

Windows on Wall Street

From Lincoln International

The WD Stock Index has experienced strong growth over the last 12 months and has recovered substantially from its 12-month low in July 2010. The index outperformed the broader market, as measured by the S&P 500 Index, over the last 12 months, gaining 12.5%, compared to 8.7% for the S&P 500. The stronger WD Stock Index performance comes despite continued weakness in housing. According to U.S. Census estimates, building permits increased 0.5% while housing starts declined 11.7% in October compared to the prior month. October recorded the lowest number of housing starts since April 2009 and the third lowest since January 1959, indicating the housing sector still struggles to gain momentum. The current 9.6% unemployment rate continues to remain a primary contributor to the depressed levels of new home sales. The significant backlog of foreclosed homes has also driven median home prices to \$194,900, the lowest level since October 2003, making it difficult for many homebuilders to compete.

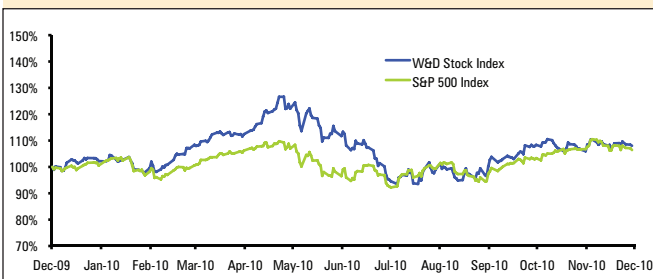
WD Stock Watch

As of December 1, 2010

Company	Current	52 Week		*EV/
	Price (\$)	High	Low	EBITDA
Builders' Firstsource (BLDR)	\$1.50	\$4.89	\$1.43	nmf
Drew Industries Inc. (DW)	20.94	28.10	17.89	5.7x
Fortune Brands Inc. (FO)	60.15	61.00	37.05	12.1x
The Home Depot Inc. (HD)	31.61	37.03	26.62	8.3x
Huttig Building Products Inc. (HBPI)	0.84	1.90	0.60	nmf
Lowe's Companies Inc. (LOW)	23.75	28.54	19.35	7.0x
Masco Corp. (MAS)	11.68	18.78	9.94	11.0x
PGT, Inc. (PGTI)	2.21	3.70	1.50	9.7x
PPG Industries Inc. (PPG)	79.86	79.95	56.96	8.9x
Quanex Building Products Corp. (NX)	16.90	21.19	14.50	6.4x
Stanley Black & Decker (SWK)	60.44	66.27	47.99	11.8x

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.

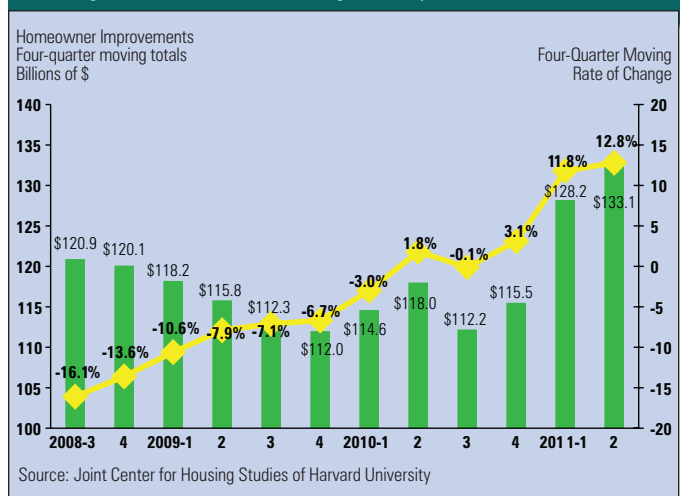
Contact Information: Michael Son, Analyst, mson@lincolninternational.com, (312) 506-2739. Lincoln International specializes in merger and acquisition advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and pension advisory services on a wide range of transaction sizes. With 10 offices in Asia, Europe and North America, and strategic partnerships with leading institutions in China and India, Lincoln 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, it serves its clients without conflicts of interest. More information can be obtained at www.lincolninternational.com.

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Market Snapshot—Remodeling

Substantive growth in remodeling spending, coming off a three-year decline, seems likely in 2011, according to the Harvard University Joint Center for Housing Studies' Leading Indicator of Remodeling Activity. Even though spending is still below its 2007 peak, the data indicates that homeowner improvement spending will be up at a double-digit pace at an annual rate through the first half of 2011. "The downturn in home improvement activity has pushed spending below its long-term trend," says Eric S. Belsky, the center's managing director. "A recovering economy should stabilize house prices and consumer confidence levels, encouraging homeowners to reinvest in their homes and undertake deferred repairs and replacements." "Remodeling contractors are feeling much more positive about the outlook for home improvement projects," adds Kermit Baker, director of the center's Remodeling Futures Program. "Low financing costs and a wave of previously foreclosed homes coming back on the market and in need of renovation are expected to generate healthy growth over the next several quarters."

Leading Indicator of Remodeling Activity - Third Quarter, 2010



Source: Joint Center for Housing Studies of Harvard University

Government—More "Recovery Through Retrofit"

Tax credits for windows and doors may be reduced, but the Obama Administration continues to look for ways to boost energy efficient home retrofits. A new Home Energy Score system designed to provide America's families "with straightforward and reliable information about their homes' energy performance and specific, cost-effective energy efficiency improvements that will save them money on their monthly energy bills," says Energy Secretary Stephen Chu. A potential user for the rating system would be the PowerSaver loan program, a new HUD initiative. FHA-backed loans will offer homeowners up to \$25,000 to make energy-efficient improvements, including the installation of doors and windows, it is reported. The government plans two-year pilots for each program beginning this year.

Closing Thoughts—Pent-Up Demand

"The single-family housing market in the U.S. currently finds itself in a significantly underbuilt state. Pent-up demand for housing will at some point need to be worked off, pushing single-family production in a positive direction." — Bob Jones, a Michigan builder and chairman of the National Association of Home Builders.