

THE MARKET

No place is more important to people than their homes. As a result, the home products industry has always been competitive.

That's especially true today, as the number of new home construction and remodeling projects is growing. Every year, more than 1.5 million new homes are built in the United States and over 4 million remodeling projects include windows and doors.

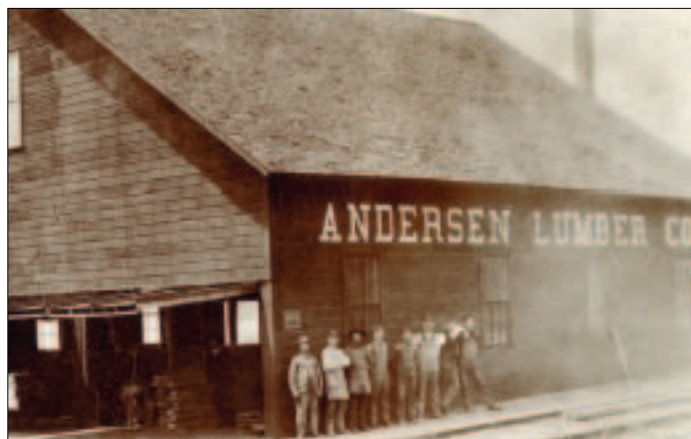
In the window and door category, amid competition from national companies and small regional manufacturers, one brand has stood as the leader for over 100 years. One brand is the most widely used and recognized. One brand is looked to more often to help create the places people call home. Andersen.

ACHIEVEMENTS

From the start, three underlying principles have motivated every Andersen innovation: To make homes more comfortable, beautiful, and able to withstand the test of time.

In 1905, when on-site window construction was the norm, company founder Hans Andersen invented the "two-bundle" method of making standardized window frames. Horizontal and vertical frame parts were bundled separately, yet they combined in multiple ways in only 10 minutes without cutting. As a result, builders could more efficiently create the windows people wanted and dealers could stock the parts at a lower cost.

By 1932, Andersen eliminated the need for on-site assembly altogether with the industry's first fully manufactured window unit, the Andersen® master casement.



Andersen has always believed that to be a source of comfort, a home should be worry proof and time proof. Andersen's 1966 invention of Perma-Shield® cladding all but guaranteed this result. Perma-Shield protects the exterior wood and virtually eliminates maintenance.

From the 1970s to the 1990s, Andersen continued to bring window performance to new levels. With advancements in energy-efficient design and Low-E glass technology, Andersen became the first national window manufacturer whose standard product line met ENERGY STAR® Window criteria across the country.

The passion for innovation continues today, as evidenced by the invention of Fibrex® material. A revolutionary composite made of reclaimed wood fiber and vinyl, Fibrex material exhibits some of the best thermal and low-maintenance qualities of both its source materials. As an extruded material, its custom applications are virtually limitless.

HISTORY

Danish immigrant Hans Andersen, along with his wife Sarah and their two sons, began the business as a lumberyard in 1903.

The Andersens positioned their original building along the St. Croix River in Hudson, Wisconsin. From this location, they could use the river to transport logs directly to the site. Andersen soon specialized in window frames, selling over 100,000 in 1909 alone. In 1913, Andersen moved across the river to Bayport, Minnesota, where its headquarters and main manufacturing facility are still located.

Today the parent company and its subsidiaries employ over 7,500 people with manufacturing facilities operating in Minnesota, Wisconsin, Iowa, Virginia, and Ontario.

THE PRODUCT

Andersen® products have come a long way since the two-bundle system of 1905. Yet the objective has remained steadfast: To create functional, timeless beauty that endures.

Andersen windows and doors are now available in virtually limitless shapes and sizes — all with low-maintenance exteriors and beautiful wood interiors that can be painted or stained to complement any décor.

A broad and ever-expanding product offering ensures that builders and homeowners have what they need for any project. Andersen® 400 Series products are a premium line with a full array of options and accessories. Andersen® 200 Series products offer the most popular sizes, styles, and options at a truly uncommon value.

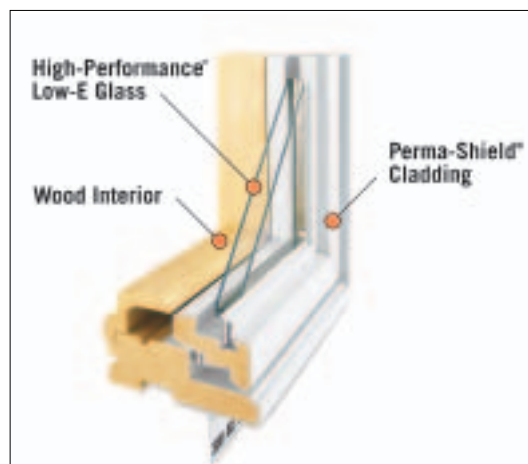
More than products, however, have built the Andersen brand. Andersen has a fervent belief that customer service must work hand-in-hand with products. For this reason, Andersen backs their windows and patio doors with one of the industry's most comprehensive after-sales packages, including a 20-year limited warranty on the glass, 10-year limited warranty on non-glass parts, plus hundreds of trained service providers across the country.

RECENT DEVELOPMENTS

The last five years have seen the company respond as never before to a rapidly changing marketplace. Andersen now offers an expanded portfolio that complements a more diverse range

of building, remodeling, and replacement projects, and the brand now competes strongly where it has never competed before.

Recent additions to the Andersen family of companies include KML Windows, Inc., and EMCO Enterprises, Inc. With KML by Andersen™ architectural window and door products, the company now caters to more tastes and styles



with custom products not readily available from most manufacturers. EMCO, a leading manufacturer of all-season doors, fits with the Andersen tradition of product performance and gives the company more ways to offer solutions throughout the home.

As important as home is to Andersen, so, too, is community. For nearly a century, Andersen

and employee volunteer efforts aiding Habitat for Humanity.

As a leading manufacturer, Andersen understands its unique responsibility to monitor and adjust its environmental impact. Therefore, the concept of sustaining, preserving, and protecting natural resources forms one of the cornerstones of the company's mission. The Environmental Protection Agency recognizes Andersen as a charter member of the National Environmental Performance Track for its commitment to sound environmental management, public outreach, and community involvement.

PROMOTION

Throughout the years, Andersen has built its promotional strategies around the changing role of the home, the company's heritage, and the emotional appeal of its products.

In the 1930s and 1940s, the home was understood to be an investment in the American Dream. Andersen urged consumers to add value to their investments with the proclamation that "Only the Rich Can Afford Poor Windows.®"

The 1950s saw homeowners become more brand conscious. Andersen responded by asking people to look for builders who choose Andersen products, as an indication of the quality the builder would put into the rest of the home.

Enter the 1960s, the era of remodeling, and Andersen Perma-Shield® windows. As people replaced old windows, what could be more valuable or timely than windows and patio doors that required little or no maintenance?

By the 1970s, with the emergence of the first real energy crisis, homeowners became energy conscious. Families battled for control of thermostats. With the message, "The Beautiful Way to Save Fuel,®" Andersen emphasized that the home can be both beautiful and energy efficient.

In the 1980s, television advertising was the king of marketing mediums. At this time Andersen became the first window company to advertise on television, with the theme, "Come Home to Quality, Come Home to Andersen."

By the 1990s, as Baby Boomers showed signs of burnout from the stress of the workplace, they looked to their homes as an escape. By inviting people to "Come Experience Andersen Light," Andersen was able to lever-

age the idea of home as an appealing cocoon.

Today, Andersen knows that people are looking at their homes in new ways. No longer are homes the passive, safe havens they were in the 1990s. They are now a place where people proactively blend style with technology and



self-expression. Andersen's current communications capture this new point of view with "Long Live the Home.™"

BRAND VALUES

For over 100 years, Andersen has embodied the very spirit of home and the belief that home is more than a physical place.

This belief has helped create the longevity of the Andersen brand, because love of and pride in the home ring true across all generations. While times may change and values may shift, one thing has endured throughout time: Home is the center of life.

THINGS YOU DIDN'T KNOW ABOUT ANDERSEN

- During World War II, Andersen contributed to the war effort by reducing the use of scarce metals by 97 percent and by manufacturing nearly 5 million ammunition boxes.
- Since consumer awareness testing first began for the category in 1965, Andersen has been the most recognized brand of windows and patio doors in America.
- Andersen introduced the first wood gliding patio door in 1964 and is the largest manufacturer of patio doors today.
- In 1914, Andersen Corporation created one of the very first employee profit-sharing programs. This vision continues today in a progressive attitude of sharing the rewards of success with employees, as demonstrated through substantial employee ownership of the company.
- Andersen has been on the leading edge of mass production and customization technologies since it first began mass production in 1904 — a full nine years before Henry Ford put the automobile on an assembly line.



Corporation has been committed to giving back to the communities in which Andersen employees live and work. This dedication results in company support of a wide variety of community-based charitable organizations, and is demonstrated through significant product donations