

Overall M&A activity within the Utilities sector increased 1% over the last twelve months (LTM) ending December 31, 2005 with 91 deals reported compared with 90 deals for the same period last year and with median valuation multiples at 1.9 x Revenue, 11.3 x EBITDA, 18.2 x EBIT and 1.4 x Book Value.

M&A TRANSACTIONS BY SUBSECTOR

	For the Last Twelve Months Ended December 31,									
	01		02		03		04		05	
Electric Utilities	48	51%	34	52%	33	47%	51	57%	56	62%
Water Utilities	17	18%	10	15%	13	19%	20	22%	22	24%
Gas Utilities	26	28%	18	28%	21	30%	16	18%	10	11%
Multi-Utilities & Unregulated Power	3	3%	3	5%	3	4%	3	3%	3	3%
Total	94	100%	65	100%	70	100%	90	100%	91	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 strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 99 portfolio companies and also are fueling demand. Buyers objectives include:

- ▀ Mitigate rising energy costs by providing for more efficient services
- ▀ Allow for reduced customer utility rates
- ▀ Restructure for increasingly convergent, competitive and privatized energy markets

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:

Electric Utilities, including:

- ▀ Hydroelectric Power Generation
- ▀ Electric Power Generation By Fossil & Nuclear Fuels
- ▀ Electric Power By Solar & Wind Energy
- ▀ Electric Power Transmission, Distributors & Control

Gas Utilities, including:

- ▀ Oil and Gas Distributors
- ▀ Natural Gas Transmission

Water Utilities, including:

- ▀ Water Supply
- ▀ Sewage and Waste Water Treatment Systems
- ▀ Water Purification & Testing
- ▀ Irrigation Systems

Multi-Utilities & Unregulated Power, including:

- ▀ Alternate Energy Resources
- ▀ Alternate Fuels, Fuel Cells & Biofuels