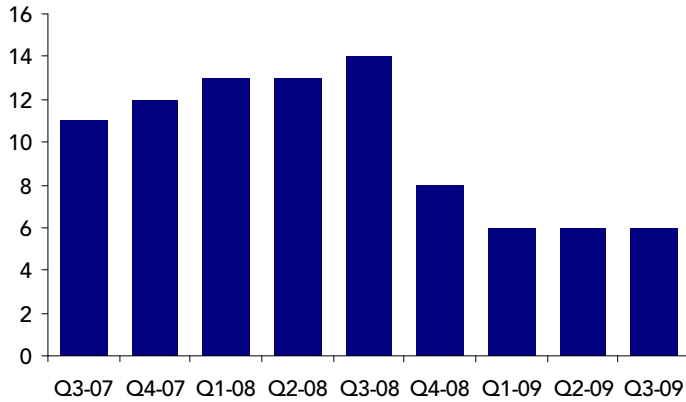
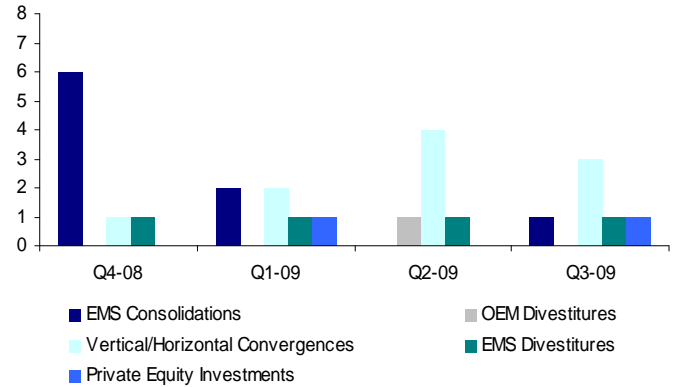


Q3 2009 Deal Volume Comparison

Chart A: Completed EMS Transactions

Chart B: Quarter Comparison—EMS M&A by Deal Type


Announcements

- Eolane, a French EMS provider, has acquired Groupe Martec (September-09)
- Alliance Holdings, Inc., a private equity group, has acquired Spectral Response, Inc. (August-09)
- LM Ericsson Telephone Co. (OM:ERIC B), through its subsidiary, has acquired machinery, equipment and materials of Elcoteq's Tallinn Estonia operations (July-09)
- Orbit One Ab, a Swedish EMS provider, has acquired WEGA Electronics sp. z o.o. (September-09)

There were six completed transactions in Q3 2009. As displayed in Chart A, the six transactions show a steep decline in the M&A trend compared to Q3 2008. Overall the economic conditions have heavily affected M&A activity within the EMS sector.

As shown in Chart B, vertical / horizontal convergences represented three transactions, or 50% of total activity in Q3 2009, down from four transactions in Q2 2009. There was one EMS consolidation in Q3 2009 up from no transactions in Q2 2009. Accordingly, as a percentage of total transactions, EMS consolidation represented 17% in Q3 2009. The number of EMS divestitures remained stable with one transaction in both Q3 2009 and Q2 2009. There was one transaction classified as private equity investment in Q3 2009, one more than the previous quarter. There were no transactions classified as OEM divestitures in Q3 2009.

As illustrated in Chart C, three transactions occurred within Europe in Q3 2009, representing 50% of total transactions. This represents the same number of transactions as the previous quarter. There were two U.S. / Canada deals; up from one in Q2 2009. There was one transaction within Asia, or 17% of transactions, one more than during Q2 2009 within that geography. There were no cross-border transactions for this quarter.

As shown in Chart D, transactions by size for the quarter were led by the Micro Tier, totaling three, or 50% of all transactions. There were two transactions categorized as small in Q3 2009, or approximately 33% of the total. Finally, there was one transaction (approximately 17% of total transactions) in the Large Tier. Due to the recent economic market conditions, larger transactions were more difficult to complete in the past few quarters.

EMS Size Guide

(Sales Dollars)

Large (Tier I)

Greater than \$3 billion

Mid (Tier II)

\$300 million to \$3 billion

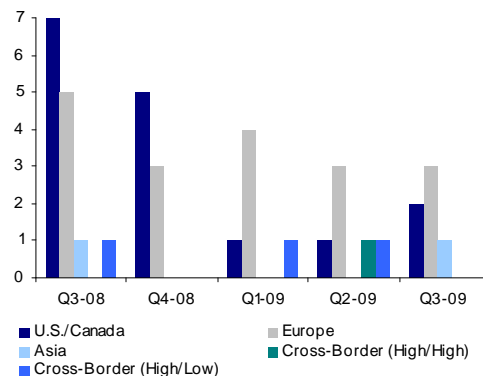
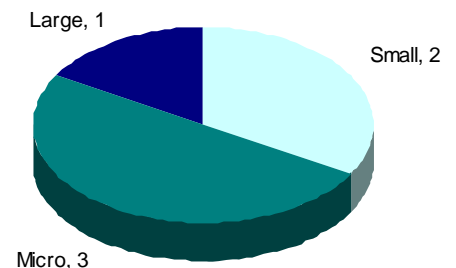
Small (Tier III)

\$150 million to \$300 million

Micro (Tier IV)

Below \$150 million

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

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

Chart D: Q3 2009 Mergers and Acquisitions by Size


Note: "High/High" indicates cross-border transactions between Japan, Taiwan, Western Europe and U.S./Canada; "High/Low" indicates cross-border transactions between high-cost regions and low-cost regions.

An Analysis of Growth Trends Affecting the EMS Industry

The EMS industry had its highest revenue total in 2008 than any year in its history, outpacing the previous record year of 2007. However, on an LTM 2009 basis, the 18 largest publicly traded EMS providers in the world produced a sales decrease of 16.3% versus the same period a year earlier. This represents only the second year since 1999 that showed a revenue decline year-over-year. The 2009 decline was much more pronounced than the 2001 decline of approximately 1%.

As shown in Chart E, overall EMS revenue during the last 12 months (LTM) has decreased across all tiers perhaps not surprisingly in light of the recent general economic downturn. Large EMS providers' revenue declined 16.5% on an LTM 2009 basis versus an increase of 14.5% in CY2008. Revenue also declined in the Mid Tier with LTM 2009 revenue dropping 15.6%. Although Small Tier EMS companies' LTM 2009 revenue declined 6.6% versus an increase of 6.3% in CY2008, they were the least affected of all the tiers. The Micro Tier providers' revenue declined 16.3% in LTM 2009, worse than their 1.5% decrease in CY2008. Forecasts for the EMS market have been moderated due to the economic downturn, however longer term growth will continue to be driven by end markets. EMS companies will see strong growth, with the medical, computer, and consumer market segments leading the way.

In regards to long term growth, medical is the end market that offers the most significant growth potential. This end market is expected to grow at a CAGR of 10.9% from 2008 to 2013. The computer sector is also expected to show strong growth at a CAGR of 9.5% over the next five years. Also showing growth are the consumer and communications industries with expected CAGRs of 7.9% and 7.0%, respectively, through 2013. From 2008 to 2013, the annual growth rates for the

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

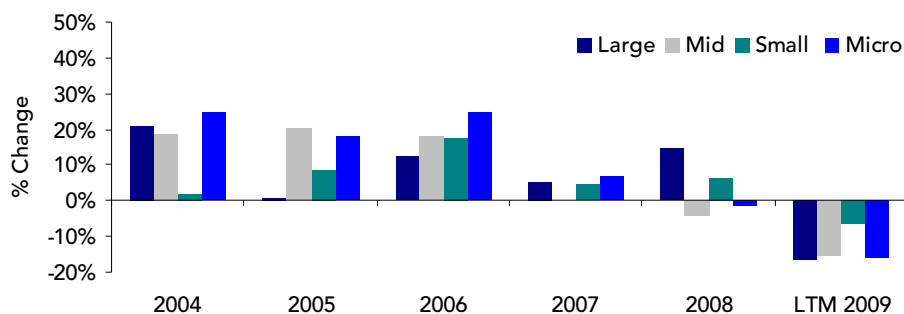


Table F: Global EMS Market by Industry

	2008		2013		CAGR
	Revenue (\$M)	%	Revenue (\$M)	%	
Automotive	\$ 6,350	2.2%	\$ 8,576	2.0%	6.2%
Communications	88,484	30.1%	123,950	28.5%	7.0%
Computer	105,729	36.0%	166,235	38.2%	9.5%
Consumer	48,886	16.6%	71,444	16.4%	7.9%
Defense/Aerospace/Other Trans.	10,263	3.5%	13,304	3.1%	5.3%
Industrial	20,177	6.9%	27,612	6.4%	6.5%
Medical	14,106	4.8%	23,656	5.4%	10.9%
Total	\$ 293,995	100.0%	\$ 434,777	100.0%	8.1%

Source: Electronic Trend Publications

industrial, automotive, and defense end markets are expected to be 6.5%, 6.2%, and 5.3% annually, respectively. Overall, the global EMS market is expected to grow 8.1% annually from a \$294 billion market in 2008 to a \$435 billion market in 2013. It is important to note that although still showing growth, the forecasts are much less aggressive than last year.

The shift in production to low-cost regions is starting to wane. Today, customers are often requiring their EMS partners to manufacture products near the regions where they are to be sold. For certain high-volume products like mobile phones and PCs, customers need to leverage the lowest cost in manufacturing. However, for

other products the labor cost differentials are becoming less significant when weighed against the total cost of production. Offshore migration will still take place but at a slower pace. According to Electronic Trend Publications, from 2008 to 2013, Asia is expected to grow at a CAGR of 9.2% as compared to 6.3% annual growth for North America and 6.2% annual growth for Europe. The rest of the world is expected to grow at a 6.0% CAGR over the same period. Asia will represent over 65% of the EMS market by 2013 compared to approximately 17% for North America.

About Lincoln International

Lincoln International specializes in merger and acquisition services, debt advisory services, 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

Contact

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. For more information, please contact:

NORTH AMERICA

Jack Calderon,
Managing Director (Chicago)
jcalderon@lincolninternational.com

John McManus,
Senior Research Director
(New York)
jmcmnus@lincolninternational.com

EUROPE

Matthias Norweg,
Director (Frankfurt)
m.norweg@lincolninternational.de

Iván Marina,
Managing Director (Madrid)
i.marina@lincolninternational.es

Géraud Estrangin,
Director (Paris)
g.estrangin@lincolninternational.fr

ASIA

Tetsuya Fujii,
Managing Director and
President - Japan (Tokyo)
tfujii@lincolninternational.com

Hideyuki Fujisawa,
Director (Tokyo)
hfuji@lincolninternational.com