

Windows on Wall Street

From Lincoln International

The *Window & Door* Stock Index has experienced strong growth since its one-year low in early March, climbing 30% compared to 25% for the S&P 500 index. However, this growth has slowed in recent weeks as both building permits and starts fell in July after two months of positive news. According to preliminary estimates from the U.S. Census Bureau, building permits and housing starts fell by 1.8% and 1.0% in July, respectively, to a seasonally adjusted annual rate of 560,000 and 581,000 units, respectively. The months' supply of new homes has continued to fall too, however, reaching 7.5 months in July down from a staggering 12.4 months in January. As the economic and housing situation continues to evolve, it will be important to keep an eye on unemployment data, housing inventory levels and new home sales for signs of a market recovery. It's worth noting that the recent weakness may be the result of speculation that recent growth was largely driven by the federal tax credit for first-time home buyers. As a result, analysts will be watching the impact that the November 30th expiration of the tax credit on home sales. The statistics released after that date may have a notable impact on the Stock Index.

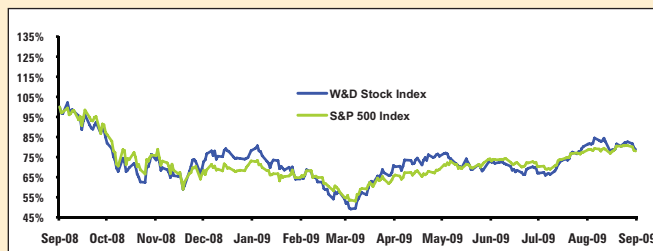
WD Stock Watch

As of July 7, 2009

Company	Current Price (\$)	52 week High	52 week Low	*EV/EBITDA
Black & Decker Corp., The (BDK)	\$42.12	\$69.50	\$20.10	8.2x
Drew Industries Inc. (DW)	20.01	23.98	5.40	34.2x
Fortune Brands Inc. (FO)	38.18	63.67	17.68	9.5x
Home Depot Inc., The (HD)	26.53	30.74	17.05	8.6x
Huttig Building Products Inc. (HBPI)	0.94	3.15	0.11	n/a
Lowe's Companies Inc. (LOW)	20.86	28.49	13.00	6.8x
Masco Corp. (MAS)	12.75	22.00	3.64	14.7x
PGT, Inc. (PGTI)	2.54	5.31	0.80	10.4x
PPG Industries Inc. (PPG)	53.93	69.89	28.16	8.4x
Quanex Building Products Corp. (NX)	13.37	18.18	5.13	10.1x
Wolseley PLC (WOS)	22.23	83.91	15.76	8.5x

The WD Stock Watch includes a select list of publicly-traded companies involved in the window and door industry. For *EV/EBITDA: EV (enterprise value) = Market value of stock plus debt outstanding minus cash, and EBITDA = Earnings before interest, taxes, depreciation and amortization. Data provided courtesy of Lincoln International.

WD Stock Index



Note: Local currency converted to USD using historical spot rates. The WD Stock Index consists of the above stocks weighted by market cap. Data provided courtesy of Lincoln International.

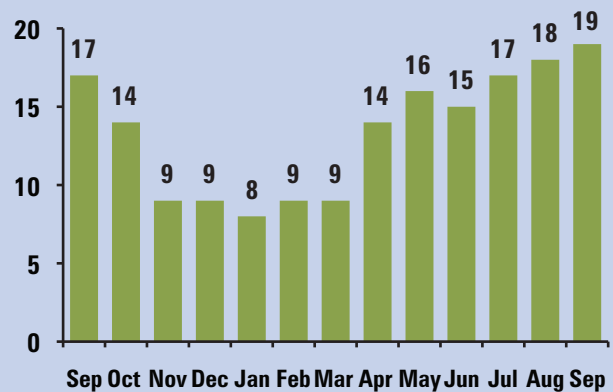
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnternational.com; and Greg T. Hicks, analyst 312/506-2730, ghicks@lincolnternational.com. Benjamin Kessler, Analyst: bkessler@lincolnternational.com; 312/506-2749. Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, Los Angeles, New York and Paris, and partner firms in Asia, Lincoln International has strong local knowledge of 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.lincolnternational.com.

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Market Snapshot—New Construction

Builder confidence in the market for newly built, single-family homes edged higher for a third consecutive month in September, according to the National Association of Home Builders/Wells Fargo Housing Market Index. The HMI rose one point to its highest level since May 2008. "Builders are seeing some improvement in buyer demand as a result of the first-time home buyer tax credit, and low mortgage rates and strong housing affordability have also helped to revive some optimism," explains Joe Robson, NAHB chairman and a home builder from Tulsa, Okla. The report suggests that "builders are starting to see some glimmers of light at the end of the tunnel in terms of improving sales activity," adds David Crowe, NAHB chief economist.

Housing Market Index



Source: NAHB, Builders' Economic Council (BEC) Monthly Surveys

The HMI is compiled by NAHB, based on a monthly survey of builders, in which they are asked to rate the current business climate. Any number over 50 indicates that more builders view sales conditions as good than poor.

First Time Buyers—May Still Get Credit

Prior to the November deadline set for the \$8,000 first-time homeowner tax credit, Congressional representatives and senators are acting to get it extended. "As we are fighting to get our economy back on track, we cannot afford to let lapse an important tool that has had a positive effect on the housing market," says Maryland Democrat Sen. Benjamin Cardin, co-sponsor of one of such bill. "A six-month extension is a fiscally responsible way to provide adequate time to nudge even more prospective home buyers off the sidelines and closer to owning their part of the American Dream." Both the National Association of Home Builders and National Association of Realtors are actively lobbying for such a measure.

Closing Thoughts—Home Improvement Outlook

"We've been through a substantial correction in our market. We think the reasonable projection is continued negative through 2009 and at some point stabilizing as we head in to the back half of 2010."—Frank Blake, Home Depot chairman and CEO at Goldman Sachs investor conference.