

Windows on Wall Street

From Lincoln International

Positive news for the U.S. economy and particularly the housing sector came from Washington on July 30 as President Bush signed into law the Housing and Economic Recovery Act of 2008. Three of the most important features of the new law are tax credits for first-time buyers and low income renters, a plan to provide stability and reformed regulation of Fannie Mae and Freddie Mac and the ability for each state to provide an additional \$11 billion in mortgage revenue bonds. Fannie Mae and Freddie Mac, both government-sponsored enterprises that provide capital to the U.S. mortgage market, each received an expansion to their credit line in order to facilitate more lending. The ability for each state to provide an additional \$11 billion in mortgage bonds also facilitates lending. The bonds are sold to investors, and the capital generated from each sale is used for mortgage lending. Amidst the positive news from Washington, the \mathcal{E} stock index increased over the past month. The index gained 21.2% during the month of July (compared to an increase of 4.6% in the S&P 500 during the same period). As the WD Stock Index and S&P 500 begin to show signs of growth, many wonder if the market's resilience will endure. The months ahead will provide clarity on the market's health and the impact of the new housing act.

WD Stock Watch

As of August 8, 2008

Company	Current Price (\$)	52 week High	52 week Low	*EV/EBITDA
Black & Decker Corp.,	\$64.17	\$92.30	\$51.56	8.2x
Building Materials Holding Corp.	1.51	15.09	1.16	8.7x
Drew Industries Inc.	16.71	44.18	13.91	4.3x
Fortune Brands Inc.	60.66	86.84	51.59	9.0x
Home Depot Inc.,	26.37	38.54	20.76	6.8x
Huttig Building Products Inc.	2.11	6.63	1.50	n/a
Lowe's Companies Inc.	22.78	32.53	18.00	6.2x
Masco Corp.	17.92	27.72	13.50	7.8x
PGT, Inc.	5.18	11.71	2.18	9.2x
PPG Industries Inc.	63.34	79.95	54.04	7.9x
Quanex Building Products Corp.	15.00	18.40	13.00	6.6x
Wolseley PLC	8.07	20.81	4.92	5.5x

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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