



2008 ProSales 100 Annual Survey of Leading Construction Suppliers

May 2008

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 2008 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 2007 gross sales by pro sales percentages.

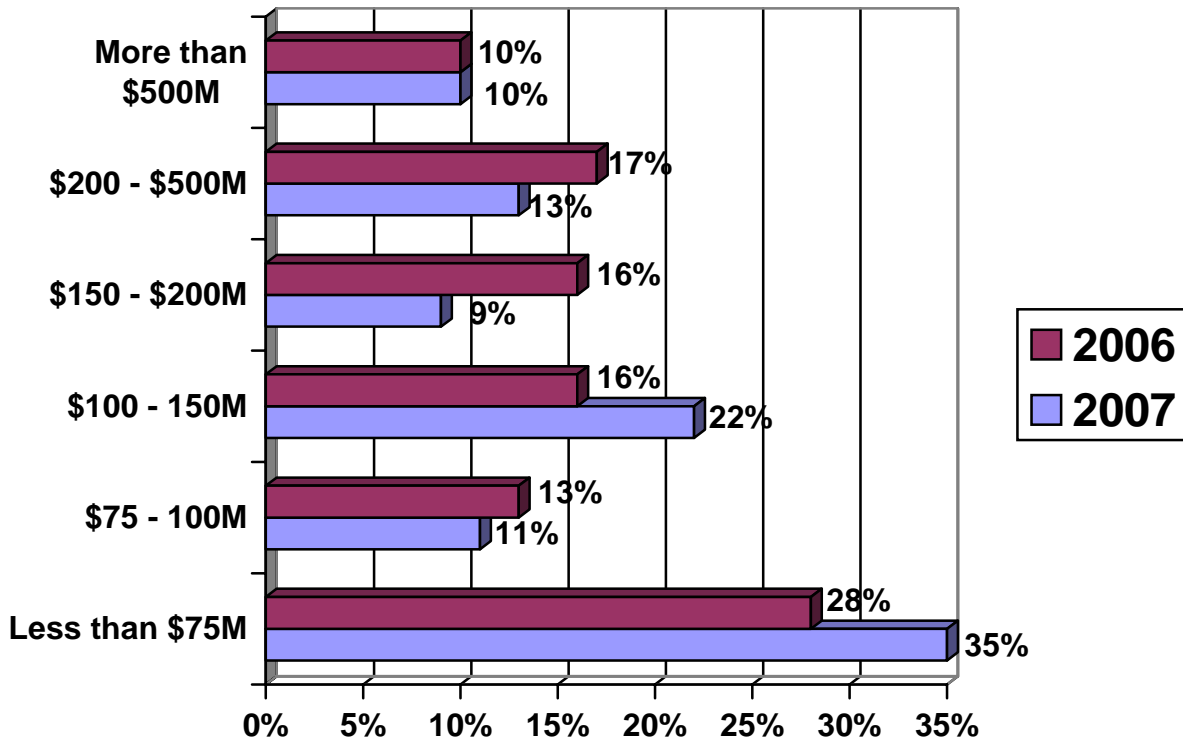
Data collection for the 2008 survey commenced in January with an initial survey set of approximately 230 firms with a baseline financial standing of \$30 million in gross sales. Members of the sample group received a survey mailing; some were contacted via phone to confirm interest in participation. In total, PROSALES received 108 unique usable survey responses for consideration.

VITAL STATISTICS

Estimated Gross Sales in 2007:

In 2007, the PROSALES 100 companies generated average annual sales of \$340 million, compared to \$395 million in 2006. Median gross sales were \$116 million in 2007, compared to \$134 million in 2006.

**2006 vs. 2007 ProSales 100
Revenue Comparison**



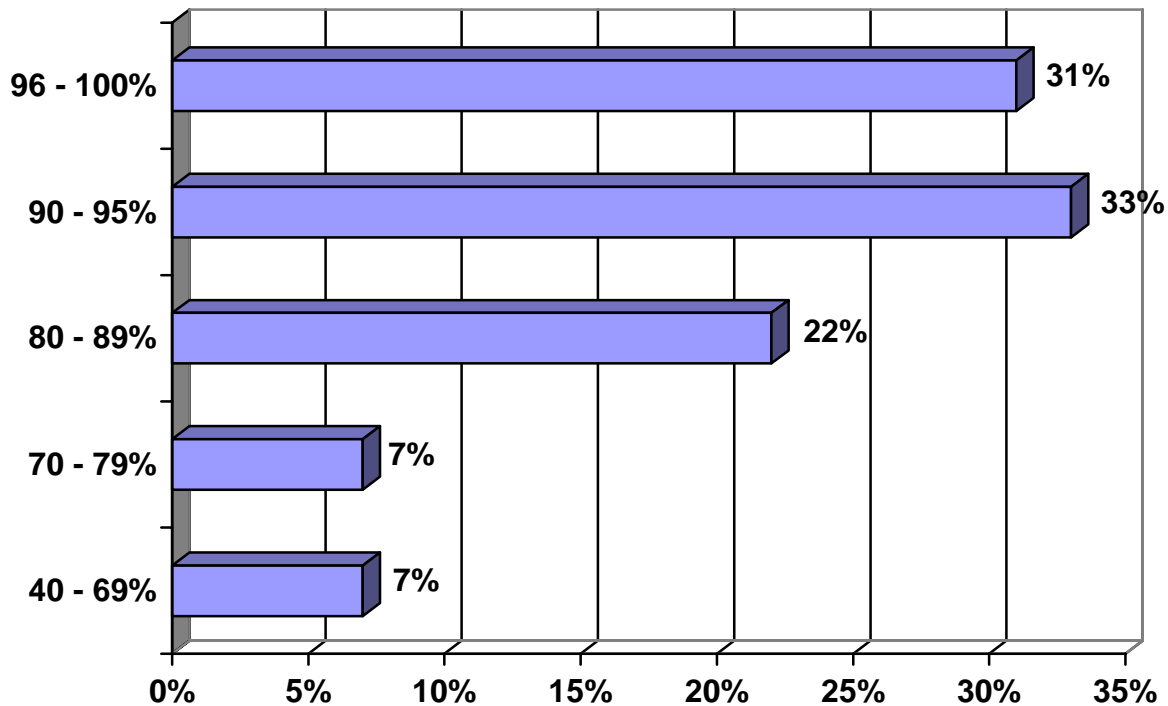
Total 2007 gross revenue for the PROSALES 100 was \$34 billion. There were 10 companies with gross revenues of \$500 million or more, accounting for 67% of the total revenue.

VITAL STATISTICS (cont.)

Percent of 2007 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 three percent (93%) of the PROSALES 100 sell at least seventy percent (70%) of their materials/products to pro customers.

Percent of Sales to Professionals

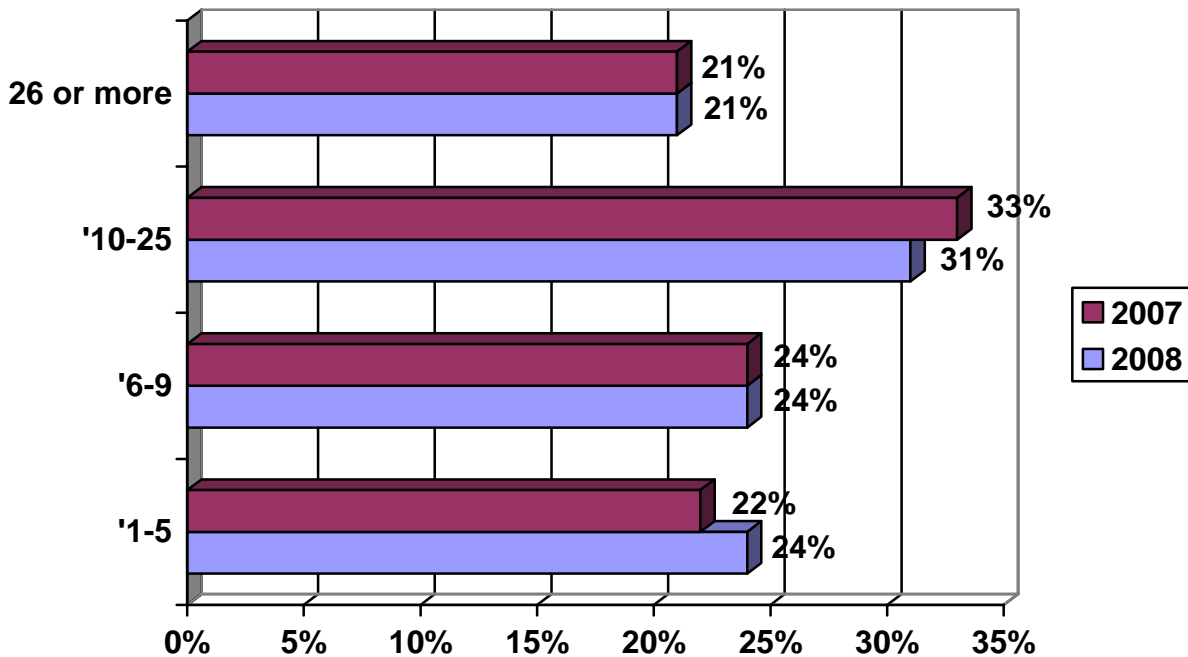


VITAL STATISTICS (cont.)

Number of locations 2008:

In 2008, the PROSALES 100 companies operate an average of 37 locations each, compared to 36 in 2007. Median number of locations is 10 in both 2007 and 2008.

**2007 vs. 2008 ProSales 100
Locations Comparison**



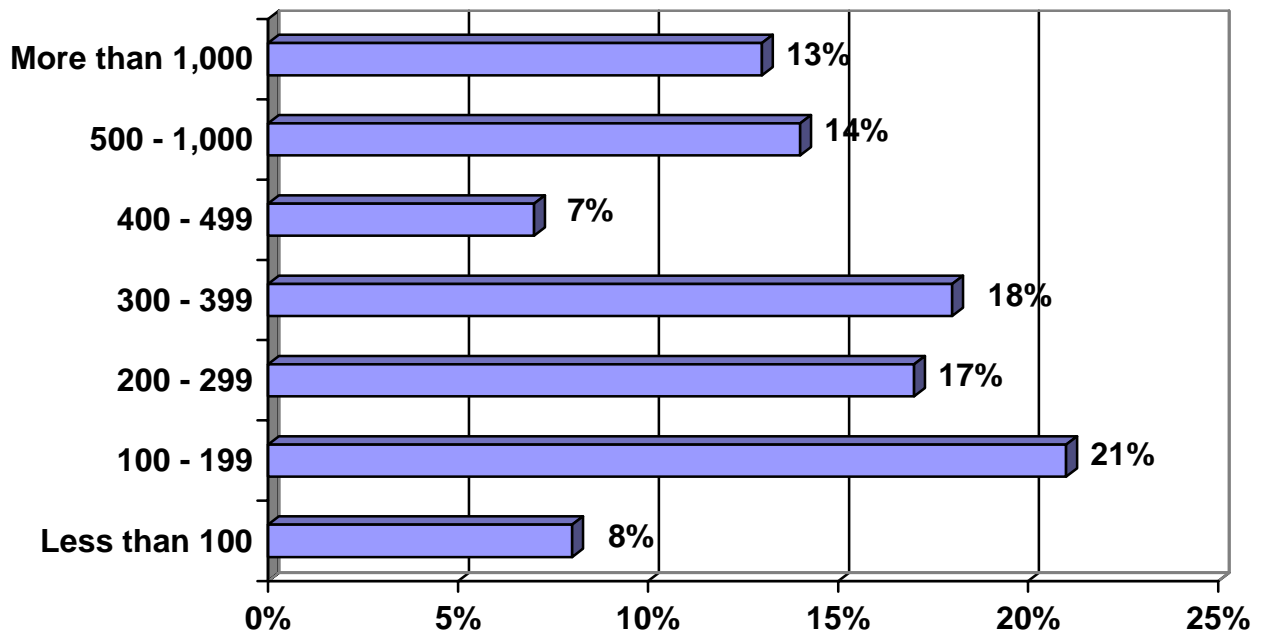
Pro-Build, number 1 on the list of the PROSALES 100, reported the greatest number of locations with 563.

VITAL STATISTICS (cont.)

Total number of company-wide employees:

The average number of employees of the PROSALES 100 is 1,013.

Number of Employees



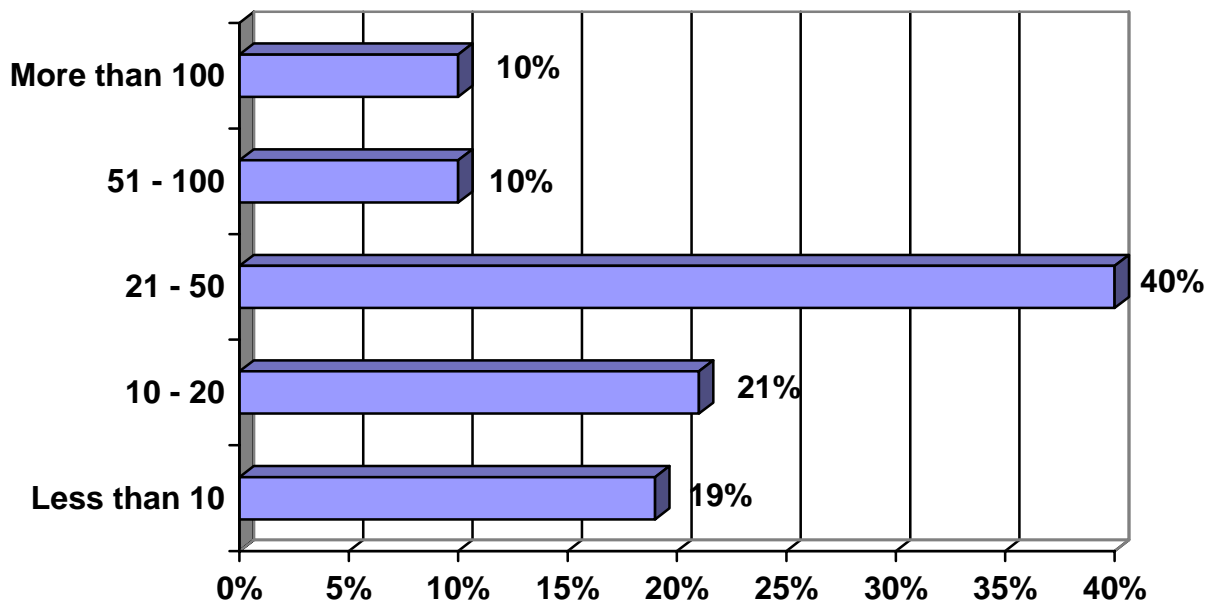
**Pro-Build has the largest number of employees with 15,000.
Learned Lumber has the least number of employees with 45.**

VITAL STATISTICS (cont.)

Total number of outside salespeople:

The average number of outside salespeople of the PROSALES 100 is 101.

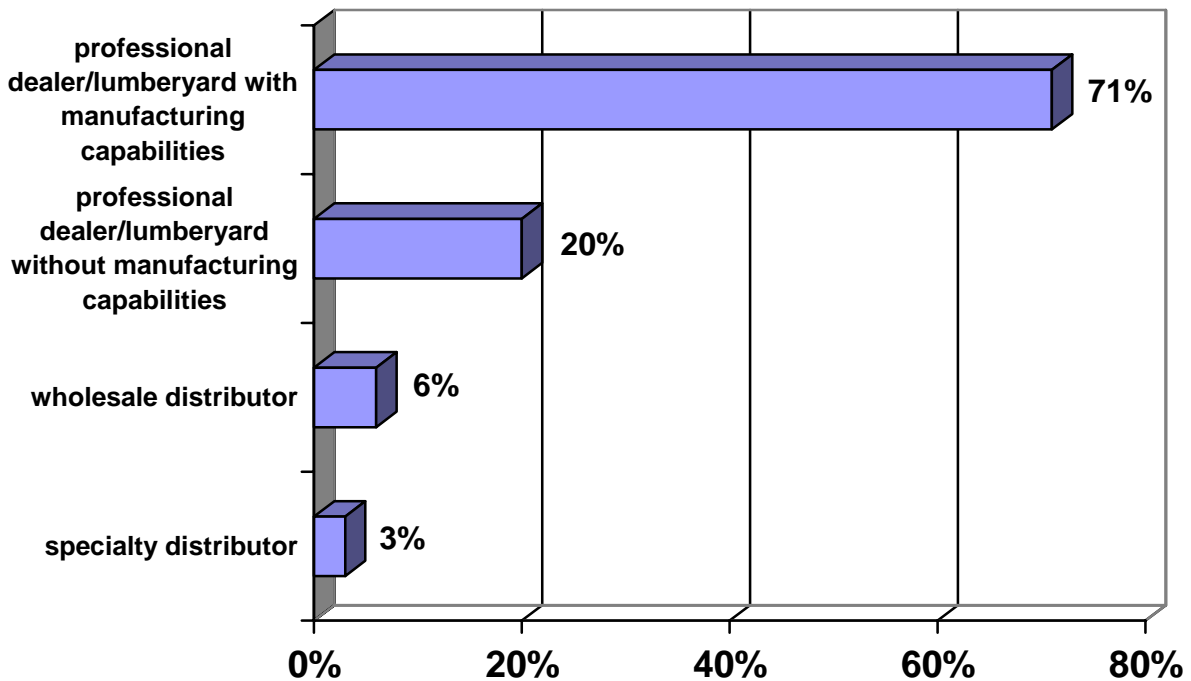
Number of Outside Salespeople



VITAL STATISTICS (cont.)

Primary business emphasis:

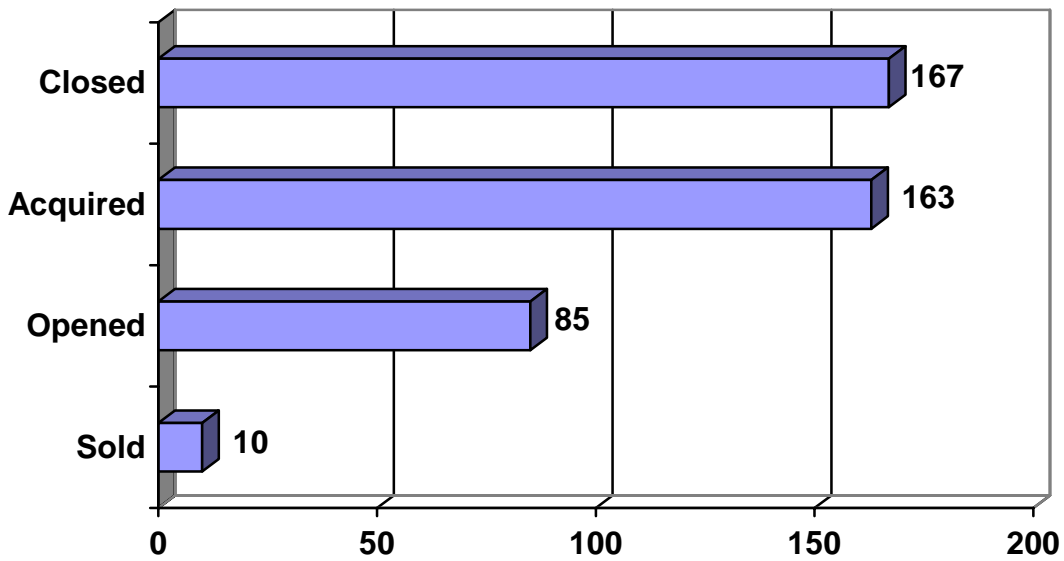
Most of the PROSALES 100 are professional dealers/lumberyards with manufacturing capabilities (71%).



1. How many new facilities (yards, manufacturing, etc.) did your company open, acquire, sell, or close in 2007?

One hundred sixty seven (167) facilities were closed, one hundred sixty three (163) were acquired and eighty five (85) were opened in 2007.

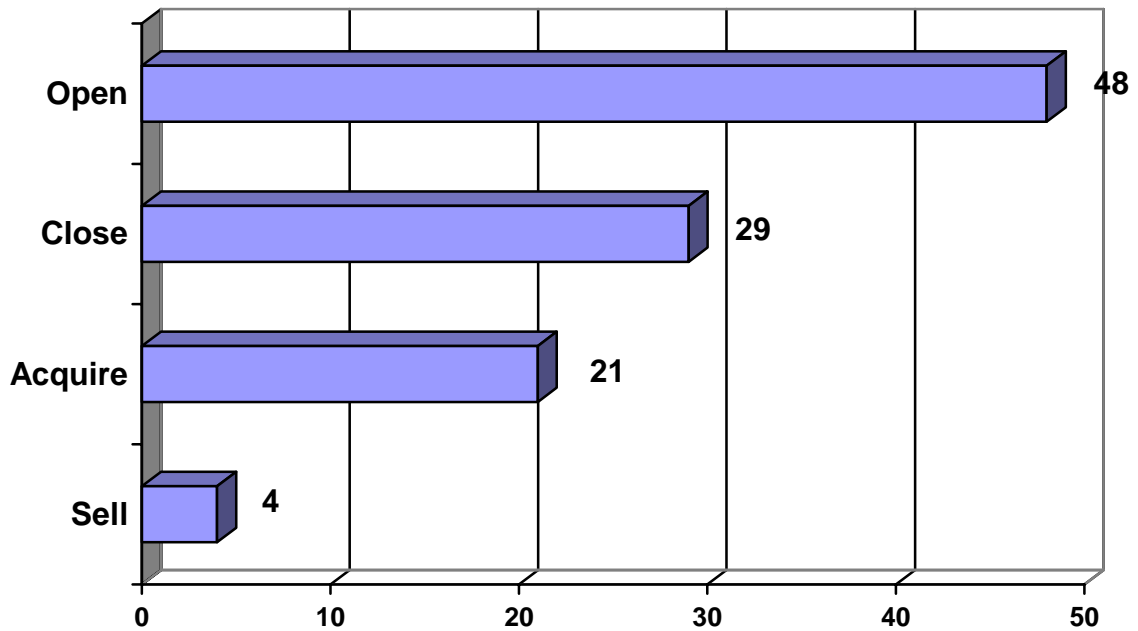
Number of Facilities Opened and Closed



2. How many new facilities (yards, manufacturing, etc.) does your company plan to open, acquire, sell, or close in 2008?

The PROSALES 100 plan to open forty-eight (48) facilities, close twenty nine (29) and acquire twenty one (21) facilities in 2008.

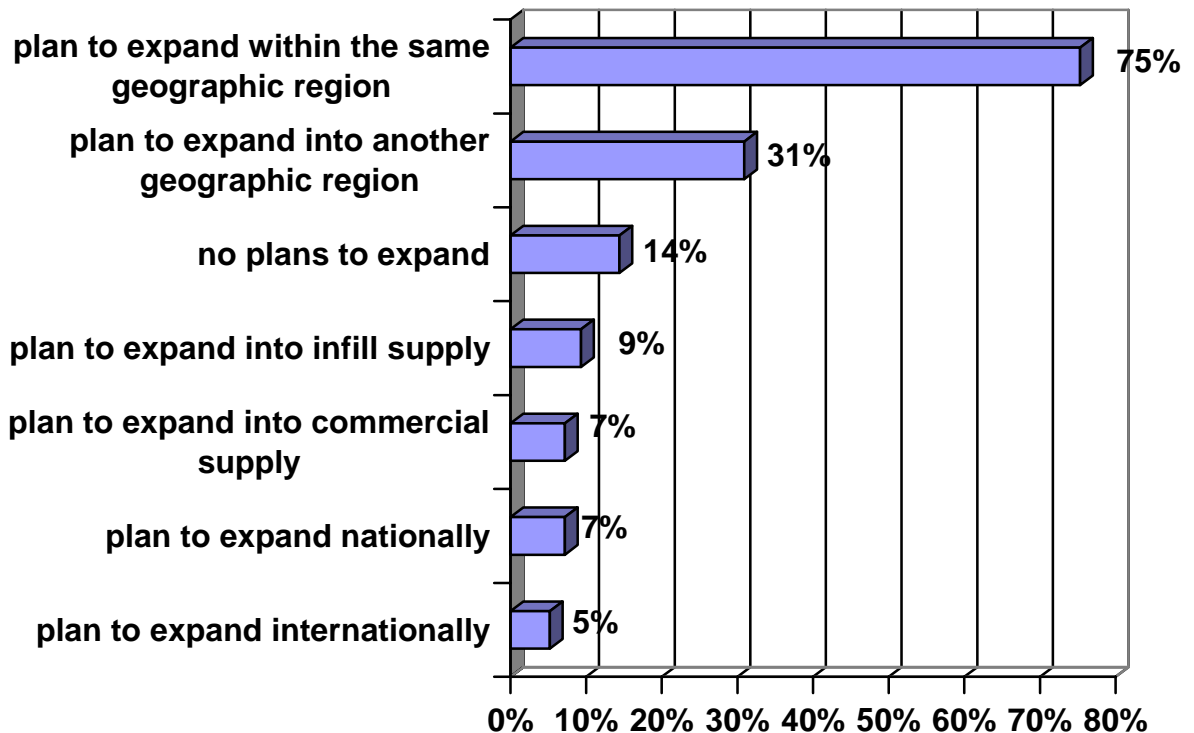
Number of New Facilities Planned



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

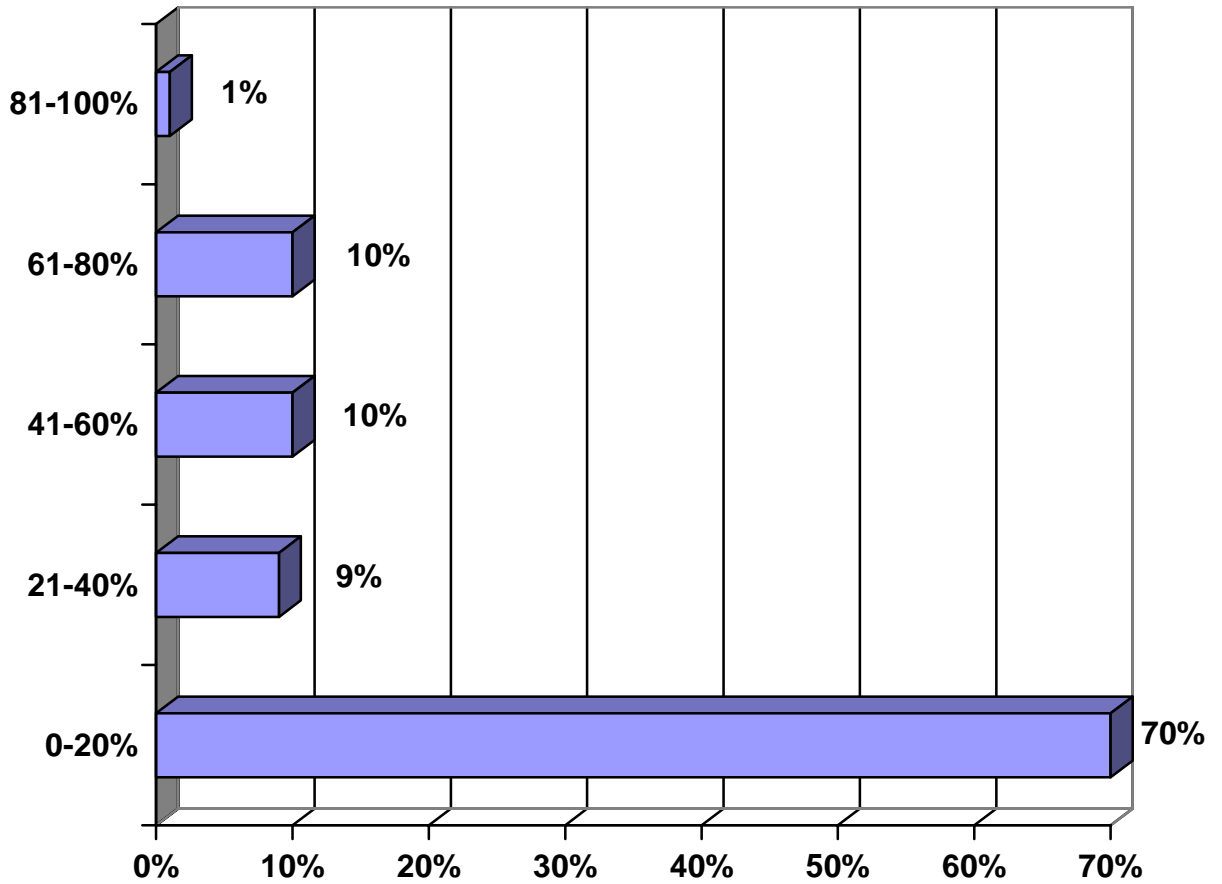
Seventy five percent (75%) of the PROSALES 100 plan to expand within the same geographic region, followed by plan to expand into another geographic region (31%), and no plans to expand (14%).

ProSales 100 Expansion Plans



4. What percentage of your overall sales are “green” or sustainable building materials?

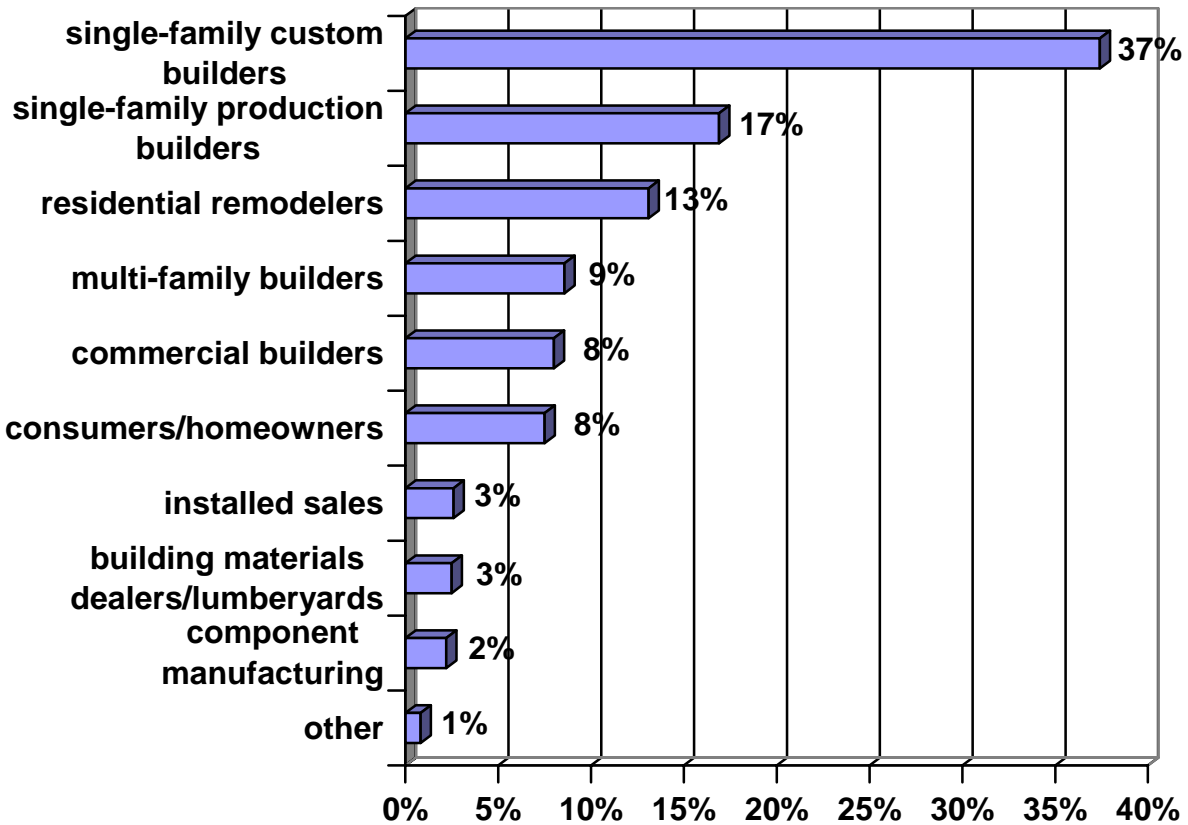
Seventy percent (70%) of The PROSALES 100 overall sales of “green” or sustainable building materials is between 0-20%.



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 37% of their sales come from single-family custom builders, followed by single-family production builders (17%), and residential remodelers (13%).

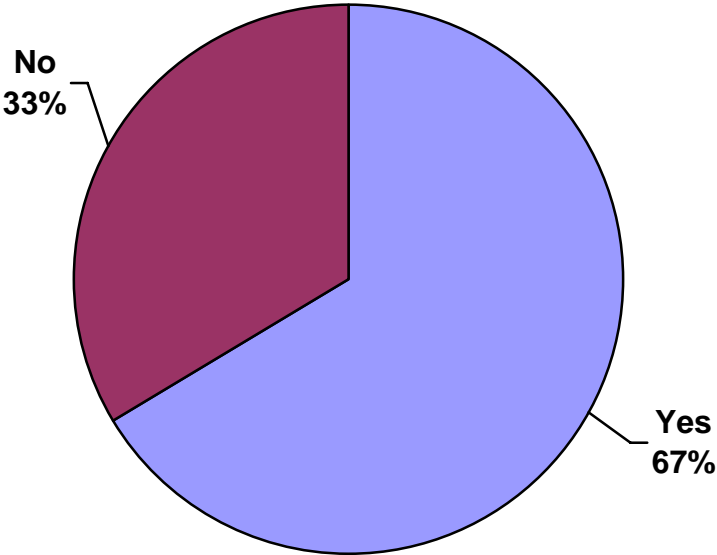
ProSales 100 Depend on Average Size Builders



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 seven percent (67%) of the PROSALES 100 said the types of customers they serve will remain constant over the next five years.

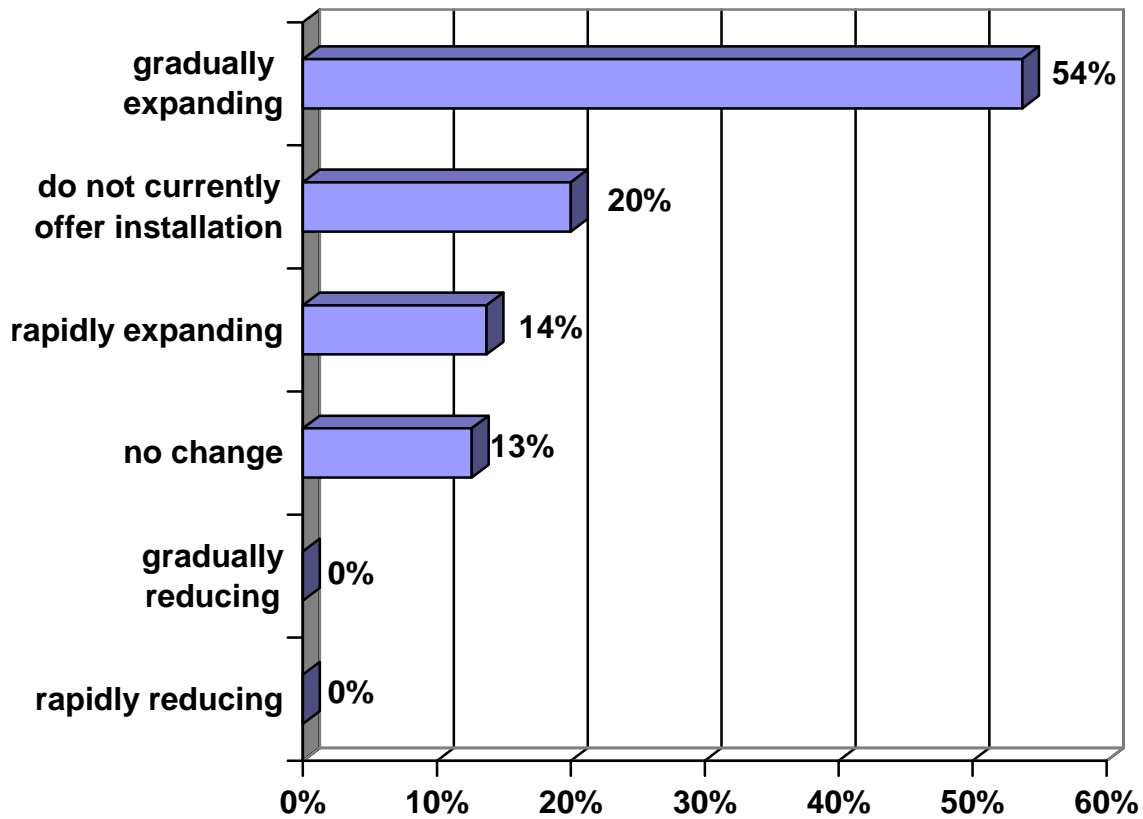
33% of ProSales 100 Forecast a Shift in Customer Base



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

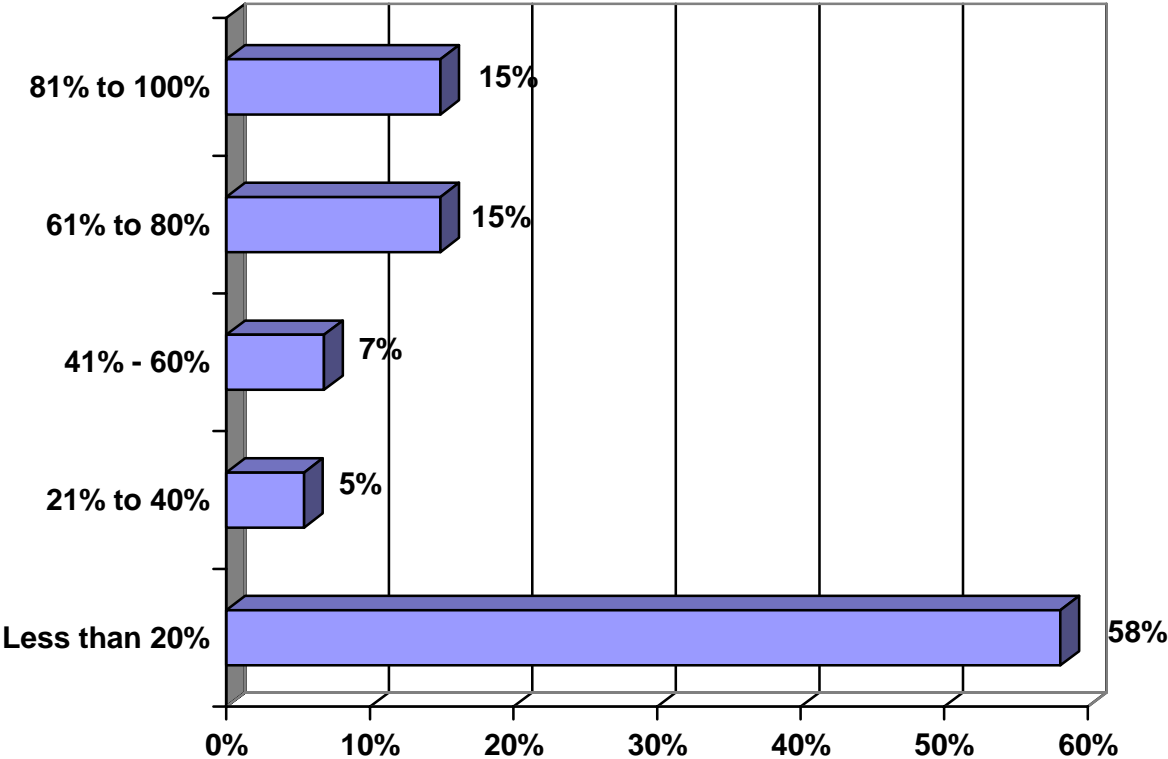
Fifty four percent (54%) of the PROSALES 100 said they envision installation services gradually expanding over the next five years.

ProSales 100 Continue to Grow Installed Sales



8. What percentage of your installed sales crew are full-time employees?

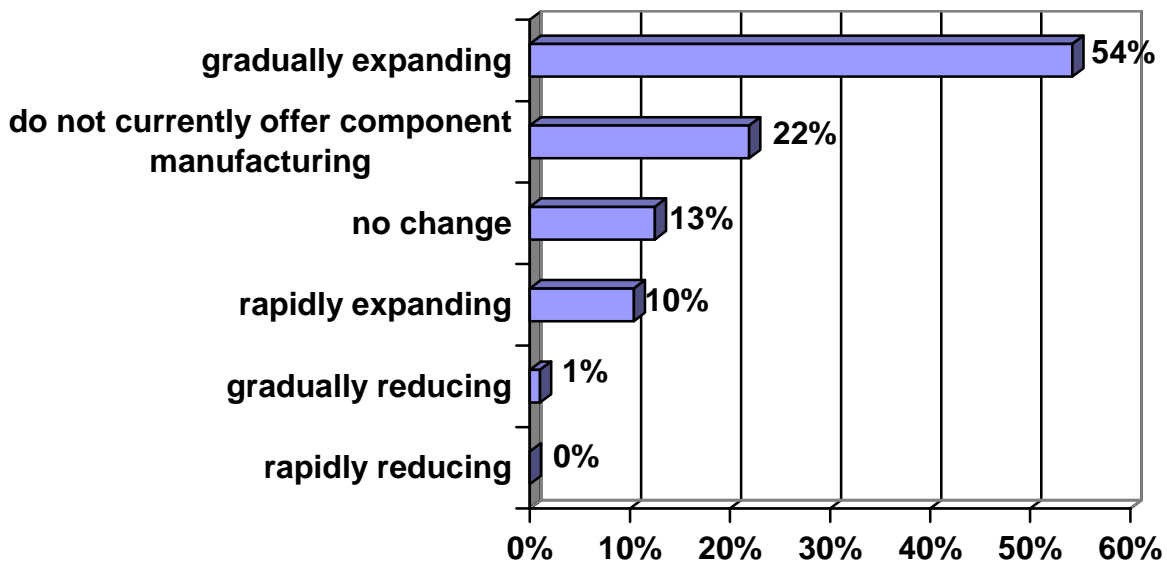
Fifty eight percent (58%) of The PROSALES 100 said that less than 20% of their installed sales crew are full-time employees.



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

Fifty four percent (54%) 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



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

Ninety four percent (94%) of the PROSALES 100 already offer blueprint takeoffs, same-day delivery and showrooms.

Service	Already offer	Future plans to offer	No plans to offer
Blueprint takeoffs	94%	1%	3%
Same-day delivery	94%	1%	4%
Showrooms	94%	1%	4%
Volume discounts	90%	1%	7%
Training programs	72%	13%	12%
Installed sales	69%	4%	26%
Co-op advertising	68%	0%	29%
Rebates	67%	2%	28%
Financing programs	49%	9%	40%
Construction services	46%	10%	40%
Whole-house design	34%	19%	43%
Whole-house engineering	31%	23%	43%
Other	3%	0%	0%

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

Fifty three percent (53%) of the PROSALES 100 installed sales program offerings include cabinetry, followed by entry doors and windows (50% each), and insulation (37%). Involvement in installed sales is increasing across most product categories.

Product	Already offer	Future plans to offer	No plans to offer
Cabinetry	53%	4%	35%
Entry doors	50%	9%	36%
Windows	50%	13%	32%
Insulation	37%	7%	50%
Locksets/hardware	34%	17%	40%
Interior doors	33%	16%	45%
Framing	32%	10%	53%
Bathroom vanities	32%	8%	51%
Molding/millwork	32%	11%	50%
Siding	31%	7%	55%
Roof trusses	30%	7%	56%
Floor trusses	28%	7%	58%
Shelving	27%	13%	52%
Decking	25%	8%	61%
Wall panels	25%	13%	56%
Stairs	24%	10%	60%
Mirrors	22%	8%	62%
Roofing	19%	9%	65%
Other	9%	0%	1%

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

Sixty three percent (63%) of PROSALES 100 offer pre-hung doors, followed by roof trusses (51%), and floor trusses (44%).

Product	Already offer	Future plans to offer	No plans to offer
Pre-hung doors	63%	3%	33%
Roof trusses	51%	6%	41%
Floor trusses	44%	9%	44%
Wall panels	33%	16%	49%
Pre-built stairs	24%	13%	60%
Assembled railings	17%	5%	73%

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

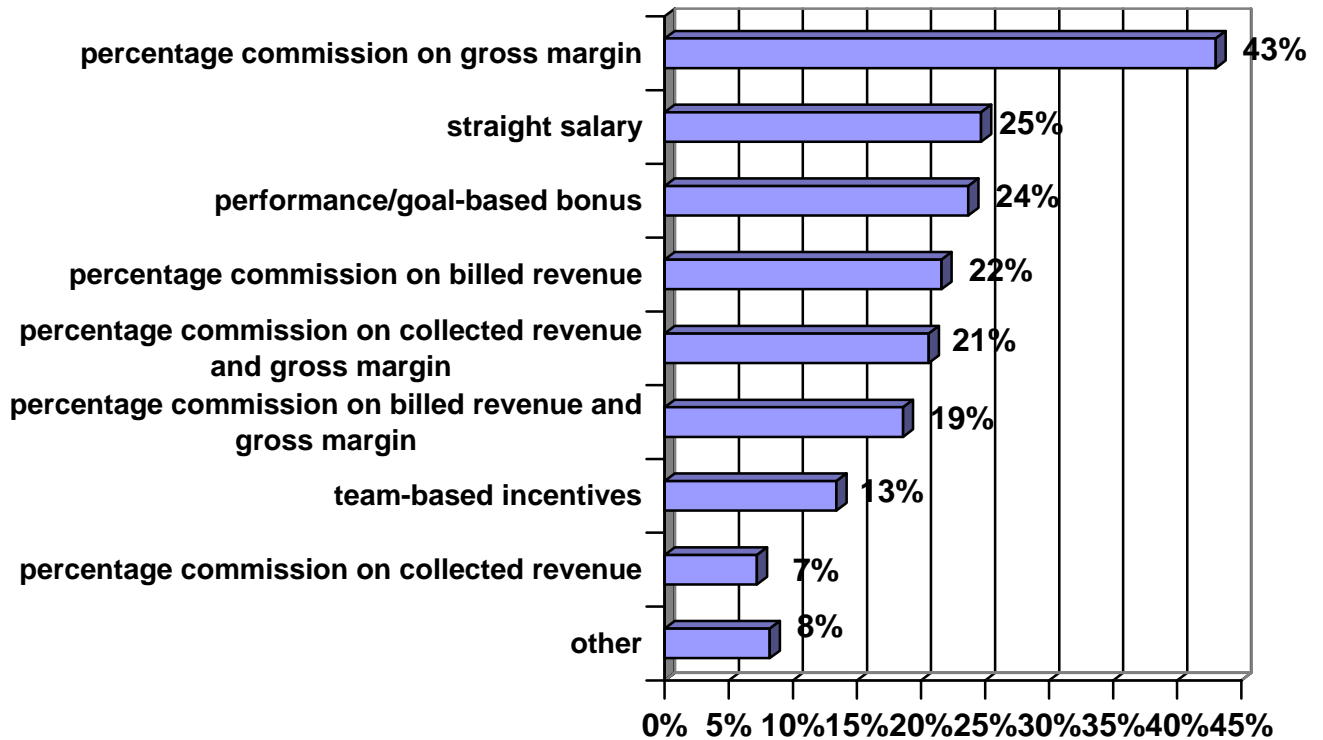
Eighty nine percent (89%) of the PROSALES 100 already have a corporate Web site, 35% offer electronic data interchange and 34% offer customer account access.

Product	Already offer	Future plans to offer	No plans to offer
Corporate Web site	89%	8%	0%
Electronic data interchange	35%	39%	22%
Customer account access	34%	45%	20%
Online invoicing	22%	44%	28%
Order tracking	22%	52%	22%
Online inventory/pricing	21%	47%	28%
Online purchase orders	14%	56%	25%
Online payment	11%	52%	31%

14. How is your sales compensation system structured?

Forty three percent (43%) of the PROSALES 100 said their sales compensation package is based on a percentage commission on gross margin, followed by straight salary (25%), and performance/goal-based bonus (24%).

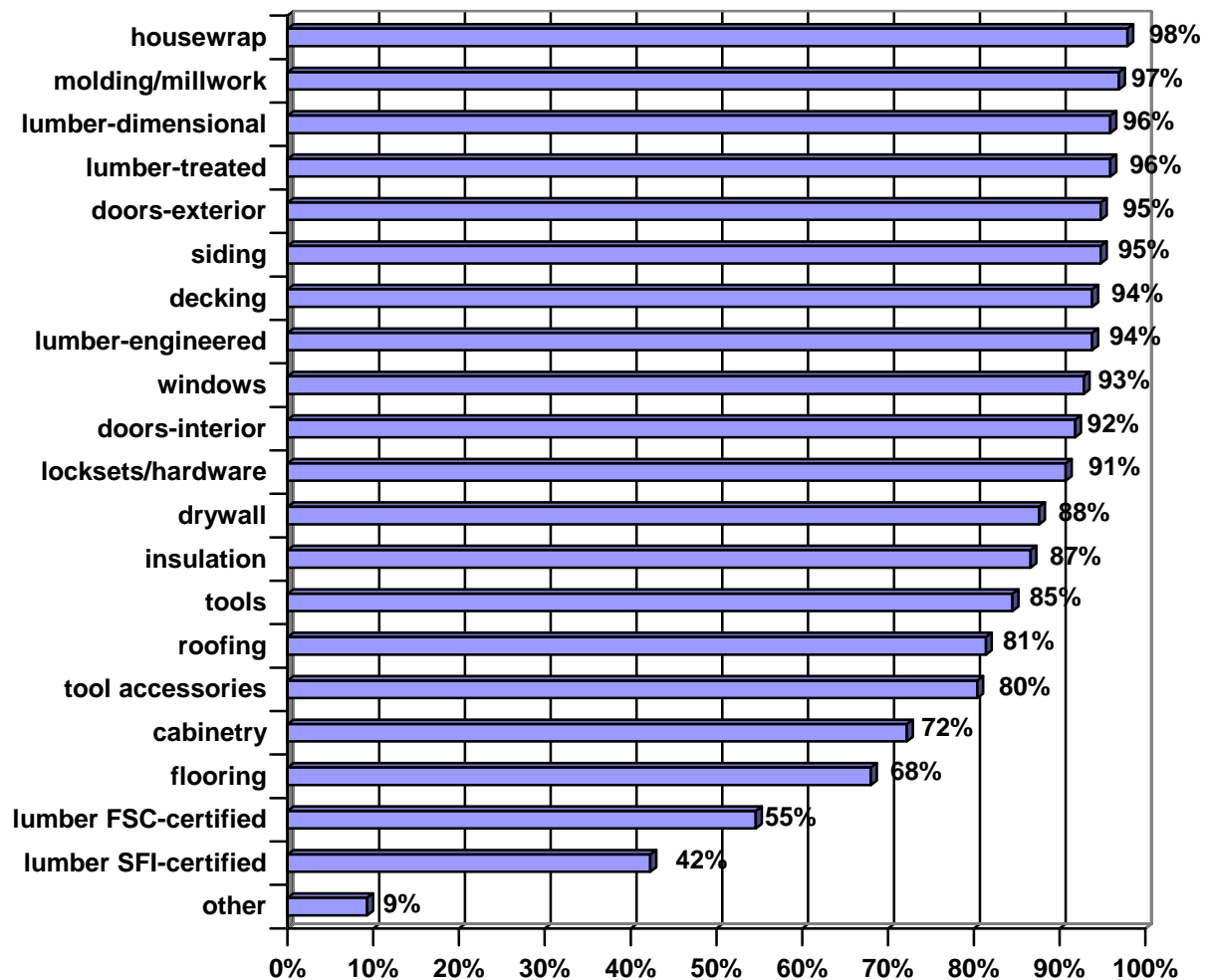
**Sales Compensation Is Results Based
(multiple answers allowed)**



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

The top product categories sold by the PROSALES 100 are housewrap (98%), followed by molding/millwork (97%) and lumber-dimensional and lumber-treated (96% each).

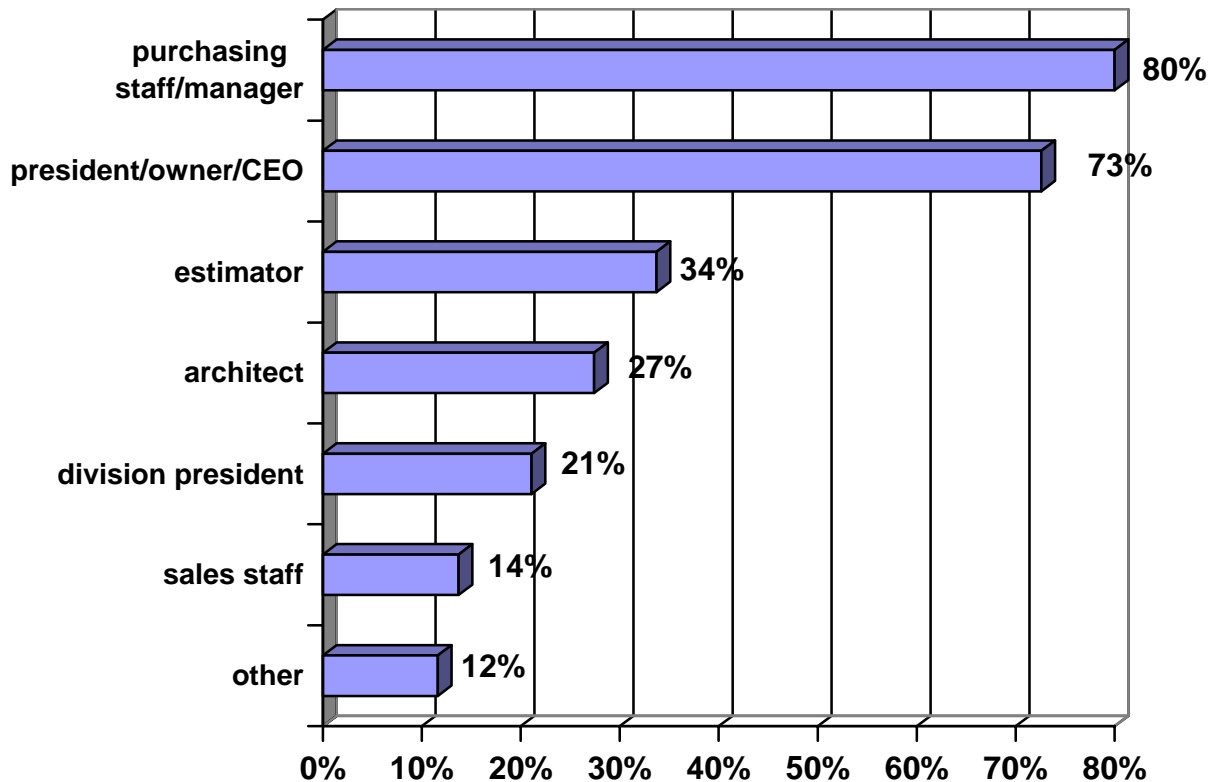
Dealers Sell a Wide Variety of Products



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

Eighty percent (80%) of the PROSALES 100 said that the purchasing staff/manager has the most influence on purchasing decisions, followed by president/owner/CEO (73%), and estimator (34%).

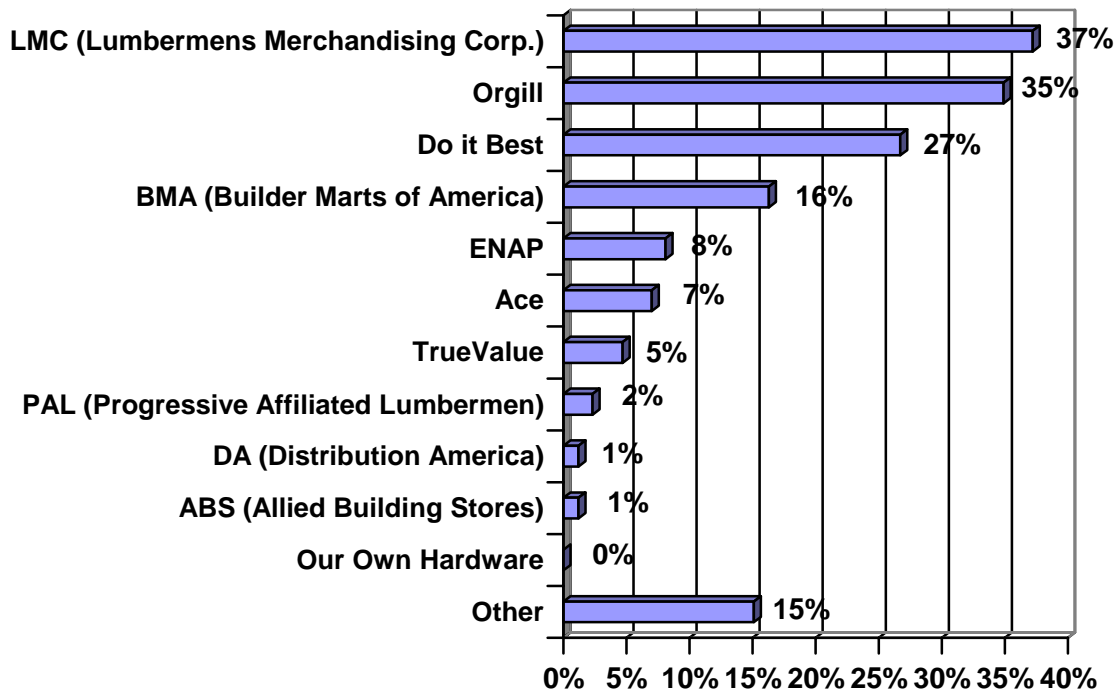
Purchasing Authority



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

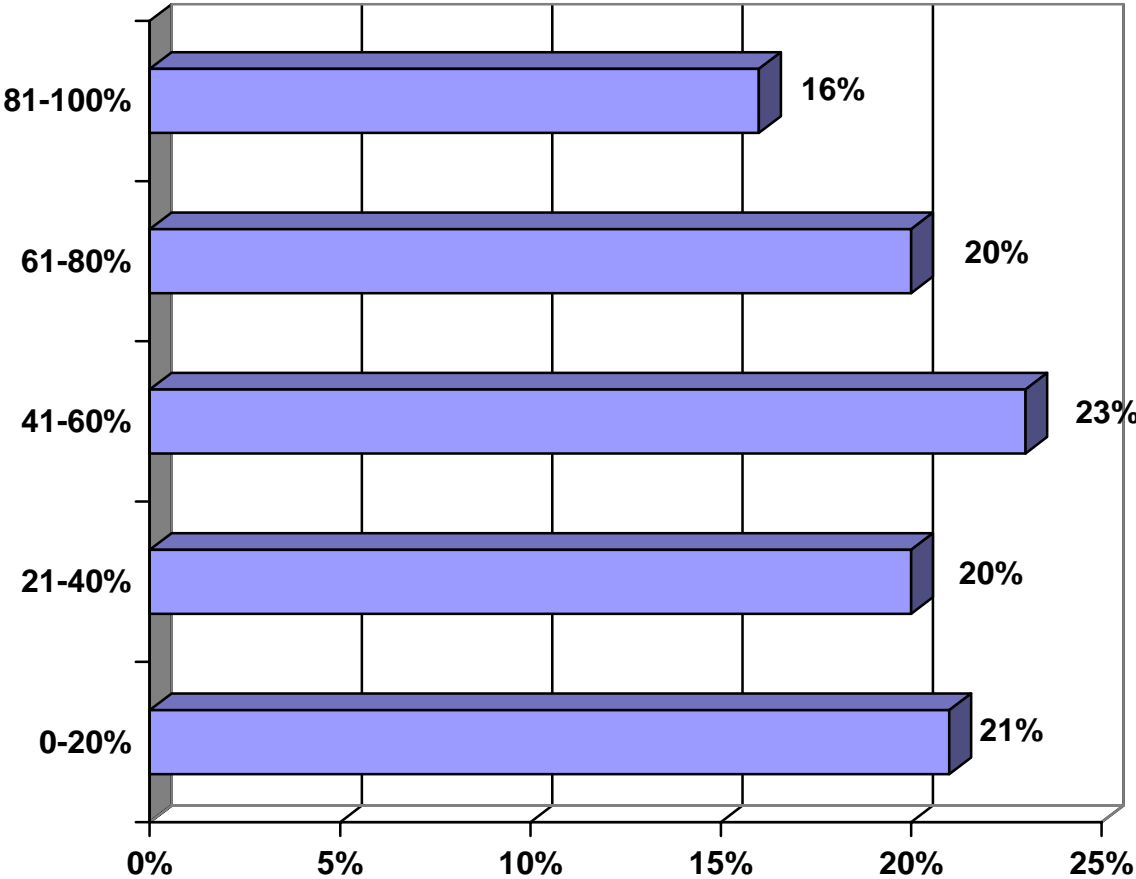
Thirty seven percent (37%) of the PROSALES 100 belong to LMC (Lumbermens Merchandising Corp.) followed by Orgill (35%), and Do it Best (27%).

Buying Group Membership



18. What percentage of products do you buy directly from manufactures?

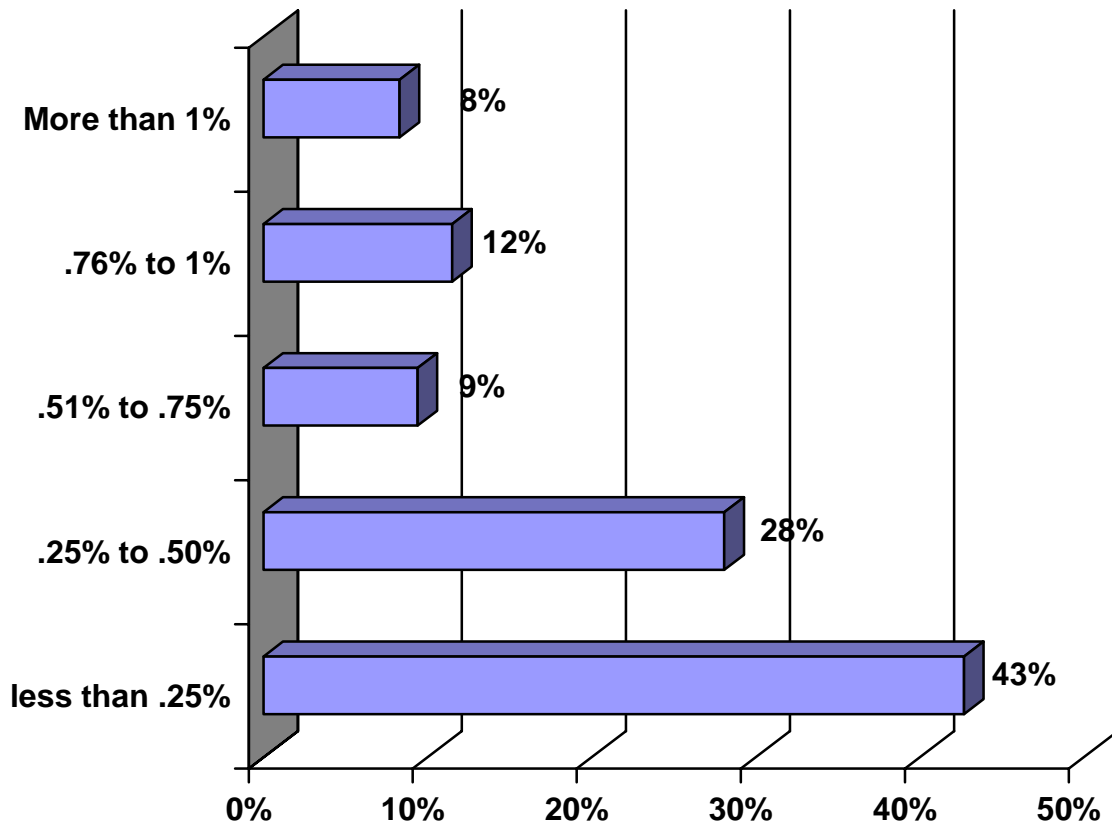
Twenty three percent (23%) of The PROSALES 100 said they purchase 41-60% of products directly from manufacturers.



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

Forty three percent (43%) of the PROSALES 100 said they will allocate less than .25% on technology during the next year, followed by .25% to .50% (28%).

**Technology Budgets as a
Percentage of Revenue**



2008 ProSales 100 Survey

Please complete and return by February 9, 2008.

Fax to: Andy Carlo, senior editor, PROSALES, FaX: 202.785.1974

Or mail to: Andy Carlo, PROSALES, One Thomas Circle, NW,
Suite 600, Washington, DC 20005

Questions: Call: 845.337.4347 E-mail: acarlo@hanleywood.com

Information provided in this box will be used to compile the PROSALES 100 listing, which will be published in the May 2008 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 **2007** gross sales (in millions): _____
 total **2006** gross sales (in millions): _____
 percent of **2007** sales made directly to pro contractors (e.g. builders/remodelers): _____
 number of locations in January **2008** (including distribution and manufacturing facilities): _____
 number of locations in January **2007** (including distribution and manufacturing facilities): _____
 total number of company-wide employees: _____
 total number of outside salespeople: _____
 primary business emphasis (choose only one)

<input type="checkbox"/> professional dealer/lumberyard with manufacturing capabilities	<input type="checkbox"/> wholesale distributor
<input type="checkbox"/> professional dealer/lumberyard without manufacturing capabilities	<input type="checkbox"/> specialty distributor

2008 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 2007?

___open ___acquire ___sell ___close

2) How many new facilities (yards, manufacturing, etc.) does your company plan to open, acquire, sell, or close in 2008?

___open ___acquire ___sell ___close

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

- plan to expand within the same geographical region
- plan to expand into another geographical region
- plan to expand nationally
- plan to expand into infill supply
- plan to expand internationally
- plan to expand into commercial supply
- no plans to expand

4) What percentage of your overall sales are "green" or sustainable building materials? _____ % (provide a number)

5) On average, what percentage of your sales (either directly or through subcontractors) does each of the following customer groups or business sectors 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
_____	installed sales
_____	component manufacturing
_____	other: _____
<u>100%</u>	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)

- rapidly expanding
- gradually expanding
- gradually reducing
- rapidly reducing
- no change
- do not currently offer installation

8) What percentage of your installed sales crew are full-time employees?

less than 20% 21% to 40% 41% to 60% 61% to 80% 81% to 100%

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

- rapidly expanding
- gradually expanding
- gradually reducing
- rapidly reducing
- no change
- do not currently offer component manufacturing

10) 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"/>

11) 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"/>
bathroom vanities	<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"/>

12) 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"/>
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"/>

13) 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 (EDI)	<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"/>

14) 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 _____

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

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

16) 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 _____

17) 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 _____

18) What percentage of products do you buy directly from manufacturers? _____ % (provide a number)

19) 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%

20) What major accomplishments did your company make in 2007?

21) What are your company's goals for 2008 and how do you plan to achieve them?

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