

Windows on Wall Street

From Lincoln International

The *Window & Door* Stock Index has continued its recent climb after reaching its 12-month low in early March, growing 47.5% since the low, compared to a still robust 36.3% for the broader market, measured by the S&P 500 index. This increase has come in the face of two straight months of declining housing starts figures. Preliminary U.S. Census Bureau housing starts figures for April fell 12.8% to a seasonally adjusted annual rate of 458,000 units, on top of an 8.5% drop in March to 525,000 units. The market's optimism is in part due to increasing new home sales and corresponding decreases in inventory levels of new, unsold homes, which are also factors taken into account when analyzing the overall health of the housing industry. April new home sales came in at 352,000 units and inventory levels fell to 10.1 months, from 12.4 months in January. It would appear that the market has not yet hit a bottom but may have begun to stabilize. Amongst the biggest concerns and things to watch over the next few months for the housing industry will be rising unemployment rates and increases in foreclosure rates.

WD Stock Watch

As of June 2, 2009

| Company | Current Price (\$) | 52 week High | 52 week Low | *EV/ EBITDA |
|----------------------------------|--------------------|--------------|-------------|-------------|
| Black & Decker Corp. | \$32.88 | \$69.50 | \$20.10 | 6.5x |
| Building Materials Holding Corp. | 0.31 | 2.67 | 0.11 | n/a |
| Drew Industries Inc. | 14.85 | 23.98 | 5.40 | 13.7x |
| Fortune Brands Inc. | 36.99 | 69.83 | 17.68 | 8.5x |
| The Home Depot Inc. | 24.50 | 30.74 | 17.05 | 7.8x |
| Huttig Building Products Inc. | 0.84 | 3.15 | 0.11 | n/a |
| Lowe's Companies Inc. | 20.59 | 28.49 | 13.00 | 6.5x |
| Masco Corp. | 11.29 | 22.00 | 3.64 | 11.8x |
| PGT Inc. | 1.65 | 5.95 | 0.80 | 7.1x |
| PPG Industries Inc. | 45.63 | 69.89 | 28.16 | 6.5x |
| Quanex Building Products Corp. | 12.29 | 18.18 | 5.13 | 9.1x |
| Wolseley PLC | 17.31 | 92.25 | 16.02 | 7.4x |

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.

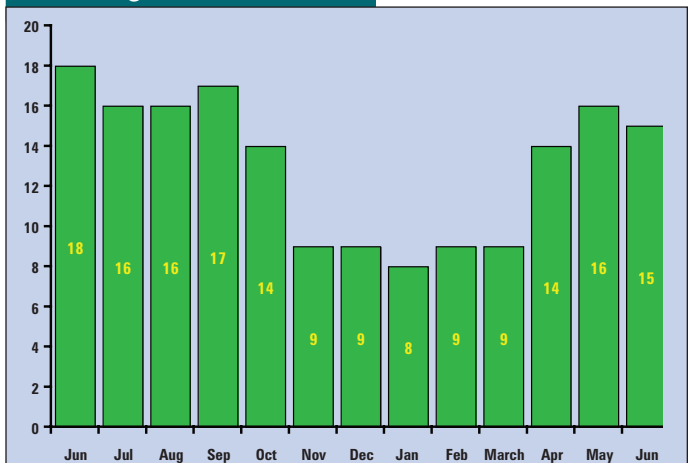
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolnternational.com; and Greg T. Hicks, analyst 312/506-2730, ghicks@lincolnternational.com. Benjamin Kessler, Analyst: bkessler@lincolnternational.com; 312/506-2749. Lincoln International specializes in merger and 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.

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Market Snapshot—New Construction

Indicating that single-family home builders remain cautious and concerned about the fragile state of today's economy and housing market, the National Association of Home Builders/Wells Fargo Housing Market Index declined one point to 15 in June. "As expected, the housing market continues to bump along trying to find a bottom," says David Crowe, NAHB chief economist. "Meanwhile, builders are taking their cue from consumers, who remain uncertain about the economy and their own situation. Builders are also finding it difficult to complete a sale because customers cannot sell their existing homes."

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 more good than poor.

Good Workers—Still Hard to Find

Despite the economic environment, talent shortages continue in many areas, including some that impact the window and door market, according to a report by Manpower Inc. The survey says about 30 percent of employers worldwide struggle to fill positions such as skilled manual trades, engineers, management/executives, production operators and drivers. "The current economic downturn is masking mega trends such as demographic shifts and underlying talent shortages that are impacting the way companies and individuals view work around the world," says Jeffrey Joerres, chairman and CEO of Manpower Inc. See the full report at www.manpower.com/researchcenter.

Closing Thoughts—Drowning Mortgages

"The bulk of conforming mortgages made since 2005 are close to being underwater. We can take another 5 percent decline in house prices without much macroeconomic impact. But if prices fall by 12 percent, more than 4 million additional homeowners will be underwater." —Alan Greenspan, former Federal Reserve chair, as reported in *The Wall Street Journal*.