

## Windows on Wall Street

From Lincoln International

On December 1, 2008, the Business Cycle Dating Committee of the National Bureau of Economic Research officially declared that the U.S. economy has been in a recession since December 2007. We have seen this reflected in our index and the market which have experienced largely negative year-over-year returns over the past year. Since the recession began, the *Window & Door* Stock Index has fallen 32.7% compared to a 42.4% decline in the broader market as measured by the S&P 500 index. While the trough in the cycle of the residential construction industry has had an impact on most of the industry, data from the last 50 years indicates that once the market recovers, the recovery can be swift. Kermit Baker, chief economist for the American Institute of Architects and senior research fellow at Harvard University's Joint Center for Housing Studies, notes that housing starts have historically increased 15% to 30% in the first quarter of a recovery. With most forecasters expecting the downturn to last at least through the first half of 2009, there will be two questions on everyone's mind: Will the government measures taken at the end of last year be able to contain the crisis? How quickly will the policies implemented by the Obama administration have an impact on the economy?

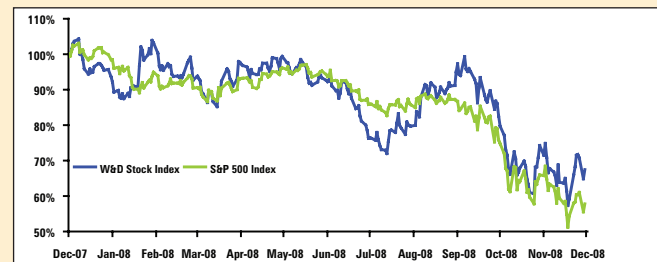
### WD Stock Watch

As of December 3, 2008

Company	Current Price (\$)	52 week High	52 week Low	*EV/ EBITDA
Black & Decker Corp.,	\$41.86	\$84.36	\$32.31	6.2x
Building Materials Holding Corp.	0.32	7.31	0.11	n/a
Drew Industries Inc.	12.71	32.25	9.10	4.6x
Fortune Brands Inc.	36.80	77.56	30.24	6.9x
Home Depot Inc., The	21.85	31.08	17.05	6.5x
Huttig Building Products Inc.	0.40	4.78	0.35	n/a
Lowe's Companies Inc.	19.75	28.49	15.76	5.8x
Masco Corp.	9.14	25.00	6.82	6.3x
PGT, Inc.	0.95	6.14	0.95	4.3x
PPG Industries Inc.	41.80	72.21	35.94	5.4x
Quanex Building Products Corp.	7.43	18.40	6.43	3.7x
Wolseley PLC	4.53	11.61	3.64	5.2x

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.

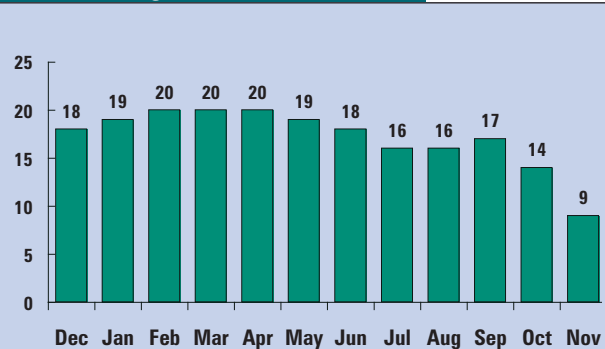
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolninternational.com; and Greg T. Hicks, analyst 312/506-2730, ghicks@lincolninternational.com. Benjamin Kessler, Analyst: bkessler@lincolninternational.com; 312/506-2749. Lincoln International specializes in merger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

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## Market Snapshot—New Construction

Builder confidence in the market for newly built single-family homes plunged in November as worsening problems in the financial markets, job market weakness and overwhelming uncertainty about the economy continued to negatively impact consumer behavior, according to the National Association of Home Builders/Wells Fargo Housing Market Index. The HMI sank five points to 9, the lowest level recorded since the series was created in January of 1985. "The housing downturn has already cost America three million jobs in construction and related industries, and this downward momentum cannot be stemmed without substantive government intervention," says David Crowe, NAHB's new chief economist. "Congress should consider significant consumer incentives such as expanding the first-time home buyer tax credit and providing a government buy-down of mortgage interest rates for home purchasers. Both policies were successfully combined in the '70s to stimulate home buyer demand, and could get housing and the national economy moving again."

### 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.

## Silver Lining—Prices Up

While much of the housing market is struggling, mid-priced, middle-class housing in some cities is on the rise, according to Forbes magazine. These areas were immune from the housing bubble and residents saw rising wages and employment—enabling more people to buy homes. The top performers: Ithaca, N.Y., increased 5.9% in 2008; Winston-Salem, N.C., 3.4%; Utica, N.Y., 3.3%; Spartanburg, S.C., 3%; Little Rock, Ark., 2.5%; Pueblo, Colo., 2.4%; Augusta, Ga., 2%; Oklahoma City, Okla., 2%; Des Moines, Iowa, 1.7%; and Dallas, Texas, 1.2%.

## Closing Thoughts—Republic's WARNING

"We have worked with the company's management and other owners, including Chase Capital Corp., to do the right thing for employees. Compliance with the WARN Act is the responsibility of management and owners. Although we are a lender with no obligation to pay Republic's employees or make additional loans to Republic, we agreed to extend an additional loan to be used exclusively to pay its employees." —David Rudis, Illinois president for Bank of America, as reported on [MarketWatch.com](http://MarketWatch.com).