

Windows on Wall Street

From Lincoln International

The WD Stock Index has experienced strong growth over the last 12 months, furthering its recovery, though it experienced a correction after reaching a 12-month high in April. Nonetheless, the WD Stock Index has outperformed the broader market, as measured by the S&P 500 Index. Over the last 12 months, the index has gained 16.1%, compared to 11.6% for the S&P 500. According to preliminary estimates from the U.S. Census Bureau, building permits declined 5.9% and housing starts declined 10% in May compared to the prior month, to seasonally adjusted annual rates of 574,000 and 593,000 units, respectively. These figures represent year-over-year increases of 4.4% and 7.8%, respectively, and the sixth consecutive month of year-over-year increases. While the homebuyer's tax credit played a significant role in the positively trending housing statistics for the first part of 2010, the expiration of the homebuyer's tax credit in April caused a decline in housing starts and building permits in May. Single-family numbers were down, but a better multi-family picture suggested that scaled back growth might continue.

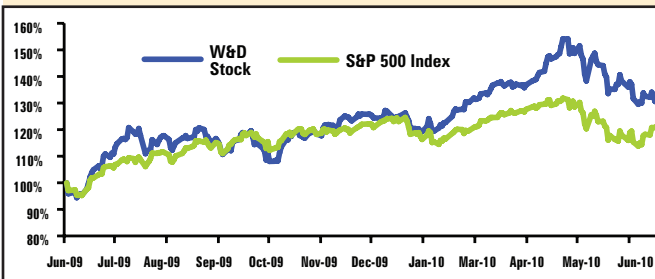
WD Stock Watch

As of June 30, 2010

Company	Current	52 Week		*EV/
	Price (\$)	High	Low	EBITDA
Builders FirstSource (BLDR)	\$2.40	\$8.60	\$2.39	nmf
Drew Industries Inc. (DW)	20.20	28.10	10.19	6.6x
Fortune Brands Inc. (FO)	39.18	55.68	31.58	10.1x
Home Depot Inc. (HD)	28.07	37.03	22.27	8.1x
Huttig Building Products Inc. (HBPI)	1.36	1.90	0.60	nmf
Lowe's Companies Inc. (LOW)	20.42	28.54	18.43	6.4x
Masco Corp. (MAS)	10.76	18.78	8.15	10.7x
PGT Inc. (PGTI)	2.57	3.70	1.50	12.3x
PPG Industries Inc. (PPG)	60.41	72.24	41.09	8.6x
Quanex Building Products Corp. (NX)	17.29	21.19	9.73	7.1x
Stanley Black & Decker	50.52	66.27	31.08	15.9x

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.

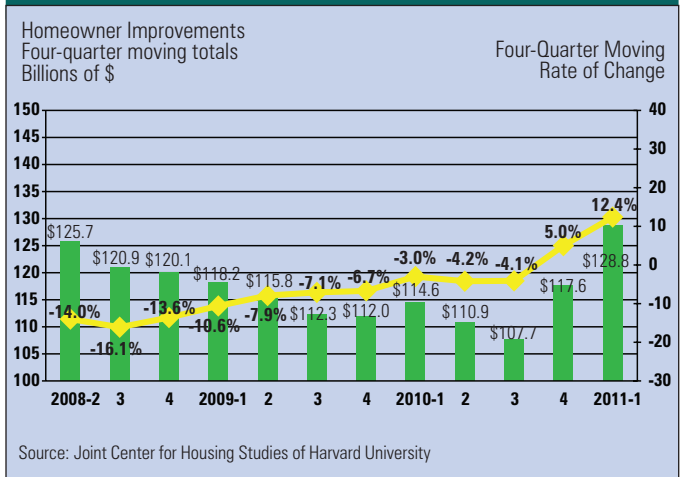
Contact Information: Greg T. Hicks, analyst 312/506-2730, ghicks@lincolnternational.com. Benjamin Kessler, Analyst: bkessler@lincolnternational.com; 312/506-2749. Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market 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—Remodeling

A recovery in home improvement spending will soon be underway, according to the Leading Indicator of Remodeling Activity released in July by the Joint Center for Housing Studies of Harvard University. Remodeling spending is expected to increase on an annual basis by the end of the year, and the LIRA points to growth accelerating to the double-digit range in the first quarter of 2011. "Absent a reversal of recent economic progress, there should be a healthy upturn in home improvement activity by year-end and into next year," says Eric S. Belsky, Joint Center managing director. "The recovery in home improvement activity appears to be moving beyond simple replacement projects and energy retrofits to broader remodels and upgrades," adds Kermit Baker, director of the center's Remodeling Futures Program. "A wider activity base would help generate the expected growth in the quarters ahead."

Leading Indicator of Remodeling Activity - Second Quarter, 2010



Source: Joint Center for Housing Studies of Harvard University

EPA Lead Rules—Having an Impact

Nearly 80 percent of respondents to Window & Door Dealer Alliance survey conducted in June said they have already seen an increase in hard and soft costs as a result of the Environmental Protection Agency's Lead: Renovation, Repair and Painting rule. "I cannot believe that the EPA has taken this rule so far. They are putting the economy in more jeopardy and costing thousands of useless dollars," one respondent asserted. "We are already losing tons of business due to this rule while hardly adding any cost to the job. This is going to ruin the home improvement industry, and put many companies out of business." "We have lost work to contractors who refuse to abide by the LRRP rule and therefore can provide lower prices," says another. "Interestingly, the average consumer agrees with them that the law is much ado about nothing."

Closing Thoughts—Going Elsewhere

"These costs may drive many consumers—even those with small children—to seek uncertified remodelers and other contractors. Others will likely choose to do the work themselves—or not do it at all—to save money. That does nothing to protect the population this rule was designed to safeguard."—Bob Jones, a Michigan home builder and chairman of the National Association of Home Builders, speaking about LRRP compliance costs.