

Windows on Wall Street

From Lincoln International

The WD Stock Index has experienced modest growth over the last 12 months and has reached its highest index level since June, when it declined significantly after the first-time homebuyer's tax credit expired. Overall, the index has slightly outperformed the broader market, as measured by the S&P 500 Index, over the last 12 months, gaining 8.2%, compared to 7.7% for the S&P 500. According to preliminary estimates from the U.S. Census Bureau, housing starts increased 1.7% in July compared to the prior month, to a seasonally adjusted annual rate of 546,000 units. This figure represents a year-over-year decrease of 7%. Although total housing starts exhibited positive momentum month-over-month, the increase was entirely driven by the more volatile multi-family housing sector, which increased 32.6% from June. In contrast, single family housing starts declined 4.2% to a seasonally adjusted annual rate of 432,000, the lowest mark since May 2009. This highlights the continued uncertainty in the overall housing market.

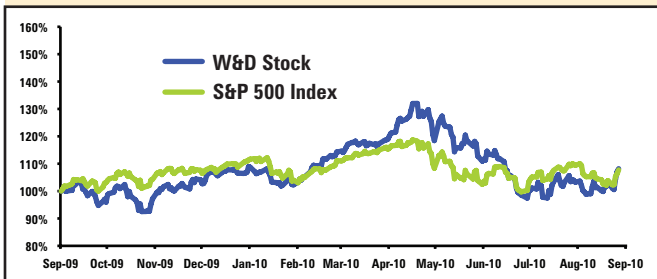
WD Stock Watch

As of August 3, 2010

Company	Current Price (\$)	52 Week High	52 Week Low	*EV/EBITDA
Builders FirstSource (BLDR)	\$2.33	\$5.30	\$1.90	nmf
Drew Industries Inc. (DW)	20.93	28.10	17.89	5.7x
Fortune Brands Inc. (FO)	47.95	55.68	37.05	10.5x
The Home Depot Inc. (HD)	29.85	37.03	24.47	8.3x
Huttig Building Products Inc. (HBPI)	0.98	1.90	0.60	nmf
Lowe's Cos. Inc. (LOW)	21.96	28.54	19.15	6.8x
Masco Corp. (MAS)	11.43	18.78	9.94	10.7x
PGT Inc. (PGTI)	2.18	3.70	1.50	10.9x
PPG Industries Inc. (PPG)	69.98	72.24	54.76	8.6x
Quanex Building Products Corp. (NX)	16.96	21.19	13.73	6.5x
Stanley Black & Decker (SWK)	58.16	66.27	40.22	12.9x

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.

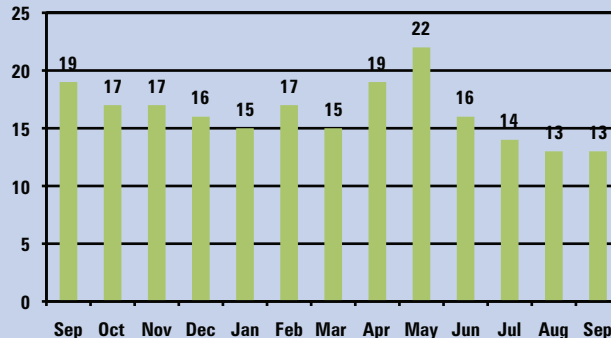
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Market Snapshot—New Construction

Builder confidence in the market for newly built, single-family homes remained unchanged in September from the previous month's low level of 13, according to the National Association of Home Builders/Wells Fargo Housing Market Index. "In general, builders haven't seen any reason for improved optimism in market conditions over the past month," says Bob Jones, a Michigan home builder and NAHB chairman. "If anything, consumer uncertainty has increased, and builders feel their hands are tied until potential home buyers feel more secure about the job market and economy." "The stall in the nation's housing market continues," agrees David Crowe, NAHB chief economist. "Builders report that the two leading obstacles to new-home sales right now are consumer reluctance in the face of the poor job market and the large number of foreclosed properties for sale. However, we do expect that moderate improvement in the job market will help boost consumer confidence and improve conditions for new-home sales in this year's final quarter."

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.

Lead Safety—Replacement is Answer

A National Institute of Health challenge grant will be used by researchers from the NYU School of Medicine and National Center for Healthy Housing to begin a study looking at window replacement in older homes as a means to prevent lead exposure to children. The potential to reduce lead dust hazards in the home via window replacement is high, says Rick Nevin, one of the project researchers. In older homes, windows typically have the highest levels of lead in paint of any building component, he reports. Lead paint was banned in 1978, and double-pane windows became widely used in cold climates in the 1980s, he also points out. "As a result, single-pane windows in older housing are reliable indicators of lead paint hazards and inefficient energy use."

Closing Thoughts—Weatherization Progress

"From replacing windows and doors to adding insulation, these are small changes that are making a big difference for American workers, manufacturer and consumers. We've hit the accelerator on the weatherization program, making over 200,000 homes more energy-efficient already, and are now full speed ahead to meet our original target of weatherizing 600,000 homes nationwide." —Vice President Joe Biden