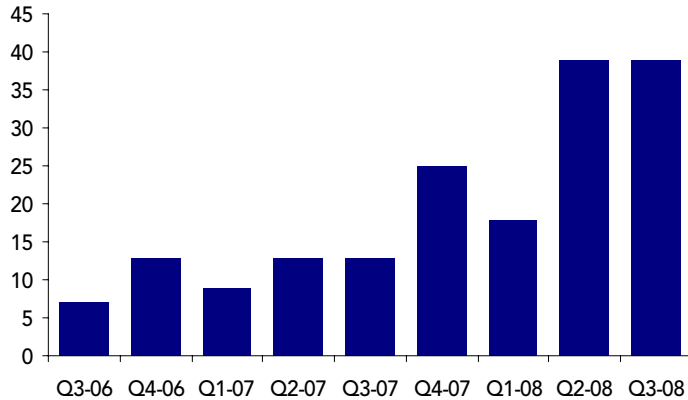
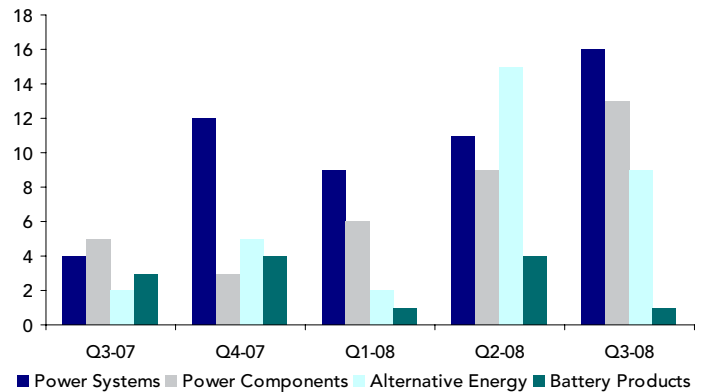


Q3-2008 Deal Volume Comparison

Chart A: Completed Power Electronics Transactions

Chart B: Quarter Comparison—Power Electronics M&A by Category


Announcements

- Lineage Power Corporation, a Gores Group company, announced the acquisition of Cherokee International Corp. (NASDAQ:CHRK)
- Schneider Electric SA (ENXTPA:SU) acquired Xantrex Technology, Inc. (TSX:XTX) (September-08)
- Magnetek, Inc. (NYSE:MAG) sold the assets of its telecom power systems (TPS) business to Myers Power Products, Inc. (September-08)
- Ametek, Inc. (NYSE:AME) acquired Elgar Electronics Corporation from Xantrex Technology, Inc. (TSX:XTX) (August-08)
- Power Distribution, Inc. acquired ONYX Power, Inc. (August-08)

Sources: All information contained in this newsletter including the charts was obtained from company websites, Lincoln International's internal data and Capital IQ.

There were 39 completed transactions in the Power Electronics industry in Q3 2008, tying the record quarterly total of 39 in Q2, and up from 13 in Q3 2007. There have been 96 closed transactions so far in 2008 compared to 35 in the first nine months in 2007, 34 for all of 2006, 29 in 2005 and nine in 2004. The figures indicate a definite step up in M&A activity in the power electronics arena so far in 2008 and a clear upward sequential trend in acquisition activity over the past three years.

We have separated power electronics into four main groups: power supplies and systems; power components, alternative energy (fuel cell, wind, solar) and battery products. There were 16 transactions in power supplies in Q3, slightly more than the total of 11 in Q2, and four times more than the four recorded in Q3 2007. There were 36 power supply deals in the first nine months of 2008 compared to 18 for the same period in 2007.

There were 13 transactions in power components in Q3 compared to nine in Q2 and five a year ago. For the first nine months of 2008, there were 28 deals in power components compared to eight a year ago. Alternative energy had nine transactions in Q3 versus 15 in Q2 and two a year ago. Of the nine transactions, five were within the solar market and four within wind power. Battery products had only one transaction in Q3 compared to four in Q2 and three a year ago. There were six deals in the battery area in the first

nine months of 2008 compared to ten in the same period in 2007.

For the first nine months of 2008, power supplies generated 41% of all deals in power electronics, power components contributed 33%, alternative energy 23% and battery products only 3%.

There were four acquisitions within the power electronics industry completed by private equity groups, including two in alternative energy and one each in power supplies and power components.

In Q3, of the 16 power supplies deals, six each came from the US and cross-border and four from Europe. Of the 13 power components deals in Q3, four each came from the US, Asia and cross-border, and one from Europe. Of the nine alternative energy transactions, four were from Europe, three the US and one each in Asia and cross-border.

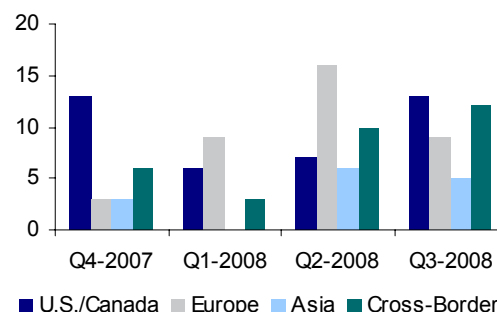
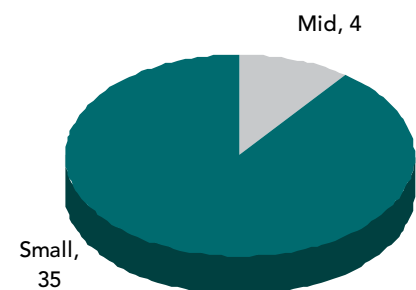
Large Tier power supply companies accounted only for one transaction, or 1% of transactions, in the first nine months of 2008, while seven, or 7% of transactions, emanated from the Mid Tier and 88, or 92% of transactions, from the Small Tier. This performance was more pronounced than in calendar year 2007 when the Small Tier contributed 46, or 77%, of all 60 deals in the power electronics space with the Mid Tier initiating 11, or 18%, and only 3, or 5%, coming from the Large Tier.

Power Electronics Size Guide (Sales Dollars)

Large (Tier I)
Greater than \$1 billion

Mid (Tier II)
\$250 million to \$1 billion

Small (Tier III)
Below \$250 million

Chart C: Quarter Comparison—Power M&A by Geography

Chart D: Mergers & Acquisition by Size — Q3 2008


An Analysis of Growth Trends Affecting the Power Electronics Industry

The OEM merchant power supply industry is forecast to be approximately \$19.4 billion in 2008 according to Micro-Tech Consultants. This merchant total represents a growth rate of 4.3% over the 2007 market size of \$18.6 billion.

The power supply industry remains highly diverse and fragmented as to geography, end markets, products and power range. We believe that it will be challenging for the merchant power supply industry to reach \$20.0 billion in 2009 due to the current market slowdown.

Both the large and mid tier public power supply companies which recorded LTM revenue growth rates of 18.8% and 15.8%, respectively, were aided by acquisitions. The large tier LTM revenue growth was slightly above its 5-year CAGR from 2002 to 2007 of

15.5% while the mid tier's revenue growth was slightly below the 5-year CAGR of 16.8%.

The small tier recorded below-industry-average revenue growth of 1.4% because of consolidation trends affecting demand, lack of acquisitions, the absence of economies of scale producing miniscule profits or losses and below average development expenditures. The small tier's revenue growth is well below its 5-year revenue CAGR of 4.7%.

We maintain that the mid tier group of 11 public power supply firms is the most representative proxy for the industry as a whole. This group showed 15.8% LTM sales growth, following growth of 20% in calendar year 2007. The slower growth in the last 12 months is mainly attributed to the present market turmoil.

Large tier public power supply firms continue to dominate the weighted public industry growth rate aided by the influence of other product lines. The large tier benefited significantly from acquisitions because of greater access to capital and strong balance sheets, which resulted in market share gains.

As shown in the Global Power Electronics Market by Industry table, only the consumer/retail and military/aerospace sectors are expected to have revenue growth rates above industry average due to higher unit volume and government funding, respectively.

The largest end market for power supplies is for consumer equipment, representing 37% of the total power supply market. Consumer is also the second fastest growth market, rising 6.0% per year due to increased manufacturing of cell phones, PDAs and notebook computers. The military/aerospace market is the fastest growing market, expected to rise 6.2% yearly until 2012. The military/aerospace market is primarily a high margin, niche market, one third the size of consumer that does not have a single dominant supplier. The computer market is the second largest segment at 23% of the total market and is the market most driven by technology, especially the implementation of Distributed Power Architecture. The third largest market is the networking/telecom market at 18% of the total. The industrial market, representing 14% of the total market, is the most fragmented market from an application and regional service standpoint and offers the highest margins to small-mid tier players.

Long term growth prospects for the public and major private power supply vendors remain positive despite the impending recession. These companies are direct beneficiaries of the trend to further industry consolidation. We believe that industry consolidation will accelerate in the slowing economy due to the shortage of capital for expansion and development. The power supply industry should also benefit from the trend to digital power management versus traditional analog designs.

Chart E: Year-Over-Year Revenue Growth by Tier

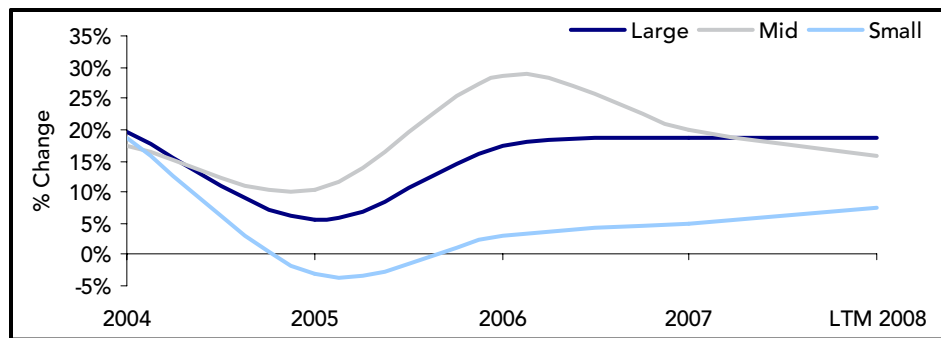


Table F: Global Power Electronics Market by Industry

(\$ in billions)	2007		2012		CAGR
	Revenue	%	Revenue	%	
Computer/Office Equipment	\$6.0	22.6%	\$6.7	20.5%	2.2%
Consumer/Retail	9.8	36.9%	13.1	40.2%	6.0%
Industrial/Instrumentation	3.7	14.0%	4.4	13.5%	3.5%
Military/Aerospace	2.3	8.7%	3.1	9.5%	6.2%
Networking/Telecom	4.7	17.8%	5.3	16.3%	2.5%
Total	\$26.5	100.0%	\$32.6	100.0%	4.3%

Source: Micro-Tech Consultants

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Lincoln International's Electronics Group is led by a former CEO of a public EMS company and a former leading Wall Street analyst covering the electronics industry. The firm's Electronics team provides transactional, financial and strategic advisory services to electronics companies and private equity groups.

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