

## Windows on Wall Street

From Lincoln International

The recurring theme in 2007 is the weak demand for residential construction, as evidenced by the 15% decrease in residential construction activity from February 2006 to February 2007. For Building Materials Holding Corp. (NYSE: BLG), a provider of residential construction services and building products, this ominous environment is reflected in the company's stock price, which has fallen 52.5% from April 2006 to April 2007. However, two of BMHC's recent announcements portend a bullish company outlook on itself and the industry. First, in March of this year, the company announced approval of a share repurchase program for up to \$25 million worth of the company's stock. Share repurchase programs are often seen as signs of positive long-term sentiment regarding a company's prospects, as well as an indication that management and the board of directors are focused on shareholder return. The company also announced in March that its wholly owned subsidiary, SelectBuild Construction Inc., has completed the acquisition of the remaining 27% of Riggs Plumbing LLC. This acquisition underscores BMHC's long-term confidence in the residential construction industry. Although these are difficult times in the building products sector, companies and investors with long-term focus may find rewarding opportunities.

## WD Stock Watch

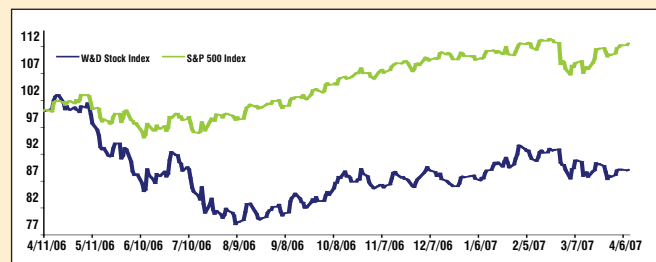
As of April 15, 2007

Company

Company	Current Price (\$)	52 week		*EV/EBITDA
		High	Low	
The Black & Decker Corp.	\$83.13	\$94.90	\$66.04	7.4x
Building Materials Holding Corp.	16.92	37.55	16.88	3.1x
Drew Industries Inc.	28.75	38.90	22.26	9.0x
Fortune Brands Inc.	79.40	86.90	68.45	10.0x
The Home Depot Inc.	38.23	42.09	32.85	7.2x
Huttig Building Products Inc.	6.50	9.53	4.65	9.4x
Lowe's Companies Inc.	31.61	35.74	26.15	8.0x
Masco Corp.	26.62	34.72	25.85	7.5x
PPG Industries Inc.	70.89	72.80	60.42	7.3x
Quanex Corp.	42.79	49.02	29.15	5.2x
Wolseley PLC	25.14	28.35	20.74	11.0x

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.

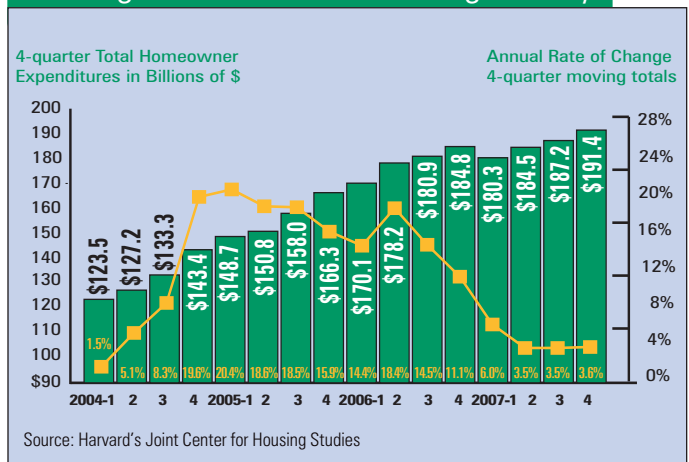
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnpartners.com; and Mouzam Makkar, associate 312/407-6356, mmakkar@lincolnpartners.com. Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved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

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## Market Snapshot—Remodeling

A new indicator, which builds on the former Remodeling Activity Indicator, reflects an ease in homeowner spending for most of 2007. After three years of double-digit growth, Harvard's Joint Center for Housing Studies' new device says home improvement spending will likely grow in the single digit range for the rest of this year. Overall growth in spending will be about 3.6%. "While remodeling activity continues to weaken, the easing should not be nearly as severe as that anticipated for the home building industry," comments Kermit Baker, director of the Remodeling Futures Program of the Joint Center. "Once home sales and prices begin to stabilize, owners will resume their home improvement plans."

### Leading Indicator for Remodeling Activity



## Foreclosure Flood—Immigrant Victims

Immigrants will likely be the first affected by the foreclosure epidemic caused by high interest and creative mortgages, says The Washington Post. For example, nearly 400,000 high-interest rate loans went to Hispanics in 2005 and experts expect that about 73,000 of them will go into foreclosure. Immigrant homeownership rates spiked in the last several years, but being unfamiliar with the U.S. mortgage landscape, struggling with language deficiencies and turning to a new breed of unusual lending have left many to deal with high payments and sinking home values, making it difficult to sell.

## Closing Thought—Hiring Spark Plug

"Construction was the sparkplug for last month's employment engine. [It] accounted for nearly one out of three net new jobs in March—56,000 out of 180,000 in the entire non-farm payroll sector—even though the industry represents less than 6 percent of total employment."—Ken Simonson, chief economist, Associated General Contractors of America.