

Windows on Wall Street

From Lincoln International

Signs of the residential construction correction continue with new home sales in June falling 6.6% since May 2007 and 22.3% since June 2006, according to the U.S. Census Bureau. Building permits, generally a leading indicator of future construction activity, also fell on a national level for both single- and multi-family housing. This correction is reflected in the stock prices of the companies comprising the *Window & Door* stock index as well. Building Materials Holding Corp., for instance, has seen a 42.4% decline in their stock price since the start of the year. In a press release on July 26, 2007, Robert E. Mellor, Building Materials Holding Corp.'s chairman, president and CEO, stated, "Market conditions remained very challenging during the second quarter, with year-over-year comparisons continuing to reflect the sharp correction occurring in the homebuilding sector." He expands by commenting on the company's focus on cost controls that improved margins during the second quarter. As the correction continues, expect companies in similar situations to follow suit, focusing initiatives to increase margins and earnings despite the decline in revenues.

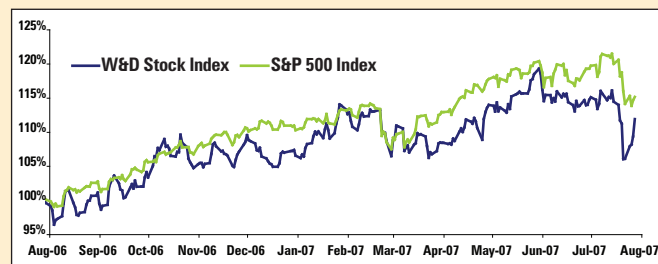
WD Stock Watch

As of August 9, 2007

Company	Current Price (\$)	52 week High	52 week Low	*EV/EBITDA
Black & Decker Corp.	\$89.79	\$97.01	\$66.04	8.0x
Building Materials Holding Corp.	13.78	28.60	11.27	4.6x
Drew Industries Inc.	41.00	42.23	23.04	11.5x
Fortune Brands Inc.	82.13	86.90	70.83	10.5x
Home Depot Inc.	37.82	42.01	33.07	7.5x
Huttig Building Products Inc.	6.60	8.77	4.65	22.1x
Lowe's Companies Inc.	28.47	35.74	26.15	7.3x
Masco Corp.	27.99	34.72	25.12	8.5x
PPG Industries Inc.	78.56	82.42	60.42	8.2x
Quanex Corp.	44.02	55.51	29.15	5.8x
Wolseley PLC	21.49	28.97	21.10	9.6x

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.

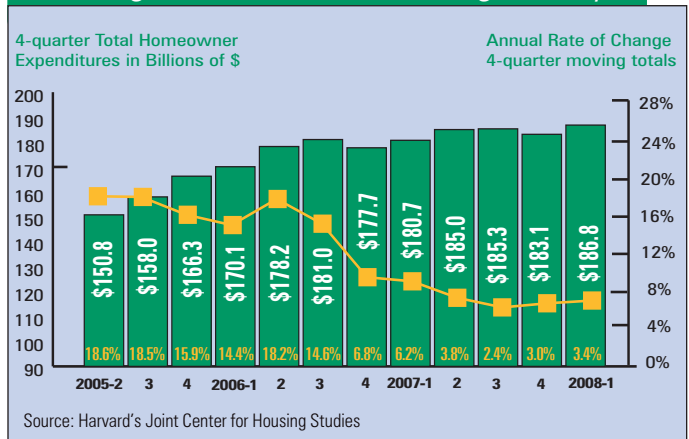
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnternational.com; and Greg T. Hicks, analyst 312/506-2730, ghicks@lincolnternational.com. Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, 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.

The analysis above is for your information only and is not an offer to sell or a solicitation of an offer to buy, the securities or instruments mentioned or described in this report. The information has been obtained or derived from sources believed by us to be reliable, but we do not represent that it is accurate or complete. Any opinions or estimates contained in this information constitute our judgment as of this date and are subject to change without notice.

Market Snapshot—Remodeling

Home improvement spending is holding stable, despite challenges in the housing market and blows to consumer confidence, according to Harvard's Joint Center for Housing Studies' Leading Indicator for Remodeling Activity. Home improvement activity will stay constant through early 2008, with overall growth for this year coming in at about 3 percent, says Nicolas P. Retsinas, director of the Joint Center for Housing Studies. "Homeowners continue to draw on built-up equity in their homes to finance home improvements," he explains. "However, the pace of spending remains moderate and tempered in the context of a very soft housing market."

Leading Indicator for Remodeling Activity



Housing—Canada's Craze

For chipper reports on the housing market, start reading Canadian publications. While the U.S. scrambles to steer housing in the right direction, Canadians are contentedly enjoying a period of robust growth. Real estate and construction is moving at a record-breaking clip across the country—the Canadian Real Estate Association recently reported that 2007 home sales will likely increase 3.6 percent this year, setting records in most provinces. "Residential real estate markets across Canada remain healthy and active, and it is important to note that the negative factors weighing on U.S. home sales are largely absent in Canada," says Ann Bosley, CREA president.

Closing Thoughts—Consumer Crunch

"Consumers continue to be challenged financially, with more pressure on discretionary spending. Gas prices have moved to be their chief concern in our latest survey and they appreciate the opportunity to save on everything. We have a single-minded focus on reducing prices on specific items throughout the year. We are committed to helping our consumers find lower prices by working with key suppliers, reducing packaging and lowering distribution costs. ... This is not short-term relief. We are already working on items for the fall and holiday seasons."—Eduardo Castro-Wright, Wal-Mart Stores U.S. president and chief executive officer.