



Overall M&A activity within the Technology Hardware and Equipment sector decreased 2% over the last twelve months (LTM) ending September 30, 2005 with 290 deals reported compared with 296 deals for the same period last year and with median valuation multiples at 1.7 x Revenue, 7.3 x EBITDA, 15.6 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	
Electronic Equipment Manufacturers	77	25%	45	27%	52	28%	97	33%	96	33%
Communications Equipment	118	38%	75	45%	73	40%	100	34%	95	33%
Computers & Peripherals	46	15%	23	14%	23	13%	38	13%	37	13%
Electronic Manufacturing Services	44	14%	14	8%	20	11%	35	12%	33	11%
Technology Distributors & Related	26	8%	9	5%	16	9%	26	9%	29	10%
Total	311	100%	166	100%	184	100%	296	100%	290	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 559 portfolio companies and also are fueling demand. Buyers objectives include:

- ▀ Buy new technologies to push through existing sales channels
- ▀ Build critical mass among mid-sized and smaller players
- ▀ Develop more integrated and scalable technology products
- ▀ Capitalize on industry recovery and IT spending

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:

Telephone & Telecom, including:

- ▀ Wireline/Wireless Telephone Equip.
- ▀ Teleconferencing Equipment
- ▀ Wireless Base Stations
- ▀ Paging & Switchboard Equipment
- ▀ PBX Network & ISDN Equip.
- ▀ Modems/Telephone Switching Equip.

Computer & Storage, including:

- ▀ Computers, Components & Access.
- ▀ Web, Proxy & Application Servers
- ▀ DSN, FTP & XML Servers
- ▀ Automated Teller Machines (ATMs)
- ▀ Optical Storage Systems & Devices
- ▀ RAID Arrays, Hard & Tape Drives

Networking Equipment, including:

- ▀ Routers, Switches, Hubs and Adapters
- ▀ WAN, LAN, SAN, Wireless & Mobile Networks
- ▀ Home Networking & Network Mgmt Systems
- ▀ Network Security, Firewall & Cable Equip.
- ▀ Switching and Transmission Equipment
- ▀ Video Compression/Codec & Optical Beam
- ▀ Multiplexers & Optical Link Extenders

Electronic Equipment Manufacturers, including:

- ▀ Electronic Equipment & MEMs Manufacturers
- ▀ Liquid Crystal Display Screens (LCD)
- ▀ Measuring Devices & Dispensing Pumps
- ▀ Scales/Balances & Lab Instruments
- ▀ Security, Control, Surveillance & Detection

Electronic Manuf. Services (EMS), including:

- ▀ Outsourced Tech Manufacturing Services
- ▀ Electronic Design & Engineering Services
- ▀ Prototyping and Testing Services
- ▀ Turnkey Manufacturing
- ▀ Flexible Circuit and Printed Circuit Board
- ▀ Semico Manufacturing & Wafer Processing
- ▀ IC Assembly and Testing
- ▀ Elect. Components & Printed Circuit Boards

Communications Equipment, including:

- ▀ Communication Towers & Processing Equip.
- ▀ Radio, Microwave & TV Broadcasting Equip.
- ▀ Satellite Equipment (Input, Output, GPS)

Technology Distributors