

Windows on Wall Street

From Lincoln International

It is no surprise that companies serving the residential construction industry are experiencing hard times, easily inferred from the chart below showing the W&D Stock Index's performance dip in the last year. One company taking a proactive step to "trim the fat" and get ready for what is expected to be an even tougher year is Huttig Building Products. Huttig is one of the largest domestic distributors of millwork, building materials and wood products used primarily in new residential construction and home improvement, remodeling and repair work. Last year, Huttig announced an expanded restructuring program to reduce costs and increase efficiencies to prepare for the months ahead. Since the announcement, the company has identified more than \$11 million in annual savings by closing/consolidating five branches, cutting 240 jobs (11% of the workforce), writing off discontinued inventory and eliminating an expensive Oracle project. Expect improving results from this two-step distributor in the coming months as they sharpen their focus on financial performance.

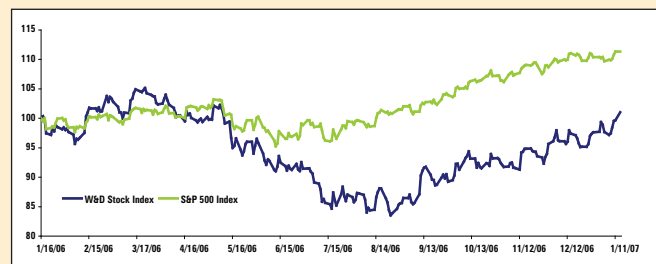
WD Stock Watch

As of January 16, 2007

Company	Current Price (\$)	52 week High	52 week Low	*EV/ EBITDA
The Black & Decker Corp.	\$82.19	\$94.90	\$66.04	7.2x
Building Materials Holding Corp.	22.75	41.36	20.01	3.4x
Drew Industries Inc.	25.22	38.90	22.26	7.8x
Fortune Brands Inc.	84.28	86.90	68.45	11.3x
The Home Depot Inc.	40.11	43.95	32.85	7.5x
Huttig Building Products Inc.	5.62	9.76	4.65	5.1x
International Aluminum Corp.	51.99	52.55	35.26	5.8x
Lowe's Companies Inc.	33.06	34.83	26.15	8.2x
Masco Corp.	30.28	33.70	25.85	8.2x
PPG Industries Inc.	67.07	69.80	56.53	7.1x
Quanex Corp.	35.18	49.02	29.15	4.1x
Wolseley PLC	25.98	29.08	20.63	10.6x

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.

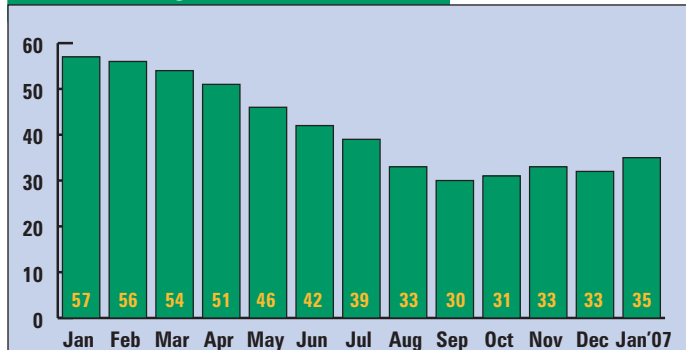
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnpartners.com; and Mouzam Makkar, associate 312/407-6356, mmakkar@lincolnpartners.com. Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, 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.lincolninternational.com.

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Market Snapshot—New Construction

Builders started 2006 in the same manner in which they ended it—with slowly increasing confidence levels, according to the National Association of Home Builders/Wells Fargo Housing Market Index. The HMI from December was upwardly revised to 33, and inched up another two points in January. The 35 level is the highest HMI rating since July 2006. "The same factors that were evident at the end of 2006 continue to hold true in today's housing market—improving affordability measures, strengthening consumer assessments of home buying conditions and an upswing in applications for mortgages to buy homes," says David Seiders, NAHB's chief economist. "Builders are starting to see that the worst is behind them and that buying conditions have improved to the point that greater optimism is warranted."

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.

Remodeling Spending—Ended 2006 Up

Though the increase wasn't huge, homeowner spending on remodeling was up at the end of 2006 compared to 2005, according to Harvard University's Joint Center for Housing Studies. Consumers spent \$168.7 billion on home improvements and repairs last year, up 1.5 percent from 2005. Researchers expect numbers will climb as the market stabilizes. "While remodeling activity continues to weaken, the easing should not be nearly as severe as home building," says Kermit Baker of the Joint Center. "Once home sales and prices begin to stabilize, owners will resume their home improvement plans."

Closing Thoughts—Outlook for Vinyl

"...Vinyl is being increasingly and accurately recognized as an important green building material. When combined with vinyl's distinct advantages in affordability, 2007 could prove to be an excellent year for our industry." —Tim Burns, Vinyl Institute president