

## Building and Construction Valuation Metrics

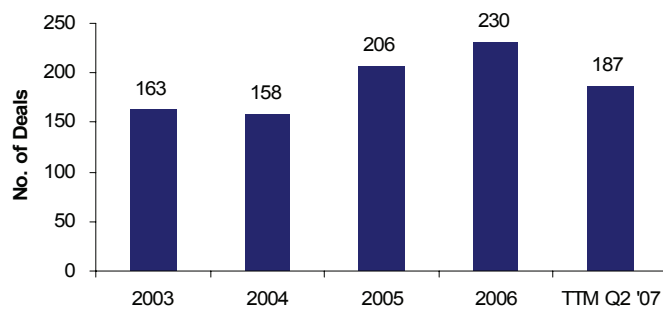
The soft residential construction market has been the lead story in 2007, and the most recent quarter is no exception. A strong non-residential market, however, has driven overall robust building and construction M&A activity. Over 180 building and construction transactions occurred in the twelve months through Q2 2007 (see Chart A). Although this pace is down from the high water mark in 2006, it is well above activity in 2003 and 2004. Further, continued solid economic activity,

active financial acquirer interest, and aggressive international acquirers are expected to drive healthy building and construction M&A activity in the foreseeable future.

The slowdown in residential construction has impacted valuations and activity in specific sectors. For instance, public companies in the homebuilding and lumber sectors, which are heavily weighted towards residential construction demand,

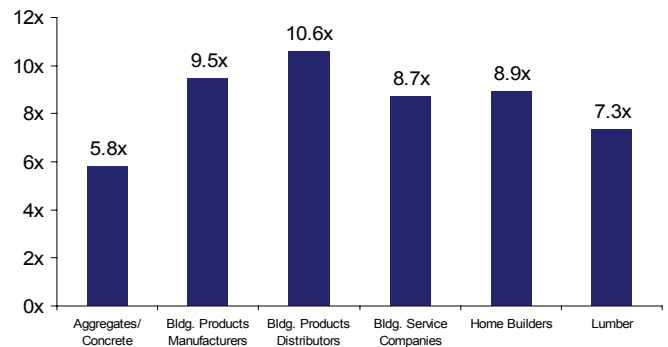
are currently trading at median enterprise value to EBITDA multiples of 6.1x and 7.4x, respectively (see page 3), while companies that serve the commercial construction market are receiving higher valuations based on stronger end-market outlooks. Building services companies continue to garner a premium valuation primarily due to two factors, the exposure to non-residential construction as well as the highly profitable and recurring nature of the services business model.

Chart A: Building Products U.S. M&A Volume



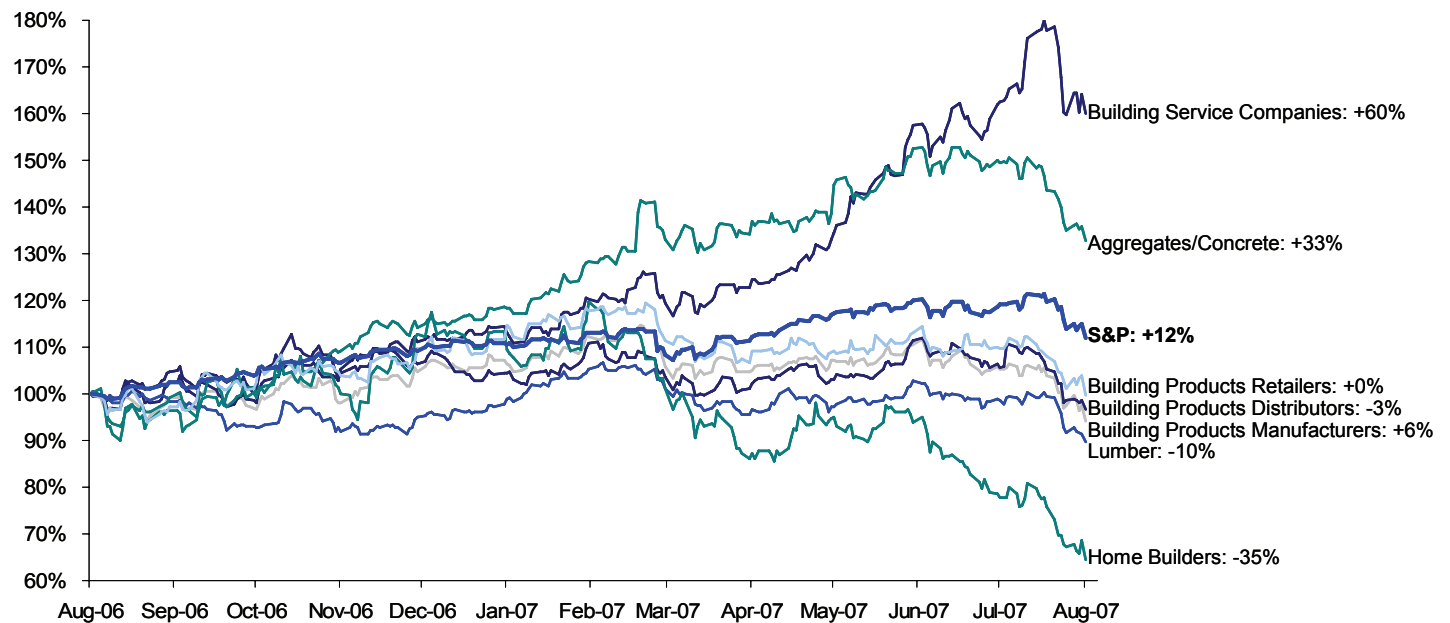
Source: Mergerstat.

Chart B: Building Products M&A Comparables TEV/LTM EBITDA



Source: Mergerstat. Includes deals from January 2006 through June 2007.

Chart C: S&P 500 vs. Building Products Indices



# Publicly Traded Building and Construction Companies

(USD in millions, except per share data)

Aggregates/Concrete	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
Cemex S.A.B. de C.V.	NYSE:CX	\$ 31.52	\$ 38.01	\$ 23.77	\$ 25,395	\$ 32,019	\$ 18,230	\$ 3,972	\$ 3,049	1.8x	8.1x	10.5x	10.3x	9.8x
CRH plc	ISE:CRG	45.50	46.73	14.96	23,867	30,020	24,724	3,356	2,447	1.2x	8.9x	12.3x	14.3x	13.1x
Eagle Materials Inc.	NYSE:EXP	41.30	74.55	31.76	2,201	2,339	952	367	328	2.5x	6.4x	7.1x	10.8x	11.5x
Florida Rock Industries Inc.	NYSE:FRK	63.08	69.00	35.71	4,430	4,380	1,357	400	323	3.2x	11.0x	13.6x	21.2x	24.1x
Hanson plc	LSE:HNS	22.13	17.53	12.17	11,809	14,623	8,096	1,582	1,145	1.8x	9.2x	12.8x	15.1x	14.9x
Lafarge SA	ENXTPA:LG	165.48	166.79	113.39	28,020	43,384	22,312	5,018	3,788	1.9x	8.6x	11.5x	14.8x	12.9x
Martin Marietta Materials Inc.	NYSE:MLM	127.40	140.61	74.05	6,045	6,727	2,206	526	384	3.0x	12.8x	17.5x	27.0x	21.3x
Rinker Group Ltd.	ASX:RIN	15.60	18.59	10.13	13,982	15,194	5,423	1,398	1,199	2.8x	10.9x	12.7x	18.0x	17.2x
Texas Industries Inc.	NYSE:TXI	75.46	81.53	43.39	2,021	2,344	999	175	129	2.3x	13.4x	18.1x	17.6x	21.7x
US Concrete Inc.	NasdaqNM:RMIX	7.32	15.98	5.22	321	615	790	77	54	0.8x	8.0x	11.3x	<i>nmf</i>	15.0x
Vulcan Materials Co.	NYSE:VMC	93.52	125.79	65.85	10,922	11,388	3,342	904	679	3.4x	12.6x	16.8x	24.5x	20.7x
Median										2.3x	9.2x	12.7x	16.4x	15.0x

Building Products Manufacturers	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
AAON Inc.	NasdaqNM:AAON	\$ 32.45	\$ 30.40	\$ 20.21	\$ 374	\$ 373	\$ 236	\$ 40	\$ 30	1.6x	9.4x	12.2x	19.1x	15.8x
Advanced Env. Recycling Technologies, Inc.	NasdaqSC:AERT	1.59	3.71	1.31	65	93	93	5	1	1.0x	19.4x	<i>nmf</i>	40.7x	<i>nmf</i>
American Standard Companies, Inc.	NYSE:ASD	37.66	61.23	37.72	12,377	13,612	11,431	1,257	985	1.2x	10.8x	13.8x	21.2x	16.9x
American Woodmark Corp.	NasdaqNM:AMWD	28.28	46.10	29.53	593	552	811	103	67	0.7x	5.4x	8.3x	14.6x	17.0x
Genlyte Group Inc.	NasdaqNM:GLYT	66.02	87.90	62.20	2,485	2,595	1,550	257	225	1.7x	10.1x	11.5x	14.9x	15.6x
Gibraltar Industries Inc.	NasdaqNM:ROCK	18.46	29.55	20.75	667	1,067	1,298	126	98	0.8x	8.5x	10.9x	13.1x	14.5x
Griffon Corp.	NYSE:GFF	15.08	27.92	21.46	698	915	1,734	116	78	0.5x	7.9x	11.7x	14.3x	15.3x
Headwaters Inc.	NYSE:HW	16.50	27.81	18.41	793	1,359	1,120	249	180	1.2x	5.5x	7.5x	11.5x	13.4x
Lennox International Inc.	NYSE:LII	34.96	37.85	21.15	2,367	2,418	3,654	224	178	0.7x	10.8x	13.6x	15.0x	13.2x
Masco Corp.	NYSE:MAS	26.97	34.72	25.85	11,391	14,593	12,492	1,698	1,458	1.2x	8.6x	10.0x	23.9x	17.0x
NCI Building Systems Inc.	NYSE:NCS	46.69	62.50	45.20	1,029	1,565	1,675	175	141	0.9x	8.9x	11.1x	15.0x	11.7x
Owens Corning Sales, Inc.	NYSE:OC	29.48	36.93	25.60	4,716	6,730	6,184	659	364	1.1x	10.2x	18.5x	<i>nmf</i>	26.9x
Sherwin-Williams Co.	NYSE:SHW	68.42	71.11	44.08	9,034	10,170	7,797	1,080	932	1.3x	9.4x	10.9x	15.4x	14.1x
Simpson Manufacturing Co., Inc.	NYSE:SSD	32.90	36.45	24.93	1,639	1,492	841	183	157	1.8x	8.2x	9.5x	15.1x	16.5x
Trex Co. Inc.	NYSE:TWP	17.25	29.16	19.41	304	441	348	26	5	1.3x	17.2x	<i>nmf</i>	<i>nmf</i>	27.4x
US Home Systems Inc.	NasdaqNM:USHS	7.94	16.00	8.25	127	120	133	10	9	0.9x	12.0x	13.8x	29.2x	15.9x
USG Corp.	NYSE:USG	38.96	95.50	43.68	5,150	5,978	5,604	941	788	1.1x	6.4x	7.6x	10.9x	15.5x
Median										1.1x	9.4x	11.1x	15.0x	15.5x

Building Products Distributors	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
ACR Group Inc.	AMEX:BRR	\$ 6.72	\$ 6.47	\$ 3.80	\$ 62	\$ 98	\$ 240	\$ 12	\$ 11	0.4x	7.9x	8.6x	9.4x	<i>nmf</i>
Beacon Roofing Supply Inc.	NasdaqNM:BECN	14.03	28.97	14.97	746	1,071	1,541	125	100	0.7x	8.5x	10.8x	18.0x	18.9x
Bluelinx Holdings Inc.	NYSE:BXC	8.05	16.40	8.80	344	899	4,899	101	81	0.2x	8.9x	11.1x	22.5x	17.1x
Builders FirstSource, Inc.	NasdaqNM:BLDR	13.68	24.94	14.10	602	828	2,239	173	151	0.4x	4.8x	5.5x	9.0x	13.3x
Building Materials Holding Corp.	NYSE:BLG	12.44	37.55	16.59	503	789	3,245	252	207	0.2x	<i>nmf</i>	<i>nmf</i>	5.0x	13.4x
Huttig Building Products Inc.	NYSE:HBP	6.38	9.53	4.65	144	183	1,103	19	12	0.2x	9.9x	14.9x	<i>nmf</i>	15.0x
Interline Brands Inc.	NYSE:IBI	24.67	27.54	20.08	753	1,168	1,068	120	106	1.1x	9.7x	11.1x	23.9x	15.0x
Watsco Inc.	NYSE:WSO	47.38	68.23	41.50	1,402	1,408	1,801	147	141	0.8x	9.6x	10.0x	18.5x	16.3x
WESCO International Inc.	NYSE:WCC	50.29	80.29	54.14	3,180	4,275	5,321	405	377	0.8x	10.5x	11.3x	14.8x	12.5x
Wolseley plc	LSE:WOS	21.23	28.82	21.08	16,414	22,835	30,015	2,070	1,586	0.8x	11.0x	14.4x	15.0x	13.1x
WW Grainger Inc.	NYSE:GWW	85.36	83.99	60.60	6,860	6,508	5,884	733	615	1.1x	8.9x	10.6x	18.6x	17.2x
Median										0.7x	9.2x	10.9x	16.5x	15.0x

Source: Capital IQ. As of August 6, 2007.

## Publicly Traded Building and Construction Companies (continued)

(USD in millions, except per share data)

Building Products Retailers	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
The Home Depot, Inc	NYSE:HD	\$ 36.19	\$ 42.01	\$ 32.85	\$ 77,678	\$ 89,144	\$ 90,837	\$ 11,985	\$10,099	1.0x	7.4x	8.8x	14.1x	14.7x
Lowe's Companies Inc.	NYSE:LOW	27.37	35.74	26.15	47,942	51,582	46,927	6,456	5,219	1.1x	8.0x	9.9x	15.7x	15.2x
									Median	1.1x	8.0x	9.9x	16.1x	15.0x

Building Service Companies	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
Arcadis NV	ENXTAM:ARCAD	\$ 90.33	\$ 72.47	\$ 42.14	\$ 1,301	\$ 1,404	\$ 1,627	\$ 127	\$ 92	0.9x	11.1x	15.2x	22.4x	<i>nmf</i>
Fluor Corporation	NYSE:FLR	116.36	103.85	73.51	8,428	8,011	14,079	553	427	0.6x	14.5x	18.8x	32.5x	24.6x
Granite Construction Inc.	NYSE:GVA	59.25	63.73	37.35	2,485	2,230	2,970	170	101	0.8x	13.1x	22.0x	30.9x	21.2x
Jacobs Engineering Group, Inc.	NYSE:JEC	60.73	50.38	34.28	5,923	5,542	7,756	378	329	0.7x	14.7x	16.9x	28.6x	24.0x
Michael Baker Corporation	AMEX:BKR	34.80	28.80	19.90	237	235	651	28	22	0.4x	8.3x	10.6x	20.4x	15.5x
Perini Corp.	NYSE:PCR	53.48	42.10	19.80	1,065	889	3,043	96	88	0.3x	9.3x	10.1x	27.6x	19.6x
Shaw Group Inc.	NYSE:SGR	49.89	35.73	19.55	2,547	3,620	4,914	144	108	0.7x	<i>nmf</i>	<i>nmf</i>	<i>nmf</i>	31.8x
Skanska AB	OM:SKA B	21.48	23.72	14.51	9,171	7,847	18,377	883	700	0.4x	8.9x	11.2x	17.1x	<i>n/a</i>
SNC Lavalin Group Inc.	TSX:SNC	37.86	33.42	23.00	4,282	5,369	4,423	287	217	1.2x	18.7x	24.8x	35.4x	35.0x
URS Corp.	NYSE:URS	48.95	49.80	36.46	2,309	2,395	4,240	275	237	0.6x	8.7x	10.1x	20.0x	<i>nmf</i>
Washington Group International Inc.	NYSE:WNG	80.10	70.97	47.28	2,040	1,774	3,398	161	116	0.5x	11.0x	15.3x	26.6x	<i>nmf</i>
									Median	0.6x	11.1x	15.3x	27.6x	24.0x

Home Builders	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
Beazer Homes USA Inc.	NYSE:BZH	\$ 11.37	\$ 67.13	\$ 27.62	\$ 1,193	\$ 2,827	\$ 5,159	\$ 519	\$ 508	0.5x	5.4x	5.6x	5.8x	<i>nmf</i>
Centex Corp.	NYSE:CTX	34.73	63.47	40.41	5,405	11,955	14,431	1,124	1,067	0.8x	10.6x	11.2x	14.1x	<i>nmf</i>
DR Horton Inc.	NYSE:DHI	16.39	34.49	19.52	7,045	12,239	15,016	2,075	2,015	0.8x	5.9x	6.1x	9.7x	21.3x
Hovnanian Enterprises Inc.	NYSE:HOV	12.18	42.91	22.61	1,515	4,256	6,036	531	466	0.7x	8.0x	9.1x	<i>nmf</i>	<i>nmf</i>
KB Home	NYSE:KBH	30.74	67.46	37.89	3,845	6,884	10,579	815	794	0.7x	8.4x	8.7x	10.7x	17.4x
Lennar Corp.	NYSE:LEN	30.90	59.50	38.66	6,823	10,090	15,818	962	916	0.6x	10.5x	11.0x	17.1x	30.9x
M/I Homes Inc.	NYSE:MHO	23.21	48.00	25.15	380	1,014	1,359	163	158	0.7x	6.2x	6.4x	10.5x	36.4x
MDC Holdings Inc.	NYSE:MDC	46.80	62.94	39.26	2,315	2,934	4,802	484	465	0.6x	6.1x	6.3x	11.2x	63.3x
Meritage Homes Corp.	NYSE:MTH	17.04	68.34	30.56	866	1,543	3,461	425	401	0.4x	3.6x	3.9x	4.0x	14.2x
NVR Inc.	AMEX:NVR	592.51	814.75	386.55	4,117	3,922	6,155	1,222	1,208	0.6x	3.2x	3.2x	9.6x	13.5x
Pulte Homes Inc.	NYSE:PHM	18.50	41.36	25.16	6,830	10,939	14,270	1,178	1,094	0.8x	9.3x	10.0x	10.4x	36.8x
Ryland Group Inc.	NYSE:RYL	33.40	70.79	33.86	1,894	2,811	4,757	691	645	0.6x	4.1x	4.4x	5.8x	19.6x
Standard Pacific Corp.	NYSE:SPF	11.93	34.22	19.53	1,385	3,629	3,964	535	527	0.9x	6.8x	6.9x	11.8x	31.8x
Technical Olympic USA Inc.	NYSE:TOA	2.70	23.00	3.32	262	1,309	2,637	225	211	0.5x	5.8x	6.2x	<i>nmf</i>	4.9x
Toll Brothers Inc.	NYSE:TOL	21.74	35.64	22.22	4,452	6,279	5,873	1,061	1,030	1.1x	5.9x	6.1x	8.4x	20.8x
									Median	0.7x	6.1x	6.3x	10.5x	20.8x

Lumber	Ticker	Stock Price 8/6/07	52-Week		Market Value	Enterprise Value	LTM			Enterprise Value / LTM			P/E	
			High	Low			Revenue	EBITDA	EBIT	Revenue	EBITDA	EBIT	LTM	2007F
Ainsworth Lumber Co. Ltd.	TSX:ANS	\$ 7.27	\$ 23.89	\$ 4.47	\$ 91	\$ 912	\$ 710	\$ 40	\$ (35)	1.3x	<i>nmf</i>	<i>nmf</i>	<i>nmf</i>	<i>nmf</i>
Canfor Corp.	TSX:CFP	12.14	11.28	8.44	1,577	1,434	3,300	91	(66)	0.4x	15.8x	<i>nmf</i>	3.6x	<i>nmf</i>
Louisiana-Pacific Corp.	NYSE:LPX	17.35	28.83	18.05	2,188	1,770	2,235	240	112	0.8x	7.4x	15.9x	17.4x	<i>nmf</i>
Norbord, Inc.	TSX:NBD	7.65	11.17	6.82	1,118	1,591	1,252	247	153	1.3x	6.4x	10.4x	11.1x	<i>nmf</i>
Universal Forest Products Inc.	NasdaqNM:UFPI	36.91	80.28	43.61	959	1,078	2,665	164	124	0.4x	6.6x	8.7x	16.4x	15.8x
West Fraser Timber Co. Ltd.	TSX:WFT	36.01	40.69	30.83	1,656	1,675	2,856	585	368	0.6x	<i>nmf</i>	<i>nmf</i>	4.6x	<i>nmf</i>
Weyerhaeuser Co.	NYSE:WY	67.18	87.09	54.25	18,553	26,551	21,896	3,332	2,049	1.2x	8.0x	13.0x	<i>nmf</i>	33.3x
									Median	0.8x	7.4x	11.7x	10.8x	20.8x

Source: Capital IQ. As of August 6, 2007.

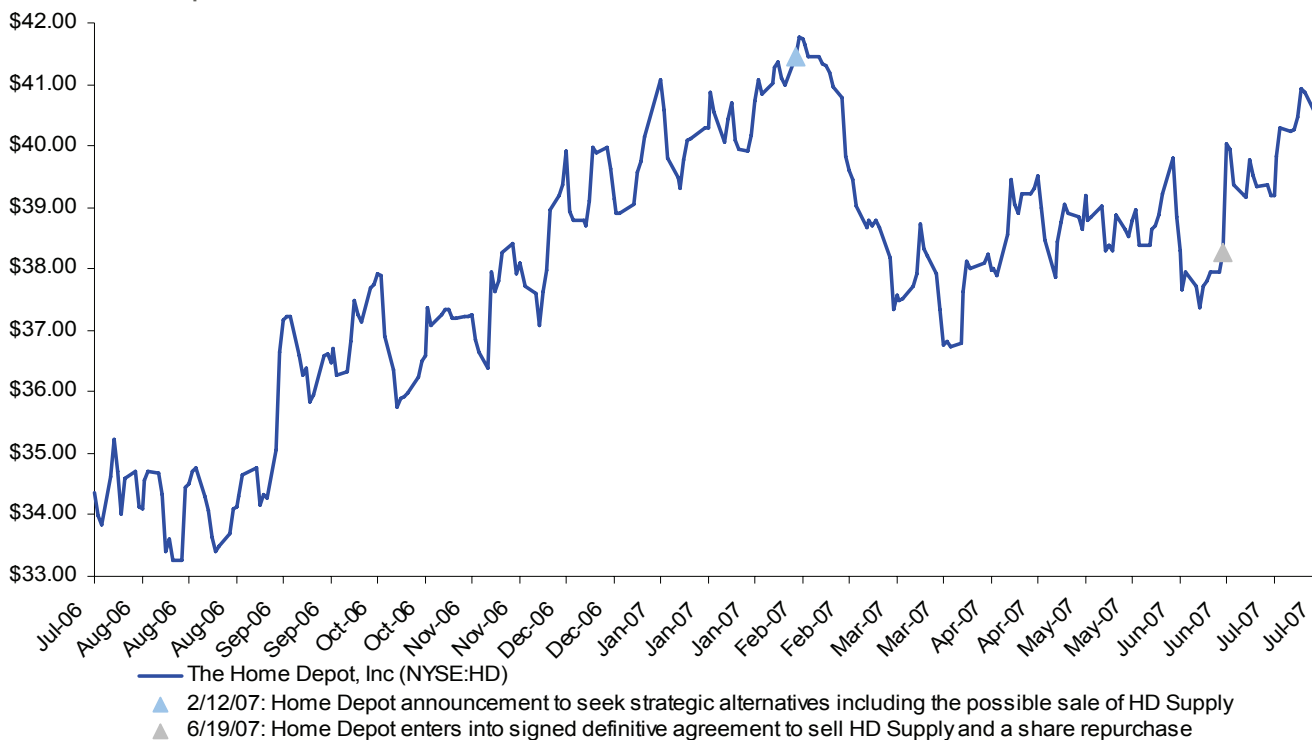
## Sale of HD Supply to Private Equity

On June 19, 2007, The Home Depot, Inc. (NYSE: HD) signed a definitive agreement to sell its commercial supply business, The Home Depot Supply, Inc., to a consortium of private equity buyers consisting of Bain Capital, LLC; Clayton, Dubilier & Rice, Inc. and The Carlyle Group. The transaction is valued at \$10.3 billion, which equals approximately a 10x multiple on HD Supply's LTM EBITDA, according to company filings. HD Supply provides builders, contractors, government entities, industrial busi-

nesses and maintenance professionals with a broad offering of products and services. In explaining the rationale for sale of HD Supply, Home Depot's CEO, Frank Blake, cited the Company's core business as a do-it-yourself retailer, and the expected difficulty in fully integrating HD Supply's business with Home Depot's core retail business. Observers of the building and construction industry can infer several take-away's from this sale decision and process. First, Home Depot's desire to focus on its core business

is evident in this decision, and has been widely applauded by the Wall Street community. Second, the implied valuation multiple paid for HD Supply reflects continued strong interest from acquirers, particularly private equity buyers, in select segments of the building and construction market. Finally, Home Depot's decision to focus exclusively on its retail operations implies long-term confidence in the fundamentals underlying not only the retail do-it-yourself market, but also the residential construction market.

Chart D: Home Depot Stock Chart



### About Lincoln International

Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, Los Angeles, New York, Paris, and Vienna and strategic partnerships with China Everbright and other partner firms in Asia, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise, and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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