

Windows on Wall Street

From Lincoln International

The *Window & Door* Stock Index has recently experienced strong growth and continued its recovery, reaching a new 12-month high in late April and outperforming the broader market, as measured by the S&P 500 Index. Over the last year, the index has gained 37.9%, compared to 32.5% for the S&P 500. The U.S. Census Bureau estimates building permits increased 7.5% and housing starts increased 1.6% in March compared to the prior month, to seasonally adjusted annual rates of 685,000 and 626,000 units, respectively. These figures represent year-over-year increases of 34.1% and 20.2%, respectively, and the fourth month of year-over-year increases. In large part, the homebuyer's tax credit has played a key role in the recent recovery of the housing market. In March, new home sales rose 27% to a seasonally adjusted rate of 411,000 as we approached the April 30th deadline to take advantage of the first-time homebuyer tax credit. As further evidence, months' supply of new homes fell to 6.7 months in March, the lowest level since September 2006.

WD Stock Watch

As of May 5, 2010

Company	Current Price (\$)	52 Week		*EV/ EBITDA
		High	Low	
Builders FirstSource (BLDR)	\$4.01	\$8.60	\$2.13	nmf
Drew Industries Inc. (DW)	23.88	28.10	10.19	11.0x
Fortune Brands Inc. (FO)	53.32	55.68	31.58	12.2x
The Home Depot Inc. The (HD)	35.87	37.03	22.27	10.2x
Huttig Building Products Inc. (HBPI)	1.90	1.90	0.60	nmf
Lowe's Companies Inc. (LOW)	27.74	28.54	18.02	8.9x
Masco Corp. (MAS)	16.63	18.78	8.15	13.9x
PGT, Inc. (PGTI)	3.32	3.35	1.40	18.6x
PPG Industries Inc. (PPG)	71.28	72.24	41.09	9.8x
Quanex Building Products Corp. (NX)	19.40	19.82	8.92	11.3x
Stanley Black & Decker (SWK)	63.31	66.27	31.08	19.2x

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.

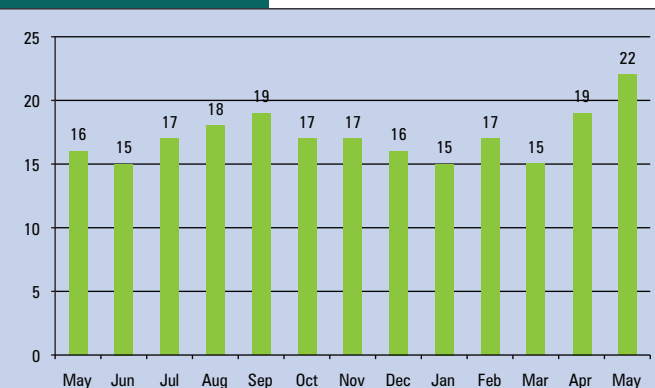
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnternational.com; and Greg T. Hicks, analyst 312/506-2730, ghicks@lincolnternational.com. Benjamin Kessler, Analyst: bkessler@lincolnternational.com; 312/506-2749. Lincoln International specializes in merger and 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 rose for a second consecutive month in May, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index. The HMI gained three points to hit 22 in May, its highest point since August of 2007. "Builders are also hopeful that the solid momentum that the tax credits initiated will continue even now that those incentives are gone," says Bob Jones, NAHB chairman and a home builder from Bloomfield Hills, Mich. "The really encouraging part," adds David Crowe, NAHB chief economist, "is that sales expectations for the next six months continued to gain, despite the expiration of the home buyer tax credits at the end of April." He notes, however, that the numbers are still quite low by historic standards. "Obviously we still have a long way to go, and it's worth repeating that continued challenges such as the critical lack of project financing, inappropriate appraisal procedures, competition from short sales and foreclosures, and the soaring costs of some building materials are major obstacles on the path to a healthier housing market and economy."

Housing Market Index



Source: National Association of Home Builders. The HMI is 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.

Entrepreneurs—Even More in Hard Times

Despite the deep recession and record unemployment—perhaps because of it—business startups reached their highest level in 14 years in 2009. According to the Kauffman Index of Entrepreneurial Activity, the number of new businesses created during the 2007-2009 recession years increased steadily year to year. "Challenging economic times can serve as a motivational boost to individuals who have been laid-off to become their own employers and future job creators," says Carl Schramm, the Kauffman Foundation president and CEO. "Because entrepreneurs drive the economy, the growth in 2009 business startups is encouraging and hopefully points to a hopeful trend in terms of our economic recovery."

Closing Thoughts—Remaining Cautious

"Consumers are showing signs of reengagement in home improvement, including discretionary projects and purchases of bigger ticket products, which had taken a back seat during the worst of the economic downturn." —Robert A. Niblock, Lowe's chairman and CEO.