

## Windows on Wall Street

From Lincoln International

The *Window & Door* Stock Index has gained recent traction with a 20% increase since its 12-month low reached in early March. That's slightly better than the 10% increase in the broader market, measured by the S&P 500 index. This recent rebound is due to multiple factors including stronger housing starts figures, growing investor confidence in the sector and a positive outlook for construction materials. Preliminary U.S. Census Bureau housing starts figures for February rose 22% to a seasonally-adjusted annual rate of 583,000 units potentially signaling a recovery in the market. Additionally, companies are seeing stock market gains despite their declining sales levels due to expected market share growth and cost reductions from strategic initiatives implemented to streamline operations during the difficult environment. Lastly, the outlook for construction materials has provided some relief. The year-over-year change in the Producer Price Index is expected to stay flat or fall 4% for 2009 when compared to 2008 levels. This drop in input prices should provide the industry with some additional margin as the lower cost of materials starts flowing through producer's income statements.

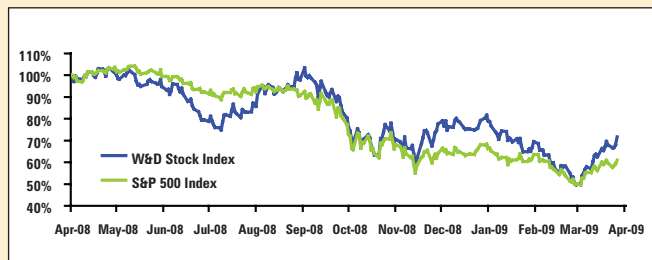
### WD Stock Watch

As of April 7, 2009

Company	Current Price (\$)	52 week High	52 week Low	*EV/ EBITDA
Black & Decker Corp.	\$33.97	\$71.23	\$20.10	5.4x
Building Materials Holding Corp.	0.27	5.24	0.11	n/a
Drew Industries Inc.	10.04	27.29	5.40	4.6x
Fortune Brands Inc.	30.06	74.44	17.68	6.9x
The Home Depot Inc.	25.00	30.74	17.05	8.5x
Huttig Building Products Inc.	0.45	3.15	0.11	n/a
Lowe's Companies Inc.	19.12	28.49	13.00	6.2x
Masco Corp.	7.66	22.00	3.64	7.5x
PGT Inc.	1.49	5.95	0.80	5.5x
PPG Industries Inc.	44.56	69.89	28.16	5.4x
Quanex Building Products Corp.	9.44	18.40	5.13	7.3x
Wolseley PLC	38.95	87.31	19.43	5.8x

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.

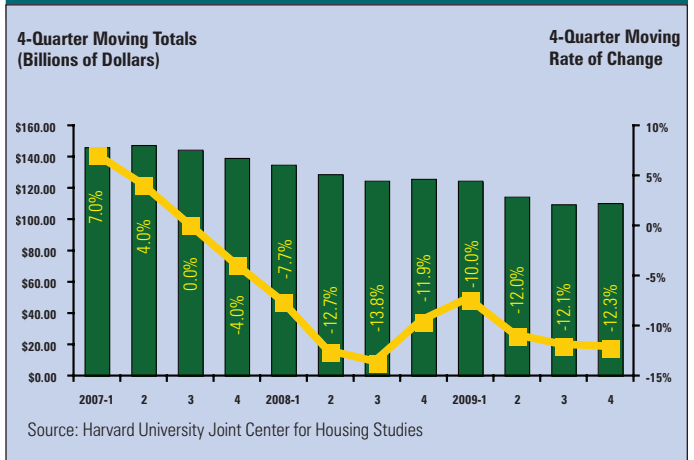
Contact Information: Andrew Bohutinsky, managing director 312/580-2805, abohutinsky@lincolninternational.com; and Greg T. Hicks, analyst 312/506-2730, ghicks@lincolninternational.com. Benjamin Kessler, Analyst: bkessler@lincolninternational.com; 312/506-2749. Lincoln International specializes in merger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

Reductions in the amount spent on high-end home improvement projects continue to hinder remodeling activity, according to Harvard's Joint Center for Housing Studies. Its Leading Indicator of Remodeling Activity now points to about a 12% decline in 2009 homeowner spending. "The weak housing market and the national economic recession continue to take their toll on remodeling," explains Nicolas P. Retsinas, Joint Center director. "It looks increasingly unlikely that this industry will recover until consumers have more confidence in the housing market." Kermit Baker, director of the center's Remodeling Futures Program, notes that lower financing costs are beginning to stabilize the downturn in existing home sales, and reducing the cost of financing a home improvement project. "They have not been enough to offset rising unemployment and falling consumer confidence and encourage homeowners to undertake major home improvement projects," he cautions, however.

### Leading Indicator of Remodeling Activity



Source: Harvard University Joint Center for Housing Studies

## Jumbo Mortgages—Signs of Life

Around the time spring flowers popped up, the jumbo mortgage market started moving again, reported the Wall St. Journal. Bank of America had started marketing loans greater than the \$417,000 limit to what government-backed entities can buy. "We decided it was time to really go after that market," says Vijay Lala, a product management executive for the bank. Rates for jumbo loans were dropping in April, but the application process is unlikely to get easier, the paper reports.

## Closing Thoughts—DOE More Aggressive

"I am going to be looking at [energy efficiency standards for appliances] because I have become more convinced that they are not as aggressive as they could be."—Energy Secretary Steven Chu at an Alliance to Save Energy conference.