2008 Deal Volume — Year in Review

Chart A: Completed Power Electronics Transactions

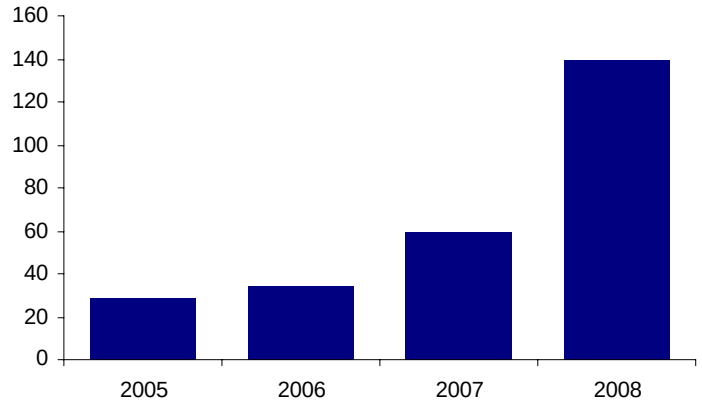
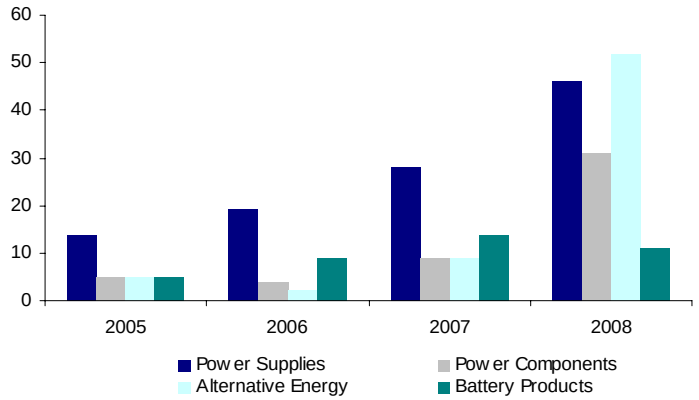


Chart B: Year Comparison — Power Electronics M&A by Category



Announcements

- Lineage Power Corporation, a Gores Group company, acquired Cherokee International Corp. (NASDAQ:CHRK) (November-08)
- TDK Corp. (TSE:6762) completed the acquisition of EPCOS AG (XTRA:EPC) (November-08)
- Microsemi Corp. (NasdaqGS:MSCC) has acquired Babcock, Inc., a subsidiary of Electro Module, Inc. (October-08)
- ABB, Inc., a subsidiary of ABB, Ltd. (VIRTX:ABBN), acquired Ber-Mac Electrical and Instrumentation Ltd. (December-08)
- Eaton Corporation (NYSE:ETN) has acquired Integ Holdings Ltd. (October-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 140 completed power electronics transactions in 2008, 133% more than the 60 recorded in 2007 and more than four times the number of deals in 2006. Transactions increased to 44 in Q4 versus the 39 recorded in both Q2 and Q3 and the 18 recorded in Q1 2008.

These statistics substantiate further the consolidation of the power electronics industry which first became evident in 2007. The run rate of transactions in Q4 suggests a higher total in 2009. This trend is portended by the acceleration in the number of alternative energy deals. Offsetting this trend is the reluctance of companies to proceed with a sale due to the collapse of public market stock prices, which in turn depresses private company valuations. It has become a "buyers market" with larger power companies armed with cash and access to debt capital able to take advantage of low valuations and grow by acquisition.

Power electronics transactions were heavily weighted toward alternative energy and power supplies. Alternative energy represented 37% of the total number of deals in 2008, more than five times the number of transactions from a year ago. Power supplies represented 33% of 2008 transactions. The next largest category was power components, which represented 23% of all deals and more than tripled since 2007. Transactions involving firms in battery products dropped from 14 transactions in 2007, or 23% of total transactions to 11 transactions in 2008, or 8% of total transactions.

In 2008, 28% of transactions came from US/Canada and rose 44% over 2007. The number of transactions from Europe in 2008 increased to 52 compared to the 14 recorded in 2007 and represented 37% of total transactions in 2008. The number of cross border deals more than doubled to 33 transactions in 2008, representing 24% of the total.

The recent market decline impacted stock prices for public power electronics equities especially in Q4 of 2008 and depressed valuations for public and private power companies. The vast majority of transactions or over 90% of total deals were considered small or under $250 million in size. Approximately 8% of the 2008 transactions, or 11 total, were over $250 million in size. This represents a decrease from the 14 transactions of this size in 2007, which represented 23% of 2007 total transactions. There were two deals considered large in 2008, one each in the power supplies and power components categories.

Acquisitions by private equity groups in the power electronics field accounted for 17 transactions, representing 12% of the 140 deals recorded in 2008. Comparatively, there were 8 transactions involving private equity groups in 2007, or approximately 13% of transactions. The limited availability of financing, especially in the later part of 2008, impacted private equity involvement during the year.

Power Electronics Size Guide (Transaction Size)

Large (Tier I)
Greater than $1 billion

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

Small (Tier III)
Below $250 million

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

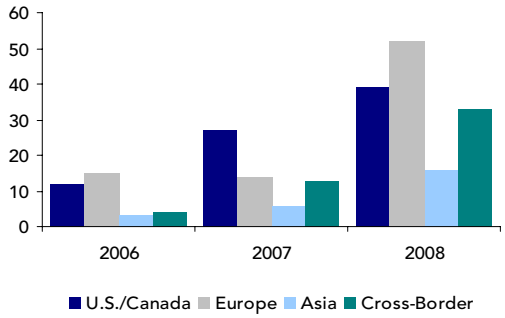
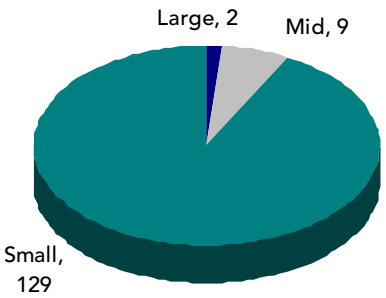


Chart D: Mergers & Acquisition by Size — 2008



Q4-2008 Power Electronics Transaction Summary

#	Date	Acquirer	Seller	Target	Type
1	Oct-08	Eaton Corporation	Integ Holdings Ltd.	Integ Holdings Ltd.	1
2	Oct-08	Suntech Power Holdings Co. Ltd.	Energy Innovations, Inc.	EI Solutions, Inc.	3
3	Oct-08	Vattenfall AB	AMEC plc	AMEC Wind Energy	3
4	Oct-08	International Power plc	juwi GmbH	Juwi GmbH, Windfarms Spesenroth, Alterkülz and Römerberg	3
5	Oct-08	Bourns, Inc.	Fultec Semiconductor, Inc.	Transient Blocking Unit business of Fultec Semiconductor, Inc.	2
6	Oct-08	Real Goods Solar, Inc.	REgrid Power, Inc.	REgrid Power, Inc.	3
7	Oct-08	Shanghai Intech Electro-Mechanical Products Co.	Shanghai Detron Electronic Co. Ltd.	Shanghai Detron Electronic Co. Ltd.	1
8	Oct-08	Riverside Partners	Solar Works, Inc.	Solar Works, Inc.	3
9	Oct-08	Riverside Partners	SolarWrights, Inc.	SolarWrights, Inc.	3
10	Oct-08	Microsemi Corp.	Electro Module, Inc.	Babcock, Inc.	1
11	Oct-08	HF Co. SA	Surge Technologies Corp.	Surge Technologies, Inc.	1
12	Oct-08	EDP Renováveis	Renovatio Group Limited	Renovatio Power SRL and Cernavoda Power SRL	3
13	Oct-08	Management	Cherokee International Corp.	Cherokee Europe SCA	1
14	Oct-08	Motor Oil Hellas Corinth Refineries SA	Iberdrola SA	Korinthos Power SA	3
15	Oct-08	EnerDel, Inc.	TVG Capital Partners Limited	Enertech International, Inc.	4
16	Oct-08	Warburg Pincus LLC	Conergy AG	Conergy Wind GmbH	3
17	Oct-08	Suez Energy South America Participações	Econergy International PLC	Econergy International PLC	3
18	Oct-08	Juhl Wind, Inc.	Next Generation Power Systems, Inc.	Next Generation Power Systems, Inc.	3
19	Oct-08	Zhuzhou CSR Times Electric Co., Ltd.	Dynex Power Inc.	Dynex Power Inc.	2
20	Nov-08	TDK Corp.	EPCOS AG	EPCOS AG	2
21	Nov-08	Vattenfall AB	Christofferson, Robb & Company, LLC	Thanet Offshore Wind Limited	3
22	Nov-08	Private Investors	Conergy AG	Conergy AG, Two Photovoltaic Plants	3
23	Nov-08	Statkraft AS	Catamount Energy Corporation	Catamount Cymru Cyf	3
24	Nov-08	Ultralife Corp.	U.S. Energy Systems, Inc.	U.S. Energy Systems, Inc.	4
25	Nov-08	Central African Holdings	Battery Control Corp.	Battery Control Corp.	4
26	Nov-08	Centrotherm photovoltaics AG	Bueechl Handels- und Beteiligungs KG	Michael Glatt Maschinenbau GmbH	3
27	Nov-08	Magnum Industrial Partners	Babcock & Brown Wind Partners Group	Enersis II SGPS S.A.	3
28	Nov-08	Exelon Generation Company, LLC	Epuron LLC	Epuron LLC, Exelon-Conergy Solar Energy Center	3
29	Nov-08	VERBUND-Austrian Renewable Power GmbH	Windpark Petronell Carnuntum GmbH & Co KG, Windpark Hollern GmbH & Co KG and Bruck an der Leitha	Windpark Petronell Carnuntum GmbH & Co KG, Windpark Hollern GmbH & Co KG and Bruck an der Leitha	3
30	Nov-08	Eurovoltaic Plc	Systaic AG	Systaic AG, Spanish Solar Plants	3
31	Nov-08	Lineage Power Corporation	Cherokee International Corp.	Cherokee International Corp.	1
32	Dec-08	Cooper Industries Ltd.	Cognicase, Inc.	Cyme International, Inc.	1
33	Dec-08	Hanwei Wind Power Equipment (Daqing) Co., Ltd.	Daqing Deta Electric Co. Ltd.	Daqing Deta Electric Co. Ltd.	3
34	Dec-08	ABB, Inc.	Ber-Mac Electrical and Instrumentation Ltd.	Ber-Mac Electrical and Instrumentation Ltd.	1
35	Dec-08	Neah Power Systems, Inc.	SolCool One, LLC	SolCool One, LLC	1
36	Dec-08	Enel Green Power Bulgaria	Global Wind Power Bulgaria EOOD	Global Wind Power Bulgaria EOOD, 13 Subsidiaries	3
37	Dec-08	Iberdrola Energías Renovables, S.A.U.	Gamesa Corporación Tecnológica S.A.	Gamesa Energia, S.A.	3
38	Dec-08	EDF Energies Nouvelles S.A.	Ibrahim Polat Holding A.S.	Polat Enerji Sanayi ve Ticaret A.S.	3
39	Dec-08	AGL Energy Limited	Investec Wind Holdings Pty. Ltd.	Investec Wind Holdings Pty Ltd, Two Wind Farm	3
40	Dec-08	Solon AG für Solartechnik	Estelux s.r.l.	Estelux s.r.l.	3
41	Dec-08	Daimler AG	Li-Tec Battery GmbH & Co. KG	Li-Tec Battery GmbH & Co. KG	4
42	Dec-08	Ghost Pine Wind Farm, LP	Finavera Renewables Inc.	Ghost Pine Wind Project	3
43	Dec-08	CGS Management giesinger gloor lanz & co.	Siemens AG	mdexx Magnetronic Devices GmbH & Co. KG	1
44	Dec-08	Danam Communication Inc.	Standard Energy Tech Co., Ltd.	Standard Energy Tech Co., Ltd.	4

Type Key: 1=Power Supplies, 2=Power Components, 3=Alternative Energy, 4=Battery Products

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