NCI BUILDING SYSTEMS INC
Form S-4
September 10, 2009

Table of Contents

As filed with the Securities and Exchange Commission on September 10, 2009
Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
NCI BUILDING SYSTEMS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**3448**	**76-0127701**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

10943 North Sam Houston Parkway West
Houston, Texas 77064
(281) 897-7788
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)
Todd R. Moore
Executive Vice President, General Counsel and Secretary
10943 North Sam Houston Parkway West
Houston, Texas 77064
(281) 897-7788
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)
Copies to:

Mark Gordon
David K. Lam
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
(212) 403-1000

James H.M. Sprayregen
Paul M. Basta
Christopher J. Marcus
Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
(212) 446-4800

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement from the same offering. o

If this form is a post effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.01 per share	70,200,000(1)	$1.56(2)	$109,634,400.00(3)	$6,117.60(4)

(1) This Registration Statement registers the maximum number of shares of the Registrant s common stock, par value $0.01 per share, that may be issued in connection with the exchange offer or, in the alternative, pursuant to the prepackaged plan by the Registrant for any and all of its 2.125% Convertible Senior Subordinated Notes due 2024 (the Notes), of which $180 million is outstanding as of the date hereof.

(2) Calculated by dividing the Proposed Maximum Aggregate Offering Price of $109,634,400.00 by 70,200,000, which is the maximum number of shares of the Registrant s common stock that may be issued in connection with the exchange offer or, in the alternative, pursuant to the prepackaged plan.

(3) Estimated solely for purpose of calculating the registration fee pursuant to Rule 457(f)(1) and (3) under the Securities Act of 1933, as amended, and calculated based on the average of the asked and bid price per $1,000 in principal amount of Notes on September 4, 2009, less $90,000,000, the aggregate amount of cash to be paid by the Registrant pursuant to the exchange offer, assuming that the exchange offer is fully subscribed by holders of Notes or, in the alternative, pursuant to the prepackaged plan.

(4) The registration fee has been calculated pursuant to Rule 457(f) of the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus/disclosure statement is not complete and may change. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus/disclosure statement is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 10, 2009

PRELIMINARY PROSPECTUS/DISCLOSURE STATEMENT

Offer to Exchange
Cash and Shares of Common Stock
for
2.125% Convertible Senior Subordinated Notes due 2024
(CUSIP No. 628852AG0)

Disclosure Statement
for
Solicitation of Acceptances of
Prepackaged Plan of Reorganization

THIS EXCHANGE OFFER AND THE SOLICITATION PERIOD FOR THE PREPACKAGED PLAN WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON OCTOBER 7, 2009, UNLESS EXTENDED OR EARLIER TERMINATED BY US. AS OF THE DATE OF THIS PROSPECTUS/DISCLOSURE STATEMENT, WE HAVE NO INTENTION OF EXTENDING SUCH DATE.

NCI Building Systems, Inc. is proposing a financial restructuring to address an immediate need for liquidity in light of a potentially imminent default under, and acceleration of, our existing credit facility, which may occur as early as November 6, 2009 (which may, in turn, also lead to a default under, and acceleration of, our other indebtedness, including the $180.0 million in principal amount of 2.125% Convertible Senior Subordinated Notes due 2024, which we refer to as the convertible notes), and the high likelihood that we will be required to repurchase the convertible notes on November 15, 2009, the first scheduled mandatory repurchase date under the convertible notes indenture. We are proposing to effect the financial restructuring through one of the following two approaches:

an out-of-court financial restructuring, which we refer to as the recapitalization plan, consisting of:

this exchange offer to acquire any and all of the convertible notes for cash and shares of our common stock, par value $0.01 per share, in accordance with the terms and subject to the conditions set forth in this prospectus/disclosure statement and in the related letter of transmittal;

a $250.0 million investment, which we refer to as the CD&R investment, by Clayton, Dubilier & Rice Fund VIII, L.P., which we refer to as the CD&R Fund, a fund managed by Clayton, Dubilier & Rice, Inc., which we refer to as CD&R, a leading private equity investment firm, involving a private placement to the CD&R Fund of a newly created series of our preferred stock, par value $1.00 per share, to be designated as the Series B Cumulative Convertible Participating Preferred Stock, which we refer to as the Series B convertible preferred stock;

the refinancing of our existing credit facility, which we refer to as the term loan refinancing, under which we and the lenders under our existing credit agreement will enter into an amendment to our existing credit agreement, providing for, among other things, the repayment of approximately $143.3 million of the $293.3 million in principal amount of term loans outstanding under our existing credit facility and a modification of the terms and maturity of the $150.0 million balance; and

the ABL financing, pursuant to which we will enter into an agreement for a $125.0 million asset-based loan facility;

OR, IN THE ALTERNATIVE
(if conditions to completion of the recapitalization plan are not satisfied or waived)

an in-court financial restructuring, through which we would seek to accomplish the results contemplated by the recapitalization plan through the effectiveness of a prepackaged plan of reorganization, which we refer to as the prepackaged plan, acceptances for which we are soliciting in compliance with chapter 11 of title 11 of the United States Code, which we refer to as the Bankruptcy Code, pursuant to this prospectus/disclosure statement.

We refer to the financial restructuring, whether accomplished through the recapitalization plan or the prepackaged plan, as the restructuring. For a description of this exchange offer and the procedures for tendering convertible notes, see The Exchange Offer. For a description of the prepackaged plan and the procedures for submitting ballots, see The Prepackaged Plan.

We have entered into a lock-up and voting agreement, which we refer to as the lock-up agreement, with the holders of more than 79% of the aggregate principal amount of the outstanding convertible notes, pursuant to which such holders have agreed, in accordance with the terms of the lock-up agreement, (1) to tender their convertible notes in this exchange offer; (2) to the extent that they hold obligations under our existing credit agreement, to support the term loan refinancing by accepting their portion of the repayment contemplated thereby and by executing an amendment to our existing credit agreement in the form attached as Annex J; and (3) to vote all of their convertible notes and obligations under our existing credit facility in favor of the prepackaged plan, among other things.

Holders of convertible notes will receive $500 in cash and 390 shares of common stock for each $1,000 principal amount of convertible notes and related accrued interest that we accept in the exchange offer. In the alternative, under the prepackaged plan, holders of convertible notes will receive the same consideration for each $1,000 principal amount of convertible notes and related accrued interest. The closing of this exchange offer is conditioned upon, among other things, at least 95% of the aggregate principal amount of outstanding convertible notes being validly tendered and not withdrawn, which we refer to as the minimum tender condition, the receipt of proceeds from the CD&R investment (which is itself subject to several conditions, including the consummation of the term loan refinancing and the ABL financing and the expiration or termination of any waiting period required to consummate the CD&R investment under the Austrian Cartel Act of 2005, which we refer to as the Austrian Act) and the effectiveness of the registration statement of which this prospectus/disclosure statement forms a part. See The Exchange Offer Conditions to Completion of the Exchange Offer.

We intend to apply for the shares of common stock issued pursuant to this exchange offer or the prepackaged plan to be listed on the New York Stock Exchange, which we refer to as the NYSE. Our common stock is traded on the NYSE under the symbol NCS. We will not receive any proceeds from this exchange offer. See Source and Use of Proceeds.

We urge you to carefully read the Risk Factors section beginning on page 26 before you make any decision regarding this exchange offer or the prepackaged plan.

NONE OF THIS EXCHANGE OFFER, THE PREPACKAGED PLAN NOR THE SHARES OF COMMON STOCK OFFERED HEREBY HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY BANKRUPTCY COURT, NOR HAS THE SEC, ANY STATE SECURITIES COMMISSION OR ANY BANKRUPTCY COURT PASSED UPON THE ACCURACY, COMPLETENESS OR ADEQUACY OF THIS PROSPECTUS/DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

The Dealer-Manager for the Exchange Offer is:

Greenhill & Co., LLC

September 10, 2009

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

NONE OF NCI BUILDING SYSTEMS, INC., THE CD&R FUND, CD&R, GREENHILL & CO., LLC (THE DEALER-MANAGER), MORROW & CO., LLC (THE INFORMATION AGENT), COMPUTERSHARE TRUST COMPANY, N.A. (THE EXCHANGE AGENT), FINANCIAL BALLOTING GROUP LLC (THE VOTING AGENT) OR ANY OF THEIR RESPECTIVE AFFILIATES IS MAKING ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR CONVERTIBLE NOTES IN THE EXCHANGE OFFER OR VOTE TO ACCEPT OR REJECT THE PREPACKAGED PLAN. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER CONVERTIBLE NOTES IN THE EXCHANGE OFFER AND WHETHER TO VOTE TO ACCEPT OR REJECT THE PREPACKAGED PLAN.

This prospectus/disclosure statement incorporates important business and financial information about us from documents that we have filed with the SEC but have not been included in, or delivered with, this prospectus/disclosure statement. For a listing of the documents that we have incorporated by reference into this prospectus/disclosure statement, see Incorporation of Certain Documents by Reference. This information is available without charge upon written or oral request to NCI Building Systems, Inc., 10943 North Sam Houston Parkway West, Houston, Texas 77064, Attn: Investor Relations Department, or made by telephone at (281) 897-7788. To obtain timely delivery, holders of convertible notes must request the information no later than the fifth business day prior to the expiration date of the exchange offer.

We have not authorized any person to provide any information or to make any representation in connection with the exchange offer or the prepackaged plan other than the information contained or incorporated by reference in this prospectus/disclosure statement or the accompanying letter of transmittal or ballot, and if any person provides any of this information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by us.

The Company is not aware of any jurisdiction in which the making of the exchange offer or the tender of convertible notes in connection therewith would not be in compliance with the laws of such jurisdiction. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this prospectus/disclosure statement are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer and solicitation presented in this document does not extend to you. In those jurisdictions where the securities, blue sky or other laws require this exchange offer, or the solicitation of acceptances to the prepackaged plan, to be made by a licensed broker or dealer and the dealer-manager or any of its affiliates is such a licensed broker or dealer in such jurisdictions, this exchange offer, or the solicitation of acceptances to the prepackaged plan, shall be deemed to be made by the dealer-manager or such affiliate (as the case may be) on our behalf in such jurisdictions. The exchange offer and solicitation of acceptances of the prepackaged plan are being made on the basis of this prospectus/disclosure statement and the accompanying letter of transmittal or ballot and are subject to the terms and conditions described herein. Any decision to participate in the exchange offer or to vote on the prepackaged plan must be based on the information contained in this prospectus/disclosure statement, the accompanying letter of transmittal or the ballot, or specifically incorporated by reference herein. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the restructuring and the new securities, including the merits and risks involved. Prospective investors should not construe anything in this prospectus/disclosure statement as legal, business or tax advice. Each prospective investor should consult its advisors as needed to make its investment decision and to determine whether it is legally permitted to participate in the exchange offer or to vote on the prepackaged plan under applicable legal investment or similar laws or regulations.

Each prospective investor must comply with all applicable laws and regulations in force in any jurisdiction in which it participates in this exchange offer or in the solicitation for acceptances to the prepackaged plan, or in

which it possesses or distributes this prospectus/disclosure statement, and must obtain any consent, approval or permission required by it for participation in this exchange offer or in the solicitation for acceptances to the prepackaged plan, under the laws and regulations in force in any jurisdiction to which it is subject, and none of us, the dealer-manager, the information agent, the exchange agent, the voting agent, CD&R, the CD&R Fund or any of our or their respective representatives shall have any responsibility therefor.

Table of Contents

Neither CD&R nor the CD&R Fund is making this exchange offer or soliciting votes for the prepackaged plan, and none of CD&R, the CD&R Fund, any of their respective affiliates or any of their, or their respective affiliates representatives is responsible for the accuracy of any information in this prospectus/disclosure statement.

The information contained in this prospectus/disclosure statement is as of the date of this prospectus/disclosure statement only and is subject to change, completion or amendment without notice. Neither the delivery of this prospectus/disclosure statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date on the front cover of this prospectus/disclosure statement or that the information incorporated by reference herein is correct as of any time subsequent to the date of such information.

This prospectus/disclosure statement contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All of those summaries are qualified in their entirety by this reference. Copies of documents referred to herein will be made available to prospective investors upon request to the information agent or the voting agent.

In this prospectus/disclosure statement and in the documents incorporated by reference herein, we rely on and refer to information and statistics regarding our industry. We obtained this market data from independent industry publications or other publicly available information. Although we believe that these sources are reliable, we and the dealer-manager have not independently verified and do not guarantee the accuracy and completeness of this information.

All references to NCI refer to NCI Building Systems, Inc. only and all references to we, our, ours, us, the Company and similar terms are to NCI Building Systems, Inc., and its subsidiaries, unless the context otherwise requires.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE RESTRUCTURING

The following are some questions and answers regarding the restructuring, including the recapitalization plan (which includes this exchange offer) and the prepackaged plan. It does not contain all of the information that may be important to you. You should carefully read this prospectus/disclosure statement, including the information incorporated by reference into this prospectus/disclosure statement, to understand fully the terms of the restructuring, the recapitalization plan (which includes this exchange offer) and the prepackaged plan, as well as the other considerations that are important to you in making your investment decision. You should pay special attention to the Risk Factors beginning on page 26 and Cautionary Statement Regarding Forward-Looking Statements beginning on page 49.

General

Q: What is the purpose of the restructuring?

A: The purpose of the restructuring is to address the Company s immediate need for liquidity in light of a potentially imminent default under, and acceleration of, our existing credit facility, which may occur as early as November 6, 2009 (which may, in turn, also lead to a default under, and acceleration of, our other indebtedness, including the convertible notes indenture), and the high likelihood that we will be required to repurchase the convertible notes on November 15, 2009, the first scheduled mandatory repurchase date under the convertible notes indenture.

The restructuring consists of four related transactions:

the CD&R investment, which involves the sale and issuance to the CD&R Fund of 250,000 shares of Series B convertible preferred stock for $250.0 million;

the retirement of the convertible notes;

the term loan refinancing, which involves the refinancing of our existing credit facility under which we will repay approximately $143.3 million of the $293.3 million in principal amount of term loans outstanding under our existing credit facility and enter into an amendment to our existing credit agreement providing for a modification of the terms and maturity of the $150.0 million balance; and

the ABL financing, which involves our entry into a $125.0 million asset-based loan facility.

Each of the transactions comprising the restructuring may be accomplished through either the out-of-court recapitalization plan or, in the alternative, the in-court prepackaged plan. If the restructuring is being accomplished through the recapitalization plan, the retirement of the convertible notes tendered in the exchange offer would be accomplished through this exchange offer and the refinancing of our existing credit facility would be accomplished through an amendment to our existing credit agreement. In the alternative, if the restructuring is being accomplished through the prepackaged plan, the retirement of the convertible notes as well as the refinancing of our existing credit facility would be accomplished through the effectiveness of the prepackaged plan. See The Restructuring.

The closing of the exchange offer is conditioned on the satisfaction or, with the consent of the CD&R Fund, waiver of the minimum tender condition, which requires that at least 95% of the aggregate principal amount of outstanding

convertible notes are validly tendered and not withdrawn in this exchange offer. If the restructuring is accomplished through the recapitalization plan, we intend, but are not required, to retire any remaining convertible notes outstanding after the consummation of this exchange offer by exercising our redemption right under the convertible notes indenture on or after November 20, 2009; if we do not so exercise our redemption right, such remaining convertible notes will otherwise be retired pursuant to the terms of the convertible notes indenture.

For a more detailed description of this exchange offer, see The Exchange Offer.

Q: What is the recapitalization plan?

A: The recapitalization plan is one method to accomplish the restructuring. Under the recapitalization plan:

Table of Contents

the CD&R investment would be effected through a private placement transaction;

the retirement of the convertible notes tendered in this exchange offer would be effected through this exchange offer, pursuant to which the Company is offering to acquire any and all of its outstanding convertible notes in exchange for cash and shares of common stock;

the term loan refinancing would be effected through an amendment to our existing credit agreement by us and the lenders under our existing credit agreement; and

the ABL financing would be effected through our entry into the ABL agreement.

If the restructuring is accomplished through the recapitalization plan, we intend, but are not required, to retire any remaining convertible notes outstanding after the consummation of this exchange offer by exercising our redemption right under the convertible notes indenture on or after November 20, 2009; if we do not so exercise our redemption right, such remaining convertible notes will otherwise be retired pursuant to the terms of the convertible notes indenture.

See The Restructuring and The Exchange Offer.

Q: What is the prepackaged plan?

A: The prepackaged plan is an alternative to the recapitalization plan for accomplishing the restructuring. In the event that the conditions to the recapitalization plan are not satisfied or, with the prior consent of the CD&R Fund, waived (including, for example, the minimum tender condition) but we receive acceptances from a sufficient number of holders of impaired claims in an impaired class of claims to allow the prepackaged plan to be confirmed under the Bankruptcy Code, including confirmation through the nonconsensual cram-down provisions of section 1129(b) of the Bankruptcy Code with respect to non-accepting impaired class of claims, as an alternative to the recapitalization plan, we may elect and, under the terms of the investment agreement, we may be required, to seek confirmation of the prepackaged plan in a chapter 11 proceeding. See The Restructuring Description of the CD&R Investment The Investment Agreement Commencement of a Reorganization Case in Connection with the Prepackaged Plan Covenant.

Under the prepackaged plan, holders of convertible notes and the lenders under our existing credit agreement (as well as the holders of all other claims and interests) would receive the same treatment with respect to their claims (and interests) as they would receive in the recapitalization plan, the CD&R Fund would receive the same 250,000 shares of Series B convertible preferred stock contemplated by the CD&R investment and the Company would enter into the ABL agreement. Existing holders of our common stock would continue to hold such common stock.

See The Prepackaged Plan.

Q: In what circumstances will we file the prepackaged plan instead of close the exchange offer?

A: If we are unable to complete the recapitalization plan because the minimum tender condition, which requires that at least 95% of the aggregate principal amount of outstanding convertible notes are validly tendered and not withdrawn in this exchange offer, is not satisfied or waived, or less than all of the lenders under our existing credit facility consent to entering into the amended credit agreement, but holders of convertible notes or obligations under our credit agreement holding, in either case, at least two-thirds (2/3) in amount and more than

one-half (1/2) in number of the claims in the applicable class who actually cast ballots vote to accept the prepackaged plan, we will seek to accomplish the restructuring, on the same economic terms as the recapitalization plan, by way of the prepackaged plan. See Questions and Answers About the Restructuring What is the Prepackaged Plan? and Summary The Prepackaged Plan.

The confirmation and effectiveness of the prepackaged plan are subject to certain conditions that may not be satisfied and are different from those under the recapitalization plan (including the exchange offer). We cannot assure you that all requirements for confirmation and effectiveness of the prepackaged plan will be satisfied or that the bankruptcy court will conclude that the requirements for confirmation and effectiveness of the prepackaged plan have been satisfied. See The Prepackaged Plan Confirmation of the Prepackaged Plan and The Prepackaged Plan Conditions to Effective Date of the Prepackaged Plan.

Table of Contents

The effective date of the prepackaged plan will not occur until the conditions set forth below have been satisfied or waived: (1) the confirmation order has been entered and no stay of such order is in effect; (2) the receipt of proceeds from the CD&R investment; (3) the consummation of the term loan refinancing; and (4) the consummation of the ABL financing. See The Prepackaged Plan Conditions to the Effective Date of the Prepackaged Plan.

Q: What are the expected results of the restructuring, either accomplished through the recapitalization plan or the prepackaged plan?

A: The restructuring, if successful, will increase the Company s capital and liquidity levels and reduce the amount of our outstanding debt. Specifically, upon the completion of the restructuring, we expect our indebtedness to be reduced from approximately $473.7 million as of August 2, 2009 to approximately $150.4 million at the closing of the restructuring, consisting of $150.0 million in principal amount of term loans under the amended credit agreement and $0.4 million of our industrial revenue bond. See Capitalization and Source and Use of Proceeds.

The ABL financing contemplated by the restructuring will provide us with up to $125.0 million in liquidity, subject to availability under a borrowing base, for working capital purposes and future expansion. Based on its discussions with prospective lenders under the ABL agreement, the Company expects that because of borrowing base constraints, initial availability under the ABL agreement will be substantially less than the $125.0 million commitment, and may be as low as $45.0 million.

Assuming we are able to complete the restructuring, we expect that, for the foreseeable future, cash generated from operations, together with the proceeds of the ABL financing, will be sufficient to allow us to fund our operations, to increase working capital as necessary to support our strategy and to fund planned capital expenditures and expansions (including approximately $5 million expected for the remainder of fiscal 2009).

Q: What is the lock-up agreement?

A: We have entered into a lock-up agreement with the holders of more than 79% of the aggregate principal amount of the outstanding convertible notes. Pursuant to the lock-up agreement, each holder of convertible notes that executed the lock-up agreement has irrevocably agreed, in accordance with the terms of the lock-up agreement, (1) to tender its convertible notes in this exchange offer, (2) to the extent that such holder holds obligations under our existing credit agreement, to support the term loan refinancing by accepting its portion of the repayment contemplated thereby and by executing an amendment to our existing credit agreement in the form of the amended credit agreement attached hereto as Annex J, and (3) to vote all of its convertible notes and obligations under our existing credit facility in favor of the prepackaged plan, among other things. See The Restructuring The Lock-Up Agreement.

Q: Why is it important that I tender my convertible notes and vote to accept the prepackaged plan?

A: If we do not complete the restructuring either through the recapitalization plan or the prepackaged plan, because the conditions to the recapitalization plan and the prepackaged plan have not been satisfied or waived or otherwise, we will face an immediate liquidity crisis. If we do not complete the restructuring, we do not expect, and we cannot assure you, that we will have, or have access to, sufficient liquidity (1) to meet our debt repayment/repurchase obligations, including any potential acceleration of our existing credit facility, which may occur as early as November 6, 2009 (which may, in turn, also lead to a default under, and acceleration of, our other indebtedness, including the convertible notes indentures) and (2) to meet our obligation to repurchase the convertible notes at the option of the holders thereof on November 15, 2009, the next scheduled repurchase date.

Due to our non-compliance as of August 2, 2009 with the required leverage, senior leverage and interest coverage ratios in our existing credit agreement, our outstanding indebtedness of approximately $293.3 million thereunder may be declared immediately due and payable as early as November 6, 2009, the date the current waiver from the lenders under our existing credit agreement expires. In the event that we do not repay such borrowings upon acceleration, the lenders under our existing credit agreement could exercise their remedies as secured creditors with respect to the collateral securing such borrowings. A failure to pay or refinance such borrowings will also result in a default under the convertible notes indenture, which convertible notes could

Table of Contents

also then be declared immediately due and payable, and under our swap agreement, which could then be terminated by the counterparty thereto. If all such indebtedness, which totaled approximately $473.7 million as of August 2, 2009 and such amounts payable pursuant to the termination of the swap agreement were to become due and payable on November 6, 2009, it would result in a material adverse effect on our financial condition, operations and debt service capabilities. As of August 2, 2009, excluding restricted cash, we had a current cash balance of approximately $105.4 million to address our liquidity needs. For a description of our non-compliance with the financial ratio covenants under our existing credit agreement, see our quarterly report on Form 10-Q for the quarter ended August 2, 2009, our current reports on Form 8-K filed on May 21, 2009, July 15, 2009 and August 27, 2009 and Incorporation of Certain Documents by Reference.

In the event that we experience a liquidity crisis as described above, it could likely result in our filing for bankruptcy protection pursuant to the Bankruptcy Code on terms other than as contemplated by the prepackaged plan. If we commence such a bankruptcy filing, holders of convertible notes may receive consideration that is substantially less than what is being offered under the restructuring. See Risk Factors Risk Relating to NOT Accepting the Exchange Offer or Rejecting the Prepackaged Plan for more information on the possible consequences if the restructuring is not successfully completed.

Both this exchange offer and the prepackaged plan are subject to certain conditions. In particular, this exchange offer is subject to the satisfaction of the minimum tender condition that at least 95% of the aggregate principal amount of the outstanding convertible notes must have been validly tendered and not withdrawn in this exchange offer, and confirmation and effectiveness of the prepackaged plan requires the receipt of acceptances from a sufficient number of holders of impaired claims in an impaired class of claims to allow the prepackaged plan to be confirmed under the Bankruptcy Code, including confirmation through the nonconsensual cram-down provisions of section 1129(b) of the Bankruptcy Code with respect to non-accepting impaired claims classes.

Accordingly, it is important that you tender your convertible notes for exchange in this exchange offer and vote to accept the prepackaged plan to avoid the adverse consequences described above.

This Exchange Offer

Q: Who is making this exchange offer?

A: NCI Building Systems, Inc. (the issuer of the convertible notes) is making this exchange offer.

Q: What amount of convertible notes are you seeking in this exchange offer?

A: We are seeking to acquire any and all outstanding convertible notes.

Q: What will I receive in this exchange offer if I tender my convertible notes and they are accepted?

A: For each $1,000 principal amount of convertible notes that you tender and not withdraw in this exchange offer and that we accept, you will, upon the terms and subject to the conditions set forth in this prospectus/disclosure statement and the letter of transmittal, receive $500 in cash and 390 shares of common stock. The cash payment and the shares of common stock to be issued pursuant to this exchange offer will be in full satisfaction of the principal amount of, and any accrued but unpaid interest through the consummation of this exchange offer on, the convertible notes so tendered and accepted.

Q: Who may participate in this exchange offer?

A: All holders of convertible notes may participate in this exchange offer.

Q: Does the success of this exchange offer depend on the participation of any minimum number of holders of convertible notes?

A: Yes. This exchange offer is subject to the satisfaction of the minimum tender condition, which means that at least 95% of the aggregate principal amount of the outstanding convertible notes must have been validly tendered and not withdrawn in this exchange offer. The satisfaction of the minimum tender condition is a condition to the closing of the CD&R investment and the term loan refinancing under the recapitalization plan.

Table of Contents

If this condition is not met, subject to applicable laws and our obligation under the investment agreement, we may amend this exchange offer at any time before the acceptance of the convertible notes for exchange. Under the investment agreement, however, we are prohibited from waiving any condition to this exchange offer or making any changes to the terms and conditions to this exchange offer without the prior consent of the CD&R Fund. In addition, any change to the minimum tender condition could result in a termination of the lock-up agreement.

We may extend this exchange offer beyond the initial expiration date without the prior consent of the CD&R Fund for a period of not more than 10 business days if, a