



Overall M&A activity within the Semiconductor and Semico Equipment sector decreased 11% over the last twelve months (LTM) ending September 30, 2005 with 34 deals reported compared with 38 deals for the same period last year and with median valuation multiples at 1.9 x Revenue, 12.8 x EBITDA, 17.5 x EBIT and 2.5 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

For the Last Twelve Months Ended September 30,

	01		02		03		04		05	
Diversified Semiconductor & Equipment	17	44%	10	48%	14	58%	15	39%	12	35%
Analog & Mixed Signal Semiconductors	8	21%	4	19%	3	13%	9	24%	7	21%
Digital Semiconductors	6	15%	3	14%	3	13%	7	18%	7	21%
Back-End Equipment	5	13%	2	10%	2	8%	4	11%	4	12%
Front-End Equipment	3	8%	2	10%	2	8%	3	8%	4	12%
Total	39	100%	21	100%	24	100%	38	100%	34	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 technology buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 104 portfolio companies and also are fueling demand. Buyers objectives include:

- ▶ Expand into leading edge chip categories (wireless, broadband, etc.)
- ▶ Achieve cost savings by streamlining and upgrading back and front end operations
- ▶ Build and expand next generation fabrication facilities (i.e. 300mm)
- ▶ Achieve smaller linewidth chip production capabilities (i.e. towards .13 micron)
- ▶ Expand channels and customer relationships

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:

Front End Equipment, including:

- Photolithography Equipment
- Deposition Equipment
- Etching Tools
- Cleaning Tools

Back End Equipment, including:

- Automatic Testing Equipment
- Semiconductor Handling & Assembly
- Semiconductor Packaging
- Fab Facility Support Equipment

Analog & Mixed Signal Semiconductors, including:

- Digital Signal Amplifiers
- Interface Circuits

Digital Semiconductors, including:

- Microprocessors
- Memory Chips
- Microcontrollers
- Logic Devices

Diversified Semiconductor & Equipment