closing date of the transactions as compared to the market price of NCI common stock assumed for the purposes of the unaudited pro forma condensed combined financial information is possible. The percentage of this possible increase or decrease was derived from the recent volatility of NCI common stock and is not indicative of NCI’s expectation of future stock price performance. A change of this magnitude in the market price of NCI common stock would increase or decrease the purchase price and goodwill in the unaudited pro forma condensed combined financial information as shown below:

(in thousands, except stock price)	Stock Price	Estimated Purchase Price	Total Goodwill
Change in stock price			
Increase of 35%	\$ 20.99	\$ 1,232,302	\$ 2,026,530
Decrease of 35%	10.11	593,548	1,387,776

Note 3 — Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Ply Gem by NCI are recorded at the acquisition date fair value. The unaudited pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed as of April 12, 2018 (date of closing of the Ply Gem-Atrium merger defined in Note 7). Refer to Note 7 for more details on the valuation performed over Ply Gem’s assets and liabilities as part of the recent Ply Gem-Atrium merger.

The final determination of purchase price allocation upon the completion of the transactions will be based on Ply Gem’s net assets acquired as of that date and will depend on a number of factors, which cannot be predicted with any certainty at this time. The purchase price allocation may change materially based on the receipt of more detailed information; therefore, the actual allocations may differ from the unaudited pro forma adjustments presented. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

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(dollars in thousands)

Preliminary purchase price:

Ply Gem	\$ 912,926
Book value of net assets acquired	
Pro forma fair value of Ply Gem's net assets	628,257
Less Ply Gem's estimated merger related costs	(4,100)
Net assets to be acquired	624,157
Allocation of purchase price	
Net assets to be acquired	624,157
Adjustment to goodwill	288,769
Total allocation of purchase price	912,926
Assets acquired	2,646,487
Liabilities assumed	\$ (3,292,423)
Goodwill	1,558,862
Total preliminary purchase price allocation	\$ 912,926

Note 4 — Accounting Policies

Following the merger, management will conduct a review of Ply Gem's accounting policies in an effort to determine if differences in accounting policies require reclassification of Ply Gem's results of operations or reclassification of assets or liabilities to conform to NCI's accounting policies and classifications. As a result of that review, management may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the unaudited pro forma condensed combined financial information. During the preparation of the unaudited pro forma condensed combined financial information, management was not aware of any material differences between the accounting policies of the two companies and accordingly, the unaudited pro forma condensed combined financial information does not assume any material differences in accounting policies between the two companies, other than certain financial statement reclassifications described in Note 5.

Note 5 — Reclassifications

Certain unaudited pro forma condensed combined financial information of Ply Gem has been reclassified to conform to the historical presentation in NCI's consolidated financial statements, for purposes of preparing the unaudited pro forma condensed combined financial information.

Balance Sheet

(dollars in thousands)	April 29, 2018
Increase/(Decrease)	
Accrued expenses	\$ (15,449)
Accrued compensation and benefits	15,449
Accrued expenses	\$ (17,118)
Accrued interest	17,118
Accrued expenses	\$ (199,428)
Other accrued expenses	199,428

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Statements of Operations

(dollars in thousands)

For the
six months
ended
April 29,
2018

Increase/(Decrease)

Cost of sales \$ (118)

Engineering, selling, general and administrative expenses 118

(dollars in thousands)

For the year
ended
October 29,
2017

Increase/(Decrease)

Cost of sales \$ (279)

Engineering, selling, general and administrative expenses 279

Note 6 — Pro Forma Adjustments

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

(a)

Includes the net change in cash and cash equivalents, calculated as follow:

(dollars in thousands)

Proceeds from the incremental secured term loan facility	\$ 475,000
Less: estimated original issue discount on the incremental term loan facility	(2,375)
Less: payment of estimated debt issuance costs	(11,650)
Less: repayment of NCI existing term loan	(415,000)
Less: repayment of accrued interest on the NCI existing term loan	(1,464)
Less: cash-settlement of accelerated NCI long-term incentive plan awards	(1,947)
Net adjustment to cash	\$ 42,564

(b)

Represents incremental goodwill associated with the transactions, which is subject to changes due to closing adjustments affecting the preliminary purchase price.

(dollars in thousands)

Goodwill

Goodwill in merger \$ 1,558,862

Pre-merger goodwill:

Ply Gem-Atrium merger goodwill 1,270,093

Net adjustment to goodwill \$ 288,769

(c)

Represents an adjustment for capitalized debt issuance costs associated with the incremental ABL facility.

(d)

Represents the elimination of accrued compensation liability of \$1.6 million related to cash-settled accelerated NCI long-term incentive plan awards.

(e)
Represents the net adjustment to reflect the repayment of accrued interest on the NCI existing term loan as of April 29, 2018.

(f)
Represents total estimated merger fees of \$27.7 million to be incurred prior to the completion of the merger. NCI estimated merger fees of \$23.6 million are included as an adjustment to accumulated deficit. Ply Gem estimated merger fees of \$4.1 million are included as an adjustment to goodwill.

(g)
Represents an accrual for transaction bonuses of \$1.1 million expected to be paid to key employees upon closing of the merger.

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(h)

Represents the net adjustment to current and long-term debt associated with Ply Gem's incremental term loan facility and the repayment of the NCI existing term loan, calculated as follows:

(dollars in thousands)

Proceeds from the incremental secure term loan facility	\$ 475,000
Less: estimated original issue discount on the incremental term loan facility	(2,375)
Less: payment of estimated debt issuance costs	(9,500)
Less: current portion of long-term debt	(4,750)
Less: repayment of NCI existing term loan	(415,000)
Plus: debt issuance costs on NCI existing term loan	6,043
Net adjustment to long-term debt	\$ 49,418

(i)

Includes adjustments to stockholders' equity to reflect the following:

i.

elimination of Ply Gem-Atrium pro forma equity of \$628.3 million as NCI is considered the accounting acquirer in the transactions;

ii.

issuance of 58,709,067 shares of NCI common stock, \$0.01 par value per share and issuance of 685,447 estimated shares of NCI common stock related to the acceleration of NCI single trigger equity awards related to the transactions (\$0.6 million);

iii.

recording additional paid in capital of \$914.0 million for the issuance of NCI shares described in ii. above and the acceleration of NCI single trigger equity awards;

iv.

recording a \$6.0 million loss on extinguishment upon the repayment of the NCI existing term loan;

v.

recording transaction bonuses of \$1.1 million to be paid to key employees (see Note 6.g);

vi.

recording NCI estimated merger costs of \$23.6 million (see Note 6.f); and

vii.

recording unrecognized compensation expense of \$2.1 million related to the acceleration of the NCI single trigger equity awards.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

(j)

Represents the elimination of merger costs included in NCI's statement of operations.

(k)

Represents net adjustments to interest expense related to Ply Gem's incremental term loan facility and incremental ABL facility, including the amortization of debt issuance costs, and the repayment of NCI's existing term loan. Ply Gem's incremental term loan facility has a coupon rate of LIBOR plus 3.25% and matures in seven years. Ply Gem's incremental ABL facility has a coupon rate of LIBOR plus 1.25% to 1.75% depending on the amount drawn down and matures in five years. Net adjustments to Interest expense were calculated as follows:

(dollars in thousands)	Year ended October 29, 2017	Six months ended April 29, 2018
Cash interest expense	\$ (26,932)	\$ (13,578)
Amortization of debt issuance cost	(1,601)	(813)
Amortization of original issue discount	(293)	(150)
Elimination of historical interest expense	28,899	12,341
Total adjustment to interest expense	\$ 73	\$ (2,200)

A 1/8 percentage point change in the interest rate on the \$475 million incremental term loan facility would result in an increase or decrease, as applicable, in interest expense by \$0.6 million for the year ended October 29, 2017 and by \$0.3 million for the six months ended April 29, 2018. Refer to Note 7.u for sensitivity analysis on Ply Gem's term loan and ABL facility.

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(l)

Represent adjustments to income taxes to reflect the unaudited pro forma adjustments related to the transactions at a blended federal and state statutory rate of 38.7% for the year ended October 29, 2017 and of 27.0% for the six months ended April 29, 2018.

(m)

The unaudited pro forma weighted average number of basic and diluted common shares outstanding is calculated by adding the 58,709,067 shares to be issued to Ply Gem interest holders and the 685,447 shares issued in connection with the acceleration of the NCI single trigger equity awards to the historical weighted average number of basic and diluted common shares outstanding of NCI. The unaudited pro forma weighted average basic and diluted common shares outstanding have been calculated as if the shares to be issued in the transactions had been issued and outstanding as of October 31, 2016.

Note 7 — Ply Gem-Atrium Merger Pro Forma Adjustments

Ply Gem Holdings was acquired by the Sponsor Fund X Investor and the GGC Investors and merged with Atrium on April 12, 2018 (the “Ply Gem-Atrium merger”). The Sponsor Fund X Investor and the GGC Investors acquired a majority ownership stake in the combined entity. The Ply Gem-Atrium merger unaudited pro forma condensed combined financial information presented below is included as the Ply Gem-Atrium merger occurred after March 31, 2018 (date of most recent available historical financial statements for Ply Gem Holdings and Atrium), but before the merger of NCI with Ply Gem.

The Ply Gem-Atrium merger unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X and includes unaudited pro forma adjustments that are (1) directly attributable to the Ply Gem-Atrium merger and associated financing (2) factually supportable and (3) with respect to the Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations, are expected to have a continuing impact on the combined Ply Gem operating results.

The Ply Gem-Atrium merger unaudited pro forma condensed combined balance sheet as of March 31, 2018 and Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations for the year ended December 31, 2017, and for the six months ended March 31, 2018 have been derived from:

- the audited financial statements and accompanying notes of Ply Gem Holdings for the year ended December 31, 2017, included in this proxy statement;
- the unaudited financial statements and accompanying notes of Ply Gem Holdings for the quarter ended March 31, 2018, included in this proxy statement, and for the nine month period ended September 30, 2017, not included in this proxy statement;
- the audited financial statements and accompanying notes of Atrium for the year ended December 31, 2017, included in this proxy statement; and
- the unaudited financial statements and accompanying notes of Atrium for the quarter ended March 31, 2018, included in this proxy statement, and for the nine month period ended September 30, 2017, not included in this proxy statement.

The Ply Gem-Atrium merger unaudited pro forma condensed combined statement of operations for the six months ended March 31, 2018 has been calculated to align Ply Gem’s interim period to that of NCI. See Note 7.o for additional information regarding the calculation of the six months ended March 31, 2018 historical amounts. The Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations give effect to the Ply

Gem-Atrium merger and associated financing as if they had occurred on January 1, 2017 and for purposes of the Ply Gem-Atrium merger unaudited pro forma condensed combined balance sheet, as if they had occurred on March 31, 2018.

The Ply Gem-Atrium merger is accounted for as an acquisition in accordance with ASC 805 and the purchase price is allocated to the fair value of both Ply Gem Holdings' and Atrium's identifiable assets acquired and liabilities assumed, with the excess purchase price, if any, being recorded as goodwill.

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The purchase price for the Ply Gem-Atrium merger presented below has been developed based on estimates of fair value using the historical financial statements and information of Ply Gem Holdings and Atrium as of April 12, 2018 (date of closing of the Ply Gem-Atrium merger). The purchase price is preliminarily allocated as follows:

(dollars in thousands)

Preliminary Purchase Price:

Ply Gem Holdings	\$ 2,365,057
Atrium	602,415
Total consideration	\$ 2,967,472

Preliminary Purchase Price Allocation:

Current assets*	\$ 316,203
Inventory	285,834
Property and equipment, net	305,639
Intangible assets, net	1,670,000
Other assets	20,327
Goodwill	1,270,093
Accounts payable	(101,279)
Accrued expenses	(246,741)
Deferred income taxes	(442,327)
Other liabilities assumed	(110,277)
Net assets acquired	\$ 2,967,472

*

includes restricted cash of 8,324

Any differences between the fair value of the consideration transferred and the fair values of the assets acquired and liabilities assumed is presented as goodwill.

Ply Gem management is in the process of finalizing the purchase price allocation and acquisition accounting. Until those are finalized, the allocations included above are still considered preliminary and subject to changes, which could result in a material change to the Ply Gem-Atrium merger unaudited pro forma condensed combined financial information.

The Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations also include certain acquisition accounting adjustments related to the Ply Gem-Atrium merger, including items expected to have a continuing impact on the combined results, such as amortization expense on acquired intangible assets and depreciation expense on acquired property, plant and equipment.

Additionally, the Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations includes certain financing adjustments related to the term loan facility, the senior notes, the ABL facility and cash flow-based revolving credit facility, as defined in the Financing section of the proxy statement, each of which is expected to have an ongoing effect on the combined results. The Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations do not include the impacts of any revenue, cost or other operating synergies that may result from the Ply Gem-Atrium merger or any related restructuring or transaction costs.

Ply Gem management is in the process of conforming Ply Gem Holdings' and Atrium's accounting policies. Until this analysis is complete, Ply Gem management have identified preliminary adjustments to conform Atrium's accounting policies to those of Ply Gem Holdings based upon currently available information and assumptions management believes to be reasonable, including:

•

Atrium's delivery expenses were historically included in Selling, delivery, general and administrative expenses. In accordance with Ply Gem Holdings' accounting policy, delivery expenses will be included in Cost of products sold following the Ply Gem-Atrium merger.

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The Ply Gem-Atrium merger unaudited pro forma condensed combined balance sheet and statements of operations have been adjusted to reflect these changes as further described in the footnotes. Additional differences between the accounting policies of the two companies may be identified that, when conformed, could have a material impact on the Ply Gem-Atrium merger unaudited pro forma condensed combined financial information.

The Ply Gem-Atrium merger unaudited pro forma condensed combined balance sheet does not include a pro forma adjustment for the impact to certain Ply Gem deferred tax assets, valuation allowance and tax receivable agreement liability. Those may be subject to change as a result of the application of ASC 805 as Ply Gem management has not finalized this analysis.

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PLY GEM

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

As of March 31, 2018

(in thousands)

	Ply Gem Holdings Historical	Atrium Historical (Note 7a)	Ply Gem- Atrium Merger Adjustments	(Notes)	Ply Gem- Atrium Financing Adjustments	(Notes)	Ply Gem- Atrium Merger Pro Forma
Assets							
Cash and cash equivalents	\$ 20,458	\$ 5,884	\$ (2,347,515)	7.b	\$ 2,368,855	7.c	\$ 47,682
Accounts receivable, net	232,528	26,379	—		—		258,907
Inventory	231,483	19,309	35,042	7.d	—		285,834
Prepaid expenses and other current assets	52,926	2,676	(7,673)	7.d, 7.e	—		47,929
Total current assets	537,395	54,248	(2,320,146)		2,368,855		640,352
Property and equipment, net	174,765	28,339	102,535	7.d	—		305,639
Intangible assets, net	79,336	89,274	1,501,390	7.d	—		1,670,000
Goodwill	479,719	35,936	754,438	7.f	—		1,270,093
Deferred income taxes	10,441	—	—		—		10,441
Other	6,636	5,893	(1,600)	7.g	9,126	7.h	20,055
Total assets	\$ 1,288,292	\$ 213,690	\$ 36,617		\$ 2,377,981		\$ 3,916,580
Liabilities							
Accounts payable	\$ 87,577	\$ 13,702	\$ —		\$ —		\$ 101,279
Accrued expenses	143,861	28,574	59,560	7.g, 7.i, 7.j	—		231,995
Current portion of payable to related parties pursuant to tax receivable agreement	24,894	—	—		—		24,894

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Current portion of long-term debt	4,300	42	(4,342)	7.g, 7.i	17,550	7.k	17,550
Total current liabilities	260,632	42,318	55,218		17,550		375,718
Deferred income taxes	264	16,223	425,840	7.1	—		442,327
Long-term portion of payable to related parties pursuant to tax receivable agreement	18,125	—	—		—		18,125
Other long-term liabilities	82,944	9,369	(728)	7.i	—		91,585
Long-term debt	849,352	302,549	(1,151,764)	7.g, 7.i	2,360,431	7.k	2,360,568
Long-term debt due to related party	—	79,709	(79,709)	7.i	—		—
Stockholders' Equity (Deficit)							
Equity	76,975	(236,478)	787,760	7.m, 7.n	—		628,257
Total liabilities and stockholders' equity	\$ 1,288,292	\$ 213,690	\$ 36,617		\$ 2,377,981		\$ 3,916,580

See the accompanying notes to the Ply Gem-Atrium merger unaudited pro forma condensed combined financial information.

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PLY GEM

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the six months ended March 31, 2018

(in thousands, except per share data)

	Ply Gem Holdings Historical (Note 7.o)	Atrium Historical (Note 7.o, 7.p)	Ply Gem- Atrium Merger Adjustments	(Notes)	Ply Gem- Atrium Financing Adjustments	(Notes)	Ply Gem- Atrium Merger Pro Forma
Net Sales	\$ 976,762	\$ 164,100	\$ —		\$ —		\$ 1,140,862
Cost of products sold	778,578	123,616	(2,792)	7.q	—		899,402
Gross profit	198,184	40,484	2,792		—		241,460
Operating expenses:							
Selling, general and administrative expenses	141,049	23,402	(1,515)	7.q, 7.r	—		162,936
Amortization of intangible assets	10,682	3,448	41,536	7.s	—		55,666
Total Operating expenses	151,731	26,850	40,021		—		218,602
Operating earnings	46,453	13,634	(37,229)		—		22,858
Foreign currency gain (loss)	(960)	(237)	—		—		(1,197)
Interest expense	(33,986)	(24,694)	58,169	7.t	(85,938)	7.u	(86,449)
Interest income	38	28	—		—		66
Tax receivable agreement liability adjustment	10,749	—	—		—		10,749
Loss on modification or extinguishment of debt	(2,106)	—	2,106	7.v	—		—
Income (loss) before provision (benefit) for income taxes	20,188	(11,269)	23,046		(85,938)		(53,973)
Provision (benefit) for income taxes	10,180	(823)	6,107	7.w	(22,773)	7.w	(7,309)
	\$ 10,008	\$ (10,446)	\$ 16,939		\$ (63,165)		\$ (46,664)

Net income
(loss) from
continuing
operations

See the accompanying notes to the Ply Gem-Atrium merger unaudited pro forma condensed
combined financial information.

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PLY GEM

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

For the year ended December 31, 2017

(in thousands, except per share data)

	Ply Gem Holdings Historical (Note 7.o)	Atrium Historical (Note 7.o, 7.p)	Ply Gem- Atrium Merger Adjustments	(Notes)	Ply Gem- Atrium Financing Adjustments	(Notes)	Ply Gem- Atrium Merger Pro Forma
Net Sales	\$ 2,056,303	\$ 348,844	\$ —		\$ —		\$ 2,405,147
Cost of products sold	1,587,790	258,152	(5,172)	7.q	—		1,840,770
Gross profit	468,513	90,692	5,172		—		564,377
Operating expenses:							
Selling, general and administrative expenses	272,984	45,392	(2,983)	7.q, 7.r	—		315,393
Amortization of intangible assets	21,271	6,723	83,338	7.s	—		111,332
Total Operating expenses	294,255	52,115	80,355		—		426,725
Operating earnings	174,258	38,577	(75,183)		—		137,652
Foreign currency gain (loss)	1,363	(46)	—		—		1,317
Interest expense	(69,361)	(35,903)	104,742	7.t	(172,123)	7.u	(172,645)
Interest income	78	19	—		—		97
Tax receivable agreement liability adjustment	10,749	—	—		—		10,749
Loss on modification or extinguishment of debt	(2,106)	—	2,106	7.v	—		—
Income (loss) before provision (benefit) for income taxes	114,981	2,647	31,665		(172,123)		(22,830)
Provision (benefit) for income taxes	46,654	1,521	12,421	7.w	(67,515)	7.w	(6,919)

Net income (loss) from continuing operations	\$ 68,327	\$ 1,126	\$ 19,244	\$ (104,608)	\$ (15,911)
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See the accompanying notes to the Ply Gem-Atrium merger unaudited pro forma condensed combined financial information.

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Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

(a)

Financial information presented in the “Atrium Historical” column in the Ply Gem-Atrium merger unaudited pro forma condensed combined balance sheet as of March 31, 2018 has been reclassified to conform to the presentation of Ply Gem Holdings as indicated in the table below:

Presentation in Atrium’s Historical Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Information	As of March 31, 2018
Restricted Cash	Cash and cash equivalents	\$ 99
Inventories	Inventory	19,309
Prepaid expenses and other current assets (Spare parts)	Other	995
Property, plant and equipment, net	Property and equipment, net	28,339
Other assets, net	Other	4,850
Assets of discontinued operations	Other	48
Accrued liabilities	Accrued expenses	26,894
Liabilities of discontinued operations	Accrued expenses	1,680
Deferred tax liabilities	Deferred income taxes (liabilities)	16,223
Long-term debt, net of current	Long-term debt	302,549
Long-term liabilities of discontinued operations	Other long-term liabilities	728

(b)

Includes the use of cash to pay the estimated consideration for Ply Gem Holdings and Atrium of \$2,365.1 million and \$389.6 million, respectively, the equity contribution from Sponsor funds of \$425.2 million and the use of \$18.0 million of cash on hand to repay historical Ply Gem Holdings and Atrium indebtedness as presented in the Ply Gem-Atrium Merger Adjustments column.

(c)

Includes the net change in cash and cash equivalents related to the Ply Gem financing, calculated as follow:

(dollars in thousands)

Proceeds from senior notes	\$ 645,000
Proceeds from term loan facility	1,755,000
Proceeds from ABL facility	60,000
Less: original issue discount on term loan facility	(8,775)
Less: payment of debt issuance costs	(82,370)
Net adjustment to cash	\$ 2,368,855

(d)

Includes adjustments to record acquired assets at estimated acquisition date fair value. The fair value of these assets are based on a valuation performed as of April 12, 2018. The fair value of current assets (excluding inventory) was assumed to be equal to the most recent book value. Inventory was appraised based on its estimated selling price, less the remaining costs to complete, sell/market, and distribute the inventory as well as a normal profit on those remaining costs. Property and equipment, net was appraised based on a mix of cost-based and market-based approaches. The fair value of Intangible assets, net were estimated using income-based valuation methods, including the Relief-from-Royalty method and the Multi-period Excess Earnings method for trade names and customer

relationships, respectively. The respective net adjustments have been calculated as follows:

(dollars in thousands)	Current assets (excluding Inventory)	Inventory	Property and equipment, net	Intangible assets, net	Other assets
Fair value of acquired assets	\$ 316,203	\$ 285,834	\$ 305,639	\$ 1,670,000	\$ 20,327
Elimination of pre-acquisition assets:					
Ply Gem Holdings	293,679	231,483	174,765	79,336	15,477
Atrium	30,197	19,309	28,339	89,274	4,850
Total adjustment	\$ (7,673)	\$ 35,042	\$ 102,535	\$ 1,501,390	\$ —

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(e)

Includes an adjustment to eliminate \$7.7 million of Ply Gem-Atrium merger transaction costs which were included in prepaid expenses.

(f)

Includes incremental goodwill associated with the Ply Gem-Atrium merger, which is subject to adjustments affecting the preliminary purchase price.

(dollars in thousands)	Goodwill
Ply Gem acquisition goodwill	\$ 1,270,093
Pre-acquisition goodwill:	
Ply Gem Holdings	479,719
Atrium	35,936
Net adjustment to goodwill	\$ 754,438

(g)

Includes adjustments to record the repayment of outstanding borrowings under Ply Gem Holdings historical indebtedness, including the elimination of \$1.6 million of debt issuance costs related to the historical ABL revolving credit facility, \$4.3 million of Current portion of long-term debt, \$849.4 million of Long-term debt, and \$7.2 million of accrued interest.

(h)

Adjustment to reflect debt issuance costs of \$9.1 million related to the ABL facility and cash flow-based revolving credit facility.

(i)

Includes adjustments to record the repayment of outstanding liabilities under Atrium historical indebtedness, including Long-term debt of \$302.4 million of which a small portion was in current; \$9.9 million of accrued interest, \$1.3 million of current portion of long term debt related to discontinued operations which has been reclassified to Accrued expenses, Long-term debt due to related party of \$79.7 million; and other long term liabilities of \$0.7 million;

(j)

Includes adjustments to accrued expenses related to:

i. consideration of \$44.9 million owed to select shareholders who actioned their appraisal rights;

ii. retention bonuses of \$17.0 million paid to management of Ply Gem Holdings and Atrium upon completion of the Ply Gem-Atrium merger;

iii. predecessor costs of \$6.4 million and successor costs of \$9.7 million incurred by Ply Gem Holdings and Atrium in connection with the Ply Gem-Atrium merger that were not paid at closing;

iv. elimination of accrued interest for Ply Gem and Atrium of \$17.1 million; and

v.

elimination of Atrium historical accrued expenses \$1.3 million in note 7.i. above.

(k)

Includes the net adjustment to total debt associated with the issuance of the Ply Gem notes, ABL facility and the term loan facility, calculated as follows:

(dollars in thousands)

Proceeds from term loan facility	\$ 1,755,000
Proceeds from senior notes	645,000
Proceeds from ABL facility	60,000
Total proceeds from financing	\$ 2,460,000
Less: original issue discount	\$ (8,775)
Less: debt issuance costs	(73,244)
Less: current portion of financing	(17,550)
Net adjustment to long-term debt	\$ 2,360,431

(l)

Includes the net change in Deferred income tax liabilities associated with the taxable fair value adjustments to Property and equipment, net (excluding the fair value of land as a change in the fair value of land does not create a taxable difference), and Intangible assets, net, in each case, calculated at an applicable blended federal and state statutory rate of 26.5%.

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(m)

Includes adjustments to stockholders' equity to reflect the

- i. elimination of Ply Gem Holdings' historical total equity at March 31, 2018 of \$77.0 million;
- ii. elimination of Atrium's historical total deficit at March 31, 2018 of \$236.5 million;
- iii. equity contribution from Sponsor funds of \$425.2 million;
- iv. fair value of roll-over equity of the Atrium Equity holders of \$212.8 million; and
- v. elimination of \$9.7 million of successor costs.

(n)

Includes an adjustment of \$29.4 million presented only in equity for acceleration of Ply Gem Holding's long term incentive payments in connection with the Ply Gem-Atrium merger.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

(o)

Financial information presented in the "Ply Gem Holdings Historical" and "Atrium Historical" columns in the Ply Gem-Atrium merger unaudited pro forma condensed combined statement of operation for the six months ended March 31, 2018 has been calculated to align Ply Gem's interim period to that of NCI. The six month period ended March 31, 2018 for Ply Gem Holdings and Atrium was calculated using Ply Gem Holdings' and Atrium's fiscal year ended December 31, 2017 balances, subtracting the nine months ended September 30, 2017 balances, and adding the three months ended March 31, 2018 balances.

The table below shows the calculation of Ply Gem Holdings' six months ended March 31, 2018 interim period:

(dollars in thousands)	Year ended December 31, 2017	Nine months ended September 30, 2017	Three months ended December 31, 2017	Three months ended March 31, 2018	Six months ended March 31, 2018
Net Sales	\$ 2,056,303	\$ 1,539,445	\$ 516,858	\$ 459,904	\$ 976,762
Cost of products sold	1,587,790	1,181,066	406,724	371,854	778,578
Gross profit	468,513	358,379	110,134	88,050	198,184
Operating expenses:					
Selling, general, and administrative	272,984	202,610	70,374	70,675	141,049
Amortization of intangible assets	21,271	15,943	5,328	5,354	10,682
Total operating expenses	294,255	218,553	75,702	76,029	151,731
Income from operations	174,258	139,826	34,432	12,021	46,453
Foreign currency gain (loss)	1,363	1,582	(219)	(741)	(960)

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Interest expense	(69,361)	(51,830)	(17,531)	(16,455)	(33,986)
Interest income	78	60	18	20	38
Tax receivable agreement liability adjustment	10,749	—	10,749	—	10,749
Loss on modification or extinguishment of debt	(2,106)	—	(2,106)	—	(2,106)
Income (loss) before provision (benefit) for income taxes	114,981	89,638	25,343	(5,155)	20,188
Provision (benefit) for income taxes	46,654	35,882	10,772	(592)	10,180
Net income (loss) from continuing operations	\$ 68,327	\$ 53,756	\$ 14,571	\$ (4,563)	\$ 10,008

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The table below shows the calculation of Atrium's six months ended March 31, 2018 interim period:

(dollars in thousands)	Year ended December 31, 2017	Nine months ended September 30, 2017	Three months ended December 31, 2017	Three months ended March 31, 2018	Six months ended March 31, 2018
Net Sales	\$ 348,844	\$ 257,113	\$ 91,731	\$ 72,369	\$ 164,100
Cost of products sold	234,451	173,824	60,627	50,873	111,500
Gross profit	114,393	83,289	31,104	21,496	52,600
Operating expenses:					
Selling, delivery, general, and administrative	67,572	50,208	17,364	16,694	34,058
Amortization expense	6,723	4,997	1,726	1,722	3,448
Stock compensation expense	1	1	—	—	—
Total selling, delivery, general and administrative expenses	74,296	55,206	19,090	18,416	37,506
Impairment of trade names	1,560	—	1,560	—	1,560
Loss on disposal of assets, net	(239)	(228)	(11)	—	(11)
Total operating expenses	75,617	54,978	20,639	18,416	39,055
Operating income from continuing operations	38,776	28,311	10,465	3,080	13,545
Interest expense	35,903	20,259	15,644	9,050	24,694
Other expense (income), net	226	167	59	61	120
Income (loss) from continuing operations before income taxes	2,647	7,885	(5,238)	(6,031)	(11,269)
Income tax expense (benefit)	1,521	1,880	(359)	(464)	(823)
Net income (loss) from continuing operations	\$ 1,126	\$ 6,005	\$ (4,879)	\$ (5,567)	\$ (10,446)

The results of operations for Ply Gem Holdings and Atrium for the three months ended December 31, 2017 have been included in both the fiscal year ended December 31, 2017 and six months ended March 31, 2018 unaudited pro forma condensed combined financial information. For that period, Ply Gem Holdings and Atrium had net sales of \$516.9 million and \$91.7 million and net income/(loss) of \$14.6 million and (\$4.9) million respectively.

(p)

Financial information presented in the "Atrium Historical" column in the Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations for the year ended December 31, 2017 and six months ended March 31, 2018 have been reclassified to conform to that of Ply Gem Holdings as indicated in the table below:

(dollars in thousands) Presentation in Atrium's Historical Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Statements	Year Ended December 31, 2017	Six Months Ended March 31, 2018
Cost of goods sold	Cost of products sold	\$ 234,451	\$ 111,500
Selling, delivery, general and administrative expenses (Delivery expenses)	Cost of products sold	23,701	12,116
		45,392	23,402

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Selling, delivery, general and administrative expenses	Selling, general and administrative expenses		
Amortization expense	Amortization of intangible assets	6,723	3,448
Stock compensation expense	Selling, general and administrative expenses	1	—
Impairment of trade names	Selling, general and administrative expenses	1,560	1,560
(Gain) Loss on disposal of assets, net	Selling, general and administrative expenses	(239)	(11)
Other expense, net	Selling, general and administrative expenses	199	(89)
Other expense, net (Realized Gains/Losses)	Foreign currency gain (loss)	(46)	(237)
Other expense, net (Interest income)	Interest income	19	28
Income tax expense	Provision (benefit) for income taxes	1,521	(823)

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(q)

Includes net adjustments to depreciation expense resulting from the change in the estimated fair value of Property and equipment, net acquired in the Ply Gem-Atrium merger. The revised depreciation expense was calculated using the following estimated remaining useful lives as determined by Ply Gem management: Building and site improvements — 15 years; Personal property — 7 years. Amounts allocated to Property and equipment, net and the estimated useful lives are based on preliminary fair value estimates and are subject to change. The net adjustment to depreciation expense is presented within the Ply Gem-Atrium merger unaudited pro forma condensed combined statements of operations as follows:

(dollars in thousands)	Year ended December 31, 2017	Six months ended March 31, 2018
Total Depreciation expense for property and equipment, net	\$ 32,272	\$ 16,136
Elimination of pre-acquisition historical depreciation expense		
Ply Gem Holdings	\$ (31,976)	\$ (16,208)
Atrium	(6,701)	(3,360)
Net adjustments to depreciation expense	\$ (6,405)	\$ (3,432)
Allocation of adjustments:		
Cost of products sold	\$ (5,172)	\$ (2,792)
Selling, general and administrative expenses	(1,233)	(640)
Total	\$ (6,405)	\$ (3,432)

(r)

Elimination of the historical Atrium management fee expense of \$1.8 million for the year ended December 31, 2017 and \$0.9 million for the six months ended March 31, 2018.

(s)

Includes net adjustments to amortization expense related to the change in estimated fair value of Intangible assets, net acquired in the Ply Gem-Atrium merger. The revised amortization expense was calculated using a range of estimated useful lives as determined by Ply Gem management: Trade names — 15 years; Customer relationships — 15 years. Amounts allocated to Intangible assets, net and the estimated useful lives are based on fair value estimates and are subject to change. The calculation of the net adjustment to amortization expense is as follows:

(dollars in thousands)	Year ended December 31, 2017	Six months ended March 31, 2018
Total Amortization expense for intangible assets	\$ 111,332	\$ 55,666
Elimination of pre-acquisition historical amortization expense		
Ply Gem Holdings	(21,271)	(10,682)
Atrium	(6,723)	(3,448)
Net adjustments to depreciation expense	\$ 83,338	\$ 41,536

(t)

Elimination of historical interest expense related to Ply Gem Holdings' and Atrium's historical indebtedness.

(u)

Includes net adjustments to interest expense related to the term loan facility, ABL facility, senior notes and cash flow-based revolving credit facility. The coupon rate on the term loan is LIBOR plus 3.75% with a seven year maturity. The coupon rate on the senior notes is 8.00% with an eight year maturity. The coupon rate on the ABL facility is LIBOR plus 1.25% to 1.75% depending on the amount drawn with a five year maturity. For the purposes of the Net adjustments to Interest expense calculations below, a coupon rate of 1.25% was used given the amount of the facility drawn down. The calculations were as follows:

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(dollars in thousands)	Year ended December 31, 2017	Six months ended March 31, 2018
Cash interest expense	\$ 161,317	\$ 80,395
Amortization of debt issuance cost	9,745	4,999
Amortization of original issue discount	1,061	544
Total adjustment to interest expense	\$ 172,123	\$ 85,938

A 1/8 percentage point change in the interest rate on the term loan facility and ABL facility would result in an increase or decrease, as applicable, in interest expense by \$2.3 million for the year ended December 31, 2017 and by \$1.1 million for the six months ended March 31, 2018.

(v)

Elimination of historical interest expense representing the accelerated amortization of debt discount and debt issuance costs related to voluntary prepayments of Ply Gem holdings historical indebtedness for the year ended December 31, 2017 and for the six months ended March 31, 2018.

(w)

Adjustment to income taxes to reflect the unaudited pro forma adjustments related to the Ply Gem-Atrium merger at a blended federal and state statutory rate of 39.2% for the year ended December 31, 2017 and 26.5% for the six months ended March 31, 2018.

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COMPARATIVE STOCK PRICE DATA AND DIVIDENDS

Stock Prices

NCI common stock is listed on the NYSE under the symbol “NCS.” Ply Gem is a private company and its equity interests are not publicly traded. The following table sets forth the closing sales prices per share of NCI common stock, on an actual and equivalent per share basis, on the NYSE on the following dates:

- [•], the last full trading day before the public announcement of the merger, and
- [•], the last trading day for which this information could be calculated before the date of this proxy statement.

As of [•], the last date before the date of this proxy statement for which it was practicable to obtain this information, there were [•] shares of NCI common stock outstanding and approximately [•] holders of record of NCI common stock. Because the merger consideration will not be adjusted for changes in the market price of NCI common stock, the implied value of the shares of NCI common stock that holders will have the right to receive as a result of the merger may vary significantly from the market value of the shares of NCI common stock that holders would receive if the merger were completed on the date of this proxy statement. As a result, you should obtain recent market prices prior to voting your shares. See “Risk Factors — Risks Relating to the Merger.”

Dividends

NCI currently does not pay dividends on its NCI common stock and currently does not intend to do so in the foreseeable future. NCI currently intends to retain any earnings for use in the business. The NCI board will determine whether NCI will pay future dividends on its NCI common stock. Any payment of cash dividends in the future will depend upon NCI’s financial condition, its capital requirements and earnings, any applicable contractual restrictions on its ability to pay dividends and such other factors as the NCI board may deem relevant. NCI’s existing senior credit agreement and existing indenture limits its ability to pay dividends.

Subject to limited exceptions, the merger agreement prohibits NCI (unless consented to in advance by Ply Gem, which consent may not be unreasonably withheld, conditioned or delayed) from paying dividends or other distribution to holders of NCI common stock until the earlier of the effective time and the termination of the merger agreement in accordance with its terms.

For additional information on the treatment of dividends under the merger agreement, see “The Merger Agreement — Conduct of Business.”

In addition, both the current stockholders agreement and the new stockholders agreement require that NCI obtain the consent of the Sponsor Fund VIII Investors and/or the Sponsor Fund X Investors, as the case may be, to pay any extraordinary dividends although NCI may reinstate quarterly dividends without such consent. See “The Stockholders Agreement — Consent Rights.”

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NO APPRAISAL RIGHTS

Under the DGCL, neither NCI's stockholders nor Ply Gem holders are entitled to appraisal rights in connection with the merger or the other transactions contemplated by the merger.

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FINANCING

No cash is being paid to equity holders of Ply Gem or NCI in the merger; however, Ply Gem will incur incremental debt under its existing debt facilities (which will be assumed by the surviving corporation following the merger) the proceeds of which will be used to refinance NCI's existing secured term loan facility and secured asset-based revolving credit facility.

Ply Gem Midco, a subsidiary of Ply Gem, expects to borrow on or before the closing date of the merger the funds necessary to consummate the merger and to refinance NCI's existing revolving and term loan credit facilities. On July 17, 2018, Ply Gem Midco signed the debt commitment letter with Credit Suisse AG, Cayman Islands Branch, Credit Suisse Loan Funding LLC, Royal Bank of Canada and RBC Capital Markets (collectively, the "original committed lenders") pursuant to which the original committed lenders committed to provide Ply Gem Midco with (i) an incremental senior secured term loan facility in an aggregate principal amount of up to \$475.0 million (the "incremental term loan facility") under the Cash Flow Credit Agreement, dated as of April 12, 2018, among Ply Gem Midco, the several banks and other financial institutions from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (as the same may be amended, supplemented, waived or otherwise modified from time to time, the "Ply Gem cash flow credit agreement"), and (ii) an incremental senior secured asset-based revolving credit facility in an aggregate principal amount of up to \$215.0 million (the "incremental ABL facility") under the ABL Credit Agreement, dated as of April 12, 2018, among Ply Gem Midco, the subsidiary borrowers from time to time party thereto, the several banks and other financial institutions from time to time party thereto and UBS AG, Stamford Branch, as administrative agent and collateral agent (as the same may be amended, supplemented, waived or otherwise modified from time to time, the "Ply Gem ABL credit agreement"), in connection with the merger. On August 7, 2018, Ply Gem Midco signed a letter agreement with JPMorgan Chase Bank, N.A., UBS AG Stamford Branch, UBS Securities LLC, Barclays Bank PLC, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank AG New York Branch, Deutsche Bank Securities Inc., Goldman Sachs Bank USA, Crédit Agricole Corporate and Investment Bank, Jefferies Finance LLC, MUFG Union Bank, N.A., Natixis, New York Branch, SG Americas Securities, LLC, Société Générale, U.S. Bank National Association (collectively, the "additional committed lenders") and the original committed lenders, pursuant to which the additional committed lenders became party to the debt commitment letter and committed with the original committed lenders to provide Ply Gem Midco with the incremental term loan facility and the incremental ABL facility.

In addition to the borrowings under the incremental credit facilities, all existing indebtedness and commitments under (i) the Ply Gem ABL credit agreement, (ii) the Ply Gem cash flow credit agreement and (iii) that certain Indenture, dated as of April 12, 2018, among Ply Gem Midco, as issuer, the subsidiary guarantors from time to time party thereto and Wilmington Trust, National Association, as trustee (as supplemented by the First Supplemental Indenture, dated as of April 12, 2018, the Second Supplemental Indenture, dated as of April 12, 2018, and the Third Supplemental Indenture, dated as of April 13, 2018, and as the same may be further amended, supplemented, waived or otherwise modified from time to time, the "Ply Gem indenture"), in each case will remain outstanding following the merger. The Ply Gem ABL credit agreement currently provides for an asset-based revolving credit facility in the amount of up to \$360.0 million, with (i) \$285.0 million available to the U.S. borrowers under the Ply Gem ABL credit agreement subject to U.S. borrowing base availability and (ii) \$75.0 million available to both the U.S. and Canadian borrowers under the Ply Gem ABL credit agreement subject to Canadian borrowing base availability and U.S. borrowing base availability, and includes letter of credit and swingline sub-facilities. The facility matures on April 12, 2023. The incremental ABL facility will be structured as an incremental credit facility under the Ply Gem ABL credit agreement. The Ply Gem cash flow credit agreement provides for (i) a \$1,755.0 million term loan facility, of which \$1,755.0 million remained outstanding as of June 30, 2018 and which matures on April 12, 2025 and (ii) a \$115.0 million cash flow-based revolving credit facility, which matures on April 12, 2023. The incremental term loan facility will be structured as an incremental credit facility under the Ply Gem cash flow credit agreement.

The obligations under the Ply Gem ABL credit agreement and Ply Gem term loan credit agreement are guaranteed by Ply Gem Intermediate, Inc., the direct parent of Ply Gem Midco, and each wholly-owned

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domestic subsidiary of Ply Gem Midco and, following the merger, NCI, in each case subject to certain exceptions. Certain Canadian subsidiaries of Ply Gem also guarantee the obligations of the Canadian borrowers under the Ply Gem ABL credit agreement. The obligations under the Ply Gem ABL credit agreement and Ply Gem term loan credit agreement are secured by substantially all of the assets of the obligors thereunder.

Ply Gem Midco issued \$645.0 million aggregate principal amount of the 8.00% senior notes due 2026 (the “Ply Gem notes”) under the Ply Gem indenture, all of which remained outstanding as of June 30, 2018. The Ply Gem notes bear interest at a rate of 8.00% per annum and are unsecured senior indebtedness of Ply Gem Midco. Each domestic subsidiary of Ply Gem Midco that guarantees the payment obligations of Ply Gem Midco under the Ply Gem cash flow credit agreement or the Ply Gem ABL credit agreement guarantees payment of the notes under the Ply Gem indenture. Ply Gem Midco may redeem the Ply Gem notes, in whole or in part, at any time, subject to certain make-whole or other prepayment premia to the extent applicable.

The aforementioned debt agreements include customary affirmative and negative covenants that, among other things, limit or restrict the ability of Ply Gem Midco and its subsidiaries to incur additional indebtedness; make dividends and other restricted payments; incur additional liens; consolidate, merge, sell or otherwise dispose of all or substantially all assets; make investments; transfer or sell assets; enter into restrictive agreements; change the nature of the business; and enter into certain transactions with affiliates.

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Unless otherwise noted, the following tables set forth, as of August 3, 2018 (the "Ownership Date"), the number of shares of our equity securities beneficially owned by (1) each person or group known by us to own beneficially more than 5% of the outstanding shares of any class of our equity securities, (2) each director and nominee for director, (3) each of our executive officers identified and (4) all current directors and executive officers as a group. Except as otherwise indicated, each of the persons or groups named below has sole voting power and investment power with respect to the NCI common stock. Unless otherwise noted, the mailing address of each person or entity named below is 10943 North Sam Houston Parkway West, Houston, Texas 77064.

Name of Beneficial Owner or Group	Beneficial Ownership(1)	
	Number of Shares Common Stock	Percent
Clayton Dubilier & Rice Fund VIII, L.P.(2)	22,744,822	34.36
CD&R Friends & Family Fund VIII, L.P.(2)	56,941	*
Kathleen J. Affeldt(3)	32,736	*
George L. Ball(3)	70,211	*
James G. Berges(3)(4)	34,630	*
Gary L. Forbes(3)	62,273	*
John J. Holland(3)	16,000	*
Lawrence J. Kremer(3)	30,014	*
John L. Kuzdal(3)	91,989	*
George Martinez(3)	51,345	*
James S. Metcalf(3)	30,000	*
Todd R. Moore(3)	35,639	*
Donald R. Riley(3)	72,603	*
Nathan K. Sleeper(3)(4)	34,630	*
Katy K. Theroux(3)	20,428	*
William R. VanArsdale(3)	0	*
Jonathan L. Zrebiec(3)(4)	34,630	*
All directors and executive officers as a group (19 persons)(4)(5)	545,126	8.23

*

Less than 1%.

(1)

Includes shares beneficially owned by the listed persons, including unvested restricted shares granted in December 2017 and prior years, shares owned under our 401(k) Profit Sharing Plan and phantom units owned under our Deferred Compensation Plan, but does not include any of the performance share units granted to the listed persons in December 2015, December 2016 and December 2017. If a person has the right to acquire beneficial ownership of any shares by exercise of options or by reason of the vesting of restricted stock units previously granted within 60 days after the Ownership Date, those shares are deemed beneficially owned by that person as of the Ownership Date and are deemed to be outstanding solely for the purpose of determining the percentage of the Common Stock that he or she owns. Those shares are not included in the computations for any other person. Please see the tables

accompanying footnotes 3 and 5 below for additional information regarding equity compensation awards held by the listed persons.

(2)

Unless otherwise indicated, Clayton, Dubilier & Rice Fund VIII, L.P. and CD&R Friends & Family Fund VIII, L.P. are referred to collectively as the "Investors." Does not include (a) 2,637 unvested restricted shares of NCI common stock issued to Sponsor, (b) 16,738 unvested restricted stock units

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issued to Sponsor or (c) 101,251 shares of NCI common stock issued to Sponsor in respect of previously vested restricted stock and/or restricted stock unit awards, in each case, as assignee of compensation payable to Messrs. James G. Berges, Nathan K. Sleeper and Jonathan L. Zrebiec.

The general partner of each of the Investors is CD&R Associates VIII, Ltd., whose sole stockholder is CD&R Associates VIII, L.P. The general partner of CD&R Associates VIII, L.P. is CD&R Investment Associates VIII, Ltd. CD&R Investment Associates VIII, Ltd. is managed by a two-person board of directors. Donald J. Gogel and Kevin J. Conway, as the directors of CD&R Investment Associates VIII, Ltd., may be deemed to share beneficial ownership of the shares of Common Stock shown as beneficially owned by the Investors. Such persons expressly disclaim such beneficial ownership. Investment and voting decisions with respect to shares held by each of the Investors are made by an investment committee of limited partners of CD&R Associates VIII, L.P., currently consisting of more than ten individuals (the "Investment Committee"). The CD&R investment professionals who have effective voting control of the Investment Committee are Michael G. Babiarz, Vindi Banga, James G. Berges, John C. Compton, Kevin J. Conway, Thomas C. Franco, Kenneth A. Giuriceo, Donald J. Gogel, Marco Herbst, George K. Jaquette, John Krenicki, Jr., David A. Novak, Paul S. Pressler, Christian Rochat, Richard J. Schnall, Nathan K. Sleeper, Sonja Terraneo and David H. Wasserman. All members of the Investment Committee expressly disclaim beneficial ownership of the shares shown as beneficially owned by the Investors.

Each of CD&R Associates VIII, L.P., CD&R Associates VIII, Ltd. and CD&R Investment Associates VIII, Ltd. expressly disclaims beneficial ownership of the shares held by the Investors and the restricted shares and restricted stock units held by Sponsor as assignees of director compensation payable to Messrs. Berges, Sleeper and Zrebiec. The Investors expressly disclaim beneficial ownership of the restricted shares and restricted stock units held by Sponsor as assignees of director compensation payable to Messrs. Berges, Sleeper and Zrebiec. Sponsor expressly disclaims beneficial ownership of the shares held by the Investors.

The address for the Investors, CD&R Associates VIII, L.P., CD&R Associates VIII, Ltd. and CD&R Investment Associates VIII, Ltd. is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands. The address for CD&R, LLC is 375 Park Avenue, 18th Floor, New York, NY 10152.

(3)

The number of shares of Common Stock beneficially owned by each person includes options exercisable on the Ownership Date but excludes options not exercisable within 60 days after the Ownership Date. No currently unexercisable options would become exercisable within sixty (60) days after the Ownership Date. The number of shares of Common Stock beneficially owned by each person also includes unvested shares of restricted stock. Each owner of shares of issued but unvested restricted stock has the right to vote his or her shares but may not transfer them until they have vested. The number of shares of Common Stock beneficially owned by each person also does not include unvested restricted stock units and performance share units.

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	Options			
	Exercisable (included in the table above)	Not Exercisable Within 60 Days (not included in the table above)	Unvested Restricted Stock (included in the table above)	Unvested Restricted Stock Units (not included in the table above)
Kathleen J. Affeldt	—	—	879	5,580
George L. Ball	—	—	879	5,580
James G. Berges(4)	—	—	—	—
Gary L. Forbes	12,405	1,758	—	5,580
John J. Holland	36,380	879	440	5,580
Lawrence J. Kremer	9,234	—	879	5,580
John L. Kuzdal	150,148	—	—	27,433
George Martinez	—	—	879	5,580
James Metcalf	—	—	—	11,159
Todd R. Moore	—	—	—	25,214
Donald R. Riley	—	—	5,513	87,421
Nathan K. Sleeper(4)	—	—	—	—
Katy K. Theroux	—	—	1,900	26,988
William R. VanArsdale	—	—	—	5,580
Jonathan L. Zrebiec(4)	—	—	—	—

(4)

Does not include 22,801,763 shares of NCI common stock held by investment funds associated with or designated by Sponsor. Does not include (a) 2,637 unvested restricted shares of NCI common stock issued to Sponsor, (b) 16,738 unvested restricted stock units issued to Sponsor or (c) 101,251 shares of NCI common stock issued to Sponsor in respect of previously vested restricted stock and/or restricted stock unit awards, in each case, as assignee of compensation payable to Messrs. Berges, Sleeper and Zrebiec. Messrs. Berges, Sleeper and Zrebiec are members of our Board and partners of Sponsor. Messrs. Berges, Sleeper and Zrebiec have assigned to Sponsor the restricted shares and restricted stock units payable to them as compensation, and disclaim beneficial ownership of the restricted shares, restricted stock units and shares held by Sponsor and by investment funds associated with or designated by Sponsor.

(5)

The number of shares of Common Stock beneficially owned by each director and executive officer as a group includes beneficial ownership of the additional officers listed in the table below. As with the officers and directors listed individually, the number of shares of Common Stock beneficially owned by each person includes options exercisable on the Ownership Date and options or restricted stock units previously granted that become exercisable or vest, as applicable, within 60 days after the Ownership Date and excludes options not exercisable other than those vesting within 60 days after the Ownership Date. The number of shares of Common Stock beneficially owned by each person also includes unvested shares of restricted stock. Each owner of restricted stock has the right to vote his or her shares but may not transfer them until they have vested. The number of shares of Common Stock beneficially owned by each person also does not include unvested restricted stock units and performance share units (other than those vesting within 60 days after the Ownership Date).

Options	Exercisable (included in the table above)	Not Exercisable Within 60 Days (not included in the table above)	Unvested Restricted Stock (included in the table above)	Unvested Restricted Stock Units (not included in the table above)
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Bradley S. Little	—	—	—	17,079
Robert D. Ronchetto	—	—	—	14,811

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STOCKHOLDER PROPOSALS

We intend to have our 2019 annual meeting of stockholders in the ordinary course, with the date and time of such annual meeting to be announced at a later date. Any stockholder nominations or proposals for other business intended to be presented at our next annual meeting must be submitted to NCI as set forth below.

Proposals submitted for inclusion in NCI's proxy statement pursuant to the federal proxy rules, must be received by NCI no later than September 28, 2018.

A notice of a stockholder nomination or proposal (other than a proposal submitted for inclusion in NCI's proxy statement pursuant to the federal proxy rules) intended to be presented at the NCI 2019 annual meeting must have been received by NCI's corporate secretary at its principal executive offices no later than the close of business on November 30, 2018 and no earlier than the close of business on October 31, 2018. If, however, the date of the annual meeting has been changed to more than 30 days before or more than 70 days after the anniversary of the NCI's 2018 annual meeting of stockholders, notice by the stockholder must be received by the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by NCI. Such notices must comply with the procedural and content requirements of NCI's bylaws.

Proposals submitted for inclusion in NCI's proxy statement pursuant to the federal proxy rules, must be received by NCI no later than September 28, 2018.

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HOUSEHOLDING OF PROXY STATEMENT

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those stockholders. As permitted by the Exchange Act, only one copy of this proxy statement is being delivered to stockholders residing at the same address, unless the stockholders have notified NCI of their desire to receive multiple copies of the proxy statement. This process, which is commonly referred to in this proxy statement as “householding,” potentially provides extra convenience for stockholders and cost savings for NCI.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate copy of this proxy statement, or if you are receiving multiple copies of this proxy statement and wish to receive only one, please contact NCI at the address provided below. NCI will promptly deliver, upon oral or written request, a separate copy of this proxy statement to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to NCI Building Systems, Inc., 10943 North Sam Houston Parkway, West Houston, Texas 77064, Attention: Corporate Secretary, Phone: (281) 897-7788.

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WHERE YOU CAN FIND MORE INFORMATION

NCI files annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including NCI, who file electronically with the SEC. The address of that website is www.sec.gov.

Investors may also consult NCI’s or Ply Gem’s website for more information about NCI or Ply Gem, respectively. NCI’s website is www.ncibuildingsystems.com. Ply Gem’s website is www.plygem.com. Information included on these websites is not incorporated by reference into this proxy statement.

In addition, the SEC allows NCI to disclose important information to you by referring you to other documents filed separately with the SEC. This information is considered to be a part of this proxy statement, except for any information that is superseded by information included directly in this proxy statement or incorporated by reference subsequent to the date of this proxy statement as described below. This proxy statement also contains summaries of certain provisions contained in some of NCI’s documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Some documents or information, such as that called for by Items 2.02 and 7.01 of Form 8-K, or the exhibits related thereto under Item 9.01 of Form 8-K, are deemed furnished and not filed in accordance with SEC rules. None of those documents and none of that information is incorporated by reference into this proxy statement. This proxy statement incorporates by reference the documents listed below (other than documents or information deemed to have been furnished and not filed in accordance with SEC rules, including Items 2.02 and 7.01 and the related exhibits under Item 9.01 of Form 8-K). These documents contain important information about the companies, their respective financial condition and other matters.

NCI SEC Filings (File No. 001-32367)	Period or File Date
Annual Report on Form 10-K	Year ended October 29, 2017
Quarterly Report on Form 10-Q	Quarterly periods ended January 28, 2018 and April 29, 2018
Current Reports on Form 8-K and 8-K/A	Filed on June 20, 2018, July 18, 2018, July 19, 2018, July 31, 2018 and August 7, 2018

In addition, NCI incorporates by reference any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (i) after the date of this proxy statement and prior to the date of the special meeting (other than information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless expressly stated otherwise therein). Such documents are considered to be a part of this proxy statement, effective as of the date such documents are filed.

You can obtain any of these documents from the SEC, through the SEC’s website at the address described above, or NCI will provide you with copies of these documents, without charge, upon written or oral request to:

NCI Building Systems, Inc.
10943 North Sam Houston Parkway West
Houston, Texas 77064
Attention: Corporate Secretary

In the event of conflicting information in this proxy statement in comparison to any document incorporated by reference into this proxy statement, or among documents incorporated by reference, the information in the latest filed document controls.

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You should rely only on the information contained or incorporated by reference into this proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement. This proxy statement is dated [•], 2018. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this proxy statement is accurate as of any date other than the date of such incorporated document. Neither NCI's mailing of this proxy statement to NCI stockholders nor will the issuance by NCI of NCI common stock in the merger create any implication to the contrary.

This document contains a description of the representations and warranties that each of NCI and Ply Gem made to the other in the merger agreement. Representations and warranties made by NCI, Ply Gem and other applicable parties are also set forth in contracts and other documents that are attached or filed as exhibits to this document or are incorporated by reference into this document. These materials are included or incorporated by reference to provide you with information regarding the terms and conditions of the agreements. Accordingly, the representations and warranties and other provisions of the merger agreement and the contracts and other documents that are attached to or filed as exhibits to this document or are incorporated by reference into this document should not be read alone, but instead should be read only in conjunction with the other information provided elsewhere in this document or incorporated by reference into this document.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

of Ply Gem Holdings, Inc. and Subsidiaries

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Ply Gem Holdings, Inc. and subsidiaries (the “Company”) as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, stockholders’ equity (deficit), and cash flows for the years in the three-year period ended December 31, 2017 and the related notes and financial statement schedule II (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 5, 2018 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company’s auditor since 2015.

Raleigh, North Carolina

March 5, 2018

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TABLE OF CONTENTSPLY GEM HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except share and per share data)

	For the Year Ended December 31,		
	2017	2016	2015
Net sales	\$ 2,056,303	\$ 1,911,844	\$ 1,839,726
Cost of products sold	1,587,790	1,449,570	1,420,014
Gross profit	468,513	462,274	419,712
Operating expenses:			
Selling, general and administrative expenses	272,984	268,714	271,874
Amortization of intangible assets	21,271	25,064	25,306
Total operating expenses	294,255	293,778	297,180
Operating earnings	174,258	168,496	122,532
Foreign currency gain (loss)	1,363	299	(3,166)
Interest expense	(69,361)	(72,718)	(74,876)
Interest income	78	36	57
Tax receivable agreement liability adjustment	10,749	(60,874)	(12,947)
Loss on modification or extinguishment of debt	(2,106)	(11,747)	—
Income before provision (benefit) for income taxes	114,981	23,492	31,600
Provision (benefit) for income taxes	46,654	(51,995)	(688)
Net income	\$ 68,327	\$ 75,487	\$ 32,288
Net income attributable to common shareholders:			
Basic	\$ 1.00	\$ 1.11	\$ 0.47
Diluted	\$ 0.99	\$ 1.10	\$ 0.47
Weighted average shares outstanding:			
Basic	68,443,480	68,176,801	68,003,564
Diluted	69,006,968	68,324,146	68,106,493

See accompanying notes to consolidated financial statements.

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PLY GEM HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)	For the Year Ended December 31,		
	2017	2016	2015
Net income	\$ 68,327	\$ 75,487	\$ 32,288
Other comprehensive income (loss), net of tax:			
Currency translation	3,765	2,950	(14,690)
Unrealized gain (loss) on derivative instruments	(853)	29	(465)
Minimum pension liability for actuarial gain (loss)	610	295	(1,436)
Other comprehensive income (loss)	3,522	3,274	(16,591)
Comprehensive income	\$ 71,849	\$ 78,761	\$ 15,697

See accompanying notes to consolidated financial statements.

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TABLE OF CONTENTS**PLY GEM HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except share amounts)	December 31, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 71,416	\$ 51,597
Accounts receivable, less allowances of \$3,137 and \$2,663, respectively	249,533	209,919
Inventories:		
Raw materials	79,330	69,639
Work in process	36,440	24,621
Finished goods	80,721	67,696
Total inventory	196,491	161,956
Prepaid expenses and other current assets	45,900	26,850
Total current assets	563,340	450,322
Property and Equipment, at cost:		
Land	8,229	8,249
Buildings and improvements	68,005	67,951
Machinery and equipment	450,554	413,565
Total property and equipment	526,788	489,765
Less accumulated depreciation	(352,256)	(324,209)
Total property and equipment, net	174,532	165,556
Other Assets:		
Intangible assets, net	83,675	104,159
Goodwill	480,563	478,514
Deferred income taxes	10,523	50,347
Other	6,934	8,843
Total other assets	581,695	641,863
	\$ 1,319,567	\$ 1,257,741
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 85,720	\$ 75,398
Accrued expenses	185,857	169,015
Current portion of payable to related parties pursuant to tax receivable agreement	51,356	25,383
Current portion of long term debt	4,300	4,300
Total current liabilities	327,233	274,096
Deferred income taxes	1,530	2,722
Long-term portion of payable to related parties pursuant to tax receivable agreement	18,125	54,336
Other long-term liabilities	83,424	86,395

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Long-term debt	807,334	836,086
Commitments and contingencies		
Stockholders' Equity		
Preferred stock \$0.01 par, 50,000,000 shares authorized, none issued and outstanding	—	—
Common stock \$0.01 par, 250,000,000 shares authorized, 68,515,697 and 68,269,749 issued and outstanding, respectively	685	683
Additional paid-in-capital	756,096	751,452
Accumulated deficit	(645,090)	(714,737)
Accumulated other comprehensive loss	(29,770)	(33,292)
Total stockholders' equity	81,921	4,106
	\$ 1,319,567	\$ 1,257,741

See accompanying notes to consolidated financial statements.

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TABLE OF CONTENTSPLY GEM HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	For the Year Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 68,327	\$ 75,487	\$ 32,288
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization expense	53,247	56,403	58,400
Fair-value premium on purchased inventory	—	—	54
Non-cash restructuring costs	1,321	427	704
Non-cash interest expense, net	14,044	13,710	13,380
(Gain) loss on foreign currency transactions	(1,363)	(299)	3,166
Non-cash litigation expense	650	1,875	—
Loss on modification or extinguishment of debt	2,106	11,747	—
Stock based compensation	1,345	1,067	1,960
Deferred income taxes	39,623	(57,989)	(4,901)
Tax receivable agreement liability adjustment	(10,749)	60,874	12,947
Increase (reduction) in tax uncertainty, net of valuation allowance	604	1,059	(199)
(Gain) loss on sale of building	(1,880)	—	—
Other	(175)	(190)	(28)
Changes in operating assets and liabilities:			
Accounts receivable, net	(39,431)	(14,709)	(4,562)
Inventories	(34,483)	(11,542)	29,921
Prepaid expenses and other assets	(2,066)	(2,967)	6,729
Accounts payable	10,473	945	(10,563)
Accrued expenses	(8,450)	9,037	3,336
Cash payments on restructuring liabilities	(983)	(540)	(1,645)
Insurance proceeds in advance of settlement	8,725	—	—
Other	1,043	647	(1,624)
Net cash provided by operating activities	101,928	145,042	139,363
Cash flows from investing activities:			
Acquisitions, net of cash acquired and outstanding checks assumed	—	—	(21,000)
Capital expenditures	(40,386)	(36,001)	(33,860)
Proceeds from sale of assets	2,514	183	122
Net cash used in investing activities	(37,872)	(35,818)	(54,738)
Cash flows from financing activities:			
Payments on long-term debt	(44,300)	(164,300)	(4,300)
Payments to tax authority for employee stock based compensation	(1,186)	—	—
Proceeds from exercises of employee stock options	1,203	1,091	2,198
Cash payments on tax receivable agreement	—	(4,971)	(48)

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Debt issuance costs paid	—	—	(1,412)
Net cash used in financing activities	(44,283)	(168,180)	(3,562)
Impact of exchange rate movements on cash	46	1,128	(4,800)
Net cash increase (decrease) in cash and cash equivalents	19,819	(57,828)	76,263
Cash and cash equivalents at the beginning of the period	51,597	109,425	33,162
Cash and cash equivalents at the end of the period	\$ 71,416	\$ 51,597	\$ 109,425
Supplemental Information			
Interest paid	\$ 54,677	\$ 58,745	\$ 60,070
Income taxes paid, net	\$ 7,169	\$ 7,024	\$ 2,607

See accompanying notes to consolidated financial statements.

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TABLE OF CONTENTS**PLY GEM HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**

(Amounts in thousands)	Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance, December 31, 2014	67,877,587	\$ 679	\$ 745,140	\$ (822,512)	\$ (19,975)	\$ (96,668)
Comprehensive loss:						
Net income	—	—	—	32,288	—	32,288
Other comprehensive loss	—	—	—	—	(16,591)	(16,591)
Stock compensation	—	—	1,960	—	—	1,960
Stock option exercises	249,904	2	2,196	—	—	2,198
Balance, December 31, 2015	68,127,491	\$ 681	\$ 749,296	\$ (790,224)	\$ (36,566)	\$ (76,813)
Comprehensive income:						
Net income	—	—	—	75,487	—	75,487
Other comprehensive income	—	—	—	—	3,274	3,274
Stock compensation	—	—	1,067	—	—	1,067
Stock option exercises	142,258	2	1,089	—	—	1,091
Balance, December 31, 2016	68,269,749	\$ 683	\$ 751,452	\$ (714,737)	\$ (33,292)	\$ 4,106
Comprehensive income:						
Net income	—	—	—	68,327	—	68,327
Other comprehensive income	—	—	—	—	3,522	3,522
Stock compensation	—	—	1,345	—	—	1,345
Cumulative-effect adjustment from adoption of ASU 2016-09	—	—	—	1,320	—	1,320
Stock issued pursuant to the Long-Term Incentive Plan	129,176	1	2,097	—	—	2,098
Stock option exercises	116,772	1	1,202	—	—	1,203
Balance, December 31, 2017	68,515,697	\$ 685	\$ 756,096	\$ (645,090)	\$ (29,770)	\$ 81,921

See accompanying notes to consolidated financial statements.

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PLY GEM HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Ply Gem Holdings, Inc. (“Ply Gem Holdings”) and its wholly owned subsidiaries (individually and collectively, the “Company” or “Ply Gem”) are diversified manufacturers of residential and commercial building products, operating with two segments: (i) Siding, Fencing and Stone and (ii) Windows and Doors. Through these segments, Ply Gem Industries, Inc. (“Ply Gem Industries”) manufactures and sells, primarily in the United States and Canada, a wide variety of products for the residential and commercial construction, manufactured housing, and remodeling and renovation markets.

Ply Gem Holdings was incorporated as a wholly owned subsidiary of Ply Gem Investment Holdings, Inc. (“Ply Gem Investment Holdings”), on January 23, 2004 by affiliates of CI Capital Partners LLC (“CI Capital Partners”) for the purpose of acquiring Ply Gem Industries from Nortek, Inc. (“Nortek”). The Ply Gem acquisition was completed on February 12, 2004, when Nortek sold Ply Gem Industries to Ply Gem Holdings, an affiliate of CI Capital Partners 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, the date of the Ply Gem acquisition, 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. On January 11, 2010, Ply Gem Investment Holdings was merged with and into Ply Gem Prime Holdings, Inc. (“Ply Gem Prime”), with Ply Gem Prime being the surviving corporation. As a result, Ply Gem Holdings was a wholly owned subsidiary of Ply Gem Prime. On May 23, 2013 in connection with Ply Gem Holdings’ initial public offering, Ply Gem Prime merged with Ply Gem Holdings with Ply Gem Holdings being the surviving entity.

Ply Gem is a diversified manufacturer of residential and commercial building products, which are sold primarily in the United States and Canada, and include a wide variety of products for the residential and commercial construction, the do-it-yourself and the professional remodeling and renovation markets. The demand for the Company’s products is seasonal, particularly in the Northeast and Midwest regions of the United States and Canada where inclement weather during the winter months usually reduces the level of building and remodeling activity in both the home repair and remodeling and new home construction sectors. The Company’s sales are usually lower during the first and fourth quarters.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Ply Gem Holdings and its subsidiaries, all of which are wholly owned. All intercompany accounts and transactions have been eliminated.

Accounting Policies and Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States involves estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expense during the reporting periods. Certain of the Company’s accounting policies require the application of judgment in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. The Company periodically evaluates the judgments and estimates used in their critical accounting policies to ensure that such judgments and estimates are reasonable. Such estimates include the allowance for doubtful accounts receivable, rebates, pensions, valuation reserve for inventories, warranty reserves, insurance reserves, legal contingencies, assumptions used in the calculation of income taxes and the Tax Receivable Agreement, projected cash flows used in the goodwill and intangible asset impairment tests, and environmental accruals and other contingencies. These judgments are based on the Company’s historical experience, current trends and information available from other sources, as appropriate and are based on management’s best estimates and judgments. The Company adjusts such estimates and

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assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity, foreign currency, and depressed housing and remodeling markets combine to increase the uncertainty inherent in such estimates and assumptions. If different conditions result from those assumptions used in the Company's judgments, actual results could be materially different from the Company's estimates.

Recognition of Sales and Related Costs, Incentives and Allowances

The Company recognizes sales upon the shipment of products, 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, it is industry practice that customers take title to products upon delivery, at which time revenue is then recognized by the Company. Allowances for cash discounts, volume rebates and other customer incentive programs, as well as gross customer returns, among others, are recorded as a reduction of sales at the time of sale based upon the estimated future outcome. Cash discounts, volume rebates and other customer incentive programs are based upon certain percentages agreed upon with the Company's various customers, which are typically earned by the customer over an annual period.

The Company records periodic estimates for these amounts based upon the historical results to date, estimated future results through the end of the contract period and the contractual provisions of the customer agreements. Customer returns are recorded as a reduction to sales on an actual basis throughout the year and also include an estimate at the end of each reporting period for future customer returns related to sales recorded prior to the end of the period. The Company generally estimates customer returns based upon the time lag that historically occurs between the sale date and the return date while also factoring in any new business conditions that might impact the historical analysis such as new product introduction. The Company also provides for estimates of warranty and shipping costs at the time of sale. Shipping and warranty costs are included in cost of products sold.

Cash Equivalents

Cash equivalents consist of short-term highly liquid investments with original maturities of three months or less which are readily convertible into cash.

Accounts receivable

Accounts receivable-trade are recorded at their net realizable value. The allowance for doubtful accounts was \$3.1 million and \$2.7 million at December 31, 2017 and 2016, respectively. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Bad debt provisions are included in selling, general and administrative expenses. The amounts recorded are generally based upon historically derived percentages while also factoring in any new business conditions that are expected to impact the historical analysis such as new product introduction for warranty and bankruptcies of particular customers for bad debt. The Company estimates the allowance for doubtful accounts based on a variety of factors including the length of time receivables are past due, the financial health of its customers, unusual macroeconomic conditions and historical experience. If the financial condition of its customers deteriorates or other circumstances occur that result in an impairment of customers' ability to make payments, the Company records additional allowances as needed. The Company writes off uncollectible trade accounts receivable against the allowance for doubtful accounts when collection efforts have been exhausted and/or any legal action taken by the Company has concluded.

Inventories

Inventories in the accompanying consolidated balance sheets are valued at the lower of cost or net realizable value and are determined by the first-in, first-out (FIFO) method. 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

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able to be sold in the normal course of business. Accelerating the disposal process or incorrect estimates of future sales potential may cause actual results to differ from the estimates at the time such inventory is disposed or sold. As of December 31, 2017, the Company had inventory purchase commitments of approximately \$120.6 million. The inventory provisions were approximately \$7.8 million at December 31, 2017, decreasing by approximately \$0.6 million compared to the December 31, 2016 provision of approximately \$8.4 million.

Property and Equipment

Property and equipment are presented at cost. Depreciation of property and equipment are provided on a straight-line basis over estimated useful lives, which are generally as follows:

Buildings and improvements	10 – 37 years
Machinery and equipment, including leases	3 – 15 years
Leasehold improvements	Term of lease or useful life, whichever is shorter

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals and betterments are capitalized. When assets are sold, or otherwise disposed, the cost and related accumulated depreciation are eliminated and the resulting gain or loss is recognized in operations. Depreciation expense for the years ended December 31, 2017, 2016, and 2015 was approximately \$32.0 million, \$31.3 million, and \$33.1 million, respectively. During the year ended December 31, 2017, the Company recognized a \$1.9 million gain on the sale of a Canadian building as the Company consolidated windows and siding operations into a new leased facility in Saskatoon. The gain on sale has been recorded within selling, general, and administrative expenses in the Company's consolidated statements of operations.

Intangible Assets, Goodwill and Other Long-lived Assets**Long-lived assets**

The Company reviews long-lived assets for impairment 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 an impairment is determined to exist, any related impairment loss is calculated based on the asset's fair value and the discounted cash flow.

The Company tests for long-lived asset impairment at the following asset group levels: (i) the combined U.S. Siding, Fencing and Stone companies in the Siding, Fencing and Stone segment ("Siding"), (ii) the combined U.S. Windows companies in the Windows and Doors segment ("US Windows"), (iii) the combined Simonton windows companies in the Windows and Doors segment, (iv) Gienow Canada Inc. ("Gienow Canada") (a combined Western Canadian company created by the January 2014 amalgamation of the Company's legacy Western Canadian business and the Gienow entity acquired in April 2013) in the Windows and Doors segment, and (v) Mitten (formerly known as Mitten, Inc.), acquired in May 2013, in the Siding, Fencing and Stone 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. There were no asset impairment charges for the years ended December 31, 2017, 2016 or 2015.

Goodwill

Acquisition accounting involves judgment with respect to the valuation of the acquired assets and liabilities in order to determine the final amount of goodwill. For significant acquisitions, the Company values items such as property and equipment and acquired intangibles based upon appraisals.

The Company evaluates goodwill for impairment on an annual basis and whenever events or business conditions warrant. All other intangible assets are amortized over their estimated useful lives. The Company assesses goodwill for impairment at the November month end each year (November 25 for 2017)

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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. To evaluate goodwill for impairment, the Company estimates the fair value of reporting units considering such factors as discounted cash flows and valuation multiples for comparable publicly traded companies. A significant reduction in projected sales and earnings which would lead to a reduction in future cash flows could indicate potential impairment. Refer to Note 3, Goodwill for additional considerations regarding the results of the impairment test in 2017 and 2016.

Debt Issuance Costs

Debt issuance costs, composed of facility, agency, and certain legal fees associated with issuing new debt, are amortized over the contractual term of the related agreement using the effective interest method. Net debt issuance costs totaled approximately \$12.7 million and \$16.5 million as of December 31, 2017 and December 31, 2016, respectively, and have been recorded within long-term debt (\$11.0 million at December 31, 2017 and \$14.2 million at December 31, 2016) and other non-current assets (\$1.7 million at December 31, 2017 and \$2.3 million at December 31, 2016) in the accompanying consolidated balance sheets. The debt issuance costs included in other long term assets relate to the Senior Secured Asset Based Revolving Credit Facility due 2020 (“ABL Facility”). Amortization of debt issuance costs for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 was approximately \$3.4 million, \$3.3 million, and \$3.1 million, respectively. Amortization of debt issuance costs is recorded in interest expense in the accompanying consolidated statements of operations.

Share Based Compensation

Share-based compensation cost for the Company’s stock option plan is measured at the grant date, based on the estimated fair value of the award, and is recognized over the requisite service period. The fair value of each option award is estimated on the grant date using a Black-Scholes option valuation model. Expected volatility is based on a review of several market indicators, including peer companies. The risk-free interest rate is based on U.S. Treasury issues with a term equal to the expected life of the option.

Insurance Liabilities

The Company is self-insured for certain casualty losses and medical liabilities. The Company records insurance liabilities and related expenses for health, workers’ compensation, product and general liability losses and other insurance expenses in accordance with either the contractual terms of their policies or, if self-insured, the total liabilities that are estimable and probable as of the reporting date. Insurance liabilities are recorded as current liabilities to the extent they are expected to be paid in the succeeding year with the remaining requirements classified as long-term liabilities. The accounting for self-insured plans requires that significant judgments and estimates be made both with respect to the future liabilities to be paid for known claims and incurred but not reported claims as of the reporting date. The Company relies on historical trends when determining the appropriate incurred but not reported claims and health insurance reserves to record in its consolidated balance sheets. In certain cases where partial insurance coverage exists, the Company must estimate the portion of the liability that will be covered by existing insurance policies to arrive at the net expected liability to the Company.

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 are 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.

During the year ended December 31, 2016, the Company determined that a valuation allowance was no longer required against its federal deferred tax assets and a portion of its state deferred tax assets. As a result, the Company released approximately \$86.5 million of its valuation allowance since positive evidence

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outweighed negative evidence thereby allowing the Company to achieve the “more likely than not” realization threshold. Of the total valuation allowance release of \$86.5 million, \$31.3 million was offset against 2016 year tax expense with the remaining \$55.2 million representing the discrete valuation allowance release. The Company still remains in a valuation allowance position at December 31, 2017 against its deferred tax assets for certain state and Canadian jurisdictions as it is currently deemed “more likely than not” that the benefit of such net tax assets will not be utilized as the Company continues to be in a three-year cumulative loss position for these states and Canadian jurisdictions.

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 federal, state, and foreign 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. As a result of the 2013 Ply Gem Prime and Ply Gem Holdings merger, U.S. federal income tax returns are prepared and filed by Ply Gem Holdings on behalf of itself, Ply Gem Industries, Inc. (“Ply Gem Industries”), and its U.S. subsidiaries. The Company has executed a tax sharing agreement with Ply Gem Industries and Ply Gem Holdings pursuant to which tax liabilities for each respective party are computed on a stand-alone basis. The Company along with its U.S. subsidiaries file a consolidated federal income tax return, separate state income tax returns, combined state returns, and unitary state returns. Gienow Canada and Mitten both file separate Canadian federal income tax returns and separate provincial returns.

Tax receivable agreement (“TRA”) liability

The TRA liability generally provides for the payment by the Company to the Tax Receivable Entity of 85% of the amount of cash savings, if any, in the U.S. federal, state and local income tax that the Company actually realizes in periods ending after the Company’s initial public offering as a result of (i) net operating loss carryovers (“NOLs”) from periods ending before January 1, 2013, (ii) deductible expenses attributable to the initial public offering and (iii) deductions related to imputed interest. Since the inception of the TRA liability with the Company’s 2013 initial public offering, the Company had been in a full valuation allowance for federal purposes and had partial valuation allowances on certain state and Canadian jurisdictions. As a result of the Company’s tax valuation allowance position for federal and state purposes, the Company historically calculated the TRA liability considering (i) current year taxable income only (due to the uncertainty of future taxable income associated with the Company’s cumulative loss position) and (ii) future income due to the expected reversals of deferred tax liabilities. During the year ended December 31, 2016, the Company released its discrete valuation allowance on its federal deferred tax assets and certain state deferred tax assets for approximately \$55.2 million due to positive factors outweighing negative evidence thereby allowing the Company to achieve the “more likely than not” realization threshold. The factors surrounding the release of this valuation allowance thereby eliminated any uncertainty as to future taxable income. Consequently, for purposes of calculating the TRA liability, the Company beginning with the year ended December 31, 2016 utilized future forecasts of taxable income beyond the 2016 tax year to determine the TRA liability. The Company’s future taxable income estimate was used to determine the cumulative NOLs that are expected to be utilized and the TRA liability was accordingly adjusted using the 85% TRA rate as the Company retains the benefit of 15% of the tax savings. This methodology was consistent for the year ended December 31, 2017. During the year ended December 31, 2017, the reduction of the TRA liability was a function of the lower corporate tax rates from the Tax Act causing the NOLs to be less valuable. As of December 31, 2017 and 2016, we had a \$69.5 million and \$79.7 million liability, respectively, for the amount due pursuant to the Tax Receivable Agreement.

Sales Taxes

Sales taxes collected from customers are recorded as liabilities until remitted to taxing authorities and therefore are not reflected in the consolidated statements of operations.

Advertising Costs

Advertising costs are generally expensed as incurred. Advertising expense was \$15.6 million, \$14.0 million, and \$15.1 million for the years ended December 31, 2017, 2016, and 2015, respectively.

TABLE OF CONTENTS**Commitments and Contingencies**

The Company provides accruals for all direct costs associated with the estimated resolution of contingencies at the earliest date at which it is deemed probable that a liability has been incurred and the amount of such liability can be reasonably estimated. Costs accrued have been estimated based upon an analysis of potential results, assuming a combination of litigation and settlement strategies and outcomes. Insurance recoveries are recorded as assets when their receipt is deemed probable. As of December 31, 2017, the Company had a \$16.7 million insurance receivable recognized in other current assets in the Company's consolidated balance sheet for the securities litigation (see Note 8 Commitments and Contingencies). As of December 31, 2016, the Company did not have any insurance recoveries recognized in the consolidated balance sheet.

Environmental

The Company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Environmental remediation obligation accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable.

Liquidity

The Company intends to fund its ongoing capital and working capital requirements, including its internal growth, through a combination of cash flows from operations and, if necessary, from borrowings under the revolving credit portion of its senior secured asset based revolving credit facility. As of December 31, 2017, the Company had approximately \$811.6 million of indebtedness, approximately \$71.4 million of cash and cash equivalents, and approximately \$261.5 million of borrowing base availability, reflecting \$0.0 million of ABL borrowings and approximately \$9.7 million of letters of credit and priority payable reserves issued under the ABL Facility.

Because of the inherent seasonality in the Company's business and the resulting working capital requirements, the Company's liquidity position fluctuates within a given year. The seasonal effect that creates the Company's greatest needs has historically been experienced during the first six months of the year and the Company anticipates borrowing funds under its ABL Facility to support this requirement. However, the Company anticipates the funds generated from operations combined with cash on hand and funds available under the ABL Facility will be adequate to finance its ongoing operational cash flow needs, capital expenditures, debt service obligations, management incentive expenses, tax receivable agreement payments, and other fees payable under other contractual obligations for the foreseeable future.

Foreign Currency

Gienow Canada and Mitten, the Company's Canadian subsidiaries, utilize the Canadian dollar as their functional currency. For reporting purposes, the Company translates the assets and liabilities of its foreign entity at the exchange rates in effect at year-end. Net sales and expenses are translated using average exchange rates in effect during the period. Gains and losses from foreign currency translation are credited or charged to accumulated other comprehensive income or loss in the accompanying consolidated balance sheets. Gains and losses arising from international intercompany transactions that are of a long-term investment nature are reported in the same manner as translation gains and losses. Realized exchange gains and losses are included in net income for the years presented. The Company recorded a gain from foreign currency transactions of approximately \$1.4 million, a gain of approximately \$0.3 million, and a loss of approximately \$3.2 million for the years ended December 31, 2017, 2016, and 2015, respectively. During the years ended December 31, 2017, 2016, and 2015, accumulated other comprehensive income (loss) included a currency translation adjustment of approximately \$3.8 million, \$3.0 million, and \$(14.7) million, respectively.

Derivative Financial Instruments

During the year ended December 31, 2017, the Company entered into a forward contract agreement to hedge approximately \$40.4 million of its 2018 non-functional currency inventory purchases. During

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the years ended December 31, 2017 and 2016, the Company entered into forward contract agreements to hedge approximately \$38.4 million of its 2017 non-functional currency inventory purchases (settled prior to December 31, 2017). These forward contracts were established to protect the Company from variability in cash flows attributable to changes in the U.S. dollar relative to the Canadian dollar.

The Company has designated the 2018, 2017, and 2016 forward contracts as cash flow hedges. As a cash flow hedge, unrealized gains are recognized as assets while unrealized losses are recognized as liabilities. The 2018, 2017, and 2016 forward contracts are highly correlated to the changes in foreign currency rates to which the Company is exposed. Unrealized gains and losses on these agreements are designated as effective or ineffective. The effective portion of such gains or losses is recorded as a component of accumulated other comprehensive income or loss, while the ineffective portion of such gains or losses is recorded as a component of cost of goods sold. Future realized gains and losses in connection with each inventory purchase will be reclassified from accumulated other comprehensive income or loss to cost of goods sold. The gains and losses on the derivative contract that are reclassified from accumulated other comprehensive income or loss to current period earnings are included in the line item in which the hedged item is recorded in the same period the forecasted transaction affects earnings. During the years ended December 31, 2017, 2016, and 2015, the Company realized a loss of approximately \$0.3 million, a loss of approximately \$0.2 million, and a gain of approximately \$5.5 million, respectively, within cost of goods sold in the consolidated statement of operations based on these cash flow hedges.

The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income or loss and are reclassified into cost of goods sold in the same period the hedged item affects earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair value or cash flows of the underlying exposures being hedged. The changes in the fair value of derivatives that do not qualify as effective are immediately recognized in earnings. As of December 31, 2017, approximately \$6,000 of the deferred net gain on derivative instruments included in accumulated other comprehensive loss, respectively, is expected to be reclassified to cost of goods sold during the next twelve months. This expectation is based on the expected timing of the occurrence of the hedged forecasted transactions.

The fair value of the foreign currency forward contract agreement is estimated using industry standard valuation models using market-based observable inputs, including spot rates, forward points, interest rates and volatility inputs (Level 2). A summary of the recorded asset included in the accompanying consolidated balance sheets is as follows:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Foreign currency hedge (included in other assets)	\$ 6	\$ 962

Concentration of Credit Risk

The Company's largest customer, ABC Supply Co. Inc., accounted for approximately 12.5%, 13.1%, and 11.6% of consolidated net sales for the years ended December 31, 2017, 2016, and 2015, respectively, and 12.8% and 14.4% of outstanding accounts receivable as of December 31, 2017 and 2016, respectively.

Fair Value Measurement

The accounting standard for fair value discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The standard utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

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Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

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Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

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Level 3: Inputs that reflect the reporting entity's own assumptions.

The hierarchy requires the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The following table provides information about liabilities not carried at fair value:

Description (Amounts in thousands)	Carrying Value	Fair Value Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:					
Senior Notes – 6.50%	\$ 650,000	\$ 671,970	\$ 671,970	\$ —	\$ —
Term Loan Facility	213,875	215,479	—	215,479	—
As of December 31, 2017	\$ 863,875	\$ 887,449	\$ 671,970	\$ 215,479	\$ —
Liabilities:					
Senior Notes – 6.50%	\$ 650,000	\$ 676,000	\$ 676,000	\$ —	\$ —
Term Loan Facility	258,175	260,757	—	260,757	—
As of December 31, 2016	\$ 908,175	\$ 936,757	\$ 676,000	\$ 260,757	\$ —

The fair value of the long-term debt instruments was determined by utilizing available market information. The carrying value of the Company's other financial instruments approximates their fair value due to the short-term nature of these instruments. Refer to Note 6, Defined Benefit Plans for fair value disclosures related to the Company's pension assets.

Earnings per common share

Basic earnings per share ("EPS") is computed based upon weighted-average shares outstanding during the period. Dilutive earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. Ply Gem Holdings uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards and unexercised options.

The computation of the dilutive effect of other potential common shares included options and unvested restricted stock representing approximately 0.6 million, 0.1 million, and 0.1 million shares of common stock for the years ended December 31, 2017, 2016 and 2015, respectively.

Comprehensive (Loss) Income

The components of accumulated other comprehensive (loss) income are as follows:

(Amounts in thousands)	Foreign currency translation	Unrealized gain (loss) on derivative instruments	Minimum pension liability adjustments	Accumulated other comprehensive (loss) income
Balance, December 31, 2014	\$ (6,731)	\$ 1,294	\$ (14,538)	\$ (19,975)

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Net current period change	(14,690)	(465)	(1,436)	(16,591)
Balance, December 31, 2015	(21,421)	829	(15,974)	(36,566)
Net current period change	2,950	29	295	3,274
Balance, December 31, 2016	(18,471)	858	(15,679)	(33,292)
Net current period change	3,765	(853)	610	3,522
Balance, December 31, 2017	\$ (14,706)	\$ 5	\$ (15,069)	\$ (29,770)

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In February 2018, the Financial Accounting Standards Board (“FASB”) issued ASU 2018-02, Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. ASU 2018-02 addresses the impact of adjustments to deferred taxes due to the reduction of the historical income tax rate to the newly enacted corporate income tax rate as required by the December 2017 Tax Act. The amendments in this update allow reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. The effective date for the standard is for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact of the pending adoption of this standard on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which improves the financial reporting of hedging relationships to better portray the economic results of an entity’s risk management activities in its financial statements and make certain targeted improvements to simplify the application of the hedge accounting guidance in current U.S. generally accepted accounting principles (“GAAP”). The amendments in this update better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and presentation of hedge results. The effective date for the standard is for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of the pending adoption of this standard on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, Compensation — Stock Compensation (Topic 718): Scope of Modification Accounting. ASU 2017-09 addresses which changes to terms or conditions of a share-based payment award require the application of modification accounting within the scope of Topic 718. ASU 2017-09 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, Compensation — Retirement Benefits (Topic 715) Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. ASU 2017-07 changes the statement of operations presentation of defined benefit plan expense by requiring separation between operating expense (service cost component) and non-operating expense (all other components, including interest cost, amortization of prior service cost, curtailments and settlements, etc.). The operating expense component is reported with similar compensation costs while the non-operating components are reported in other income and expense. In addition, only the service cost component is eligible for capitalization as part of an asset such as inventory or property, plant and equipment. ASU 2017-07 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017 or fiscal 2018 for the Company. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

Effective January 1, 2017, the Company adopted ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. The standard update simplifies several aspects of the accounting for employee share-based payment transactions, including accounting for income taxes, forfeitures, and statutory withholding requirements, as well as classification in the consolidated statements of cash flows. As a result of the adoption, on a modified retrospective basis, we recognized \$1.3 million of excess tax benefits during the year ended December 31, 2017 from stock-based compensation through a cumulative-effect adjustment decreasing accumulated deficit. We elected not to change our policy on accounting for forfeitures and will continue to estimate a requisite forfeiture rate. Additional amendments to the accounting for income taxes and minimum statutory withholding requirements had no impact on the Company’s results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The core principal of the guidance is that an entity should recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. The standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within such fiscal years. Early adoption is permitted. The guidance is to be applied using a modified retrospective

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transition method with the option to elect a package of practical expedients. The Company is currently evaluating the impact of the adoption of this accounting standard update on its internal processes, operating results and financial reporting. The impact is currently not known or reasonably estimable.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which completes the joint effort by the FASB and the International Accounting Standards Board to clarify the principles for recognizing revenue and improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards (“IFRS”). ASU 2014-09 provides enhancements to the quality and consistency of how revenue is reported while also improving comparability in the financial statements of companies reporting using IFRS and GAAP. The core principle of this update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will be adopted by Ply Gem beginning in the first quarter of 2018. The evaluation of our contracts is substantially complete and, based upon the results of our evaluation, we currently do not expect the application of the new standard to these contracts to have a material impact to our consolidated statements of operations, balance sheets, or cash flows either at initial implementation or on an ongoing basis. The Company is also evaluating the new disclosures required by the standard to determine what additional information will need to be disclosed and additional disaggregated revenue disclosures are expected to be included upon adoption.

2.

ACQUISITIONSCanyon Stone

On May 29, 2015, Ply Gem completed an acquisition for cash consideration of approximately \$21.0 million to acquire substantially all of the assets of Canyon Stone Inc. (“Canyon Stone”), a manufacturer and distributor of stone veneer and accessories in the United States. Canyon Stone has manufacturing facilities in Olathe, Kansas and Youngsville, North Carolina. The purchase agreement also included contingent consideration in the form of potential earn-out payments of up to \$1.0 million based on Canyon Stone’s earnings for fiscal years 2015 through 2017. This acquisition expanded the Company’s stone veneer manufacturing footprint across the United States as it complements the existing Ply Gem Stone manufacturing facility in Middleburg, Pennsylvania. The Company accounted for the transaction as an acquisition in accordance with the provisions of Accounting Standards Codification 805, Business Combinations, which results in a new valuation for the assets and liabilities of Canyon Stone based upon fair values as of the acquisition date.

The Company determined the fair value of the tangible and intangible assets and the liabilities acquired, and recorded goodwill based on the excess of fair value of the acquisition consideration over such fair values, as follows:

(Amounts in thousands)

Accounts receivable	\$ 3,559
Inventories	712
Prepaid expenses and other current assets	41
Property and equipment	2,019
Intangible assets	9,300
Goodwill	7,642
Accounts payable, accrued expenses and other long-term liabilities	(2,273)
	\$ 21,000

The \$7.6 million of goodwill was allocated to the Siding, Fencing and Stone segment and the goodwill is expected to be deductible for tax purposes. The Company has recognized a liability of approximately \$1.0 million and \$0.8 million as of December 31, 2017 and December 31, 2016, respectively, for the estimated fair value of the earn-out. This amount is included within other accrued expenses in the consolidated balance sheets. During the year

ended December 31, 2017, the Company incurred a
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\$0.2 million expense within selling, general and administrative expenses in the consolidated statement of operations for the change in the fair value of the earn-out. Any future change in the fair value of the contingent consideration subsequent to the acquisition date will be recognized in earnings in the period of change.

For the year ended December 31, 2015, Canyon Stone contributed net sales of approximately \$17.6 million, and net income of \$0.8 million, which has been included within the Company's consolidated statement of operations within the Siding, Fencing, and Stone segment. If the Canyon Stone acquisition had occurred at the beginning of 2015, the Company's consolidated net sales and net income would have been:

(Amounts in thousands) (Unaudited)	December 31, 2015
Net sales	\$ 1,850,993
Net income	32,712

During the year ended December 31, 2015, the Company incurred \$0.3 million of acquisition-related costs for Canyon Stone. These expenses are included in selling, general, and administrative expenses in the Company's consolidated statements of operations within the Siding, Fencing and Stone segment.

3.

GOODWILL

In applying the acquisition method of accounting, the Company determines the fair value of the tangible and intangible assets acquired, and the fair value of the liabilities assumed. The excess of the fair value of the consideration transferred and the fair value of the net assets acquired is recorded as goodwill. The Company performs an annual test for goodwill impairment at the November month end each year (November 25 for 2017) 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 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 early adopted ASU No. 2017-04, Intangibles — Goodwill and other (Topic 350) during the year ended December 31, 2017. As such, the Company measures the goodwill impairment as the amount by which the reporting unit's carrying value exceeds its fair value not to exceed the carrying amount of goodwill in a reporting unit. The Company has elected not to utilize the qualitative Step Zero impairment assessment.

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. 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 weighs the approaches to balance the internal and external factors affecting the Company's fair value.

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 estimated single family housing starts and the repair and remodeling market's growth rate through 2024. These assumptions modeled information published by the National Association of Home Builders ("NAHB"). The Company estimated single family housing starts increasing from approximately 851,000 in 2017 to approximately 1,049,000 in 2024 (terminal growth year) and estimated the repair and remodeling growth rate at approximately 3.0% in each year through 2024. The 1,049,000 terminal housing starts figure represents a historical average that

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tracks domestic population growth. The forecasted sales growth and operating earnings increases coincided with the growth in these two key assumptions. The Company utilized its weighted average cost of capital and its long-term growth rate to derive the appropriate capitalization rate used in the terminal value calculation. The Company utilized these fair value estimate assumptions during the impairment analysis conducted during the years ended December 31, 2017 and 2016.

The Company's annual goodwill impairment tests performed as of November 25, 2017 and November 26, 2016 indicated no impairment. The Company's estimate of the fair value of its Windows and Doors, and Siding, Fencing, and Stone reporting units exceeded their 2017 carrying values by approximately 79% and 215%, respectively. The Company provides no assurance that: 1) valuation multiples will not decline, 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 also continue to evaluate goodwill during future periods and declines in the residential housing and remodeling markets or unfavorable performance by the Company in these markets could result in future goodwill impairments. The reporting unit goodwill balances were as follows as of December 31, 2017 and December 31, 2016:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Siding, Fencing and Stone	\$ 349,954	\$ 348,553
Windows and Doors	130,609	129,961
	\$ 480,563	\$ 478,514

A rollforward of goodwill for 2017 and 2016 is included in the table below:

(Amounts in thousands)	Windows and Doors	Siding, Fencing and Stone
Balance as of January 1, 2016		
Goodwill	\$ 457,554	\$ 470,185
Accumulated impairment losses	(327,773)	(122,227)
	\$ 129,781	\$ 347,958
Currency translation adjustments	180	595
Balance as of December 31, 2016		
Goodwill	457,734	470,780
Accumulated impairment losses	(327,773)	(122,227)
	\$ 129,961	\$ 348,553
Currency translation adjustments	648	1,401
Balance as of December 31, 2017		
Goodwill	458,382	472,181
Accumulated impairment losses	(327,773)	(122,227)
	\$ 130,609	\$ 349,954

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4.

INTANGIBLE ASSETS

The following table presents the major components of intangible assets as of December 31, 2017 and 2016:

(Amounts in thousands)	Average Amortization Period (in Years)	Cost	Accumulated Amortization	Net Carrying Value
As of December 31, 2017				
Patents	14	\$ 12,770	\$ (12,261)	\$ 509
Trademarks/Tradenames	12	117,473	(88,853)	28,620
Customer relationships	13	219,614	(166,086)	53,528
Other	4	5,750	(4,732)	1,018
Total intangible assets	12	\$ 355,607	\$ (271,932)	\$ 83,675
As of December 31, 2016				
Patents	14	\$ 12,770	\$ (12,078)	\$ 692
Trademarks/Tradenames	12	117,124	(82,723)	34,401
Customer relationships	13	217,861	(150,310)	67,551
Other	4	5,661	(4,146)	1,515
Total intangible assets	12	\$ 353,416	\$ (249,257)	\$ 104,159

Intangible assets are amortized over the estimated useful life, generally on a straight-line basis. Amortization expense related to these intangible assets for the years ended December 31, 2017, 2016, and 2015 was approximately \$21.3 million, \$25.1 million, and \$25.3 million, respectively. Estimated amortization expense for fiscal years 2018 through 2022 is shown in the following table:

(Amounts in thousands)	Amortization expense
2018	\$ 19,781
2019	15,734
2020	11,197
2021	6,718
2022	4,416

5.

LONG-TERM DEBT

Long-term debt in the accompanying consolidated balance sheets at December 31, 2017 and 2016 consists of the following:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Senior secured asset based revolving credit facility	\$ —	\$ —
Term Loan due 2021, net of unamortized early tender premium, discount, and debt issuance costs of \$10,560 and \$17,854, respectively	203,315	240,321
6.50% Senior notes due 2022, net of unamortized early tender premium, discount, and debt issuance costs of \$41,681 and \$49,935, respectively	608,319	600,065

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	\$ 811,634	\$ 840,386
Less current portion of long-term debt	(4,300)	(4,300)
	\$ 807,334	\$ 836,086

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2015 Debt Transaction

On November 5, 2015, Ply Gem Industries entered into a second amended and restated ABL Facility. Among other things, the second amended and restated ABL Facility: (i) increased the overall facility to \$350.0 million, (ii) provided an accordion feature of \$50.0 million, and (iii) established the applicable margin for borrowings under the ABL Facility to a range of 1.25% to 2.00% for Eurodollar rate loans, depending on availability. All outstanding loans under the second amended and restated ABL Facility are due and payable in full on November 5, 2020.

6.50% Senior Notes due 2022

On January 30, 2014, Ply Gem Industries issued \$500.0 million aggregate principal amount of 6.50% Senior Notes at par. On September 19, 2014, Ply Gem Industries issued an additional \$150.0 million aggregate principal amount of 6.50% Senior Notes (the “Senior Tack-on Notes”) at an issue price of 93.25%. Interest accrues at 6.50% per annum and is paid semi-annually on February 1 and August 1 of each year. The 6.50% Senior Notes will mature on February 1, 2022. At any time on or after February 1, 2017, Ply Gem Industries may redeem the 6.50% Senior Notes, in whole or in part, at declining redemption prices set forth in the indenture governing the 6.50% Senior Notes plus, in each case, accrued and unpaid interest, if any, to the redemption date. The effective interest rate for the 6.50% Senior Notes is 8.39% after considering each of the different interest expense components of this instrument, including the coupon payment and the deferred debt issuance costs.

The 6.50% Senior Notes are fully and unconditionally and jointly and severally guaranteed on a senior unsecured basis by Ply Gem Holdings and all of the wholly-owned domestic subsidiaries of Ply Gem Industries (the “Guarantors”). The indenture governing the 6.50% Senior Notes contains certain covenants that limit the ability of Ply Gem Industries and its restricted subsidiaries to incur additional indebtedness, pay dividends or make other distributions or repurchase or redeem their stock, make loans and investments, sell assets, incur certain liens, enter into agreements restricting their ability to pay dividends, enter into transactions with affiliates, and consolidate, merge or sell assets. In particular, Ply Gem Industries and its restricted subsidiaries may not incur additional debt (other than permitted debt (as defined in the indenture) in limited circumstances) unless, after giving effect to such incurrence, the consolidated interest coverage ratio of Ply Gem Industries would be at least 2.00 to 1.00.

In the absence of satisfying the consolidated interest coverage ratio test, Ply Gem Industries and its restricted subsidiaries may only incur additional debt under certain circumstances, including, but not limited to, debt under credit facilities (as defined in the indenture) (x) in an amount not to exceed the greater of (a) \$350.0 million and (b) the borrowing base (as defined in the indenture) and (y) in an amount not to exceed the greater of (A) \$575.0 million and (B) the aggregate amount of indebtedness (as defined in the indenture) that that would cause the consolidated secured debt ratio (as defined in the indenture) to be equal to 4.00 to 1.00; purchase money indebtedness in an aggregate amount not to exceed the greater of (x) \$35.0 million and (y) 10% of consolidated net tangible assets (as defined in the indenture) at any one time outstanding; debt of foreign subsidiaries in an aggregate amount not to exceed the greater of (x) \$60.0 million and (y) 15% of consolidated net tangible assets (as defined in the indenture) at any one time outstanding; debt pursuant to a general basket in an aggregate amount at any one time outstanding not to exceed the greater of (x) \$75.0 million and (y) 20% of consolidated net tangible assets; and the refinancing of debt under certain circumstances.

On September 5, 2014, Ply Gem Industries completed an exchange offer with respect to the 6.50% Senior Notes issued in January 2014 to exchange \$500.0 million 6.50% Senior Notes registered under the Securities Act for \$500.0 million of the issued and outstanding 6.50% Senior Notes. Upon completion of the exchange offer, all \$500.0 million of issued and outstanding 6.50% Senior Notes were registered under the Securities Act. On January 23, 2015, Ply Gem Industries completed an exchange offer with respect to the Senior Tack-on Notes issued in September 2014 to exchange \$150.0 million Senior Tack-on Notes registered under the Securities Act for \$150.0 million of the issued and outstanding Senior Tack-on Notes. Upon completion of the exchange offer, all \$150.0 million of issued and outstanding Senior Tack-on Notes were registered under the Securities Act.

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Term Loan Facility due 2021

On January 30, 2014, Ply Gem Industries entered into a credit agreement governing the terms of its \$430.0 million Term Loan Facility. Ply Gem Industries originally borrowed \$430.0 million under the Term Loan Facility on January 30, 2014, with an original discount of approximately \$2.2 million, yielding proceeds of approximately \$427.9 million. The Term Loan Facility will mature on January 30, 2021. The Term Loan Facility requires scheduled quarterly payments in an aggregate annual amount equal to 1.00% of the original aggregate principal amount of the Term Loan Facility with the balance due at maturity. Interest on outstanding borrowings under the Term Loan Facility is paid quarterly.

Borrowings under the Term Loan Facility bear interest at a rate equal to, at Ply Gem Industries' option, either (a) a base rate determined by reference to the highest of (i) the prime rate of the administrative agent under the credit agreement, (ii) the federal funds rate plus 0.50% and (iii) the adjusted LIBO rate for a one-month interest period plus 1.00% or (b) a LIBO rate determined by reference to the cost of funds for eurocurrency deposits in dollars for the interest period relevant to such borrowing, adjusted for certain additional costs, subject to a 1.00% floor, plus, in each case, an applicable margin of 3.00% for any eurocurrency loan and 2.00% for any alternate base rate loan. As of December 31, 2017, the Company's interest rate on the Term Loan Facility was 4.00%. The effective interest rate for the Term Loan is 8.60% after considering each of the different interest expense components of this instrument, including the coupon payment, the deferred debt issuance costs and the original issue discount.

The Term Loan Facility allows Ply Gem Industries to request one or more incremental term loan facilities in an aggregate amount not to exceed the greater of (x) \$140.0 million and (y) an amount such that Ply Gem Industries' consolidated senior secured debt ratio (as defined in the credit agreement), on a pro forma basis, does not exceed 3.75 to 1.00, in each case, subject to certain conditions and receipt of commitments by existing or additional financial institutions or institutional lenders.

The Term Loan Facility requires Ply Gem Industries to prepay outstanding term loans, subject to certain exceptions, with: (i) 50% (which percentage will be reduced to 25% if the Company's consolidated senior secured debt ratio is equal or less than 2.50 to 1.00 but greater than 2.00 to 1.00 and to 0% if the Company's consolidated senior secured debt ratio is equal to or less than 2.00 to 1.00) of the Company's annual excess cash flow (as defined in the credit agreement), to the extent such excess cash flow exceeds \$15.0 million, commencing with the fiscal year ended December 31, 2015; (ii) 100% of the net cash proceeds of certain non-ordinary course asset sales or certain insurance and condemnation proceeds, in each case subject to certain exceptions and reinvestment rights; and (iii) 100% of the net cash proceeds of certain issuances of debt, other than proceeds from debt permitted under the Term Loan Facility. Ply Gem Industries may voluntarily repay outstanding loans under the Term Loan Facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans. As of and for the year ended December 31, 2017, the Company's consolidated senior secured debt ratio was 0.66 and as a result no excess cash flow payment under the Term Loan Facility will be required. However, the Company elected on November 3, 2017 to voluntarily prepay \$40.0 million on the Term Loan Facility to reduce its outstanding indebtedness bringing the Company's cumulative voluntary 2016 and 2017 Term Loan Facility payments to \$200.0 million as the Company elected on March 10, 2016 and August 4, 2016 to voluntarily prepay \$30.0 million on each date and elected on November 4, 2016 to voluntarily pay an additional \$100.0 million on the Term Loan Facility.

The Term Loan Facility is secured on a first-priority lien basis by the stock of Ply Gem Industries and by substantially all of the assets (other than the assets securing the obligations under the ABL Facility, which primarily consist of accounts receivable, inventory, cash, deposit accounts, securities accounts, chattel paper, contract rights, instruments, documents related thereto and proceeds of the foregoing) of Ply Gem Industries and the Guarantors that are subsidiaries of Ply Gem Industries and on a second-priority lien basis by the assets that secure the ABL Facility.

The Term Loan Facility includes negative covenants, subject to certain exceptions, that are substantially the same as the negative covenants in the 6.50% Senior Notes but does not contain any restrictive financial covenants. The Term Loan Facility also restricts the ability of Ply Gem Industries' subsidiaries to enter into agreements restricting their ability to grant liens to secure the Term Loan Facility and contains a restriction on changes in fiscal year.

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Senior Secured Asset Based Revolving Credit Facility due 2020

On November 5, 2015, Ply Gem Holdings, Inc., Ply Gem Industries, Inc., Gienow Canada Inc., and Mitten Inc. (together with Gienow, the “Canadian Borrowers”) entered into a second amended and restated credit agreement governing the ABL Facility. Among other things, the second amendment and restatement of the credit agreement governing the ABL Facility: (i) increased the overall facility to \$350.0 million from \$300.0 million, (ii) established an accordion feature of \$50.0 million, (iii) reduced the applicable margin for borrowings under the ABL Facility to a range from 1.25% to 2.00% for Eurodollar rate loans, depending on availability, and (iv) extended the maturity until November 5, 2020. Under the ABL Facility, \$300.0 million is available to Ply Gem Industries and \$50.0 million is available to the Canadian Borrowers. The following summary describes the ABL Facility after giving effect to the amendment and restatement. As a result of the ABL Facility amendment in which the loan syndication consisted of previous members who either maintained or increased their position as well as new syndication members, the Company capitalized new debt issuance costs of \$1.5 million and amortizes these costs through 2020.

Borrowings under the ABL Facility bear interest at a rate per annum equal to, at Ply Gem Industries’ option, either (a) a base rate determined by reference to the higher of (1) the corporate base rate of the administrative agent under the ABL Facility and (2) the federal funds rate plus 0.5% or (b) a Eurodollar rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus an applicable margin. The initial applicable margin for borrowings under the ABL Facility was 0.50% for base rate loans and 1.50% for Eurodollar rate loans. The applicable margin for borrowings under the ABL Facility is subject to step ups and step downs based on average excess availability under the ABL Facility. Swingline loans bear interest at a rate per annum equal to the base rate plus the applicable margin.

In addition to paying interest on outstanding principal under the ABL Facility, Ply Gem Industries is required to pay a commitment fee in respect of the unutilized commitments thereunder, which fee will be determined based on utilization of the ABL Facility (increasing when utilization is low and decreasing when utilization is high) multiplied by a commitment fee rate determined by reference to average excess availability under the ABL Facility. The commitment fee rate during any fiscal quarter is 0.375% when average excess availability is greater than \$100.0 million for the preceding fiscal quarter and 0.25% when average availability is less than or equal to \$100.0 million for the preceding fiscal quarter. Ply Gem Industries must also pay customary letter of credit fees equal to the applicable margin on Eurodollar loans and agency fees. As of December 31, 2017, the Company’s interest rate on the ABL Facility was approximately 2.56%. The ABL Facility requires that if (a) excess availability is less than the greater of (x) 10.0% of the lower of the borrowing base and the aggregate commitments and (y) \$25.0 million or (b) any event of default has occurred and is continuing, Ply Gem Industries must comply with a minimum fixed charge coverage ratio test of 1.0 to 1.0. If the excess availability under the ABL Facility is less than the greater of (a) 12.5% of the lesser of the borrowing base and the aggregate commitments and (b) \$30.0 million (\$27.5 million for the months of January, February, March and April) for a period of 5 consecutive days or an event of default has occurred and is continuing, all cash from Ply Gem Industries material deposit accounts (including all concentration accounts) will be swept daily into a collection account controlled by the administrative agent under the ABL Facility and used to repay outstanding loans and cash collateralize letters of credit.

All obligations under the ABL Facility are unconditionally guaranteed by Ply Gem Holdings and substantially all of Ply Gem Industries’ existing and future, direct and indirect, wholly owned domestic subsidiaries. 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’ and the Guarantors’ material owned real property and equipment and all assets that secure the Term Loan Facility 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 the Canadian Borrowers, which are borrowers under the Canadian sub-facility under the ABL Facility, are also secured by a first-priority security interest in

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substantially all of the assets of such Canadian subsidiaries, plus additional mortgages in Canada, and a pledge by Ply Gem Industries of the remaining 35% of the equity interests of the Canadian Borrowers pledged only to secure the Canadian sub-facility.

The ABL Facility contains certain covenants that limit Ply Gem Industries' ability and the ability of Ply Gem Industries' subsidiaries to incur additional indebtedness, pay dividends or make other distributions or repurchase or redeem their stock, make loans and investments, sell assets, incur certain liens, enter into transactions with affiliates, and consolidate, merge or sell assets.

As of December 31, 2017, Ply Gem Industries had approximately \$340.3 million of contractual availability and approximately \$261.5 million of borrowing base availability under the ABL Facility, reflecting \$0.0 million of borrowings outstanding and approximately \$9.7 million of letters of credit and priority payables reserves.

Loss on debt modification or extinguishment

During both March and August 2016, the Company made voluntarily payments of \$30.0 million on the Term Loan Facility to reduce its outstanding indebtedness as allowable under the terms of the agreement governing the Term Loan Facility and further elected in November 2016 to voluntarily pay an additional \$100.0 million on the Term Loan Facility bringing the cumulative 2016 voluntary payments to \$160.0 million. The Company performed an analysis to determine the proper accounting treatment for each of these voluntary payments by evaluating the change in cash flows and determined that there were no changes in creditors as a result of the payments. Consequently, the Company recognized a loss on debt modification in the consolidated statement of operations of approximately \$11.7 million for the year ended December 31, 2016, reflecting the proportionate write-off of the related debt discount (\$9.4 million) and debt issuance costs (\$2.4 million) associated with the \$160.0 million in voluntary payments, as summarized in the table below.

During November 2017, the Company made a voluntarily payment of \$40.0 million on the Term Loan Facility to reduce its outstanding indebtedness as allowable under the terms of the agreement governing the Term Loan Facility. The Company performed an analysis to determine the proper accounting treatment for each of these voluntary payments by evaluating the change in cash flows and determined that there were no changes in creditors as a result of the payments. Consequently, the Company recognized a loss on debt modification in the consolidated statement of operations of approximately \$2.1 million for the year ended December 31, 2017, reflecting the proportionate write-off of the related debt discount (\$1.7 million) and debt issuance costs (\$0.4 million) associated with this \$40.0 million voluntary payment, as summarized in the table below.

Based on these financing transactions, the Company recognized a loss on debt modification or extinguishment of approximately \$2.1 million and \$11.7 million for the years ended December 31, 2017, and 2016, respectively, as summarized in the table below.

(Amounts in thousands)	For the year ended	
	December 31, 2017	December 31, 2016
Loss on modification of debt:		
Term Loan Facility unamortized discount	\$ (1,681)	\$ (9,375)
Term Loan Facility unamortized debt issuance costs	(425)	(2,372)
Total loss on modification or extinguishment of debt	\$ (2,106)	\$ (11,747)

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Debt maturities

The following table summarizes the Company's long-term debt maturities due in each fiscal year after December 31, 2017:

(Amounts in thousands)	As of December 31, 2017
2018	\$ 4,300
2019	4,300
2020	4,300
2021	200,975
2022	650,000
Thereafter	—
	\$ 863,875

The Company will not be required to make an excess cash flow payment under the Term Loan Facility in 2018 based on the Company's operating performance, voluntary payments on the Term Loan Facility, and capital expenditures in 2017. However, the Company may be required to make an excess cash flow payment under the Term Loan Facility in future years based on the Company's senior secured debt levels, future operating performance and capital expenditures which the Company cannot estimate with reasonable certainty at December 31, 2017.

6.

DEFINED BENEFIT PLANS

The Company has two pension plans, the Ply Gem Group Pension Plan (the "Ply Gem Plan") and the MW Manufacturers, Inc. Retirement Plan (the "MW Plan"). The plans are combined in the following discussion. The table that follows provides a reconciliation of benefit obligations, plan assets, and funded status of the combined plans in the accompanying consolidated balance sheets at December 31, 2017 and 2016:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 47,138	\$ 47,652
Service cost	—	—
Interest cost	1,822	1,914
Actuarial (gain) loss	2,226	(227)
Benefits and expenses paid	(2,669)	(2,201)
Projected benefit obligation at end of year	\$ 48,517	\$ 47,138
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 31,478	\$ 31,972
Actual return on plan assets	3,792	1,060
Employer and participant contributions	1,753	647
Benefits and expenses paid	(2,669)	(2,201)
Fair value of plan assets at end of year	\$ 34,354	\$ 31,478
Funded status and financial position:		
Fair value of plan assets	\$ 34,354	\$ 31,478
Benefit obligation at end of year	48,517	47,138

Funded status	\$ (14,163)	\$ (15,660)
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(Amounts in thousands)	December 31, 2017	December 31, 2016
Amount recognized in the balance sheet consists of:		
Current liability	\$ (1,358)	\$ (1,753)
Noncurrent liability	(12,805)	(13,907)
Liability recognized in the balance sheet	\$ (14,163)	\$ (15,660)

The accumulated benefit obligation for the combined plans was approximately \$48.5 million and \$47.1 million as of December 31, 2017 and 2016, respectively.

Accumulated Other Comprehensive Loss

Amounts recognized in accumulated other comprehensive loss at December 31, 2017 and 2016 consisted of the following:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Initial net asset (obligation)	\$ —	\$ —
Prior service credit (cost)	—	—
Net loss	17,958	18,817
Accumulated other comprehensive loss	\$ 17,958	\$ 18,817

These amounts do not include any amounts recognized in accumulated other comprehensive loss related to the nonqualified Supplemental Executive Retirement Plan.

Actuarial Assumptions

Plan assets consist of cash and cash equivalents, fixed income mutual funds, equity mutual funds, as well as other investments. The discount rate for the projected benefit obligation was chosen based upon rates of returns available for high-quality fixed-income securities as of the plan's measurement date. The Company reviewed several bond indices, comparative data, and the plan's anticipated cash flows to determine a single discount rate which would approximate the rate in which the obligation could be effectively settled. The expected long-term rate of return on assets is based on the Company's historical rate of return. The weighted average rate assumptions used in determining pension costs and the projected benefit obligation for the periods indicated are as follows:

	For the year ended December 31,		
	2017	2016	2015
Discount rate for projected benefit obligation	3.50%	3.97%	4.18%
Discount rate for pension costs	3.97%	4.18%	4.25%
Expected long-term average return on plan assets	7.00%	7.00%	7.00%

Net Periodic Benefit Costs

The Company's net periodic benefit expense for the combined plans for the periods indicated consists of the following components:

(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Service cost	\$ —	\$ —	\$ —
Interest cost	1,822	1,914	1,996
Expected return on plan assets	(2,184)	(2,176)	(2,309)
Amortization of (gain) loss	1,432	1,348	1,192
Net periodic benefit expense	\$ 1,070	\$ 1,086	\$ 879

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Pension Assets

The Company has established formal investment policies for the assets associated with the Company's pension plans. Policy objectives include maximizing long-term return at acceptable risk levels, diversifying among asset classes, if appropriate, and among investment managers, as well as establishing relevant risk parameters within each asset class. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk including quality and diversification standards. Asset allocation targets are based on periodic asset reviews and/or risk budgeting study results which help determine the appropriate investment strategies for acceptable risk levels. The investment policies permit variances from the targets within certain parameters.

Factors such as asset class allocations, long-term rates of return (actual and expected), and results of periodic asset liability modeling studies are considered when constructing the long-term rate of return assumption for the Company's pension plans. While historical rates of return play an important role in the analysis, the Company also considers data points from other external sources if there is a reasonable justification to do so.

The plan assets are invested to maximize returns without undue exposure to risk. Risk is controlled by maintaining a portfolio of assets that is diversified across a variety of asset classes, investment styles and investment managers. The plan's asset allocation policies are consistent with the established investment objectives and risk tolerances. The asset allocation policies are developed by examining the historical relationships of risk and return among asset classes, and are designed to provide the highest probability of meeting or exceeding the return objectives at the lowest possible risk. The weighted average expected long-term rate of return by asset category is based on the Company's target allocation.

The weighted-average asset allocations at December 31, 2017 by asset category are as follows:

Asset Category	Target Allocation	Actual allocation as of December 31, 2017	Weighted Average Expected Long-Term Rate of Return(1)
U.S. Large Cap Funds	25.0%	22.3%	3.7%
U.S. Mid Cap Funds	5.0%	8.1%	0.8%
U.S. Small Cap Funds	3.0%	3.0%	0.4%
International Equity	15.0%	15.2%	1.1%
Fixed income	45.0%	44.4%	0.9%
Other investments	7.0%	7.0%	0.1%
	100.0%	100.0%	7.0%

(1)

The weighted average expected long-term rate of return by asset category is based on the Company's target allocation and historical results.

The weighted-average asset allocations at December 31, 2016 by asset category are as follows:

Asset Category	Target Allocation	Actual allocation as of December 31, 2016	Weighted Average Expected Long-Term Rate of Return

Return(1)

Asset Category			
U.S. Large Cap Funds	25.0%	21.6%	4.2%
U.S. Mid Cap Funds	5.0%	7.9%	0.7%
U.S. Small Cap Funds	3.0%	3.0%	0.5%
International Equity	15.0%	14.8%	1.0%
Fixed income	45.0%	44.3%	0.5%
Other investments	7.0%	8.4%	0.1%
	100.0%	100.0%	7.0%

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(1)

The weighted average expected long-term rate of return by asset category is based on the Company's target allocation and historical results.

The following table summarizes the Company's plan assets measured at fair value on a recurring basis (at least annually) as of December 31, 2017 and 2016:

(Amounts in thousands)	Fair value as of December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities(1)				
U.S. Large Cap Funds	\$ 7,660	\$ 7,660	\$ —	\$ —
U.S. Mid Cap Funds	2,797	1,381	1,416	—
U.S. Small Cap Funds	1,038	515	523	—
International Funds	5,203	5,203	—	—
Fixed Income				
Domestic Bond Funds(2)	15,261	—	15,261	—
Other Investments				
Commodity Funds(3)	1,765	—	1,765	—
Cash & Cash Equivalents	630	630	—	—
	\$ 34,354	\$ 15,389	\$ 18,965	\$ —

(Amounts in thousands)	Fair value as of December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities(1)				
U.S. Large Cap Funds	\$ 6,784	\$ 6,784	\$ —	\$ —
U.S. Mid Cap Funds	2,477	1,226	1,251	—
U.S. Small Cap Funds	931	470	461	—
International Funds	4,662	4,662	—	—
Fixed Income				
Domestic Bond Funds(2)	13,954	—	13,954	—
Other Investments				
Commodity Funds(3)	1,584	—	1,584	—

Cash & Cash Equivalents	1,086	1,086	—	—
	\$ 31,478	\$ 14,228	\$ 17,250	\$ —

(1)

Equity securities are comprised of mutual funds valued at net asset value per share multiplied by number of shares at measurement date.

(2)

Domestic bonds are comprised of mutual funds valued at net asset value per share multiplied by number of shares at measurement date.

(3)

Commodity funds are comprised of two mutual funds which represent small market energy funds.

The Ply Gem Plan was frozen during 1998, and no further increases in benefits may occur as a result of increases in service years or compensation and no new participants can be added to the Plan.

The MW Plan was frozen for salaried participants during 2004, and no further increases in benefits for salaried participants may occur as a result of increases in service years or compensation. The MW Plan was frozen for non-salaried participants during 2005. No additional non-salaried participants may enter the plan, but increases in benefits as a result of increases in service years or compensation will still occur.

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TABLE OF CONTENTS**Benefit Plan Contributions**

The Company made cash contributions to the combined plans of approximately \$1.8 million and \$0.6 million for the years ended December 31, 2017 and 2016, respectively. During fiscal year 2018, the Company expects to make cash contributions to the combined plans of approximately \$1.4 million.

Benefit Plan Payments

The following table shows expected benefit payments for the next five fiscal years and the aggregate five years thereafter from the combined plans. These benefit payments consist of qualified defined benefit plan payments that are made from the respective plan trusts and do not represent an immediate cash outflow to the Company.

Fiscal Year	Expected Benefit Payments
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(Amounts in thousands)

2018	\$ 2,404
2019	2,469
2020	2,568
2021	2,624
2022	2,681
2023-2027	14,119

Other Retirement Plans

The Company also has an unfunded nonqualified Supplemental Executive Retirement Plan for certain employees. The projected benefit obligation relating to this unfunded plan totaled approximately \$319,000 and \$319,000 at December 31, 2017 and 2016, respectively. The Company has recorded this obligation in other long term liabilities in the consolidated balance sheets as of December 31, 2017 and 2016. Pension expense for the plan was approximately \$12,000, \$14,000 and \$16,000 for the years ended December 31, 2017, 2016, and 2015, respectively.

7.

DEFINED CONTRIBUTION PLANS

The Company has a defined contribution 401(k) plan covering all eligible employees. The Company matches 50% of the first 6% of employee contributions. The Company also has the option of making discretionary contributions. The Company contributed approximately \$4.0 million, \$3.7 million, and \$3.6 million for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively, which has been expensed within selling, general, and administrative expenses in the accompanying consolidated statement of operations.

8.

COMMITMENTS AND CONTINGENCIES**Operating leases**

At December 31, 2017, the Company was obligated under lease agreements for the rental of certain real estate and machinery and equipment used in its operations. Future minimum rental obligations for non-cancellable lease payments total approximately \$140.0 million at December 31, 2017. The lease obligations, partially offset by sublease income, are payable as follows:

(Amounts in thousands)	Lease Commitments	Sublease Income
2018	\$ 31,590	\$ 437
2019	27,455	445
2020	22,123	454
2021	17,755	463

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2022	15,694	473
Thereafter	25,431	974

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Total rental expense for all operating leases was approximately \$39.3 million, \$37.3 million, and \$37.6 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Indemnifications

In connection with the Ply Gem acquisition, in which Ply Gem Industries was acquired from Nortek in February 2004, Nortek has agreed to indemnify the Company for certain liabilities as set forth in the stock purchase agreement governing the Ply Gem acquisition. In the event Nortek is unable to satisfy amounts due under these indemnifications, the Company would be liable. The Company believes that Nortek has the financial capacity to honor its indemnification obligations and therefore does not anticipate incurring any losses related to liabilities indemnified by Nortek under the stock purchase agreement. A receivable related to this indemnification has been recorded in other long-term assets in the approximate amount of \$1.0 million and \$1.4 million at December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, the Company has recorded liabilities related to these indemnifications of approximately \$0.4 million and \$0.5 million, respectively, in current liabilities and \$0.6 million and \$0.9 million, respectively, in long-term liabilities, consisting of the following:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Product claim liabilities	\$ 138	\$ 138
Multiemployer pension plan withdrawal liability	449	808
Other	439	500
	\$ 1,026	\$ 1,446

The product claim liabilities of approximately \$0.1 million at December 31, 2017 and 2016, recorded in long term liabilities, represent the estimated costs to resolve the outstanding matters related to a former subsidiary of the Company, which is a defendant in a number of lawsuits alleging damage caused by alleged defects in certain pressure treated wood products. The Company had indemnified the buyer of the former subsidiary for all known liabilities and future claims relating to such matters and retained the rights to all potential reimbursements related to insurance coverage. Many of the suits have been resolved by dismissal or settlement with amounts being paid out of insurance proceeds or other third party recoveries. The Company and the former subsidiary continue to vigorously defend the remaining suits. Certain defense and indemnity costs are being paid out of insurance proceeds and proceeds from a settlement with suppliers of material used in the production of the treated wood products. The Company and the former subsidiary have engaged in coverage litigation with certain insurers and have settled coverage claims with several of the insurers.

The multiemployer pension plan withdrawal liability of approximately \$0.4 million and \$0.8 million recorded in long term liabilities at December 31, 2017 and 2016, respectively, relate to liabilities assumed by the Company in 1998 when its former subsidiary, Studley Products, Inc. (“Studley”) was sold. In connection with the sale, Studley ceased making contributions to the Production Service and Sales District Council Pension Fund (the “Pension Fund”), and the Company assumed responsibility for all withdrawal liabilities to be assessed by the Pension Fund. Accordingly, the Company is making quarterly payments of approximately \$0.1 million to the Pension Fund through 2018 based upon the assessment of withdrawal liability received from the Pension Fund. The multiemployer pension liability represents the present value of the quarterly payment stream as well as an estimate of additional amounts that may be assessed in the future by the Pension Fund under the contractual provisions of the Pension Fund.

Included in the indemnified items is approximately \$0.4 million and \$0.5 million for the year ended December 31, 2017 and 2016, respectively, of accrued expenses to cover the estimated costs and expenses of defending known litigation claims, including the estimated cost of legal services incurred, that the Company is contesting.

Warranty claims

The Company sells a number of products and offers a number of warranties. The specific terms and conditions of these warranties vary depending on the product sold. The Company estimates the costs that may be incurred under warranties and records a liability for such costs at the time of sale. Factors that

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affect the Company's warranty liabilities include the number of units sold, historical and anticipated rates of warranty claims, cost per claim and new product introduction. The Company assesses the adequacy of the recorded warranty claims and adjusts the amounts as appropriate. As of December 31, 2017 and 2016, warranty liabilities of approximately \$19.7 million and \$19.7 million, respectively, have been recorded in current liabilities and approximately \$57.7 million and \$57.6 million, respectively, have been recorded in long term liabilities in the consolidated balance sheets.

Changes in the Company's short-term and long-term warranty liabilities are as follows:

(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Balance, beginning of period	\$ 77,279	\$ 76,562	\$ 84,423
Acquisitions – Canyon Stone (2015)	—	—	100
Warranty expense during period	22,309	22,266	21,264
Adjustments	—	—	(7,761)
Settlements made during period	(22,271)	(21,549)	(21,464)
Balance, end of period	\$ 77,317	\$ 77,279	\$ 76,562

Environmental

The Company is subject to United States and Canadian federal, state, provincial and local laws and regulations relating to pollution and the protection of the environment, including those governing emissions to air, discharges to water, use, storage, treatment, disposal and transport of hazardous waste and other materials, investigation and remediation of contaminated sites, and protection of worker health and safety. From time to time, the Company's facilities are subject to investigation by governmental authorities. In addition, the Company has been identified as one of many potentially responsible parties for contamination present at certain offsite locations to which it or its predecessors are alleged to have sent hazardous materials for recycling or disposal. The Company may be held liable, or incur fines or penalties, in connection with such requirements or liabilities 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 known or newly-discovered contamination at any of the Company's properties from activities conducted by us or previous occupants. The amount of any liability, fine or penalty may be material, and 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.

MW Manufacturers Inc. ("MW"), a subsidiary of MWM Holding, Inc., entered into an Administrative Order on Consent (the "Consent Order"), effective September 12, 2011, with the United States Environmental Protection Agency ("EPA"), under the Resource Conservation and Recovery Act ("RCRA"), with respect to its Rocky Mount, Virginia property. During 2011, as part of the Consent Order, MW provided the EPA, among other things, a RCRA Facility Investigation Workplan (the "Workplan") as well as a preliminary cost estimate of approximately \$1.8 million for the predicted assessment, remediation and monitoring activities to be conducted pursuant to the Consent Order over the remediation period, which is currently estimated through 2023. In 2012, the EPA approved the Workplan, which MW is currently implementing. The Company has recorded approximately \$0.3 million of this environmental liability within current liabilities and approximately \$1.1 million within other long-term liabilities in the Company's consolidated balance sheets at December 31, 2017 and 2016. The Company may incur costs that exceed our recorded environmental liability. The Company will adjust its environmental remediation liability in future periods, if necessary, as further information develops or circumstances change.

Environmental authorities are investigating groundwater contamination at a Superfund site in York, Nebraska. In 2010, sampling was conducted at the Kroy Building Products, Inc. ("Kroy") facility in York, Nebraska. In February 2015, the EPA sent Kroy a request for information pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), and in May 2015, Kroy responded to the request for information. Kroy could have liability for investigation and remediation costs associated

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with the contamination. Given the current status of this matter, the Company has not recorded a liability in its consolidated balance sheets as of December 31, 2017 and December 31, 2016.

From time to time, the Company may incur investigation and remediation costs in connection with other facilities it currently owns or operates or previously owned or operated. For example, the Company has a \$0.1 million liability included in its consolidated balance sheets at December 31, 2017 and December 31, 2016, for potential contamination issues at its Calgary, Alberta property. In addition, the Company is required to contribute to investigation and remediation costs at various third party waste disposal facilities at which the Company or a related entity has been identified as a potentially responsible party.

The Company is a party to various acquisition and other agreements pursuant to which third parties agreed to indemnify the Company for certain costs relating to environmental liabilities. For example, the Company may be able to recover some of its Rocky Mount, Virginia investigation and remediation costs from U.S. Industries, Inc. and may be able to recover a portion of any costs incurred in connection with the Kroy contamination matter in York, Nebraska from Alcan Aluminum Corporation. The Company's ability to seek indemnification from parties that have agreed to indemnify it may be limited. There can be no assurance that the Company would receive any funds from these parties, and any related environmental liabilities or costs could have a material adverse effect on our financial condition and results of operations.

Based on current information, the Company is not aware of any environmental compliance obligations, claims or investigations that will have a material adverse effect on its results of operations, cash flows or financial position except as otherwise disclosed in the Company's consolidated financial statements. However, there can be no guarantee that previously known or newly-discovered matters will not result in material costs or liabilities.

Self-insured risks

The Company maintains a broad range of insurance policies which include general liability insurance coverage and workers compensation. These insurance policies protect the Company against a portion of the risk of loss from claims. However, the Company retains a portion of the overall risk for such claims through its self-insured per occurrence and aggregate retentions, deductibles, and claims in excess of available insurance policy limits. The Company's general liability insurance includes coverage for certain damages arising out of product design and manufacturing defects. The Company's insurance coverage is generally subject to a per occurrence retention and certain coverage exclusions. The Company reserves for costs associated with claims, as well as incurred but not reported losses ("IBNR"), based on an outside actuarial analysis of its historical claims. These estimates make up a significant portion of the Company's liability and are subject to a high degree of uncertainty due to a variety of factors, including changes in type of claims, claims reporting and resolution patterns, frequency and timing of claims, third party recoveries, estimates of claim values, claims management expenses (including legal fees and expert fees), insurance industry practices, the regulatory environment, and legal precedent. Adjustments to estimated reserves are recorded in the period in which the change in estimate occurs.

Litigation

During the past several years, the Company incurred increased litigation expense primarily related to the claims discussed below. The Company believes it has valid defenses to the outstanding claims discussed below and will vigorously defend all such claims; however, litigation is subject to many uncertainties and there cannot be any assurance that the Company will ultimately prevail or, in the event of an unfavorable outcome or settlement of litigation, that the ultimate liability would not be material and would not have a material adverse effect on the business, results of operations, cash flows or financial position of the Company.

In *John Gulbankian v. MW Manufacturers, Inc.* ("Gulbankian"), a purported class action filed in March 2010 in the United States District Court for the District of Massachusetts, plaintiffs, on behalf of themselves and all others similarly situated, alleged damages as a result of the defective design and manufacture of certain MW vinyl clad windows. In *Eric Hartshorn and Bethany Perry v. MW*

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Manufacturers, Inc. (“Hartshorn”), a purported class action filed in July 2012 in the District Court, plaintiffs, on behalf of themselves and all others similarly situated, alleged damages as a result of the defective design and manufacture of certain MW vinyl clad windows. In April 2014, plaintiffs in both the Gulbankian and Hartshorn cases filed a Consolidated Amended Class Action Complaint, making similar claims against all MW vinyl clad windows. MW entered into a settlement agreement with plaintiffs as of April 2014 to settle both the Gulbankian and Hartshorn cases on a nationwide basis (the “Vinyl Clad Settlement Agreement”). The Vinyl Clad Settlement Agreement provides that this settlement applies to any and all MW vinyl clad windows manufactured from January 1, 1987 through May 23, 2014, and provides for a cash payment for eligible consumers submitting qualified claims showing, among other requirements, certain damage to their MW vinyl clad windows. The period for submitting qualified claims is the later of: (i) May 28, 2016, or (ii) the last day of the warranty period for the applicable window. On December 29, 2014, the District Court granted final approval of this settlement, as well as MW’s payment of attorneys’ fees and costs to plaintiffs’ counsel in the amount of \$2.5 million. The Company and MW deny all liability in the settlements with respect to the facts and claims alleged. The Company, however, is aware of the substantial burden, expense, inconvenience and distraction of continued litigation, and therefore agreed to settle these matters.

As a result of the Vinyl Clad Settlement Agreement, the Company has a liability of approximately \$1.4 million as of December 31, 2017 and December 31, 2016, with \$0.7 million as a current liability within accrued expenses and \$0.7 million as a noncurrent liability within other long-term liabilities in the Company’s consolidated balance sheets as of December 31, 2017 and December 31, 2016. It is possible that the Company may incur costs in excess of the recorded amounts; however, the Company currently expects that the total net cost will not exceed this liability.

In Anthony Pagliaroni et al. v. Mastic Home Exteriors, Inc. and Deceuninck North America, LLC, a purported class action filed in January 2012 in the United States District Court for the District of Massachusetts, plaintiffs, on behalf of themselves and all others similarly situated, allege damages as a result of the defective design and manufacture of Oasis composite deck and railing, which was manufactured by Deceuninck North America, LLC (“Deceuninck”) and sold by Mastic Home Exteriors, Inc. (“MHE”). The plaintiffs seek a variety of relief, including (i) economic and compensatory damages, (ii) treble damages, (iii) punitive damages, and (iv) attorneys’ fees and costs of litigation. The damages sought in this action have not yet been quantified. The hearing regarding plaintiffs’ motion for class certification was held on March 10, 2015, and the District Court denied plaintiffs’ motion for class certification on September 22, 2015. On October 6, 2015, plaintiffs filed a petition for interlocutory appeal of the denial of class certification to the U.S. Court of Appeals for the First Circuit, and on April 12, 2016, the Court of Appeals denied this petition for appeal, meaning the case continues to be litigated with the individual named plaintiffs. Deceuninck, as the manufacturer of Oasis deck and railing, has agreed to indemnify MHE for certain liabilities related to this claim pursuant to the sales and distribution agreement, as amended, between Deceuninck and MHE. MHE’s ability to seek indemnification from Deceuninck is, however, limited by the terms and limits of the indemnity as well as the strength of Deceuninck’s financial condition, which could change in the future.

In re Ply Gem Holdings, Inc. Securities Litigation is a purported federal securities class action filed on May 19, 2014 in the United States District Court for the Southern District of New York against Ply Gem Holdings, Inc., several of its directors and officers, and the underwriters associated with the Company’s initial public offering (“IPO”). It is filed on behalf of all persons or entities, other than the defendants, who purchased the common shares of the Company pursuant and/or traceable to the Company’s IPO and seeks remedies under Sections 11 and 15 of the Securities Act of 1933, alleging that the Company’s Form S-1 registration statement was negligently prepared and materially inaccurate, containing untrue statements of material fact and omitting material information which was required to be disclosed. The plaintiffs seek a variety of relief, including (i) damages together with interest thereon and (ii) attorneys’ fees and costs of litigation. On October 14, 2014, Strathclyde Pension Fund was certified as lead plaintiff, and class counsel was appointed. Pursuant to the Underwriting Agreement, dated May 22, 2013, entered into in connection with the IPO, the Company has agreed to reimburse the underwriters for the legal fees and other expenses reasonably incurred by the underwriters’ law firm in its representation of the underwriters in connection with this matter. Pursuant to Indemnification Agreements, dated as of May 22, 2013, between the

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Company and each of the directors and officers named in this action, the Company has agreed to assume the defense of such directors and officers. The parties have reached an agreement in principle to settle the matter for approximately \$26.0 million and notified the Court of this, which is subject to the finalization of the settlement agreement, Court approval and requests for exclusion by members of the settlement class. The Company accrued the \$26.0 million within accrued expenses as of December 31, 2017 in the Company's consolidated balance sheet, and also recognized an insurance receivable of \$25.4 million within other current assets that was offset by insurance proceeds of \$8.7 million from an insurance carrier, for a net insurance receivable of \$16.7 million as of December 31, 2017 in the Company's consolidated balance sheet as certain of its directors' and officers' liability insurance carriers are to fund the majority of the settlement amount with the Company agreeing to pay certain disputed litigation expenses of approximately \$0.6 million. The defendants deny all liability in the settlement and with respect to the facts and claims alleged. The Company, however, is aware of the substantial burden, expense, inconvenience and distraction of continued litigation, and therefore agreed to settle this matter.

In Raul Carrillo-Hueso and Chec Xiong v. Ply Gem Industries, Inc. and Ply Gem Pacific Windows Corporation, a purported class action filed on November 25, 2015 in the Superior Court of the State of California, County of Alameda, plaintiffs, on behalf of themselves and all others similarly situated, allege damages as a result of, among other things, the defendants' failure to provide (i) statutorily required meal breaks at the Sacramento, California facility, (ii) accurate wage statements to employees in California, and (iii) all wages due on termination in California. The plaintiffs seek a variety of relief, including (i) economic and compensatory damages, (ii) statutory damages, (iii) penalties, (iv) pre- and post-judgment interest, and (v) attorneys' fees and costs of litigation. On January 7, 2017, the parties agreed to settle this matter for approximately \$1.0 million, and on June 29, 2017, the Court granted final approval of the settlement. The Company accrued for this amount in accrued expenses as of December 31, 2016 in the Company's consolidated balance sheet and subsequently paid the settlement during the year ended December 31, 2017. The Company denies all liability in the settlement and with respect to the facts and claims alleged. The Company, however, is aware of the substantial burden, expense, inconvenience and distraction of continued litigation, and therefore agreed to settle this matter.

In Tina Morgan v. Ply Gem Industries, Inc. and Simonton Industries, Inc., a purported class action filed on December 11, 2015 in the Superior Court of the State of California, County of Solano, plaintiff, on behalf of herself and all others similarly situated, alleges damages as a result of, among other things, the defendants' failure at the Vacaville, California facility to (i) pay overtime wages, (ii) provide statutorily required meal breaks, (iii) provide accurate wage statements, and (iv) pay all wages owed upon termination. The plaintiff seeks a variety of relief, including (i) economic and compensatory damages, (ii) statutory damages, (iii) penalties, (iv) pre- and post-judgment interest, and (v) attorneys' fees and costs of litigation. On December 9, 2016, the parties agreed to settle this matter for approximately \$0.9 million, and on May 22, 2017, the Court granted final approval of the settlement. The Company accrued for this amount in accrued expenses as of December 31, 2016 in the Company's consolidated balance sheet and subsequently paid the settlement during the year ended December 31, 2017. The Company denies all liability in the settlement and with respect to the facts and claims alleged. The Company, however, is aware of the substantial burden, expense, inconvenience and distraction of continued litigation, and therefore agreed to settle this matter.

In Kiefer et al. v. Simonton Building Products, LLC et al., a purported class action filed on October 17, 2016 in the United States District Court for the District of Minnesota, plaintiffs, on behalf of themselves and all others similarly situated, allege damages as a result of, among other things, the defective design and manufacture of certain Simonton windows containing two-pane insulating glass units. The plaintiffs seek a variety of relief, including (i) economic and compensatory damages, (ii) punitive or other exemplary damages, (iii) pre- and post-judgment interest, and (iv) attorneys' fees and costs of litigation. On April 17, 2017, the District Court granted the defendants' motion to dismiss the complaint. Plaintiffs filed a notice of appeal and its appellant brief on May 16, 2017 and July 7, 2017, respectively, defendants filed its appellee brief on August 7, 2017, and plaintiffs filed its reply brief on August 21, 2017. The appeal is pending. The damages sought in this action have not yet been quantified.

In Gazzillo et al. v. Ply Gem Industries, Inc. et al., a purported class action filed on September 26, 2017 in the United States District Court for the Northern District of New York, plaintiffs, on behalf of themselves and all others similarly situated, allege damages as a result of, among other things, the defective

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design and manufacture of certain vinyl siding products. The plaintiffs seek a variety of relief, including (i) economic and compensatory damages, (ii) punitive or other exemplary damages, (iii) pre- and post-judgment interest, and (iv) attorneys' fees and costs of litigation. The damages sought in this action have not yet been quantified.

Other contingencies

The Company is subject to other contingencies, including legal proceedings and claims arising out of its operations and businesses that cover a wide range of matters, including, among others, environmental, contract, employment, intellectual property, securities, personal injury, property damage, product liability, warranty, and modification, adjustment or replacement of component parts or units sold, which may include product recalls. Product liability, environmental and other legal proceedings also include matters with respect to businesses previously owned. The Company has used various substances in products and manufacturing operations, which have been or may be deemed to be hazardous or dangerous, and the extent of its potential liability, if any, under environmental, product liability and workers' compensation statutes, rules, regulations and case law is unclear. Further, due to the lack of adequate information and the potential impact of present regulations and any future regulations, there are certain circumstances in which no range of potential exposure may be reasonably estimated. Also, it is not possible to ascertain the ultimate legal and financial liability with respect to certain contingent liabilities, including lawsuits, and therefore no such estimate has been made as of December 31, 2017.

9.

ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES

Accrued expenses consist of the following at December 31, 2017 and December 31, 2016:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Insurance	\$ 7,637	\$ 8,297
Employee compensation and benefits	19,720	27,749
Sales and marketing	58,131	59,655
Product warranty	19,652	19,718
Accrued freight	3,696	2,146
Accrued interest	18,027	17,977
Accrued environmental liability	453	434
Accrued pension	1,358	1,753
Accrued sales returns and discounts	1,303	1,199
Accrued taxes	4,735	4,966
Litigation accrual	26,849	2,575
Other	24,296	22,546
	\$ 185,857	\$ 169,015

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Other long-term liabilities consist of the following at December 31, 2017 and December 31, 2016:

(Amounts in thousands)	December 31, 2017	December 31, 2016
Insurance	\$ 595	\$ 605
Pension liabilities	12,805	13,907
Multi-employer pension withdrawal liability	449	808
Product warranty	57,665	57,575
Long-term product claim liability	138	138
Long-term environmental liability	1,075	1,158
Liabilities for tax uncertainties	4,529	3,925
Litigation accrual	731	731
Other	5,437	7,548
	\$ 83,424	\$ 86,395

Long-term incentive plan

The Company maintains a long-term incentive plan (“LTIP”) for certain employees which was implemented to retain and incentivize employees through the downturn in the housing market. During the years ended December 31, 2017 and December 31, 2016, the Company recognized a net LTIP expense of \$5.7 million and \$7.3 million, respectively, which has been recorded within selling, general, and administrative expenses in the consolidated statement of operations. The LTIP liability is \$9.5 million and \$10.0 million as of December 31, 2017 and December 31, 2016, respectively, of which \$6.0 million and \$6.3 million has been recorded within other current liabilities and \$3.5 million and \$3.7 million in other long-term liabilities in the consolidated balance sheets as of December 31, 2017 and December 31, 2016, respectively. During the year ended December 31, 2017, the Company made certain modifications to the LTIP program which transformed the 2017 LTIP awards to an equity based award rather than the previous liability award. These changes consisted of granting restricted stock units at the outset of the award rather than a fixed dollar amount which had been the methodology for the previous LTIP awards. As a result, the Company recognized the 2017 LTIP awards within additional paid in capital for \$0.6 million in the Company’s consolidated statements of stockholder’s equity (deficit) for the year ended December 31, 2017.

Other liabilities

During the years ended December 31, 2017, 2016 and 2015, the Company made approximately \$1.0 million, \$0.5 million, and \$1.6 million in cash payments for restructuring and integration efforts, respectively. These payments were for restructuring and integration programs implemented in Western Canada and general back office centralization efforts incurred as well as product simplification costs incurred for the entire Windows and Doors segment.

10.

INCOME TAXES

The following is a summary of the components of income before provision (benefit) for income taxes:

(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Domestic	\$ 117,750	\$ 35,258	\$ 47,901
Foreign	(2,769)	(11,766)	(16,301)
	\$ 114,981	\$ 23,492	\$ 31,600

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The following is a summary of the provision (benefit) for income taxes included in the accompanying consolidated statement of operations:

(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Federal:			
Current	\$ 989	\$ 1,043	\$ 692
Deferred	39,692	(54,692)	(2,833)
	40,681	(53,649)	(2,141)
State:			
Current	\$ 5,204	\$ 4,674	\$ 2,688
Deferred	1,259	(2,020)	(779)
	6,463	2,654	1,909
Foreign:			
Current	\$ 838	\$ 277	\$ 833
Deferred	(1,328)	(1,277)	(1,289)
	(490)	(1,000)	(456)
Total	\$ 46,654	\$ (51,995)	\$ (688)

The table that follows reconciles the federal statutory income tax rate to the effective tax rate of approximately 40.6% for the year ended December 31, 2017, 221.3% for the year ended December 31, 2016, and 2.2% for the year ended December 31, 2015.

(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Income tax provision at the federal statutory rate	\$ 40,243	\$ 8,222	\$ 11,060
Net change from statutory rate:			
Valuation allowance – US	165	(88,653)	(30,446)
Valuation allowance – Canada	207	1,714	3,551
State income tax provision, net of federal income tax benefit	4,462	5,937	4,986
Taxes at non-U.S. statutory rate	(283)	348	(153)
Additional provisions/reversals of unrecognized tax benefits	(281)	187	(116)
Canadian rate differential	142	808	1,284
Attribute reduction	—	(3,118)	3,118
Tax Receivable Agreement	162	21,306	4,531
Alternative minimum tax	1,463	1,483	1,298
Minimum tax credit	(1,463)	(1,483)	(1,298)
Meals and entertainment	676	675	595
Executive compensation	748	599	—
Work opportunity tax credit	(474)	(438)	—
Tax Reform – Deferred Taxes	4,272	—	—
Tax Reform – Tax Receivable Agreement	(3,746)	—	—
Other, net	361	418	902

\$ 46,654 \$ (51,995) \$ (688)

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The tax effect of temporary differences, which gave rise to significant portions of deferred income tax assets and liabilities as of December 31, 2017 and 2016 are as follows:

(Amounts in thousands)	2017	2016
Deferred tax assets:		
Accounts receivable	\$ 615	\$ 824
Insurance reserves	2,004	3,302
Warranty reserves	18,616	26,826
Pension accrual	3,837	6,292
Deferred compensation	4,683	10,946
Inventories	2,936	4,898
Federal, net operating loss carry-forwards	12,621	48,732
State, net operating loss carry-forwards	12,580	10,496
Non-capital losses - foreign jurisdiction	13,116	11,743
Related party interest	3,347	18,055
Professional fees	1,087	2,031
Environmental reserves	374	576
Alternative minimum tax	4,244	2,782
Other assets, net	5,008	7,530
Valuation allowance	(26,553)	(22,889)
Total deferred tax assets	58,515	132,144
Deferred tax liabilities:		
Property and equipment, net	(18,851)	(27,589)
Intangible assets, net	(20,873)	(36,894)
Deferred financing	(8,991)	(18,063)
Other liabilities, net	(807)	(1,973)
Total deferred tax liabilities	(49,522)	(84,519)
Net deferred tax asset	\$ 8,993	\$ 47,625

Tax Act

The Tax Act enacted on December 22, 2017, makes broad and complex changes to the Internal Revenue Code (the "Code") including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%, requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries, generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries, a new tax named global intangible low taxed income ("GILTI") which requires a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations, eliminating the corporate AMT and changing how existing AMT credits can be realized, creating the BEAT, creating a general limitation on deductible interest expense, and changing rules related to the utilization of net operating loss carryforwards created in tax years after December 31, 2017.

Due to the complexity of the new GILTI tax rules, The Company is currently evaluating the impact of this new tax. Under U.S. GAAP, the Company is allowed to make an accounting policy choice of either treating taxes due under GILTI as a current-period expense when incurred or factoring these amounts into the Company's measurement of deferred taxes. The Company has not made a policy decision regarding whether to record deferred taxes on GILTI since we are still in the process of evaluating this new tax provision under the Tax Act.

ASC 740 Income Taxes requires a company to record the effects of a tax law change in the period of enactment. Due to the complexities involved in accounting for the recently enacted Tax Act, SAB 118 requires that the Company

include in its financial statements a reasonable estimate of the impact of the Tax Act on earnings to the extent such reasonable estimate has been determined. Accordingly, the Company has

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performed an earnings and profits analysis associated with the one-time transition tax on certain unrepatriated earnings of foreign subsidiaries, and as a result of accumulated losses, there will be no income tax effect recorded for the year ended December 31, 2017 based on the reasonable estimate guidance provided by SAB 118. The Company is continuing to assess the impact from the Tax Act and may record adjustments in 2018.

For the year ended December 31, 2017, as a result of the corporate income tax rate reduction from 35% to 21% effective January 1, 2018 enacted in the Tax Act, the Company recorded an expense of \$4.3 million due to the re-measurement of the deferred tax assets at the reduced income tax rate which reduced the future benefit the Company will realize associated with these assets. This expense has been recognized within income taxes in the Company's consolidated statement of operations and was recognized during the fourth quarter of 2017.

ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, was issued in November 2015 and it establishes simplification of the presentation of deferred income taxes. Under the new standard, both deferred tax liabilities and assets are required to be classified as noncurrent in a classified balance sheet. During the fourth quarter of 2016, the Company elected to prospectively adopt this standard, thus reclassifying the current deferred tax assets to noncurrent (netted within noncurrent liabilities) on the accompanying consolidated balance sheet. The adoption of this guidance had no impact on the Company's consolidated results of operations or cash flows.

Debt Transaction

On September 19, 2014, Ply Gem Industries issued \$150.0 million aggregate principal amount of its 6.50% Senior Tack-on Notes with a \$10.1 million debt discount. These Senior Tack-on Notes have the same terms and covenants as the original \$500.0 million of 6.50% Senior Notes issued in January 2014 that were issued at par and will mature in 2022. These Senior Tack-on Notes are not considered Applicable High Yield Discount Obligation ("AHYDO"). The discount and deferred financing costs related to these notes will be amortized over the life of the notes utilizing the constant yield method.

Valuation allowance

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

During the year ended December 31, 2016, the Company determined that a valuation allowance was no longer required against its federal net deferred tax assets and a portion of its state deferred tax assets. As a result, the Company released \$86.5 million of its total valuation allowance during the year ended December 31, 2016 since positive evidence outweighed negative evidence thereby allowing the Company to achieve the "more likely than not" realization threshold. Of the total valuation allowance reversal of \$86.5 million, \$31.3 million was offset against 2016 current year tax expense with the remaining \$55.2 million representing the discrete valuation allowance release.

As of December 31, 2016, the Company was no longer in a three-year cumulative pre-tax loss position due to the significant improvement in the Company's profitability from the housing market recovery. The housing market has experienced steady improvement from a demand perspective over the last several years which has benefited the Company's financial performance and profitability for both new construction and repair and remodeling reflected in the Company's net sales and earnings growth. This annual financial improvement was further evidenced by the Company continuing to have net sales and profitability growth in the Company's second and third quarters which are traditionally the Company's strongest financial quarters based on seasonality. Finally, the consensus expectation and outlook for both new construction and repair and remodeling both showed positive growth rates over the next few years which result in future forecasted profitability for the Company. Based on the preponderance of these positive factors, the valuation allowance for federal and certain state NOL carry-forwards was released during the year ended

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December 31, 2016. The valuation allowance release is reflected within our benefit for income taxes in the accompanying consolidated statement of operations for the year ended December 31, 2016.

Based on the level of historical federal taxable income, projections of future taxable income, and the forecasted realization of deferred tax assets, the Company has determined that a federal valuation allowance is not required as of December 31, 2017. However, as of December 31, 2017, the Company remains in a valuation allowance position against its deferred tax assets for certain state and Canadian jurisdictions as it is currently deemed “more likely than not” that the benefit of such net tax assets will not be utilized as the Company continues to be in a three-year cumulative loss position for these states and Canadian jurisdictions. The Company will continue to monitor the positive and negative factors for these jurisdictions and make further changes to the valuation allowances as necessary. The Company’s state valuation allowance increased to \$12.3 million as of December 31, 2017 compared to \$10.0 million for the year ended December 31, 2016.

As of December 31, 2017 and December 31, 2016, the Company had a full valuation allowance on its deferred tax assets for Gienow Canada of approximately \$14.3 million and \$13.0 million, respectively, as of as a result of its operating performance and challenges associated with the Canadian economy and energy prices.

The Company had book goodwill of approximately \$28.0 million that was not amortized resulting in a deferred tax liability of approximately \$7.1 million at December 31, 2017. Therefore, the reversal of deferred tax liabilities related to this goodwill is not considered a source of future taxable income in assessing the realization of its deferred tax assets. The Company continues to evaluate the realizability of its net deferred tax assets and its estimates are subject to change.

Other tax considerations

As of December 31, 2017, the Company has approximately \$92.1 million of federal gross operating loss carry-forwards which can be used to offset future taxable income. These federal carry-forwards will begin to expire in 2028 if not utilized. The Company has approximately \$330.7 million of gross state NOL carry-forwards and \$12.6 million (net of federal benefit) of deferred tax assets related to these state NOL carry-forwards which can be used to offset future state tax liabilities. The Company has established a valuation allowance which offsets the deferred tax asset associated with certain state NOL carry-forwards. Future tax planning strategies implemented by the Company could reduce or eliminate future NOL expiration.

As of December 31, 2017, the Company has not established U.S. deferred taxes on unremitted earnings for the Company’s foreign subsidiaries. Notwithstanding the provisions within the American Jobs Creation Act of 2004, the Company continues to consider these amounts to be permanently invested. Enactment of the Tax Act imposed a one-time U.S. federal tax on the deemed repatriation of unremitted earnings indefinitely reinvested abroad, which did not have a material impact on the Company’s financial results. The indefinite reinvestment assertion continues to apply for the purpose of determining deferred tax liabilities for U.S. state and foreign withholding tax purposes.

Unrecognized tax benefits

The Company records reserves for unrecognized tax benefits based on the likelihood of an unfavorable outcome. Of this amount, approximately \$1.7 million, if recognized, would have an impact on the Company’s effective tax rate. As of December 31, 2017, the reserve was approximately \$4.5 million which includes interest and penalties of approximately \$1.9 million. As of December 31, 2016, the reserve was approximately \$3.9 million which included interest and penalties of approximately \$1.6 million. The difference between the total unrecognized tax benefits and the amount of the liability for unrecognized tax benefits represents unrecognized tax benefits that have been netted against deferred tax assets related to net operating losses in accordance with ASC 740 in addition to accrued penalties and interest.

The Company has elected to treat interest and penalties on unrecognized tax benefits as income tax expense in its consolidated statement of operations. Interest and penalty charges have been recorded in the contingency reserve account within other long term liabilities in the Company’s consolidated balance sheet.

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The following is a rollforward of unrecognized tax benefits from January 1, 2016 through December 31, 2017.

(Amounts in thousands)

Unrecognized tax benefits balance at January 1, 2016	\$ 15,910
Additions based on tax positions related to current year	208
Additions for tax positions of prior years	603
Reductions for tax positions of prior years	(13)
Settlement or lapse of applicable statutes	(39)
Unrecognized tax benefits balance at December 31, 2016	16,669
Additions based on tax positions related to current year	182
Additions for tax positions of prior years	161
Reductions for tax positions of prior years	(90)
Settlement or lapse of applicable statutes	(400)
Unrecognized tax benefits balance at December 31, 2017	\$ 16,522

Unrecognized tax benefits are reversed as a discrete event if an examination of applicable tax returns is not begun by a federal or state tax authority within the statute of limitations or upon effective settlement with federal or state tax authorities. During the year ended December 31, 2017, the Company reversed approximately \$0.4 million of unrecognized tax benefits due to the expiration of the statute of limitations in certain state jurisdictions. The Company's open tax years that are subject to federal examination are 2008 through 2016.

During the year ended December 31, 2016, the Company reversed approximately \$0.1 million of unrecognized tax benefits due to the expiration of the statute of limitations for the tax year ended December 31, 2008.

During the next 12 months, the Company does not anticipate the reversal of any material tax contingency reserves.

Tax Receivable Agreement

On May 22, 2013, the Company entered into a Tax Receivable Agreement (the "Tax Receivable Agreement") with PG ITR Holdco, L.P. (the "Tax Receivable Entity"). The Tax Receivable Agreement generally provides for the payment by the Company to the Tax Receivable Entity of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that the Company actually realizes in periods ending after the IPO as a result of (i) net operating loss ("NOL") carryovers from periods (or portions thereof) ending before January 1, 2013, (ii) deductible expenses attributable to the transactions related to the IPO and (iii) deductions related to imputed interest deemed to be paid by the Company as a result of or attributable to payments under the Tax Receivable Agreement. The term of the Tax Receivable Agreement will continue until all such benefits have been utilized or expired. The Company will retain the benefit of the remaining 15% of these tax savings. The Tax Receivable Agreement will obligate the Company to make payments to the Tax Receivable Entity generally equal to 85% of the applicable cash savings that is actually realized as a result of utilizing NOL carryovers once the tax returns are filed for that respective tax year.

As a result of the future federal corporate tax rate reduction from the Tax Act enacted on December 22, 2017, the Company estimates that the total anticipated amount of future payments under the Tax Receivable Agreement would be approximately \$74.7 million assuming no additional material changes in the relevant tax law or federal rates, that the Company earns sufficient taxable income to utilize the net operating loss carry forwards, and that utilization of such tax attributes is not subject to limitation under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code") as the result of an "ownership change". It is possible that future transactions or events or changes in estimates could increase or decrease the actual tax benefits realized from these tax attributes and the corresponding Tax Receivable Agreement payments and liability. As of December 31, 2017, the Company estimates the Tax Receivable Agreement liability to be approximately \$69.5 million with the remaining \$5.2 million estimated for the state NOLs

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associated with the Tax Receivable Agreement which have a valuation allowance. Future changes in the Company's state valuation allowance position including the reversal of all or a portion of the Company's remaining state valuation allowance may increase the Tax Receivable Agreement liability up to the \$74.7 million estimate as the Company at that point in time will project future taxable income beyond the current fiscal year for certain state income tax purposes and expense the remaining \$5.2 million.

As of December 31, 2017 and 2016, the Company had a \$69.5 million and \$79.7 million liability, respectively, for the amount due pursuant to the Tax Receivable Agreement. The Company has \$51.4 million and \$25.4 million as current liabilities in the Company's consolidated balance sheets as of December 31, 2017 and December 31, 2016, respectively. The Company has \$18.1 million and \$54.3 million of this liability recorded as noncurrent as of December 31, 2017 and December 31, 2016, respectively, in the consolidated balance sheets as these amounts will not be paid in cash within the next 12 months. The \$10.7 million Tax Receivable Agreement liability adjustment for the year ended December 31, 2017 recognized in the Company's consolidated statement of operations resulted primarily from the future federal tax rate reduction enacted as part of the December 2017 Tax Act which reduced the value of the NOLs to be utilized in future years at the lower 21% corporate tax rate.

The \$60.9 million Tax Receivable Agreement liability adjustment for the year ended December 31, 2016 resulted primarily from the \$55.2 million discrete valuation allowance release. The factors surrounding the release of this valuation allowance thereby eliminated any uncertainty as to future taxable income. Consequently, for purposes of calculating the TRA liability, the Company during the year ended December 31, 2016 utilized future forecasts of taxable income beyond the 2016 tax year to determine the TRA liability. The \$12.9 million Tax Receivable Agreement liability adjustment for the year ended December 31, 2015 resulted from a \$115.9 million increase in 2015 taxable income partially offset by the timing of reversals of deferred tax assets and liabilities.

11.

STOCK-BASED COMPENSATION

Stock option plan

On February 12, 2004, Ply Gem Investment Holdings' Board of Directors adopted the Ply Gem Investment Holdings 2004 Stock Option Plan (the "Plan") allowing for grants of options to purchase shares of Ply Gem Investment Holdings common stock under nonqualified stock options or incentive stock options. Obligations under this Plan were subsequently assumed by Ply Gem Prime Holdings in 2006. Immediately prior to the closing of the IPO on May 23, 2013, Ply Gem Prime merged with and into Ply Gem Holdings, with Ply Gem Holdings being the surviving entity. As a result, all obligations under the Plan were converted at a ratio based on the IPO price of the common stock and the liquidation value of and the maximum dividend amount in respect of the Ply Gem Prime preferred stock and all subsequent grants were in Ply Gem Holdings' stock.

Employees, directors and consultants of Ply Gem Holdings or any of its majority-owned subsidiaries are eligible for options, as specified in the Plan. Ply Gem Holdings Board of Directors may, among other things, select recipients of options grants, determine whether options will be nonqualified or incentive stock options, set the number of shares that may be purchased pursuant to option exercise, and determine other terms and conditions of options. The exercise price of an option must be at least the estimated fair market value of a share of common stock as of the grant date. Options generally vest over 3 to 5 years from the date of grant, unless specified otherwise in any individual option agreement. Generally, options will expire on the tenth anniversary of the grant date or in connection with termination of employment. The Board of Directors has the discretion to accelerate the vesting and exercisability of outstanding options.

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The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing method. The assumptions used in the model for the years ended December 31, 2015 (there were no option grants in 2016 or 2017) are outlined in the following table:

	December 31, 2015
Weighted average fair value of options granted	\$ 2.62
Weighted average assumptions used:	
Expected volatility	34%
Expected term (in years)	7.00
Risk-free interest rate	1.82%
Expected dividend yield	—%

A summary of changes in stock options outstanding during the years ended December 31, 2017 and December 31, 2016 is presented below:

	Stock Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Balance at January 1, 2016	2,613,793	\$ 13.75	5.22	617
Granted	—	\$ —	—	
Exercised	(116,594)	\$ 9.35	—	
Forfeited or expired	(1,666)	\$ 12.35	—	
Balance at December 31, 2016	2,495,533	\$ 13.96	4.35	5,729
Granted	—	\$ —	—	
Exercised	(97,352)	\$ 12.35	—	
Forfeited or expired	—	\$ —	—	
Balance at December 31, 2017	2,398,181	\$ 14.02	3.43	10,671

As of December 31, 2017, 2,349,957 options were 100% vested with a weighted average exercise price of \$14.04. As of December 31, 2016, 2,324,059 options were 100% vested with a weighted average exercise price of \$13.95. The total intrinsic value of options exercised during the years ended December 31, 2017, and 2016 was \$0.5 million and \$0.6 million, respectively. At December 31, 2017, the Company had approximately \$0.1 million of total unrecognized compensation expense that will be recognized over a weighted average period of 0.71 years. At December 31, 2016, the Company had approximately \$0.5 million of total unrecognized compensation expense that will be recognized over a weighted average period of 1.09 years. The Company recorded compensation expense of \$0.5 million, \$0.8 million, and \$1.7 million for the years ended December 31, 2017, 2016, and 2015, respectively, related to the vesting of these options.

Restricted stock

During December 2014, the Company issued an aggregate of 23,944 restricted shares of common stock in an equal number to each of the four independent members of the Board of Directors. These shares vested over the 2015 calendar period and the Company expensed \$0.3 million as compensation expense in selling, general, and administrative expenses within the consolidated statement of operations.

During December 2015, the Company issued an aggregate of 25,664 restricted shares of common stock in an equal number to each of the four independent members of the Board of Directors. These shares vested over the 2016 calendar year and the Company expensed \$0.3 million as compensation expense in selling, general, and administrative expenses within the consolidated statement of operations.

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During December 2016, the Company issued an aggregate of 19,420 restricted shares of common stock in an equal number to each of the four independent members of the Board of Directors. These shares vested over the 2017 calendar year and the Company expensed \$0.3 million as compensation expense in selling, general, and administrative expenses within the consolidated statement of operations.

During December 2017, the Company issued an aggregate of 16,440 restricted shares of common stock in an equal number to each of the four independent members of the Board of Directors. These shares will vest over the 2018 calendar year and the Company will expense these items as compensation expense during 2018.

12.

SEGMENT INFORMATION

The Company defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. The Company has two reportable segments: 1) Siding, Fencing, and Stone and 2) Windows and Doors. The income before income taxes of each segment includes the revenue generated on transactions involving products within that segment less identifiable expenses. Unallocated income and expenses include items which are not directly attributed to or allocated to either of the Company's reporting segments. Such items include interest, legal costs, corporate payroll, and unallocated finance, accounting expenses, and gain (loss) on modification or extinguishment of debt. Unallocated corporate assets include cash and certain receivables. Interest expense is presented net of interest income.

Following is a summary of the Company's segment information:

(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Net sales			
Siding, Fencing, and Stone	\$ 970,198	\$ 886,851	\$ 840,118
Windows and Doors	1,086,105	1,024,993	999,608
	\$ 2,056,303	\$ 1,911,844	\$ 1,839,726
Operating earnings (loss)			
Siding, Fencing, and Stone	\$ 146,753	\$ 157,058	\$ 134,654
Windows and Doors	56,435	43,579	18,195
Unallocated	(28,930)	(32,141)	(30,317)
	\$ 174,258	\$ 168,496	\$ 122,532
Interest (income) expense, net			
Siding, Fencing, and Stone	\$ (29)	\$ (16)	\$ (22)
Windows and Doors	(21)	(12)	(17)
Unallocated	69,333	72,710	74,858
	\$ 69,283	\$ 72,682	\$ 74,819
Depreciation and amortization			
Siding, Fencing, and Stone	\$ 22,562	\$ 25,723	\$ 26,539
Windows and Doors	30,369	30,516	31,549
Unallocated	316	164	312
	\$ 53,247	\$ 56,403	\$ 58,400

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(Amounts in thousands)	For the year ended December 31,		
	2017	2016	2015
Income tax provision (benefit)			
Unallocated	\$ 46,654	\$ (51,995)	\$ (688)
Capital expenditures			
Siding, Fencing, and Stone	\$ 17,243	\$ 16,472	\$ 11,816
Windows and Doors	20,613	17,780	19,196
Unallocated	2,530	1,749	2,848
	\$ 40,386	\$ 36,001	\$ 33,860

	As of December 31,	
	2017	2016
Total assets		
Siding, Fencing, and Stone	\$ 728,502	\$ 691,930
Windows and Doors	500,278	509,055
Unallocated	90,787	56,756
	\$ 1,319,567	\$ 1,257,741

Our Canadian subsidiaries, which had sales of approximately \$223.4 million for the year ended December 31, 2017, represent the majority of our sales to foreign customers. Other subsidiaries' sales outside the United States are less than 1% of our total sales.

13.

RELATED PARTY TRANSACTIONS

During March 2015, the Company entered into new retention agreements with the Company's Chief Executive Officer and Chief Financial Officer for \$3.0 million and \$1.3 million, respectively. These retention agreements incentivize these individuals for three years and require the Company to make cumulative payments of \$4.3 million on December 31, 2017 if both individuals remain employed in their current positions on that date. The Company paid these retention amounts during the year ended December 31, 2017. As of December 31, 2016, these retention payments were accrued at \$2.8 million in accrued expenses and other long-term liabilities, respectively, in the Company's consolidated balance sheets.

In January 2018, the Company made an approximate \$26.5 million payment to PG ITR Holdco, L.P. (the "Tax Receivable Entity") for the Tax Receivable Agreement in satisfaction of the amount due on this agreement related to the 2016 activity. During the fourth quarter of 2016, the Company made an approximate \$5.0 million payment to the Tax Receivable Entity for the Tax Receivable Agreement in satisfaction of the amount due on this agreement related to the 2015 activity. During the fourth quarter of 2015, the Company made an approximate \$48,000 payment to the Tax Receivable Entity for the Tax Receivable Agreement in satisfaction of the amount due on this agreement related to the 2014 activity.

14.

QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the quarterly results of operations:

(Amounts in thousands, except per share data)	Quarter Ended December 31, 2017	Quarter Ended September 30, 2017	Quarter Ended July 1,	Quarter Ended April 1,
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			2017	2017
Net sales	\$ 516,858	\$ 564,663	\$ 544,767	\$ 430,015
Gross profit	110,134	131,966	136,888	89,525
Net income (loss)	14,571(2)(3)	27,534	29,859	(3,637)
Net income (loss) per share attributable to common shareholders:				
Basic(1)	\$ 0.21	\$ 0.40	\$ 0.44	\$ (0.05)
Diluted(1)	\$ 0.21	\$ 0.40	\$ 0.43	\$ (0.05)

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(Amounts in thousands, except per share data)	Quarter Ended December 31, 2016	Quarter Ended October 1, 2016	Quarter Ended July 2, 2016	Quarter Ended April 2, 2016
Net sales	\$ 462,293	\$ 530,392	\$ 510,545	\$ 408,614
Gross profit	103,484	136,800	135,289	86,701
Net income (loss)	6,663(4)(5)	54,755(4)	41,646	(27,577p)(4)
Net income (loss) per share attributable to common shareholders:				
Basic(1)	\$ 0.10	\$ 0.80	\$ 0.61	\$ (0.40)
Diluted(1)	\$ 0.10	\$ 0.80	\$ 0.61	\$ (0.40)

(1)

The sum of the quarterly per share amounts may not equal per share amounts reported for year-to-date periods. This is due to changes in the number of weighted average shares outstanding and the effects of rounding for each period.

(2)

The net income for the quarter ended December 31, 2017 includes an approximate \$2.1 million loss on modification or extinguishment of debt. See Note 5 Long-Term Debt for description of loss on debt modification and extinguishment.

(3)

The net income for the quarter ended December 31, 2017 includes a benefit of approximately \$10.7 million for the TRA liability and a \$4.3 million income tax expense related to the reduction in deferred tax assets, both due to the passage of the Tax Act in December 2017. See Note 10 Income Taxes for further description of these adjustments.

(4)

The net income for the quarters ended April 2, 2016, October 1, 2016 and December 31, 2016 include an approximate \$2.4 million, \$2.3 million, and \$7.1 million, loss on modification or extinguishment of debt, respectively. See Note 5 Long-Term Debt for description of loss on debt modification and extinguishment.

(5)

During the three months ended December 31, 2016, the Company recognized a \$5.1 million income tax benefit from the discrete release of the deferred income tax valuation allowance. See Note 10 Income Taxes for further description of the valuation allowance release.

15.

SUBSEQUENT EVENT

On January 31, 2018, the Company entered into the Merger Agreement with Parent and Merger Sub, each a wholly owned subsidiary of funds sponsored by CD&R. Pursuant to the Merger Agreement, subject to the satisfaction or waiver of specified conditions, Merger Sub will merge with and into the Company (the "Merger"), with Ply Gem Holdings surviving the Merger as a wholly owned subsidiary of Parent (the "Acquisition"). At the Effective Time, each of the Company's issued and outstanding shares of common stock, par value \$0.01 per share, will be cancelled and extinguished and converted into the right to receive \$21.64 in cash, without interest (the "Merger Consideration"), less any applicable withholding taxes. The consummation of the Merger remains subject to customary closing conditions. As a result of the Merger, the Company will cease to be a publicly traded company.

On January 31, 2018, the date the Merger Agreement was executed, Ply Gem entered into transaction bonus letter agreements with each of its chief executive officer and chief financial officer, granting each a right to a one-time payment of \$7.0 million and \$1.8 million, respectively, subject to the consummation of the Merger (each bonus, a "Transaction Bonus"). Payment of each Transaction Bonus will be made within 30 days following the date of the closing of the Merger (the "Closing"), subject to each executive's continued employment with Ply Gem through the date of the closing. If the executive's employment is terminated prior to the date of the closing (x) by the executive following a material adverse change or (y) by Ply Gem without cause, the executive will remain eligible to receive a Transaction Bonus, paid within 30 days following the date of the Closing, subject to the executive's execution of a release of claims. If the Closing does not occur by December 31, 2018, the transaction bonus letters will become void, and the executives will no longer be entitled to a Transaction Bonus.

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GUARANTOR/NON-GUARANTOR

The 6.50% Senior Notes were issued by our direct 100% owned subsidiary, Ply Gem Industries, and are fully and unconditionally guaranteed on a joint and several basis by the Company and certain of Ply Gem Industries' 100% owned subsidiaries. Ply Gem Industries is a 100% owned subsidiary of Ply Gem Holdings. Accordingly, the following guarantor and non-guarantor information is presented as of December 31, 2017 and December 31, 2016, and for the years ended December 31, 2017, 2016, and 2015. The non-guarantor information presented represents our Canadian subsidiaries: Gienow and Mitten.

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PLY GEM HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the year ended December 31, 2017

(Amounts in thousands)	Guarantor Ply Gem Holdings, Inc.	Issuer Ply Gem Industries, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiary	Consolidating Adjustments	Consolidated
Net sales	\$ —	\$ —				​