



2007 ProSales 100 Annual Survey of Leading Construction Suppliers

May 2007

PURPOSE

The purpose of the PROSALES 100 is to develop a comprehensive list of leading building materials dealers and distributors and uncover trends in the ever-changing supply channel. Our annual survey captures data on a variety of topics, including:

- Average gross sales of the top 100
- Number of locations operated
- Number of company-wide employees and outside salespeople
- Percentage of sales to professional contractors
- Product categories sold
- Membership in buying groups/co-ops
- Services offered to customers and investments in resources
- Involvement in installed sales of products by product category
- Online/e-commerce services offered

METHODOLOGY

The PROSALES 100 is a ranking of leading U.S. residential construction suppliers and distributors that participated in the 2007 PROSALES 100 Annual Survey of Leading Construction Suppliers. It does not include estimations of gross sales, pro sales percentage, or any other data. Rankings are based on sales to professional contractors (non-consumers) as determined by multiplying 2006 gross sales by pro sales percentages.

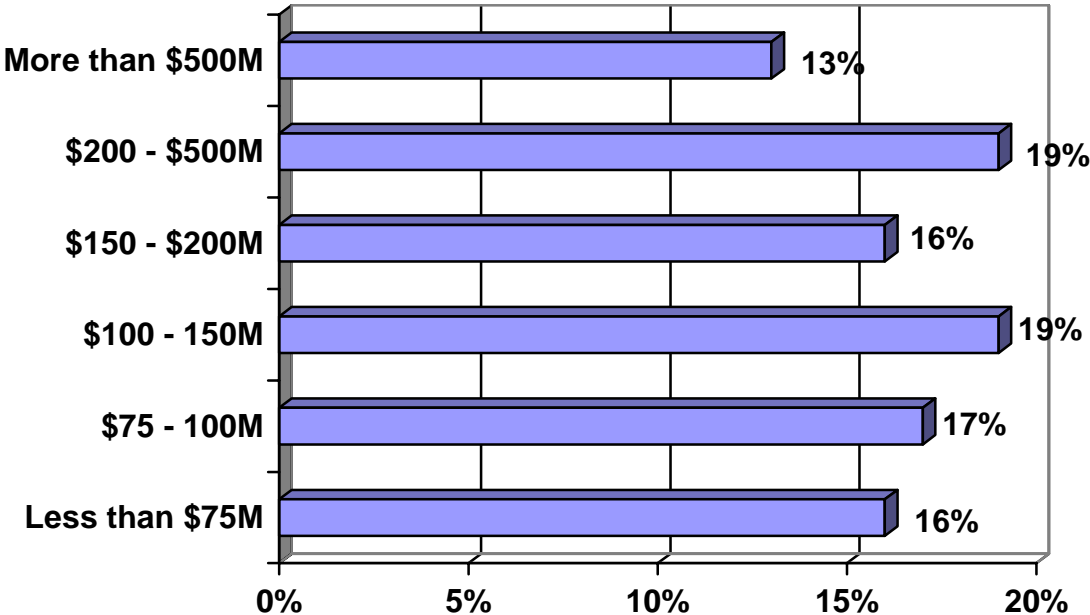
Data collection for the 2007 survey commenced in January with an initial survey set of approximately 230 firms with a baseline financial standing of \$40 million in gross sales. Members of the sample group received a survey mailing; some were contacted via phone to confirm interest in participation. In total, PROSALES received 134 unique usable survey responses for consideration. All chart data is inclusive of the PROSALES 100 only, based on the 95 percent of PROSALES 100 companies responding to the survey in full.

VITAL STATISTICS

Estimated Gross Sales in 2006:

In 2006, the PROSALES 100 companies generated average annual sales of \$560 million. Median gross sales are \$149 million.

ProSales 100 Annual Revenue



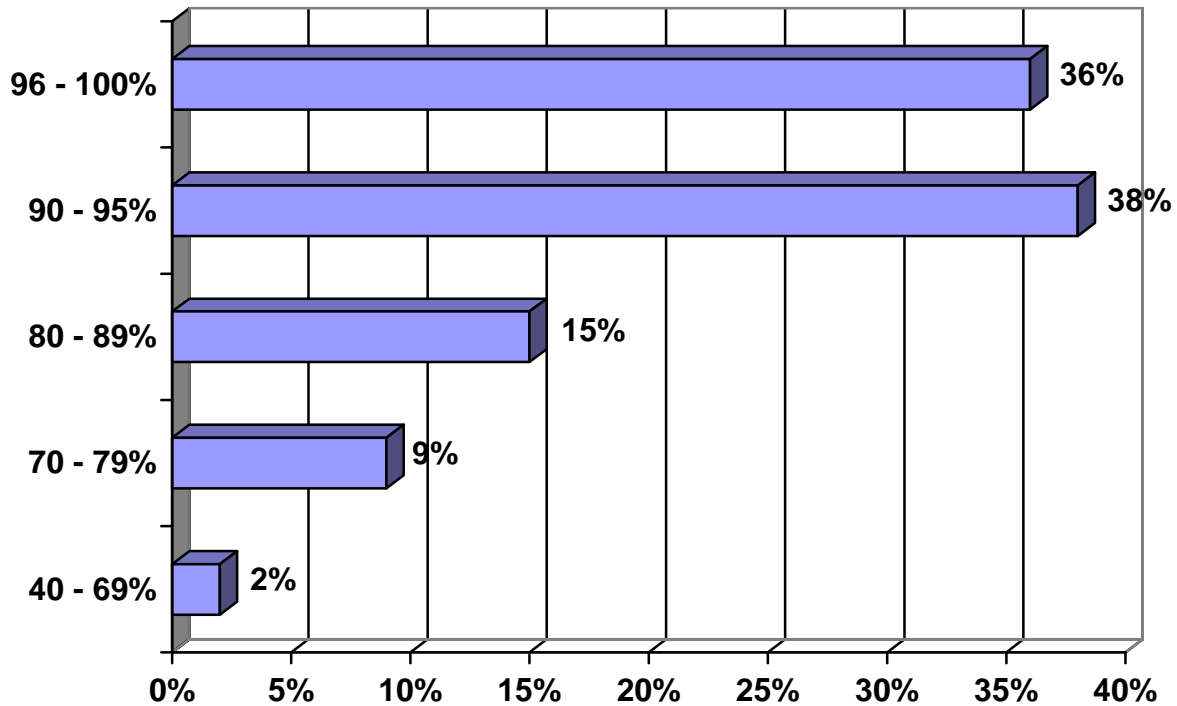
Total 2006 gross revenue for the PROSALES 100 was \$56 billion. There were 13 companies with gross revenues of \$500 million or more, accounting for 75% of the total revenue.

VITAL STATISTICS (cont.)

Percent of 2006 sales made directly to pro contractors (i.e. builders/remodelers):

To be included in the PROSALES 100 survey, participants must sell directly to professional contractors. Ninety-eight percent (98%) of the PROSALES 100 sell at least seventy percent (70%) of their materials/products to pro customers.

Percent of Sales to Professionals

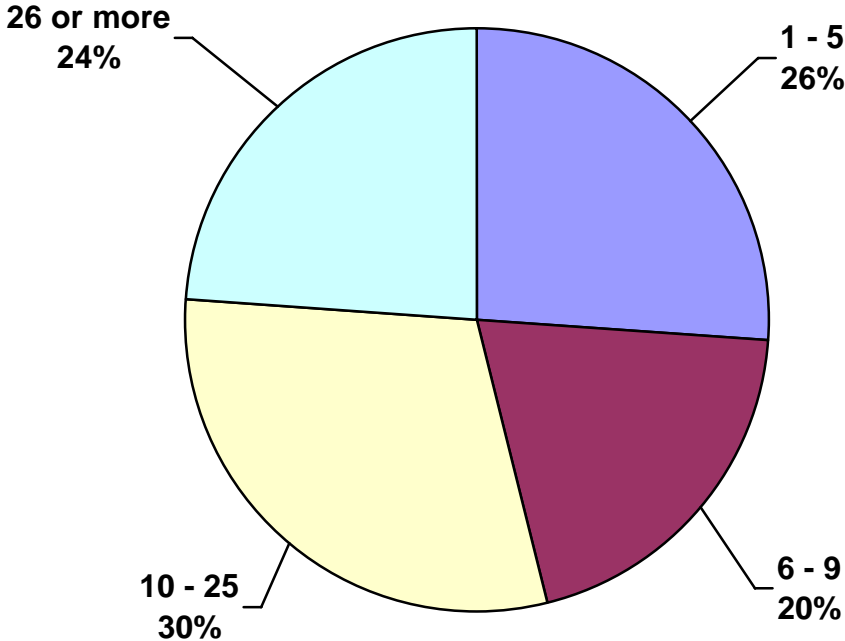


VITAL STATISTICS (cont.)

Number of locations:

The PROSALES 100 companies operate an average of 50 locations each. Median number of locations is 11.

Number of Locations



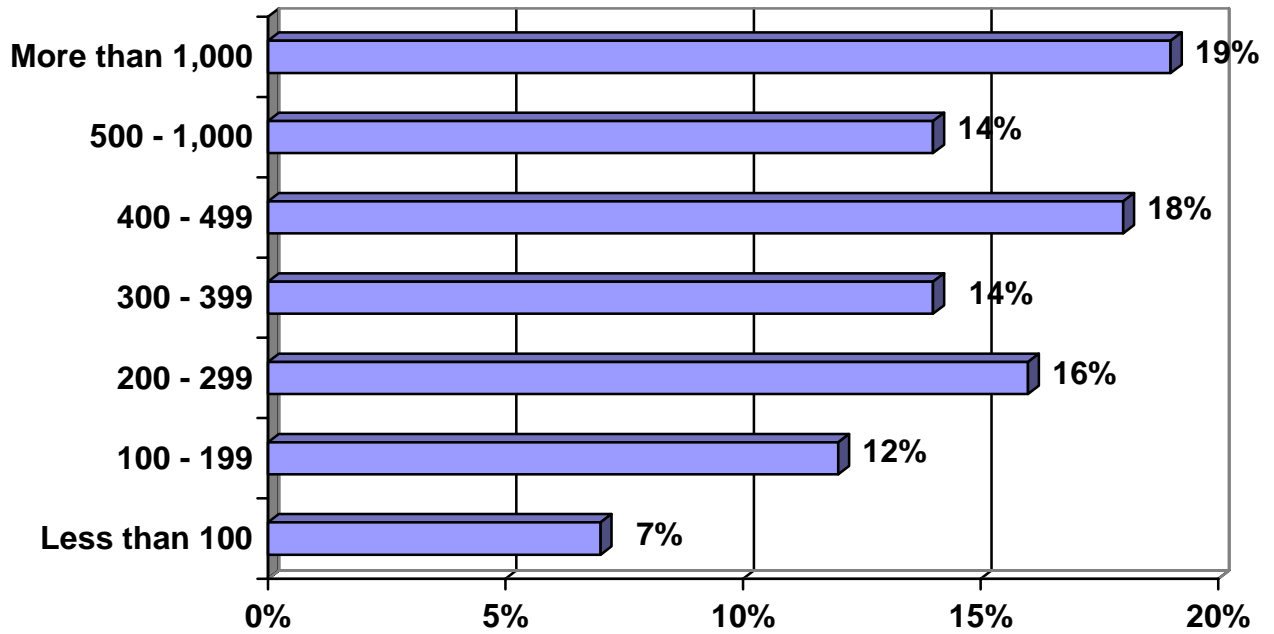
HD Supply, number 3 on the list of the PROSALES 100, reported the greatest number of locations with 1,000.

VITAL STATISTICS (cont.)

Total number of company-wide employees:

The average number of employees of the PROSALES 100 is 1,523.

Number of Employees



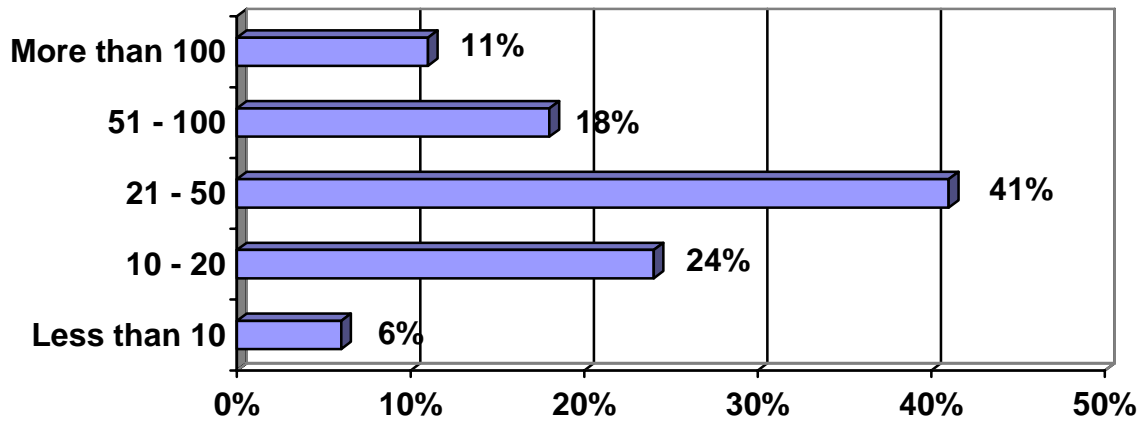
**HD Supply has the largest number of employees with 26,000.
Matheus Lumber Co. has the least number of employees with 56.**

VITAL STATISTICS (cont.)

Total number of outside salespeople:

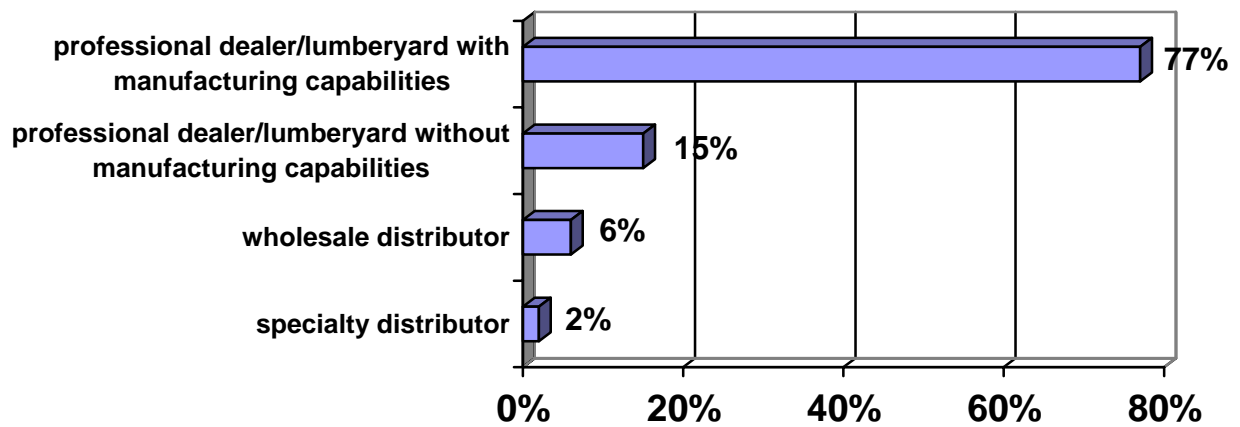
The average number of outside salespeople of the PROSALES 100 is 107.

Number of Outside Salespeople



Primary business emphasis:

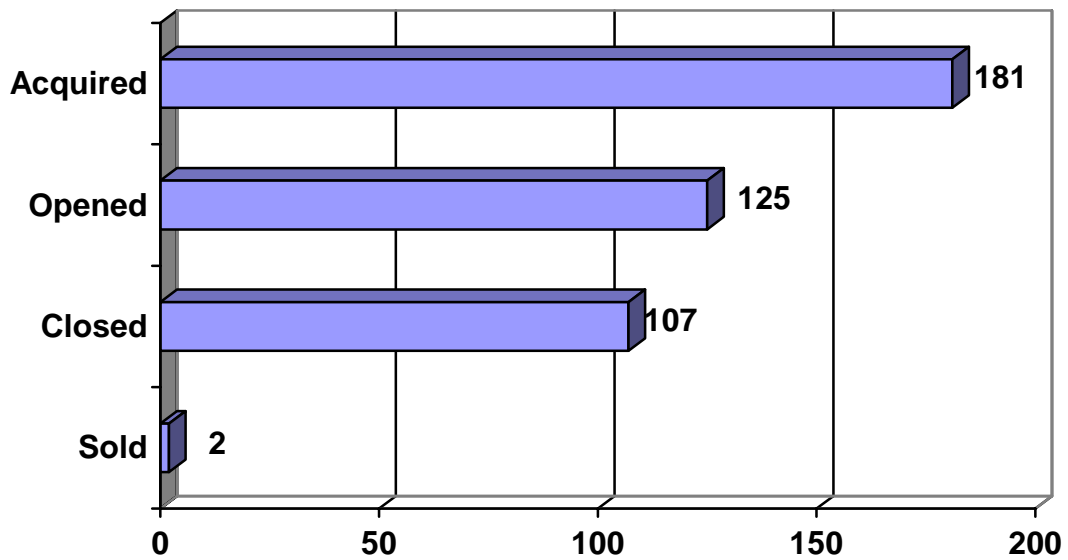
Most of the PROSALES 100 are professional dealers/lumberyards with manufacturing capabilities (77%).



1. How many new facilities (yards, manufacturing, etc.) did your company open, acquire, sell, or close in 2006?

One hundred eighty-one (181) facilities were acquired, one hundred twenty-five (125) opened, and one hundred seven (107) closed in 2006.

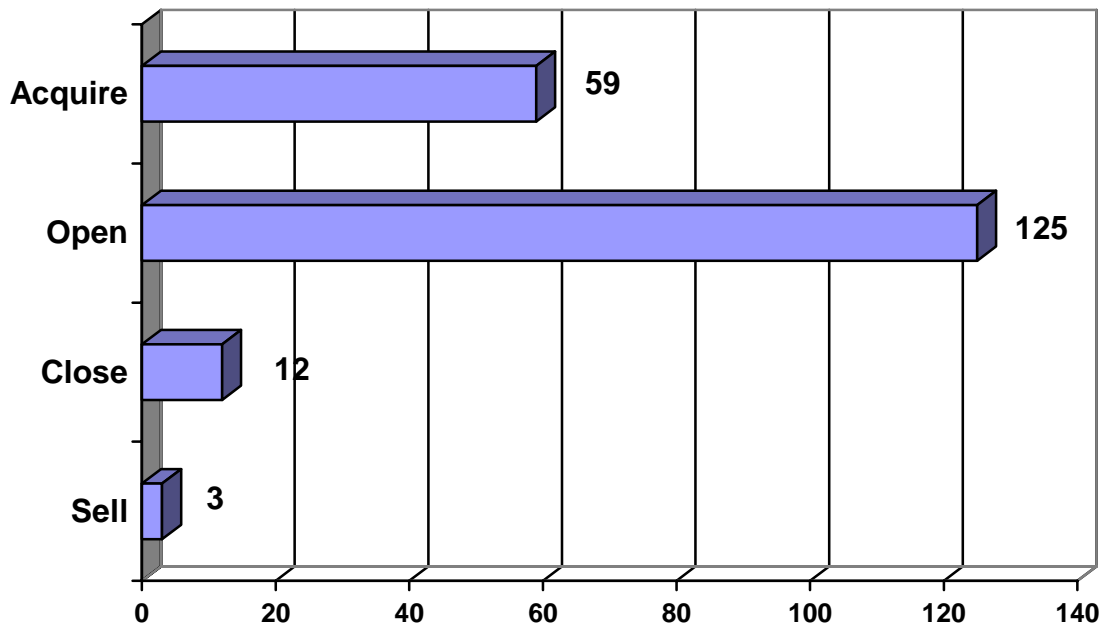
Number of Facilities Opened and Closed



2. How many new facilities (yards, manufacturing, etc.) does your company plan to open, acquire, sell, or close in 2007?

The PROSALES 100 plan to open one hundred twenty-five (125) facilities, acquire fifty-nine (59) facilities, and close twelve (12) facilities in 2007.

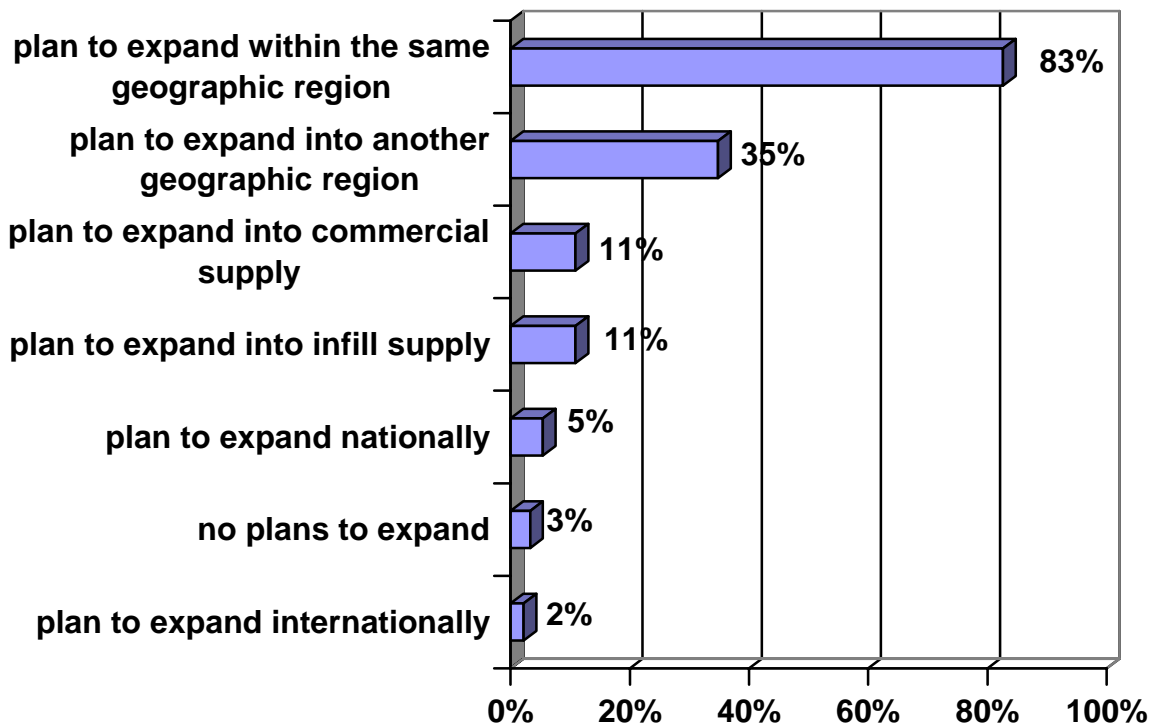
Number of New Facilities Planned



3. What are your company's expansion plans for the next five years?

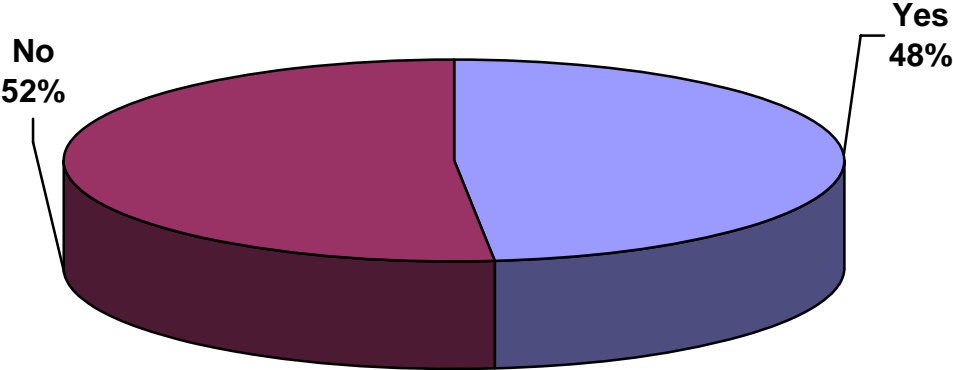
Eighty-three percent (83%) of the PROSALES 100 plan to expand within the same geographic region, followed by plan to expand into another geographic region (35%), and plan to expand into commercial supply and plan to expand into infill supply (11% each).

ProSales 100 Expansion Plans



4. Do you promote and sell “green” or sustainable building materials?

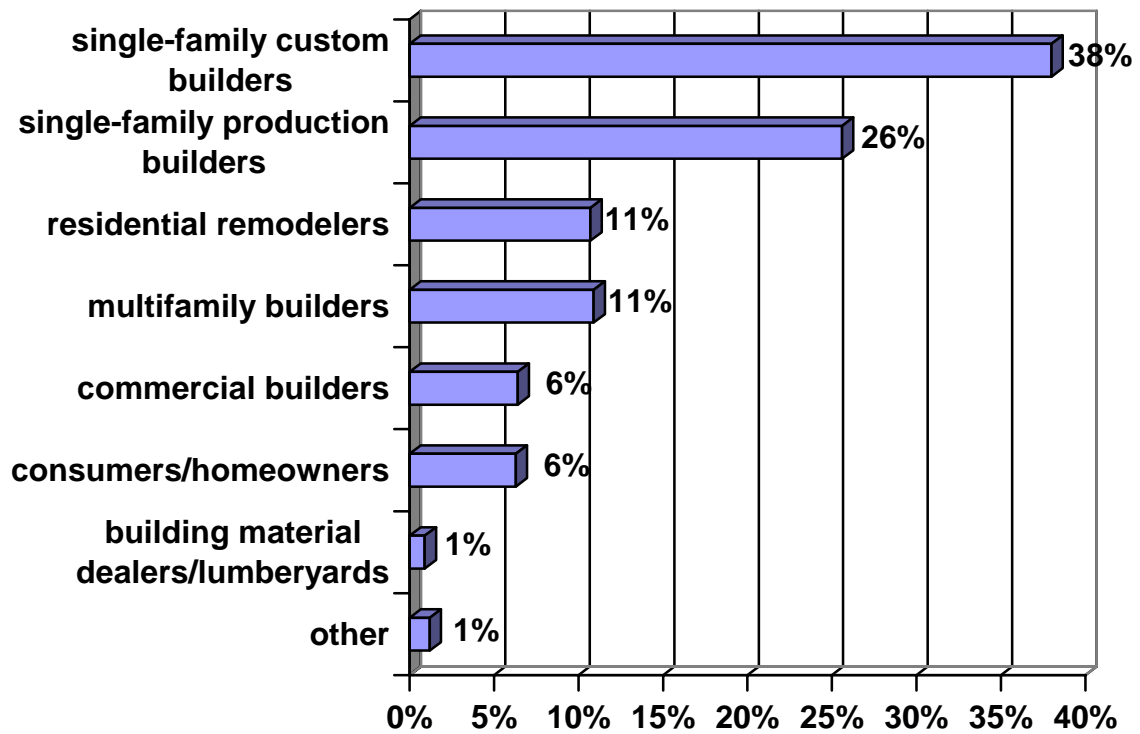
The PROSALES 100 are almost split on promoting or selling “green” or sustainable building materials.



5. On average, what percentage of your sales (either directly or through subcontractors) does each of the following customer groups represent?

The PROSALES 100 said 38% of their sales come from single-family custom builders, followed by single-family production builders (26%), and residential remodelers and multi-family builders (11% each).

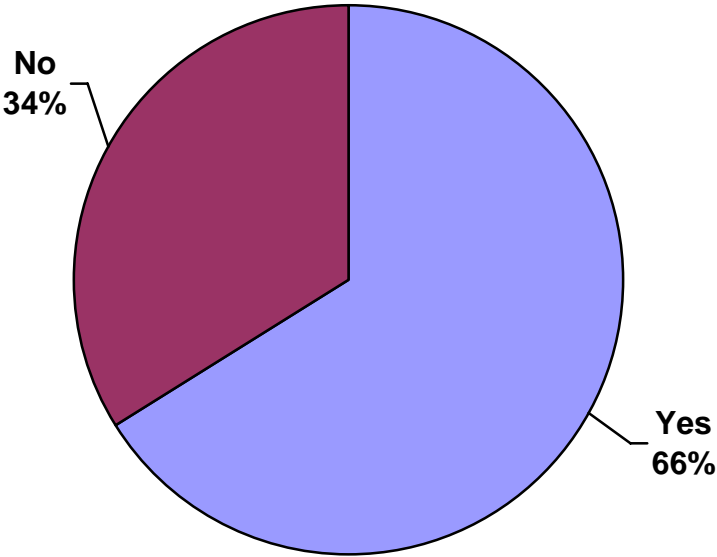
ProSales 100 Depend on Average Size Builders



6. Do you believe the types of customers you serve (e.g., remodelers, custom builders, etc.) will remain constant over the next five years?

Sixty-six percent (66%) of the PROSALES 100 said the types of customers they serve will remain constant over the next five years.

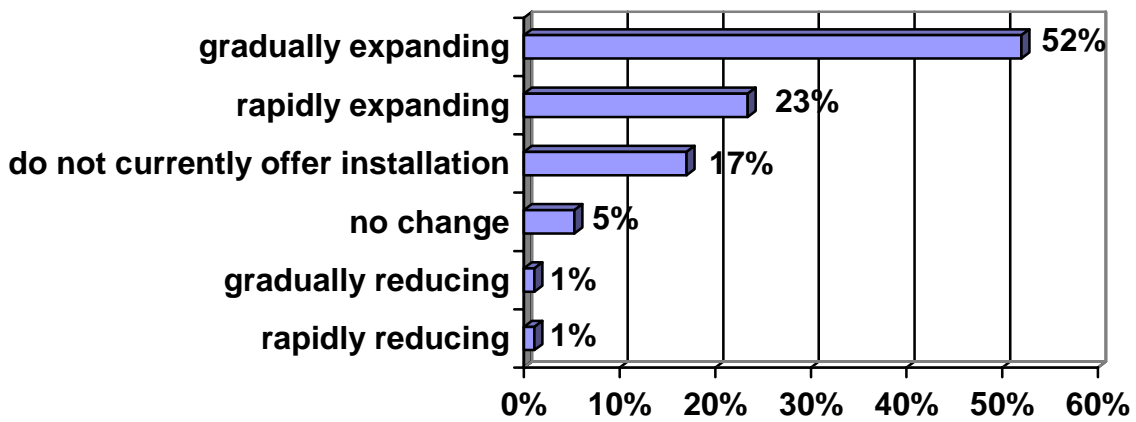
34% of ProSales 100 Forecast a Shift in Customer Base



7. In the next five years, how do you envision the installation services portion of your business evolving?

Fifty-two percent (52%) of the ProSALES 100 said they envision installation services gradually expanding over the next five years.

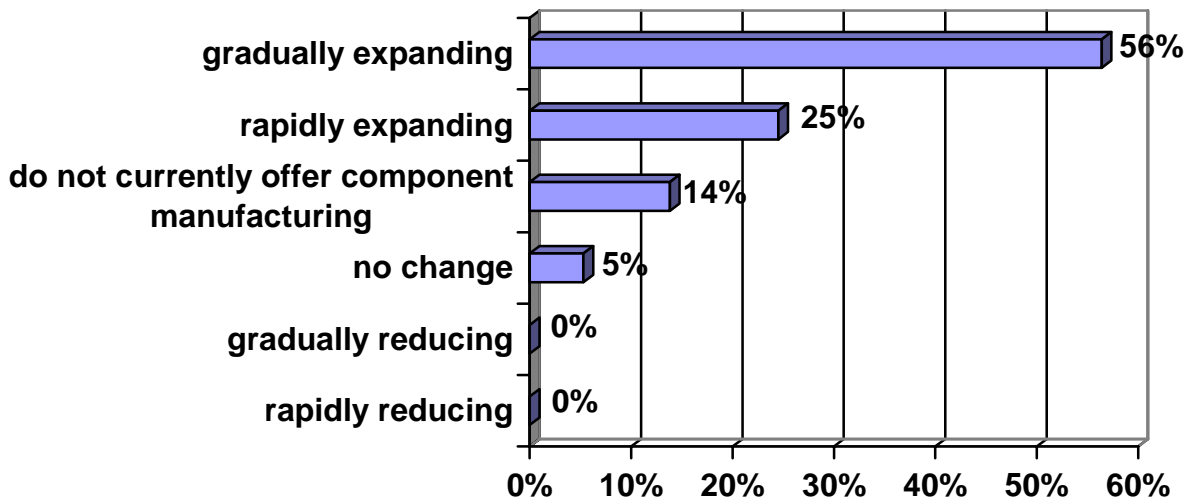
ProSales 100 Continue to Grow Installed Sales



8. In the next five years, how do you envision the component manufacturing portion of your business evolving?

Fifty-six percent (56%) of the PROSALES 100 envision the component manufacturing portion of their business gradually expanding over the next five years.

Component Manufacturing to Play Larger Role



9. Please indicate which of the following services you offer or are planning to offer for your customers.

Ninety-five percent (95%) of the PROSALES 100 offer blueprint takeoffs, followed by same-day delivery (94%), and showrooms (91%).

Service	Already offer	Future plans to offer	No plans to offer
Blueprint takeoffs	95%	2%	3%
Same-day delivery	94%	2%	2%
Showrooms	91%	3%	6%
Volume discounts	79%	3%	12%
Rebates	75%	2%	19%
Installed sales	74%	8%	18%
Training programs	68%	12%	18%
Co-op advertising	59%	3%	34%
Construction services	51%	11%	31%
Financing programs	41%	16%	41%
Whole-house engineering	34%	26%	34%
Whole-house design	26%	23%	45%
Other	1%	0%	0%

10. Please indicate your company's installed sales program offerings in the following categories.

Fifty-four percent (54%) of the PROSALES 100 install windows, fifty percent (50%) install entry doors and cabinetry, and thirty-nine percent (39%) install interior doors. Involvement in installed sales is increasing across most product categories.

Product	Already offer	Future plans to offer	No plans to offer
Windows	54%	15%	27%
Entry doors	50%	16%	31%
Cabinetry	50%	12%	36%
Interior doors	39%	17%	37%
Molding/millwork	38%	14%	42%
Insulation	38%	14%	43%
Locksets/hardware	37%	21%	35%
Framing	35%	15%	45%
Siding	31%	17%	47%
Shelving	30%	19%	44%
Roof trusses	30%	16%	47%
Floor trusses	30%	16%	47%
Wall panels	27%	20%	47%
Stairs	25%	20%	47%
Decking	24%	13%	56%
Roofing	17%	14%	62%
Mirrors	14%	17%	59%
Other	7%	0%	0%

11. Does your company manufacture or plan to manufacture the following components?

Seventy-four percent (74%) of PROSALES 100 offer pre-hung doors, followed by roof trusses (58%), and floor trusses (53%).

Product	Already offer	Future plans to offer	No plans to offer
Pre-hung doors	74%	6%	20%
Roof trusses	58%	12%	28%
Floor trusses	53%	12%	32%
Pre-hung windows	40%	5%	51%
Wall panels	38%	20%	39%
Pre-built stairs	21%	22%	54%
Assembled railings	14%	11%	67%

12. Please indicate which of the following online/e-commerce services you offer or are planning to offer to your customers.

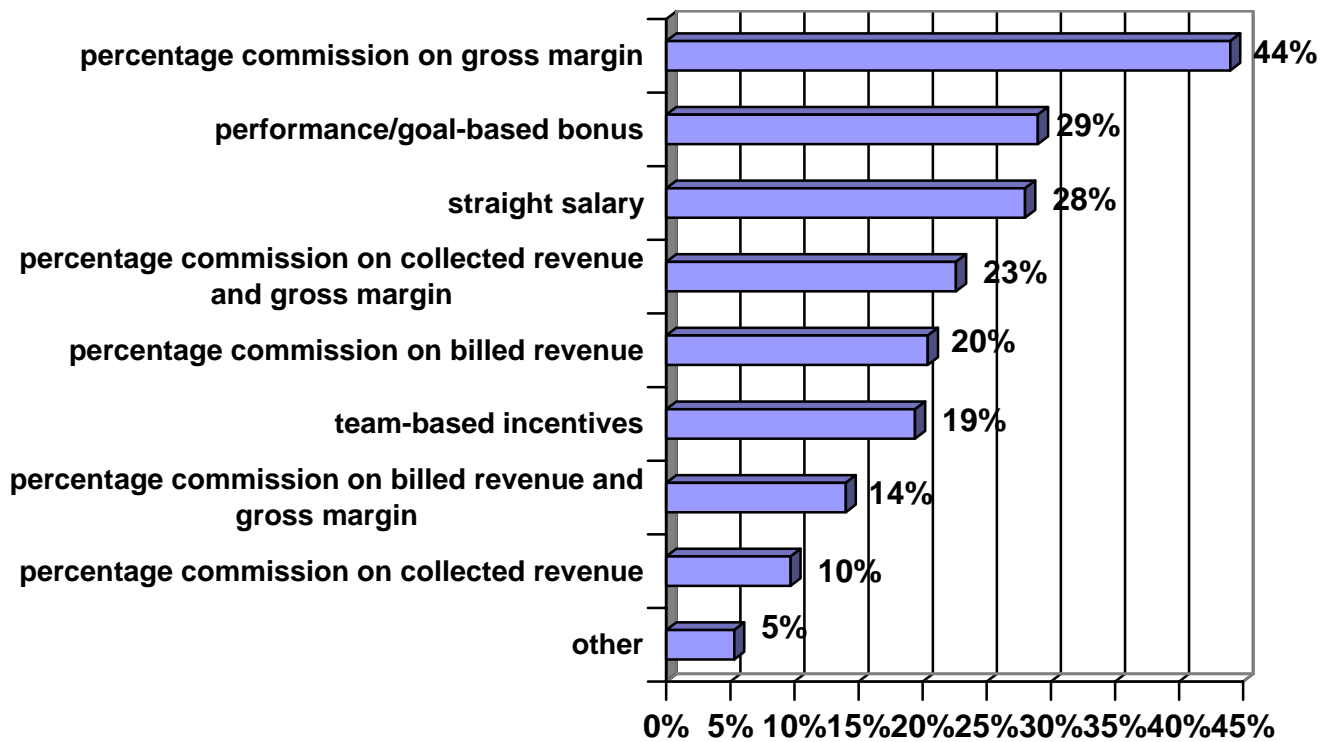
Ninety-two percent (92%) of the PROSALES 100 already have a corporate Web site, 38% offer electronic data interchange and 30% offer customer account access.

Product	Already offer	Future plans to offer	No plans to offer
Corporate Web site	92%	6%	2%
Electronic data interchange	38%	42%	17%
Customer account access	30%	46%	22%
Online inventory/pricing	16%	47%	32%
Online invoicing	16%	48%	30%
Order tracking	12%	61%	23%
Online purchase orders	12%	55%	27%
Online payment	8%	54%	33%

13. How is your sales compensation system structured?

Forty-four percent (44%) of the PROSALES 100 said their sales compensation package is based on a percentage commission on gross margin, followed by performance/goal-based bonus (29%), and straight salary (28%).

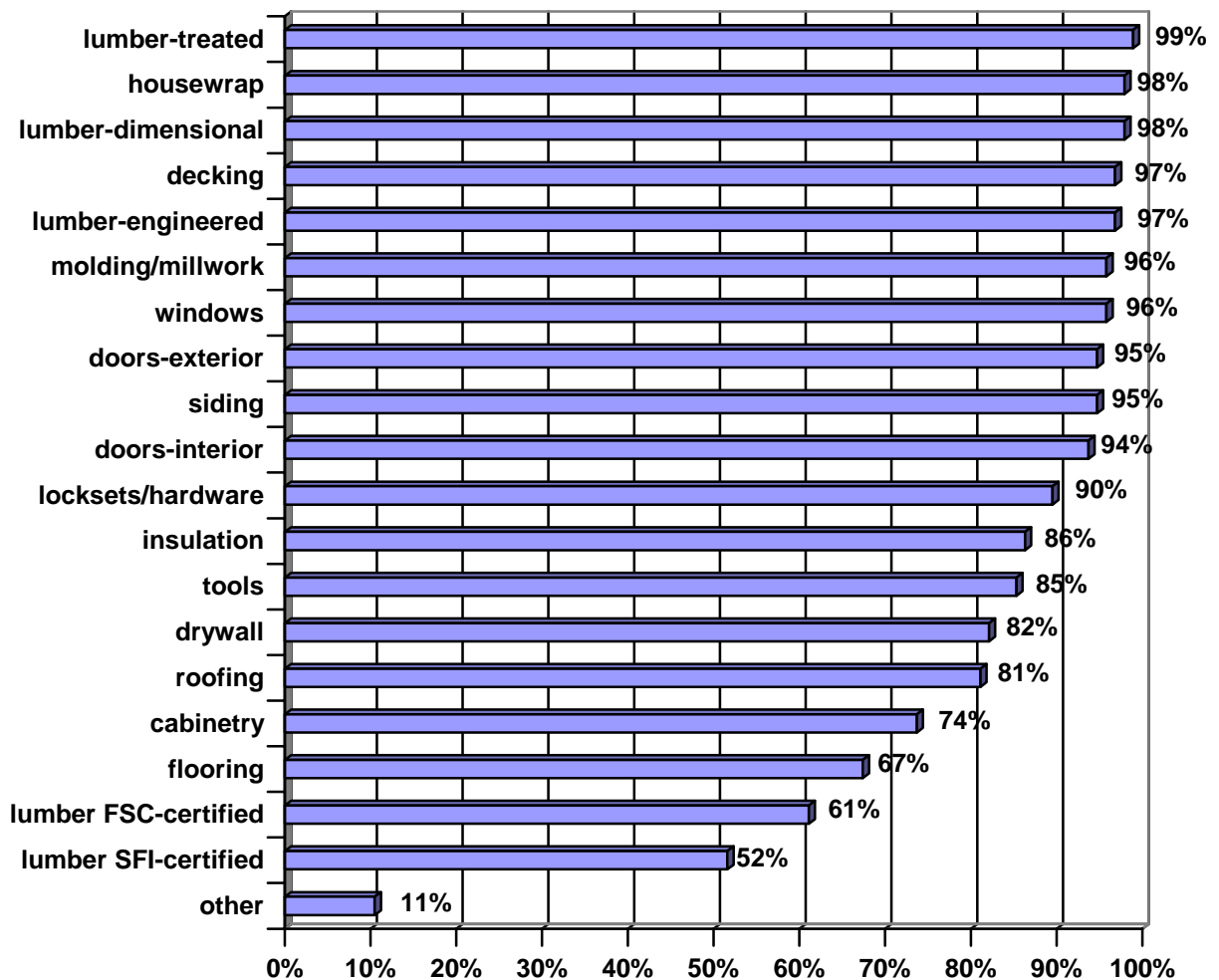
Sales Compensation Is Results Based (multiple answers allowed)



14. Which of the following product categories does your company sell?

The top product categories sold by the PROSALES 100 are lumber-treated (99%), followed by housewrap and lumber-dimensional (98% each), and decking and lumber-engineered (97% each).

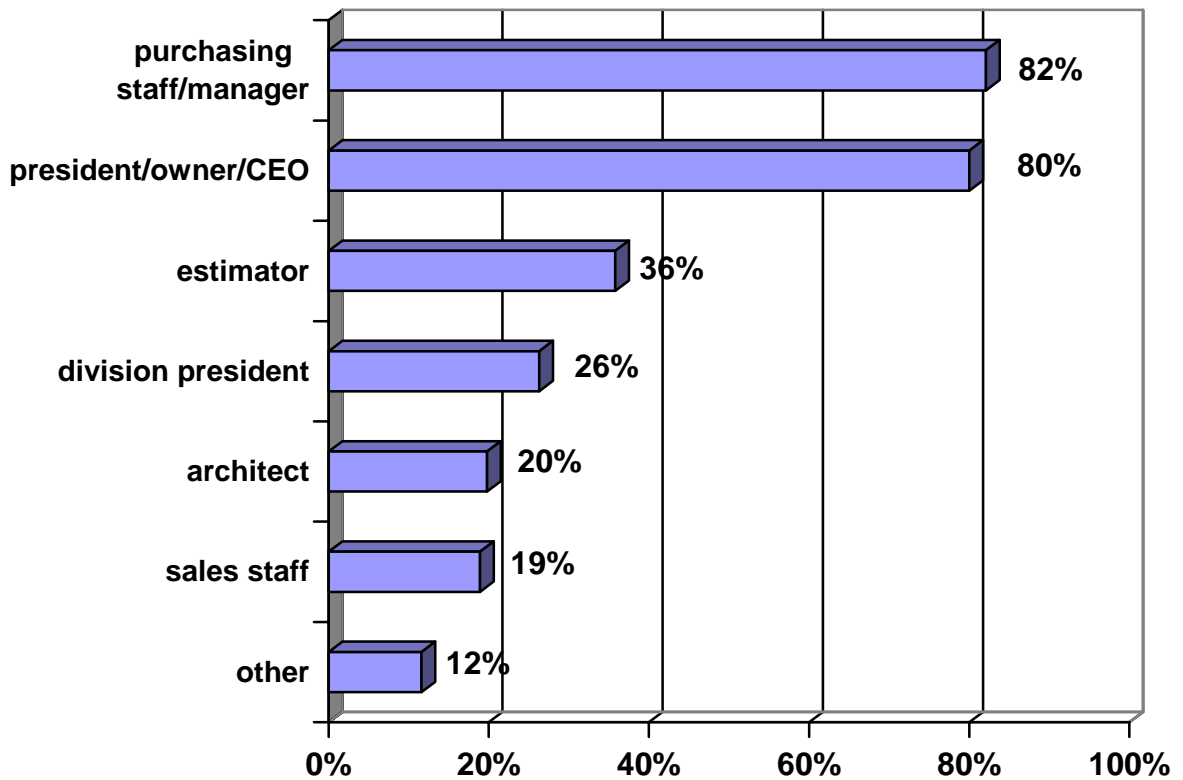
Dealers Sell a Wide Variety of Products



15. Within your customers' organizations, which job functions have the most influence on purchasing decisions?

Eighty-two (82%) of the PROSALES 100 said that the purchasing staff/manager has the most influence on purchasing decisions, followed by president/owner/CEO (80%), and estimator (36%).

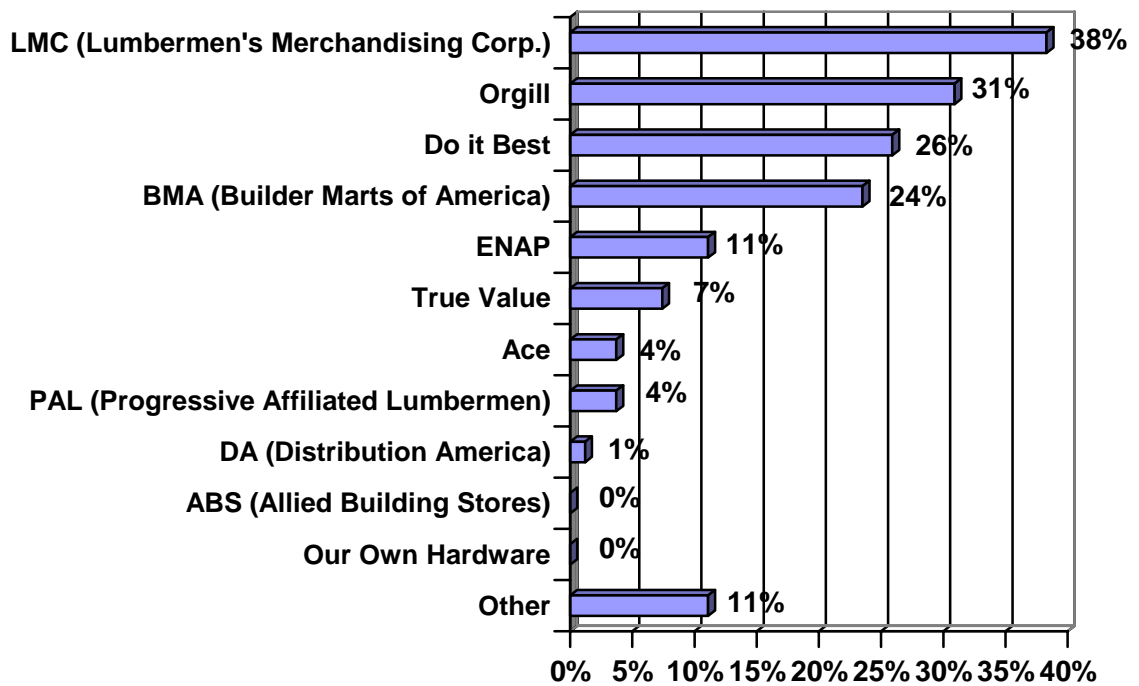
Purchasing Authority



16. To which of the following buying groups (co-ops) does your firm belong?

Thirty-eight percent (38%) of the PROSALES 100 belong to LMC (Lumbermens Merchandising Corp.) followed by Orgill (31%), and Do it Best (26%).

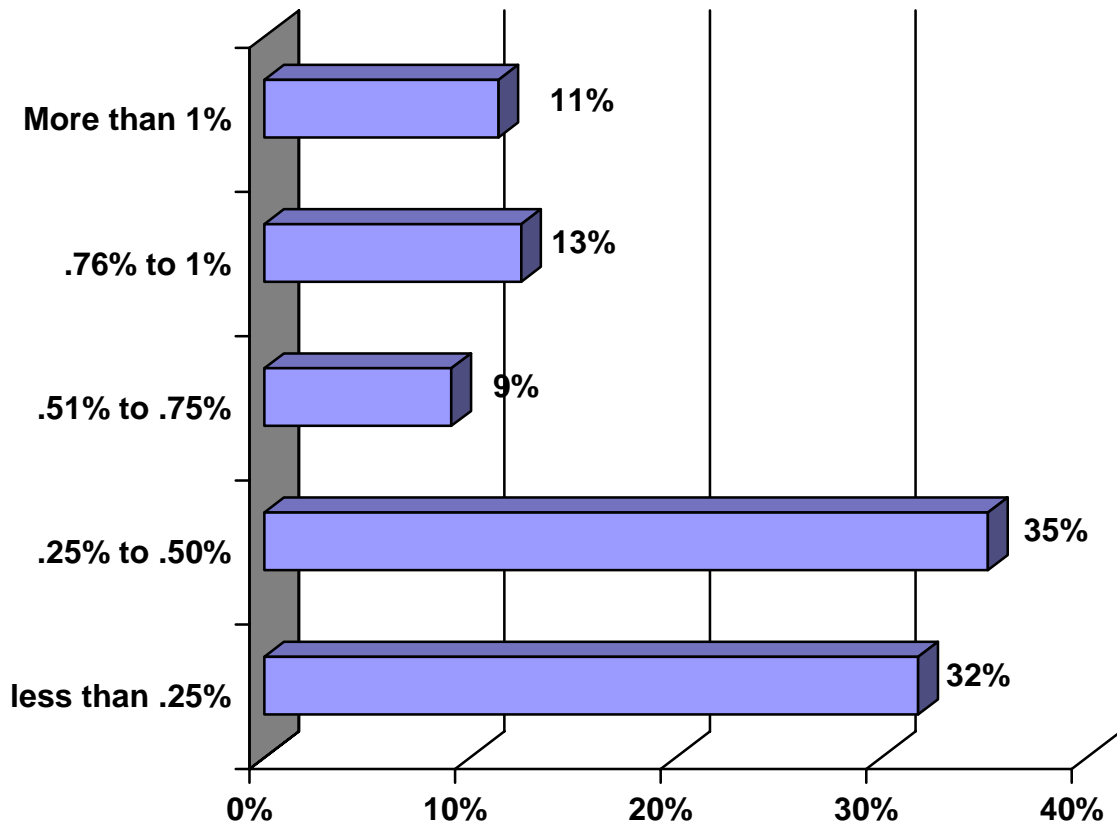
Buying Group Membership



17. What percentage of sales do you plan to spend on technology during the next year?

Thirty-five percent (35%) of the PROSALES 100 said they will allocate .25% to .50% on technology during the next year, followed by less than .25% (32%).

Technology Budgets as a Percentage of Revenue



2007 ProSales 100 Survey



Please complete and return by February 9, 2007.

Fax to: Chris Wood, executive editor, PROSALES, Fax: 202.785.1974

Or mail to: Chris Wood, PROSALES, One Thomas Circle, NW,
Suite 600, Washington, DC 20005

Questions: Call: 415.315.1241 ext. 307 E-mail: cwood@hanleywood.com

Information provided in this box will be used to compile the PROSALES 100 listing, which will be published in the May 2007 issue of PROSALES.

Company Information (please correct if different from label above)

company: _____
address: _____
city/state/zip: _____
phone: _____
fax: _____
Web site: _____
primary contact for survey: _____
title: _____
e-mail: _____

Vital Statistics

total estimated **2006** gross sales (in millions): _____
total **2005** gross sales (in millions): _____
percent of **2006** sales made directly to pro contractors (e.g. builders/remodelers): _____
number of locations in January **2007** (including distribution and manufacturing facilities): _____
number of locations in January **2006** (including distribution and manufacturing facilities): _____
total number of company-wide employees: _____
total number of outside salespeople: _____
primary business emphasis (choose only one)
 professional dealer/lumberyard with manufacturing capabilities wholesale distributor
 professional dealer/lumberyard without manufacturing capabilities specialty distributor

2007 ProSales 100 Annual Survey of Leading Construction Suppliers

Your company's individual responses to the following questions will be kept strictly **confidential**. We will use them only to compile a statistical overview of the entire group of PROSALES 100 companies.

1) How many new facilities (yards, manufacturing, etc.) did your company open, acquire, sell, or close in 2006?

____open ____acquire ____sell ____close

2) How many new facilities (yards, manufacturing, etc.) does your company plan to open, acquire, sell, or close in 2007?

____open ____acquire ____sell ____close

3) What are your company's expansion plans for the next five years? (please check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> plan to expand within the same geographical region | <input type="checkbox"/> plan to expand internationally |
| <input type="checkbox"/> plan to expand into another geographical region | <input type="checkbox"/> plan to expand into commercial supply |
| <input type="checkbox"/> plan to expand nationally | <input type="checkbox"/> no plans to expand |
| <input type="checkbox"/> plan to expand into infill supply | |

4) Do you promote and sell "green" or sustainable building materials?

yes no

5) On average, what percentage of your sales (either directly or through subcontractors) does each of following customer groups represent? (please ensure answers total 100%)

_____	single-family custom builders
_____	single-family production builders
_____	multifamily builders
_____	commercial builders
_____	remodelers
_____	building material dealers/lumberyards
_____	consumers/homeowners
_____	other: _____
100%	Total

6) Do you believe the types of customers you serve (e.g., remodelers, custom builders, etc.) will remain constant over the next five years?

yes no If no, what shifts do you expect? _____

7) In the next five years, how do you envision the installation services portion of your business evolving? (please check only one)

- | | | |
|--|---|--|
| <input type="checkbox"/> rapidly expanding | <input type="checkbox"/> gradually reducing | <input type="checkbox"/> no change |
| <input type="checkbox"/> gradually expanding | <input type="checkbox"/> rapidly reducing | <input type="checkbox"/> do not currently offer installation |

8) In the next five years, how do you envision the component manufacturing portion of your business evolving? (please check only one)

- | | | |
|--|---|---|
| <input type="checkbox"/> rapidly expanding | <input type="checkbox"/> gradually reducing | <input type="checkbox"/> no change |
| <input type="checkbox"/> gradually expanding | <input type="checkbox"/> rapidly reducing | <input type="checkbox"/> do not currently offer component manufacturing |

9) Please indicate which of the following services you offer or are planning to offer to your customers:

	<i>already offer</i>	<i>future plans to offer</i>	<i>no plans to offer</i>
blueprint takeoffs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
construction services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
co-op advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
volume discounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
financing programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
installed sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
rebates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
same-day delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
showrooms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
training programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
whole-house design	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
whole-house engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10) Please indicate your company's installed sales program offerings in the following categories:

	<i>already offer</i>	<i>future plans to offer</i>	<i>no plans to offer</i>
entry doors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
cabinetry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
decking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
floor trusses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
framing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
interior doors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
locksets/hardware	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
mirrors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
molding/millwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
roof trusses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
roofing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
shelving	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
siding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
stairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
wall panels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
windows	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
other _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11) Does your company manufacture or plan to manufacture the following components?

	<i>already offer</i>	<i>future plans to offer</i>	<i>no plans to offer</i>
assembled railings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
floor trusses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
pre-built stairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
pre-hung doors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
pre-hung windows	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
roof trusses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
wall panels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12) Please indicate which of the following online/e-commerce services you offer or are planning to offer to your customers:

	<i>already offer</i>	<i>future plans to offer</i>	<i>no plans to offer</i>
corporate Web site	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
customer account access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
electronic data interchange	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
order tracking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
online inventory/pricing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
online invoicing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
online payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
online purchase orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13) How is your sales compensation system structured? (please check all that apply)

- percentage commission on billed revenue
- percentage commission on collected revenue
- percentage commission on gross margin
- percentage commission on billed revenue and gross margin
- percentage commission on collected revenue and gross margin
- straight salary
- performance/goal-based bonus
- team-based incentives
- other _____

14) Which of the following product categories does your company sell? (please check all that apply)

- cabinetry
- decking
- doors—exterior
- doors—interior
- drywall
- flooring
- housewrap
- insulation
- locksets/hardware
- lumber—dimensional
- lumber—engineered
- lumber—FSC-certified
- lumber—SFI-certified
- lumber—treated
- molding/millwork
- roofing
- siding
- tools
- windows
- other _____

15) Within your customers' organizations, which job functions have the most influence on purchasing decisions? (please check all that apply)

- architect
- estimator
- president/owner/CEO
- division president
- purchasing staff/manager
- sales staff
- other _____

16) To which of the following buying groups (co-ops) does your firm belong? (please check all that apply)

- Do it Best
- True Value
- Orgill
- Ace
- BMA (Builder Marts of America)
- ABS (Allied Building Stores)
- Our Own Hardware
- ENAP
- PAL (Progressive Affiliated Lumbermen)
- LMC (Lumbermens Merchandising Corp.)
- DA (Distribution America)
- other _____

17) What percentage of sales do you plan to spend on technology during the next year?

- less than .25%
- .25% to .50%
- .51% to .75%
- .76% to 1%
- more than 1%

18) What major accomplishments did your company make in 2006?

19) What are your company's goals for 2007 and how do you plan to achieve them?

20) On which topics would you like to see more coverage in future issues of ProSALES?

21) On which topics would you be interested in attending future conferences produced by ProSALES?
