

Windows on Wall Street

From Lincoln International

Although the gap between the *Window & Door* stock index and the S&P 500 seems to be lessening, the fact remains that building products companies continue to lag behind the overall market. One company that has been particularly vulnerable to the declining residential building products industry is Wolseley plc. Wolseley is a leading distributor of plumbing, heating and building material products in North America, the UK and Continental Europe. In January, the company reported lower than expected earnings due to the slowing housing market, lower lumber prices and the weak dollar. To compensate, the company cut 4,000 jobs in the last five months of 2006 with 1,500 more cuts planned in 2007. But even amidst the bad news, Wolseley continues to make acquisitions, already acquiring 29 companies in Europe and North America since the start of the company's fiscal year in August. The company also reports that it expects to outperform the market in 2007 due to the health of the remodeling, commercial and industrial sectors. By making acquisitions in growth industries while reducing headcount in declining businesses, expect a steady improvement in the company's results in 2007.

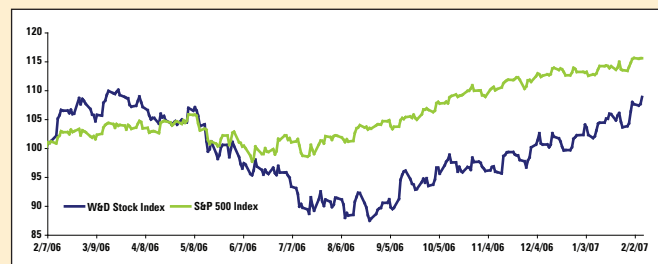
WD Stock Watch

As of February 7, 2007

Company	Current Price (\$)	52 week High	52 week Low	*EV/ EBITDA
The Black & Decker Corp.	\$88.53	\$94.90	\$66.04	8.2x
Building Materials Holding Corp.	23.35	38.67	20.01	4.0x
Drew Industries Inc.	27.50	38.90	22.26	8.4x
Fortune Brands Inc.	82.31	86.90	68.45	10.4x
The Home Depot Inc.	41.27	43.95	32.85	7.6x
Huttig Building Products Inc.	5.35	9.53	4.65	6.0x
International Aluminum Corp.	52.30	52.55	35.26	5.8x
Lowe's Companies Inc.	34.12	34.83	26.15	8.5x
Masco Corp.	32.70	34.72	25.85	8.7x
PPG Industries Inc.	67.92	69.80	56.53	7.2x
Quanex Corp.	39.51	49.02	29.15	4.6x
Wolseley plc	26.54	29.18	20.70	10.9x

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.

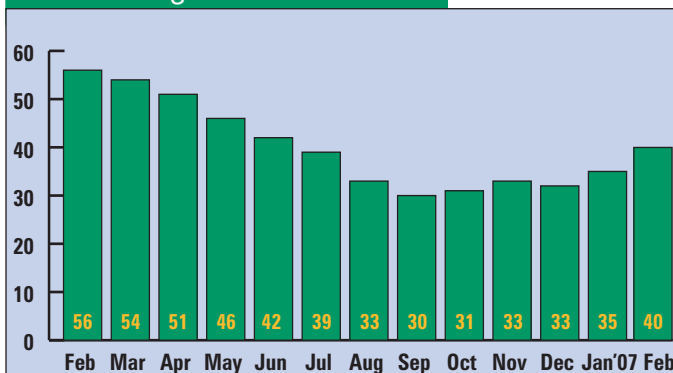
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnpartners.com; and Mouzam Makkar, associate 312/407-6356, mmakkar@lincolnpartners.com. Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved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

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Market Snapshot—New Construction

At its highest level since last summer, the Housing Market Index continues to rise, up another five points in February over January. Builder confidence increased to 40 in February, according to the National Association of Home Builders/Wells Fargo HMI. Lower energy prices, favorable mortgage rates and growth in employment and household income have contributed to the increase, NAHB reports. "Builders are still cautious as they continue to manage their inventory, but their assessments of the demand side of the single-family market are improving," says Brian Catalde, NAHB president. "Every component of the February HMI—present home sales, sales expectations for the next six months and buyer traffic—showed a significant positive uptick in February."

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.

Spring Break—Katrina Rebuilding

About 25,000 college students across the country will flood New Orleans and other areas affected by Hurricane Katrina to prepare about 5,000 homes for rebuilding in five weeks. The grass roots effort, called Katrina Corps—Spring Break '07, aims to hack the number of homes on the waiting list to be gutted to the frame for rebuilding by about 50 percent. "We're asking young Americans to do what they've always done—change the world—this time with hammers and wrecking bars," says Pam Murtaugh, project leader. "Who better than you and me to help our fellow citizens rebuild homes and lives in this historic city? That's what Katrina Corps is all about."

Closing Thoughts—Daylighting in Codes

"Daylighting is really an energy benefit and I think we really need to sell that to the code community."—Julie Ruth, code consultant, at the recent American Architectural Manufacturers Association meeting.