

Q2-2008 Deal Volume Comparison

Chart A: Completed Power Electronics Transactions

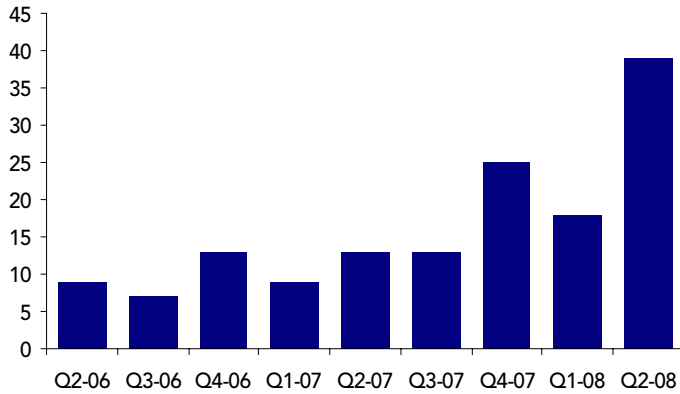
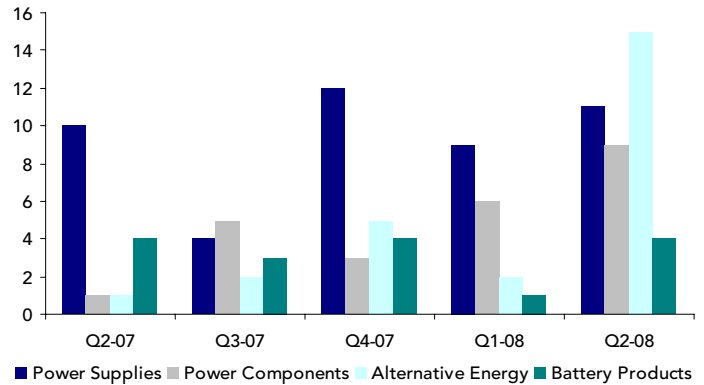


Chart B: Quarter Comparison—Power Electronics M&A by Category



Announcements

- Flextronics (NASDAQ:FLEX) acquired the FRIWO Mobile Power (FMP) business unit of CEAG AG (DB:CEA) (May-08)
- VTC Partners acquired the remaining power supplies businesses of CEAG AG (DB:CEA) (June-08)
- Eaton (NYSE:ETN) acquired Moeller Holding GmbH (April-08)
- Texas Instruments (NYSE:TXN) acquired Commergy Technologies Ltd of Dublin, Ireland (May-08)
- Audax Group acquired Astrodyne Corporation from American Capital Strategies (NASDAQ:ACAS) (April-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 Q2 2008, a record quarterly total, up from 13 in Q2 2007. There has been 57 transactions in the first half of 2008, versus 60 for all of 2007 and 34 in 2006. The figures indicate a continued definite upward trend in M&A activity in the power electronics arena over the past three years. Q2 2008 recorded the highest number of deals since we began tracking data in 2004.

The power electronics transactions are separated into four main categories: power supplies and systems; power components; alternative energy (solar, wind, fuel cell); and battery products.

There were 11 transactions in power supplies in Q2, slightly more than the total of nine in Q1 2008, and one more than the ten recorded in Q2 2007. There were nine transactions in power components in Q2 compared to six in Q1 and one a year ago. Alternative energy had 15 transactions in Q2 compared to two in Q1 and one a year ago. This segment showed the strongest transaction growth. Battery products had four transactions in Q2 compared to only one in Q1 and four a year ago.

For the second quarter of 2008, alternative energy generated 38% of all deals in power electronics, power supplies contributed 28%, power components 23% and battery products 10%.

In Q2, of the 11 power supplies deals, four were cross-border, three came from Europe and two each from U.S./Canada and Asia. Of the nine power components deals in Q2, one came from the U.S./Canada, three from Europe, two from Asia and three were cross-border. Of the four battery transactions, one occurred within each geography. Of the 15 alternative energy transactions, nine occurred in Europe, and two each in Asia, U.S./Canada and cross-border.

Small Tier power electronics companies contributed 37 of the 39 deals, or 95% of deals, in the second quarter of 2008, while two transactions emanated from the Mid Tier. This trend was more pronounced than in Q1 2008 when 89% of deals came from the Small Tier.

Sponsor or private equity firms participated in seven deals: five on the buy side and two on the sell side. There were four transactions in power supplies and one in each of the other three categories.

Alternative energy deals broke out in number of transactions in Q2 prompted by the energy crisis and skyrocketing oil prices. This performance was a result of the growing acceptance of renewable energy, especially in solar and wind power. Of the 15 alternative energy deals in Q2, seven were in solar, five in wind and three in design, engineering and installation of both disciplines. We believe that transaction activity will remain high in solar and wind power in 2008 and beyond.

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 Supplies M&A by Geography

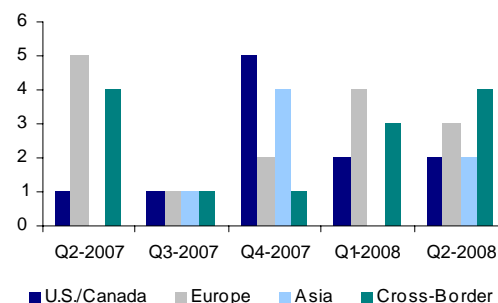
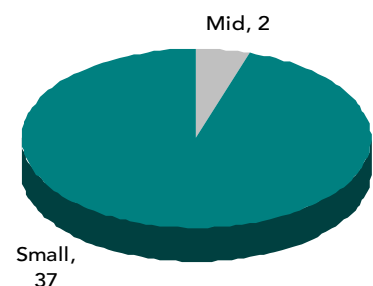


Chart D: Mergers & Acquisition by Size



Margin Performance in the Power Electronics Industry

With the slowing worldwide economy impacting power electronics companies, margins have flattened across all three tiers. In order to increase margins, power electronics companies are cutting costs and being more proactive in forcing changes both internally (operational improvements) and externally (mergers and acquisitions).

The three graphs below provide an overview of gross margin, operating income margin and EBITDA margin performance from 1998 through today. Each graph shows the margin performance by size tier.

In terms of margin performance, every tier showed decreased performance from FY 2007 to Q2 2008 LTM in gross margin and operating margin, while showing improved EBITDA margin. This compared to the Small and Large groups showing improvement in gross margin, operating income margin and EBITDA margin from FY 2006 to FY 2007, while the Mid group decreased across all three margins.

The Large group had the highest LTM margins, except for gross margin, of all the tiers due to its economies of scale and purchasing power.

There will not be significant improvement in margins in the second half of 2008 because of the looming recession in the U.S. which should have an associative effect on business activity in Europe and parts of Asia.

On a percent change basis comparing the Q2 2008 results with the same period a year ago, in the Large Tier, Lite-On Technology Corp. showed the most improvement in operating margin to 3.9% from 3.6%; CEAG AG. led the Mid Tier with operating margin improving to 3.9% from 2.9%; for the Small Group, Xantrex Technology Inc. improved operating margin to 4.5% from 1.2%.

Chart E: Average Gross Margin Performance

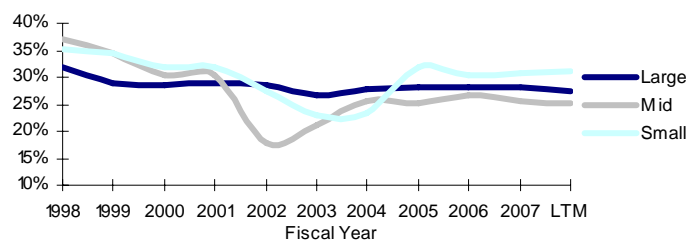


Chart F: Average Operating Income Margin Performance

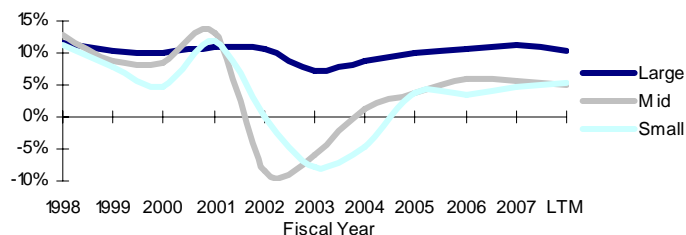
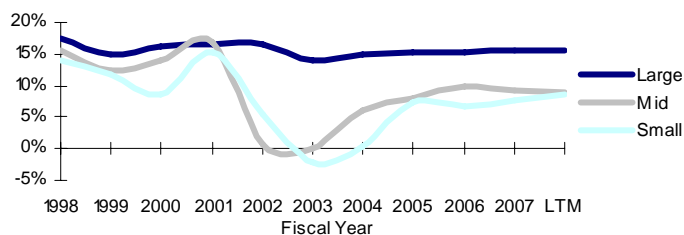


Chart G: Average EBITDA Margin Performance



About Lincoln International

Lincoln International specializes in merger and acquisition services, private capital raising, UK pension advisory services and providing fairness opinions and valuations for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, London, Los Angeles, Madrid, New York, Paris, Tokyo and Vienna, and strategic partnerships with China Everbright in China and ICICI Securities, Inc. in India, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com

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.

(LTM)	Gross Margin	Operating Margin	EBITDA Margin
Delta Electronics Inc.	20.1%	10.9%	13.7%
Eaton Corp.	28.4%	9.5%	12.9%
Emerson Electric Co.	36.5%	16.0%	18.9%
Lite-On Technology Corp.	12.4%	3.9%	5.6%
Murata Manufacturing Co. Ltd.	37.0%	16.0%	27.1%
Sanken Electric Co. Ltd.	19.1%	4.5%	12.6%
Schneider Electric SA	41.0%	14.6%	17.5%
TDK Corp.	23.8%	7.2%	15.8%
Large Group Average	27.3%	10.3%	15.5%
Acbel Polytech Inc.	16.7%	4.4%	7.0%
Advanced Energy Industries	40.1%	7.8%	11.6%
Bel Fuse Inc.	20.7%	6.7%	9.5%
CEAG AG	9.8%	3.9%	6.7%
Chloride Group plc	42.9%	12.5%	14.6%
Eltek ASA	23.7%	3.3%	6.9%
Microsemi Corp.	50.6%	18.7%	24.0%
Power-One Inc.	20.2%	-3.6%	0.2%
Powerwave Technologies Inc.	21.4%	-4.0%	2.3%
Shindengen Electric Mfg.	13.9%	1.5%	7.4%
FSP Technology Inc.	15.3%	5.4%	6.6%
Mid Group Average	25.0%	5.1%	8.8%
Cherokee International Corp.	21.4%	-1.6%	0.6%
Cosel Co. Ltd.	37.9%	24.6%	28.4%
Magnetek Inc.	27.3%	6.5%	7.5%
PECO II Inc.	14.9%	-11.4%	-7.2%
SL Industries Inc.	33.0%	7.5%	9.3%
Vicor Corp.	40.2%	-0.1%	5.4%
Xantrex Technology Inc.	32.3%	4.5%	8.7%
XP Power Ltd.	42.2%	13.7%	15.4%
Small Group Average	31.1%	5.5%	8.5%

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