

Q3-2009 Deal Volume Comparison

Chart A: Completed Power Electronics Transactions ¹

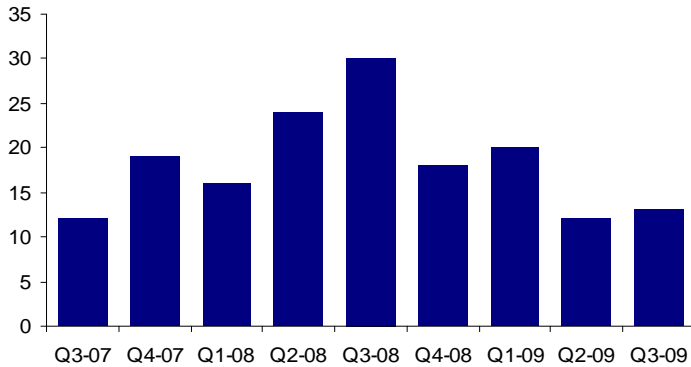
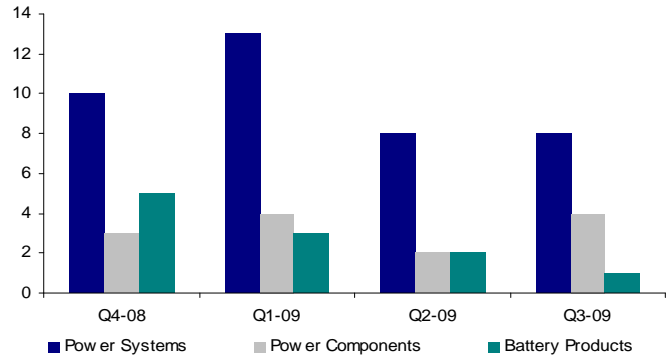


Chart B: Quarter Comparison—Power Electronics M&A by Category ¹



Note:(1) Lincoln International is excluding renewable energy transactions from the Power Electronics Deal Reader as of Q3 2009 and for the historical data presented

Announcements

- EnerSys (NYSE:ENS) acquired Keystone Mountaineer Power Systems, Inc. (August-09)
- Schneider Electric India Pvt Ltd. acquired Meher Capacitors Private Ltd. (August-09)
- Waytronx, Inc. (OTCBB:WYNX) acquired CUI Japan Ltd. (July-09)
- TransDigm Group, Inc. (NYSE:TDG) acquired Acme Aerospace, Inc. (July-09)
- Alpha Technologies, Inc. acquired ASC Electronics, Inc. (August-09)

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

There were 13 completed transactions in the power electronics industry in Q3 2009, excluding renewable energy transactions. The figures indicate a slight increase over the Q2 2009 total of 12 transactions but still a lower total than the 30 transactions recorded in Q3 2008. Renewable energy transactions represented over 80% of transactions in Q2 2009, therefore their exclusion leads to more focused data on the power electronics industry.

We are now separating power electronics into three main groups: power supplies and systems; power components and battery products.

There were eight transactions in power systems in Q3, or 61% of the total, compared to eight in Q2 and 16 a year ago. The next category was power components with four transactions in Q3 2009, or approximately 31% of transactions. This represents a slight increase from the two transactions in Q2 2009 and a decrease from the 13 a year ago. Finally, battery products had one transaction in Q3 2009, or approximately 8% of the total, which represents a decrease from the two transactions in Q2 2009 while remaining consistent with the one transaction a year ago.

As illustrated in Chart C below, of the total deals in Q3 2009, five came from U.S./Canada while three each came from Europe and Asia. There were two cross-border transactions in Q3 2009. As a percentage of Q3 2009 total transactions, this translates into 39% from U.S./Canada, 23% from Europe, 23% from Asia and 15% Cross-Border.

All Q3 2009 power electronics transactions came from the small tier. In light of the recent economic environment, larger transactions were more difficult to complete.

Orders for power electronics products rose in Q3 for the first time in a year. Demand has been stimulated by increased confidence that the recession is over, higher anticipated electronics equipment shipments and an influx of semiconductor orders which are a time-proven leading indicator. In addition, the anticipation of future demand for LED power supplies and plug-in attachments for Smart Grid is stimulating renewed interest in power electronics companies. There have been virtually no outlays for capital expenditures and acquisitions since the second half of 2008. Currently, power electronics companies are willing to consider bolt-on acquisitions funded out of cash flow.

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

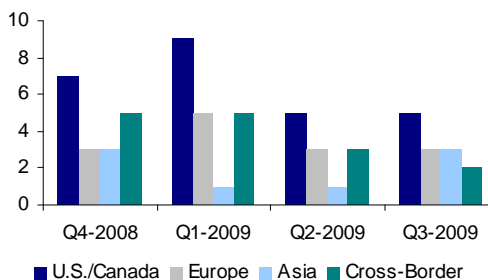


Chart D: Mergers & Acquisition by Size

All Q3 2009 power electronics transactions were categorized as small.

An Analysis of Growth Trends Affecting the Power Electronics Industry

The OEM merchant and telecom power supply industry is forecast to equal \$17.5 billion this year, down 14% from the \$20.5 billion high mark reached in 2008 according to Micro-Tech Consultants. The industry had shown steady growth from \$18.7 billion in 2006 to \$19.9 billion in 2007. Considering the 9% sequential increase in Q2 off the trough quarter in Q1 2009, the power supply industry 2010 results could approach the peak level reached in 2008.

All three tiers of public power supply companies recorded LTM revenue declines, which is not surprising in light of the recent economic conditions. The mid tier LTM revenue decline was the most pronounced with -17.2%. The large tier declined -11.4% while the small tier declined -10.9%. These

declines are in contrast to the 5-year CAGR from 2003 to 2008 of 13.3% for the large tier, 14.9% for the mid tier, and 3.1% for the small tier.

The power supply industry remains diverse and fragmented as to geography, end markets, products and power range. However, in recent years, the industry has shown consolidation with the top ten companies representing over 60% of the market in 2008, up from 43% in 2005.

As shown in table F, 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 38% of the total power supply market in 2008. Consumer is also the second fastest growth market, rising 0.5% 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 5.5% yearly until 2013. The military/aerospace market is primarily a high margin, niche market, one fifth the size of consumer/retail 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.

In terms of geography, the consumer/retail segment is largely dominated by Asian manufacturers while North American/European power supply manufacturers are focusing on the computer, networking and industrial sectors. The power supply industry is affected by a variety of emerging power architectures. Energy efficiency is an important industry-wide issue and numerous products are now designed for efficiency due to end-user demand for such products.

The long term growth prospects for the major public and private power supply vendors continue to be positive despite the uncertainties concerning the rate of increase emerging from the recession. These companies are direct beneficiaries of the trend toward further industry consolidation. They also stand to benefit from the adoption of the worldwide Smart Grid, and to a lesser extent, from the wholesale use of LED lighting. The power supply industry will also continue to partake in the transition to digital power management from traditional analog controls.

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

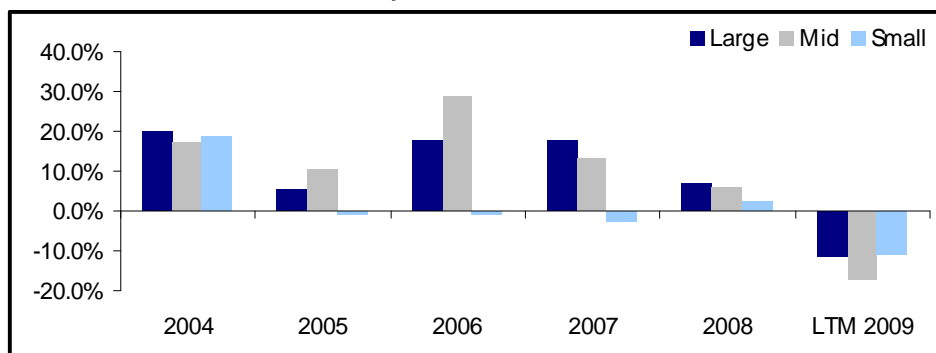


Table F: Global Power Electronics Market by Industry

(\$ in billions)	2008		2013		CAGR
	Revenue	%	Revenue	%	
Computer/Office Equipment	\$6.0	22.6%	\$5.3	20.5%	-2.4%
Consumer/Retail	10.0	37.8%	10.3	39.5%	0.5%
Industrial/Instrumentation	3.8	14.3%	3.4	13.3%	-1.9%
Military/Aerospace	2.0	7.4%	2.6	9.8%	5.5%
Networking/Telecom	4.8	17.9%	4.4	16.9%	-1.6%
Total	\$26.5	100.0%	\$26.0	100.0%	-0.4%

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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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