



Overall M&A activity within the Industrial Electrical Equipment sector decreased 24% over the last twelve months (LTM) ending September 30, 2005 with 31 deals reported compared with 41 deals for the same period last year and with median valuation multiples at 1.2 x Revenue, 8.5 x EBITDA, 10.6 x EBIT and 2.4 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Electrical Components & Equipment	28	52%	19	59%	22	61%	19	46%	10	32%
Diversified Heavy Electrical Equipment	12	22%	5	16%	5	14%	7	17%	10	32%
Electric Lighting & Wiring Equipment	10	19%	6	19%	8	22%	13	32%	8	26%
Transmission & Distribution Equipment	4	7%	2	6%	1	3%	2	5%	3	10%
Total	54	100%	32	100%	36	100%	41	100%	31	100%

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

Large national and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 53 portfolio companies and also are fueling demand. Buyers objectives include:

- ▶ Achieve production efficiencies
- ▶ Expand customer and geographic reach
- ▶ Increase market share
- ▶ Reduce overcapacity
- ▶ Increase operating efficiency
- ▶ Become more globally competitive

About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

Electrical Lighting & Wiring Equipment, including:

- ▣ Electric Light Bulbs
- ▣ Lighting Tools
- ▣ Residential Lighting Fixtures
- ▣ Institutional Electric Lighting Fixtures
- ▣ Current & Noncurrent-Carrying Wiring Devices
- ▣ Electric Wiring Tools

Transmission & Distribution Equipment, including:

- ▣ Power Transformers
- ▣ Switchgear and Switchboard Apparatus
- ▣ Speed Changers, Industrial High-Speed Drivers & Gears

Heavy Electrical Equipment, including:

- ▣ Power Generation Equipment
- ▣ Engines and Turbines
- ▣ Steam, Gas & Hydraulic Turbines
- ▣ Engine Radiators, Motors, Generators & Outboard Motors
- ▣ Industrial Lasers

Electric Components & Equipment, including:

- ▣ Electrical Apparatus, Carbon & Graphite Products
- ▣ Relays & Industrial Controls
- ▣ Storage/Primary Batteries, Dry & Wet
- ▣ Magnetic, Optical Recording & Electromagnetic Devices

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For more information contact Gordon Gregory, David Cohn, David Herman, Charles Troe, Stan Deakin, Jeff Shippy, Robert Smith, or Shawn Thompson