

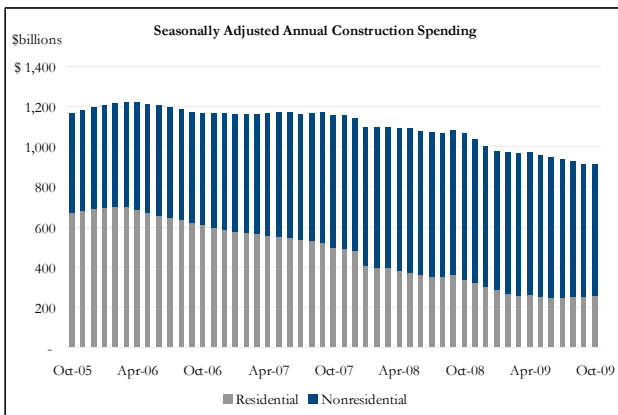
Fall 2009: Building Products & Materials Trends

The Building Products and Materials industries remained tepid during the Fall of 2009 as construction activity in both residential and commercial markets remained stagnant. Multiple industry pundits concede that the housing markets have reached a bottom, but the timing and form of a recovery are still uncertain. Existing home sales were up 10.1% and 23.5% in October over the prior month and year, respectively, largely due to activity by first time buyers. In addition, new home sales were up 6.2% and 5.1% over the prior month and year, respectively, in October. Recovery in the residential construction markets may still face headwinds from new home and foreclosure inventories. While affordability and stimulus measures (e.g. first-time buyer tax credit) could support sales activity and absorb excess inventory, the timing and speed of such events are still uncertain. Industry participants are also divided on the effects, if any, the extension of the new home tax credit will have on sales for the remainder of 2009.

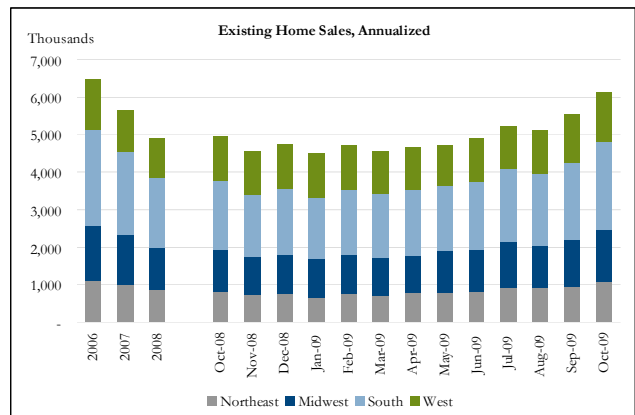
Publicly traded Building Products and Materials companies fared well as the broader market continued its upswing since the lows of March. Misc. & Diversified Building Products outperformed other sectors, while Cement/Aggregates and Building Products Distributors continue to lag other sectors for the YTD period ending November 30.

Given the high level of uncertainty in the current environment, liquidity concerns remain a key issue for many industry participants; this concern is evidenced by recent equity offerings to raise cash and reduce debt levels by multiple companies. Additionally, acquisition activity has been muted in 2009 compared to prior years, as deteriorating operating performance, limited credit availability, and macroeconomic uncertainty quell transaction opportunities. Many 2009 transactions thus far have involved distressed situations or strategic asset divestitures; look for this trend to continue into the beginning of 2010.

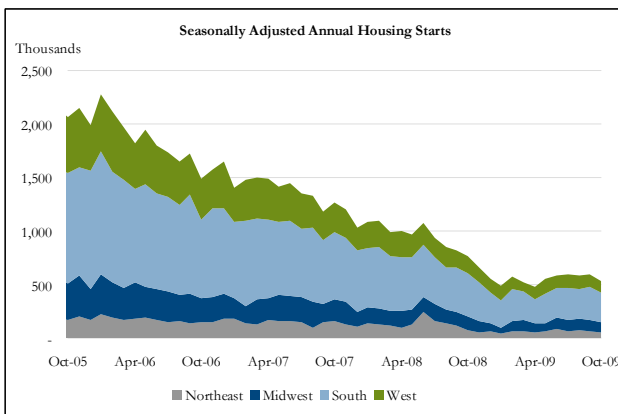
Pertinent Market Statistics



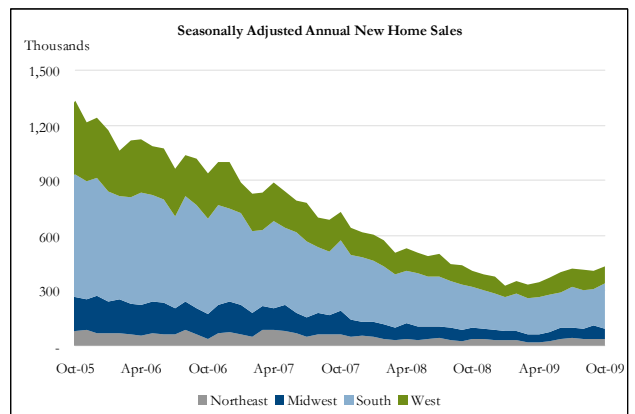
Source: U.S. Census Bureau, 12/1/09.



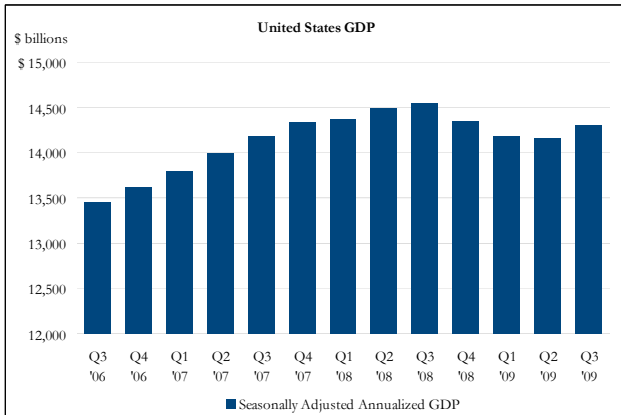
Source: National Association of Realtors, 11/23/09.



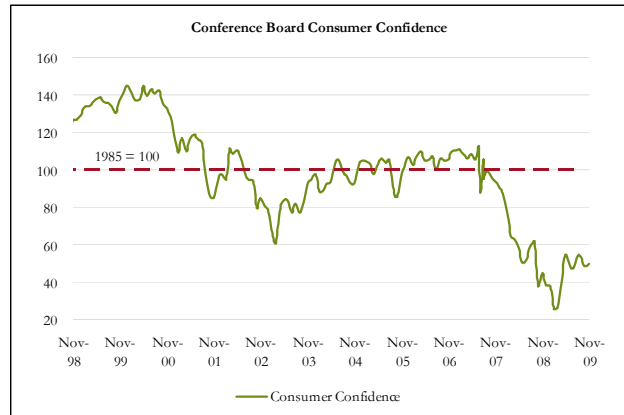
Source: U.S. Census Bureau, 11/25/09.



Source: U.S. Census Bureau, 11/18/09.

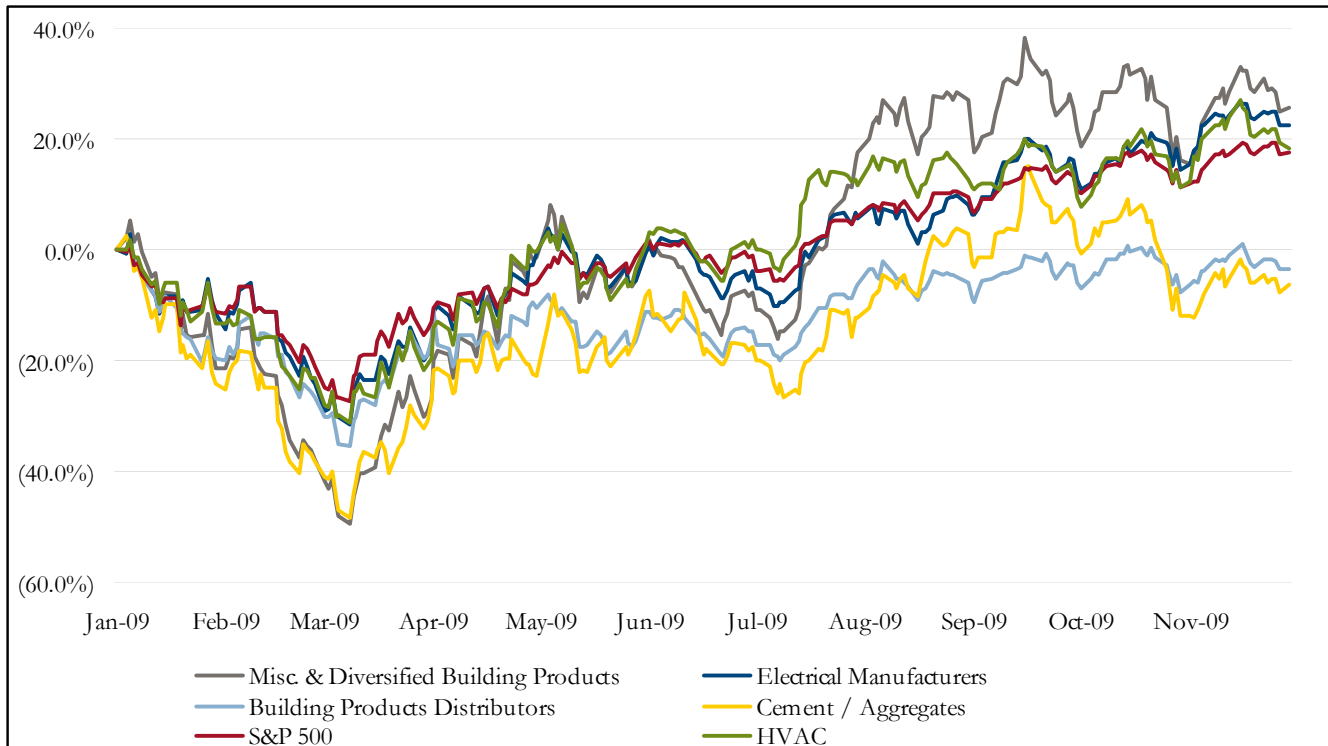


Source: U.S. Bureau of Economic Analysis, 10/29/09.



Source: Conference Board, 11/24/09.

2009 YTD Stock Price Performance



Source: Capital IQ.

Building Products & Materials Trading Comparables

(\$ in millions, except per share data)

Cement / Aggregates	Ticker	11/30/09	% 52-Week		Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Mkt Cap		Revenue	EBITDA	NI	Revenue	EBITDA		
CEMEX, S.A.B. de C.V.	CX	\$ 11.29	77.41%	\$ 10,833.0	\$ 31,393.7	\$ 16,708.0	\$ 3,169.5	\$ (390.9)	1.9 x	9.9 x	NM	0.7 x
Vulcan Materials Company	VMC	48.48	62.19%	6,079.4	8,899.3	2,899.5	592.8	(174.2)	3.1 x	15.0 x	NM	1.5 x
Martin Marietta Materials Inc.	MLM	85.29	78.62%	3,800.9	4,913.0	1,801.5	437.2	113.9	2.7 x	11.2 x	33.4 x	2.9 x
Eagle Materials Inc.	EXP	26.96	89.60%	1,181.1	1,476.7	511.5	105.2	42.4	2.9 x	14.0 x	27.9 x	2.6 x
Texas Industries Inc.	TXI	34.74	71.33%	963.6	1,474.0	766.8	107.5	(26.6)	1.9 x	13.7 x	NM	1.2 x
US Concrete Inc.	RMIX	0.71	15.81%	26.5	321.1	588.0	8.9	(203.7)	0.5 x	NM	NM	120.0 x
Continental Materials Corp.	CUO	10.10	57.71%	16.1	28.0	138.3	3.4	0.7	0.2 x	8.2 x	23.9 x	0.3 x
Sector Median			71.33%						1.9 x	12.5 x	27.9 x	1.5 x

Building Products Distributors	Ticker	11/30/09	% 52-Week		Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Mkt Cap		Revenue	EBITDA	NI	Revenue	EBITDA		
Wolseley plc	WOS	\$ 19.02	26.71%	\$ 5,398.0	\$ 7,604.3	\$ 24,082.4	\$ 350.2	\$ (1,956.1)	0.3 x	NM	NM	1.0 x
W.W. Grainger, Inc.	GWV	97.70	95.28%	7,260.6	7,185.0	6,180.8	800.6	441.3	1.2 x	9.0 x	16.5 x	3.2 x
Fastenal Co.	FAST	37.08	88.98%	5,500.1	5,306.4	1,998.5	365.1	202.4	2.7 x	14.5 x	27.2 x	4.6 x
WESCO International Inc.	WCC	26.10	85.60%	1,103.5	1,716.3	4,921.0	232.4	131.6	0.3 x	7.4 x	8.4 x	1.1 x
Beacon Roofing Supply Inc.	BECN	15.37	84.82%	693.6	970.5	1,813.4	153.0	58.3	0.5 x	6.3 x	11.9 x	1.7 x
Interline Brands Inc.	IBI	16.82	90.28%	546.0	793.2	1,082.2	84.9	27.0	0.7 x	9.3 x	20.2 x	1.2 x
Bluelinx Holdings Inc.	BXC	2.65	44.69%	85.5	421.7	1,781.5	(21.2)	(98.6)	0.2 x	NM	NM	2.2 x
Builders FirstSource, Inc.	BLDR	3.81	44.30%	137.6	340.5	759.3	(46.3)	(127.3)	0.4 x	NM	NM	3.7 x
Huttig Building Products Inc.	HBPI	0.75	73.53%	15.1	45.0	477.3	(27.0)	(36.8)	0.1 x	NM	NM	0.3 x
Sector Median			84.82%						0.4 x	9.0 x	16.5 x	1.7 x

Electrical Manufacturers	Ticker	11/30/09	% 52-Week		Ent Val	LTM			EV / LTM		LTM P/E	Price / Book
		Stock Price	High	Mkt Cap		Revenue	EBITDA	NI	Revenue	EBITDA		
Emerson Electric Co.	EMR	\$ 41.41	96.46%	\$ 31,146.4	\$ 34,312.4	\$ 20,915.0	\$ 3,894.0	\$ 1,724.0	1.6 x	8.8 x	18.1 x	3.6 x
Eaton Corporation	ETN	63.90	95.29%	10,594.6	14,231.6	12,229.0	1,111.0	335.0	1.2 x	12.8 x	31.6 x	1.5 x
Amphenol Corporation	APH	41.20	94.50%	7,065.7	7,579.3	2,817.1	588.1	328.9	2.7 x	12.9 x	21.5 x	4.3 x
Cooper Industries plc	CBE	42.69	96.74%	7,122.0	7,672.9	5,336.2	757.4	421.4	1.4 x	10.1 x	16.9 x	2.5 x
Roper Industries Inc.	ROP	52.04	95.80%	4,738.5	5,606.7	2,071.9	501.4	243.1	2.7 x	11.2 x	19.5 x	2.1 x
Rockwell Automation Inc.	ROK	43.49	93.09%	6,186.6	6,447.5	4,332.5	487.5	220.7	1.5 x	13.2 x	28.0 x	4.7 x
Avnet Inc.	AVT	27.25	96.29%	4,122.2	4,142.7	16,090.5	491.3	(1,161.9)	0.3 x	8.4 x	NM	1.4 x
SPX Corporation	SPW	53.29	81.70%	2,626.8	3,452.7	5,050.6	586.8	78.5	0.7 x	5.9 x	33.5 x	1.3 x
Hubbell Inc.	HUBB	45.41	94.64%	2,682.7	2,771.4	2,415.8	344.7	176.8	1.1 x	8.0 x	15.2 x	2.3 x
Thomas & Betts Corp.	TNB	36.50	94.68%	1,911.5	2,162.3	1,977.2	291.9	97.9	1.1 x	7.4 x	19.5 x	1.5 x
Littelfuse Inc.	LFUS	26.18	88.78%	569.9	590.1	408.1	36.6	(11.5)	1.4 x	16.1 x	NM	1.6 x
Encore Wire Corp.	WIRE	19.90	81.26%	457.8	344.7	652.7	48.4	22.3	0.5 x	7.1 x	20.5 x	1.2 x
Burnham Holdings Inc.	BURCA	10.00	66.67%	44.5	88.5	196.5	15.4	5.6	0.5 x	5.7 x	8.0 x	0.6 x
Sector Median			94.64%						1.2 x	8.8 x	19.5 x	1.6 x

Source: Capital IQ.

Building Products & Materials Trading Comparables

(\$ in millions, except per share data)

HVAC	Ticker	11/30/09 Stock Price	52-Week			LTM			EV / LTM		LTM P/E	Price / Book
			High	Mkt Cap	Ent Val	Revenue	EBITDA	NI	Revenue	EBITDA		
Lennox International Inc.	LII	\$ 37.12	92.80%	\$ 2,077.7	\$ 2,179.4	\$ 2,892.6	\$ 210.7	\$ 55.1	0.8 x	10.3 x	37.7 x	3.6 x
AO Smith Corp.	AOS	41.92	92.27%	1,272.1	1,436.0	1,990.5	181.6	118.8	0.7 x	7.9 x	10.7 x	1.7 x
Regal Beloit Corporation	RBC	47.46	90.40%	1,748.0	1,976.2	1,846.0	212.5	84.1	1.1 x	9.3 x	20.8 x	1.6 x
AAON Inc.	AAON	18.94	84.86%	326.1	308.3	251.3	52.1	27.6	1.2 x	5.9 x	11.8 x	2.8 x
Tecumseh Products Company	TECU.A	11.42	83.48%	211.0	161.3	681.0	(29.2)	(126.2)	0.2 x	NM	NM	0.4 x
Sector Median			90.40%						0.8 x	8.6 x	16.3 x	1.7 x

Miscellaneous & Diversified Building Products	Ticker	11/30/09 Stock Price	52-Week			LTM			EV / LTM		LTM P/E	Price / Book
			High	Mkt Cap	Ent Val	Revenue	EBITDA	NI	Revenue	EBITDA		
Masco Corporation	MAS	\$ 13.58	87.61%	\$ 4,876.6	\$ 7,853.6	\$ 7,963.0	\$ 479.0	\$ (506.0)	1.0 x	16.4 x	NM	1.6 x
Owens Corning	OC	23.63	89.98%	3,020.7	4,909.7	4,932.0	534.0	25.0	1.0 x	9.2 x	NM	1.1 x
Tomkins plc	TOMK	2.82	86.25%	2,486.0	3,212.8	4,591.2	422.4	(190.9)	0.7 x	7.6 x	NM	1.7 x
USG Corp.	USG	13.83	69.57%	1,373.2	2,715.2	3,496.0	38.0	(538.0)	0.8 x	NM	NM	0.9 x
Eagle Materials Inc.	EXP	26.96	89.60%	1,181.1	1,476.7	511.5	105.2	42.4	2.9 x	14.0 x	27.9 x	2.6 x
Acuity Brands, Inc.	AYI	32.28	87.41%	1,396.7	1,609.6	1,657.4	216.2	84.9	1.0 x	7.4 x	16.4 x	2.0 x
Georgia Gulf Corp.	GGC	14.59	27.66%	481.0	954.6	2,023.6	158.7	76.8	0.5 x	6.0 x	6.3 x	0.9 x
Armstrong World Industries, Inc.	AWI	41.43	91.16%	2,376.3	2,345.9	2,835.4	240.8	56.0	0.8 x	9.7 x	NM	1.3 x
Simpson Manufacturing Co., Inc.	SSD	24.86	82.21%	1,225.6	1,005.5	602.2	66.6	16.9	1.7 x	15.1 x	NM	1.6 x
Universal Forest Products Inc.	UFPI	35.94	75.22%	695.6	677.7	1,758.1	84.0	24.1	0.4 x	8.1 x	28.8 x	1.2 x
Louisiana-Pacific Corp.	LPX	6.24	77.52%	777.2	984.0	1,029.8	(78.5)	(412.8)	1.0 x	NM	NM	0.6 x
Mueller Industries Inc.	MLI	23.51	84.72%	885.1	727.1	1,549.6	105.5	30.0	0.5 x	6.9 x	29.5 x	1.2 x
Headwaters Inc.	HW	4.71	56.47%	283.8	724.2	666.7	67.8	(415.6)	1.1 x	10.7 x	NM	0.9 x
Gibraltar Industries, Inc.	ROCK	14.98	93.63%	451.5	704.9	896.4	43.9	(44.6)	0.8 x	16.1 x	NM	0.8 x
Ameron International Corporation	AMN	56.96	62.14%	524.9	409.2	598.2	72.3	36.7	0.7 x	5.7 x	14.3 x	1.0 x
NCI Building Systems Inc.	NCS	1.86	10.25%	168.4	472.1	1,232.5	50.3	(608.7)	0.4 x	9.4 x	NM	0.7 x
Griffon Corporation	GFF	10.40	87.18%	619.6	478.5	1,194.1	68.7	22.8	0.4 x	7.0 x	27.2 x	0.9 x
Quanex Building Products Corporation	NX	16.21	96.89%	610.3	512.7	636.4	39.4	(137.4)	0.8 x	13.0 x	NM	1.5 x
Apogee Enterprises Inc.	APOG	13.69	83.07%	383.0	361.0	810.4	102.6	49.2	0.4 x	3.5 x	7.8 x	1.1 x
Trex Co. Inc.	TWP	17.93	84.50%	275.9	317.6	250.3	35.3	(29.7)	1.3 x	9.0 x	NM	2.3 x
American Woodmark Corp.	AMWD	19.48	76.90%	275.3	233.0	476.7	11.8	(14.6)	0.5 x	19.8 x	NM	1.4 x
Wolverine Tube Inc.	WLVT	0.06	23.40%	2.2	142.4	478.9	(8.8)	(42.4)	0.3 x	NM	NM	NM
PGT, Inc.	PGTI	2.07	64.89%	73.8	141.0	179.3	12.3	(92.7)	0.8 x	11.4 x	NM	1.1 x
Craftmade International Inc.	CRFT	1.95	52.00%	11.1	42.4	140.6	1.5	(1.6)	0.3 x	NM	NM	0.3 x
Advanced Environmental Recycling Technologies, Inc.	AERT	0.39	52.00%	19.3	61.4	72.2	3.0	(28.4)	0.9 x	NM	NM	NM
US Home Systems Inc.	USHS	2.23	71.94%	16.0	13.0	110.2	(2.3)	(3.2)	0.1 x	NM	NM	0.8 x
Sector Median			79.86%						0.8 x	9.3 x	21.8 x	1.1 x

Overall Median

84.61%

0.8 x

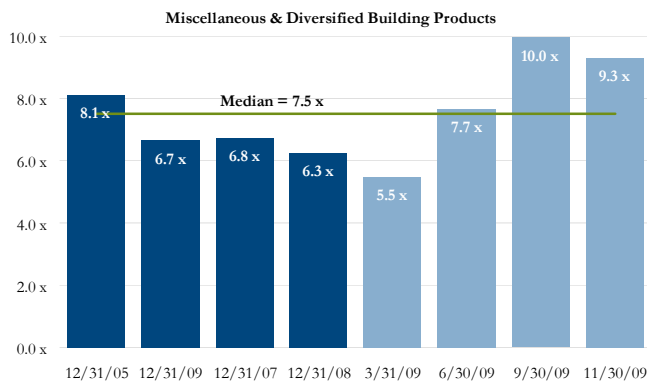
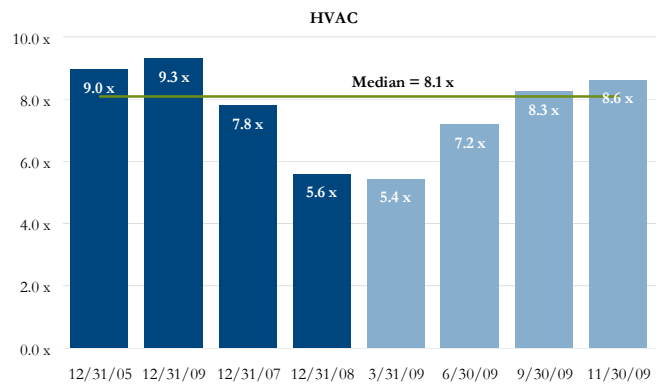
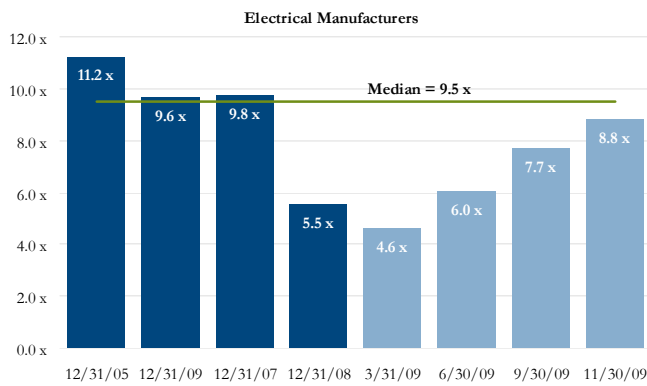
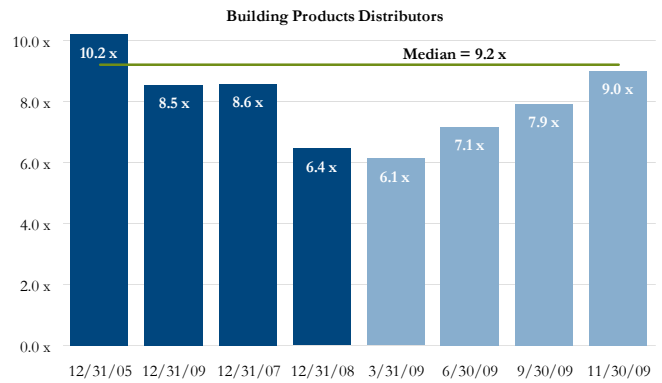
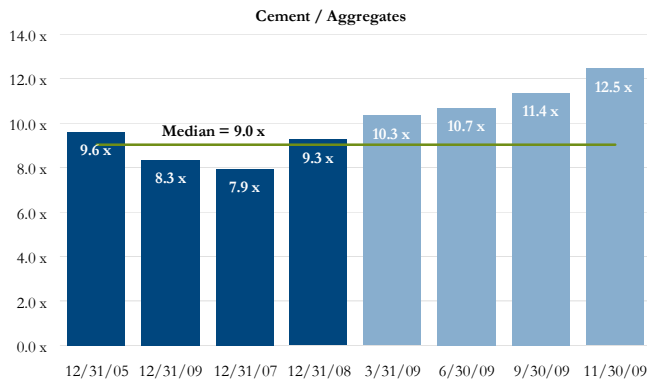
9.3 x

20.2 x

1.5 x

Source: Capital IQ.

Building Products & Materials Historical Valuation Trends (EBITDA Multiples)



Source: Capital IQ; represents median Enterprise Value to LTM EBITDA multiple as of the date presented.



Market Update

Building Products & Materials

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