

Inside this Issue

Welcome to the inaugural issue of Auto and Truck Components, a publication of Lincoln International Transportation Group.

With this quarterly newsletter we plan to keep you informed about recent developments at our firm, offer insight into the global automotive and truck component supplier industries and provide commentary and statistics regarding relevant issues and trends.



Key topics covered in this issue include:

- Transaction announcement—sale of Neapco, Inc. to Neapco, LLC
- Transaction announcement—acquisition of B.R. Lee Industries by Singapore Technologies Engineering
- Transaction announcement—sale of Plastohm S.A. to Polimoon

- Announcement regarding our strategic partnership with China Everbright

In addition, we present a discussion on the automotive electronics sector and the health of European automotive suppliers.

We hope that you find this issue interesting and we welcome your comments and suggestions.

It was announced on October 17, 2006, that the international automotive supplier **Continental AG intends to acquire the automotive sensor module business of VTI Technology Oy**, the Finish company specializing in micromechanical acceleration and pressure sensors. The terms of the transaction were not disclosed and the deal is expected to close at the end of October.

With the growing amount of electronics in a car, the various tiers of suppliers in automotive industry are diligently working on differentiating and adding value to their services. This announcement highlights this growing trend. Lincoln International is actively following the developments in the automotive electronics market and we highlight this sector on page 4.

About Us—Global Focus on Transportation

Lincoln International has a long history of providing advisory services on middle market transactions in the transportation space across numerous niches. Our team's extensive expertise across a wide range of transaction types, sizes, and segments has made the firm a leading advisor on transportation deals globally.

Lincoln International Transportation Team Members

GARY T. WALTHER
MANAGING DIRECTOR

Gary Walther is a Managing Director at Lincoln International and co-heads the firm's North American Transportation Group. Gary has been with Lincoln International nearly since its inception. Prior to joining Lincoln International, Gary was with Lehman Brothers, Becker Paribas and established the regional corporate finance office for Merrill Lynch. Gary has an MBA and BS in Engineering from University of Michigan.

ROBERT W. SATOW
MANAGING DIRECTOR

Robert Satow is a Managing Director at Lincoln International and co-heads the firm's North American Transportation Group. Prior to joining Lincoln International, Robert was a Director at Close Brothers Corporate Finance, a leading U.K. based middle market investment bank. Prior to that, Robert was a Director at Hill Samuel & Co. Robert has an BS in Economics from Bristol University in the United Kingdom.

PATRICK VON HERZ
MANAGING DIRECTOR

Patrick von Herz is a Managing Director at Lincoln International and heads the firm's European Transportation Group. Prior to joining Lincoln International, Patrick worked as a Director in the Global Industrial Group at Citigroup focusing on the automotive industry.

MICHAEL R. FISCH
VICE PRESIDENT

Michael Fisch is a Vice President at Lincoln International and an officer within the firm's Transportation Group. Prior to joining Lincoln International, Mike worked at RBC Capital Markets and Ernst & Young. Mike has an MBA from University of Chicago Graduate School of Business and a BS in Business Administration from California Polytechnic State University.

GAURANG V. SHASTRI
ASSOCIATE

Gaurang Shastri is an Associate at Lincoln International in the firm's Transportation Group. Prior to Joining Lincoln International, Gaurang worked as an analyst at Citigroup. Gaurang has a BS in Finance from University of Illinois.

Recent Announcements

Building on two strong years in 2004 and 2005, 2006 year-to-date has also been very active for Lincoln International's Global Transportation Group. We have successfully completed 5 transactions thus far in 2006 and are currently engaged on 8 more active assignments that are expected to close by the end of the year. Three recent transactions are highlighted below.

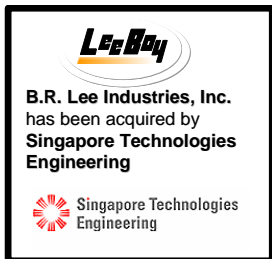
Recent Steering and Drivetrain Components Manufacturer Transaction



- Neapco, Inc. is a designer and manufacturer of universal joints, constant velocity joints, steering shafts, driveshafts, and related components for the automotive and truck industries
- Lincoln International was engaged by United Companies, Inc, a Carlyle Group portfolio company, to preemptively market to the company's largest supplier and manage the process to keep the buyer on a strict timeline to ensure a quick close
- In June 2006, a holding company which consisted of a private investor group and senior management acquired Neapco, Inc.



Recent Specialty Vehicle Transaction



- B.R. Lee Industries, Inc. "LeeBoy", is a manufacturer of commercial class asphalt pavers and brooms
- Lincoln International was engaged by Singapore Technologies Engineering Ltd to act as its exclusive financial advisor to assist in the negotiations to acquire LeeBoy in June 2006
- This transaction marked the second successful acquisition advisory assignment that Lincoln International completed with Singapore Technologies Engineering



Recent Precision Plastics Components Transaction



- Plastohm S.A. was a supplier of precision plastic components for the automotive and packing industries
- Lincoln International was engaged by Plastohm Group to conduct a global marketing effort to find the most strategic acquirer and we ultimately identified Polimoon, a niche plastic specialist group quoted on the Oslo, Norway Stock Exchange as a highly interested strategic buyer
- In September 2006, Polimoon acquired Plastohm S.A.



Select Auto/Truck Supplier M&A Transactions, Q3 2006

Date Closed	Target Company	Acquiring Company	Classification	Transaction Value (\$ in millions)
Sept-06	Noble Composites, Inc.	Crane Co.	Truck Components	72
Sept-06	Weld Wheel Industries, Inc.	American Racing Equipment, Inc.	Aftermarket Wheels	24
Sep-06	Defiance Metal Products Co	Weatherly Group LLC	Truck Components	N/A
Sept-06	DURA Automotive Systems Kohler GmbH	Hannover Finanz GmbH	Auto Components	32
Sept-06	Superior Industries International, Inc., Suspension Components	Saint Jean Industries	Suspension Components	17
Sept-06	Durametal SA	Cie Automotive SA	Brake Components	24
Sept-06	Vermont Composites, Automotive Composite Parts Business	Plasan SASA	Auto Components	N/A
Sept-06	Dana Corp., Trailer Axle Manufacturing Business	Hendrickson International Corp.	Specialty Truck Components	38
Sept-06	Valley Industries LLC	Thule AB	Auto Components	N/A
Sept-06	C.F. GOMMA Barre Thomas SA	Silver Point Finance LLC	Auto Components	76
Aug-06	Iowa Mold Tooling Company Inc.	Oshkosh Truck Corporation	Auto Components	102
Aug-06	Rockford Powertrain Inc.	GKN plc	Auto Components	39
Aug-06	Transaxle LLC	Graham Asset Management LLC	Truck Components	N/A
Aug-06	PROformance Powertrain Products, Inc.	PROformance Technologies LLC	Engine Components	N/A
Aug-06	ASL Systems	Motherson Sumi Systems Ltd.	Truck Components	N/A
Aug-06	Penn Detroit Diesel Allison, Inc.	Allied Capital Corp.	Engine Components	60
Aug-06	Dana Emerson Actuator Systems SRO	Roadster Automotive BV	Steering Components	N/A
Aug-06	Precision Engine Products Corp.	GenTek, Inc.	Engine Components	25
Aug-06	Roll Gom SAS	Aurea SA	Aftermarket Wheels	N/A
Aug-06	Continental Tire North America, Inc.	Titan Tire Corp.	Automotive Tires	53
Aug-06	ArvinMeritor Light Vehicle Aftermarket	AVM Industries LLC	Aftermarket Components	N/A
Aug-06	Electro Canada Ltd	PKC Group Oyj	Automotive Electronic Components	9
Jul-06	Omaha Standard Inc.	Fontaine Truck Equipment Company	Specialty Vehicles	NA
Jul-06	Renold plc's automotive business	Schaeffler KG	Auto Components	5
Jul-06	Amsea Inc.	First Atlantic Capital Ltd	Auto Components	N/A
Jul-06	Transmatic Group, Lighting Division	Hadley Products Corp.	Lighting Products	N/A
Jul-06	Officine Lovato SpA	Banco Popolare di Verona e Novara	Auto Components	N/A
Jul-06	ThyssenKrupp Budd, Plastics Manufacturing Operations	Continental Structural Plastics, Inc.	Auto Components	N/A
Jul-06	ZF Getriebe NV	Punch International NV	Engine Components	N/A
Jul-06	Impact Forge, Inc.	KPS Special Situations Fund LLC	Auto Components	N/A
Jul-06	Motorola Inc., Automotive Electronics Business	Continental AG	Automotive Electronic Components	1,000
Jul-06	Tokai Seiko Co., Ltd.	Ahresty Corp.	Auto Components	N/A

Focus on Automotive Electronics Suppliers

With many segments of the automotive component supply industry showing limited growth it comes as no surprise that there is significant interest in the automotive electronics sector where there are substantial growth prospects. Electronics is the single most important area of a modern automobile today and analysts estimate that 90% of automotive innovation now stems from electronics. This article looks at the dynamics of the sector and highlights some of the recent M&A activity and the factors driving it.

The global automotive OEM sensor market was estimated to be approximately \$2.2 billion in 2002 growing to \$4.2 billion by 2009. The demand for automotive electronics is growing significantly faster than the overall vehicle market itself as electronic content per vehicle continues to increase significantly – this is the result of tightening regulatory emission standards and safety requirements, and consumer demand for more convenience and luxury in vehicles. A study conducted in 2002 indicated that a typical vehicle in production at the time had on average 27.1 sensors. Today the average is closer to 50 and climbing, and a luxury automobile may have more than one hundred sensors installed. In 2004 approximately 1.55 billion



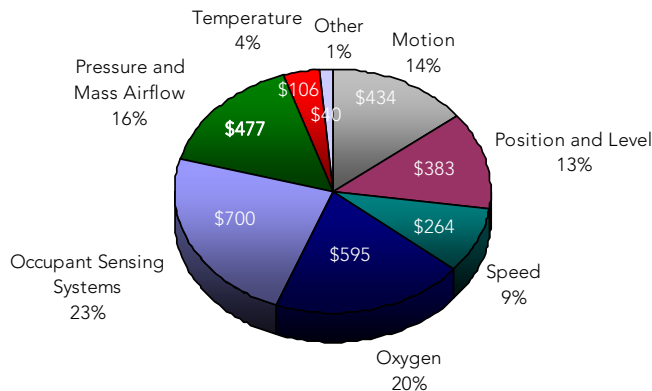
vehicle sensors were installed on vehicles worldwide and it is estimated that in 2010 this number will increase to approximately 2.24 billion units (a compound annual growth rate of 6.3%), with revenues related to sensors increasing by approximately 39% over the same time period. Overall automotive electronic content is estimated to increase by 9% annually over the next five years.

Modern safety devices, powertrains and handling systems depend on the level of control made possible by microprocessors and vehicle networking. Over the last three decades, electronic systems and semiconductor technology have made a significant impact on the performance of the automobile. Strong expected growth will continue to be driven by certain OEM market trends such as increased use of electronic throttle controls which require the use of rotary sensors to measure pedal height, development of headlamp leveling systems which require height sensors particularly for vehicles with high intensity discharge lights, and more electronically controlled transmissions which require the use of range sensors.

Today's vehicles have a broad range of sensors to monitor the temperature, pressure, speed, position, and other parameters of many systems. With the strong growth potential of the electronics space it is no surprise there has been significant M&A activity in this area recently.

Lincoln International has been closely involved in this activity advising Riverside on the divestiture of AEC to Siemens VDO last year. We are also currently advising an automotive electronics player on the development of its acquisition strategy. We expect to see a continued high level of activity in this exciting growth area.

2005 Total Automotive OE Sensor Market Revenues
(\$ in millions)



Source: Frost and Sullivan, North American Automotive Original Equipment Sensors Markets

Select Automotive Electronics Transactions
(\$ in millions)

Date Closed	Target Company	Acquiring Company	Rationale	Enterprise Value	EV/LTM Sales	EV/LTM EBITDA
Pending	Sensor business of VTI Tech.	Continental	Additional electronic capabilities for Tier 1 suppliers	ND	ND	ND
07/2006	Motorola ACES	Continental	Additional electronic capabilities for Tier 1 suppliers	\$1,000	0.8x	ND
12/2005	American Electronic Components	Siemens VDO	Sensor capabilities for Tier 1 suppliers	ND	ND	ND
08/2005	Lebow Corporation	Honeywell	Sensor capabilities for semiconductor manufacturers	ND	ND	ND
02/2004	Sentron AG	Melexis NV	Sensor capabilities for semiconductor manufacturers	ND	ND	ND
01/2006	ATEX	Measurement Specialties	Achieving critical size within sensor segment	5	1.8x	ND
11/2005	HL Planartechnik	Measurement Specialties	Achieving critical size within sensor segment	7	ND	ND
12/2004	Ruf Automotive	Bourns	Achieving critical size within sensor segment	ND	ND	ND
04/2006	Texas Instruments Sensors	Bain Capital	Sensor LBOs	3,000	ND	ND
07/2004	IEE	Apax Partners	Sensor LBOs	153	ND	ND
10/2002	Unisia Jecs	Hitachi	Electronic systems for semiconductors	223	ND	ND
10/2005	BEI Technologies	Schneider Electric	Sensor capabilities for automation systems	553	1.7x	15.3x

ND: Not disclosed; Source: Lincoln International, Capital IQ and Public Company Filings

Spotlight Interview:

Patrick von Herz, Lincoln International

Patrick von Herz joined Lincoln International Germany in 2005 and currently heads the firm's European Transportation Group.



Previously, Patrick served as a Director of the Global Industrials Group at Citigroup focusing on the automotive industry.

The pressure is on – do European automotive suppliers feel the heat as much as their U.S. counterparts?

How does the current financial health of the European automotive suppliers compare to that of their counterparts in the U.S., where many once prominent companies have filed for bankruptcy?

While there are certainly a fewer number of high profile bankruptcies among auto suppliers in Europe, there are causes for concern and weaker suppliers are facing some difficulties. Very generally, I see four key factors that are causing financial underperformance and liquidity issues for some European auto suppliers, these include the following:

1. Exposure to customers that have consistently been losing market share over the past few years (e.g. General Motors—North America, Ford—North America, and Fiat—Europe, etc.)
2. Lack of technological differentiation coupled with an inability to resist extreme price cuts and/or pass on raw material price increases
3. Absence of a significant low cost country manufacturing footprint
4. Lack of critical size and access to financing sources

Given these challenges, successful suppliers differentiate themselves with their substantial scale, extensive technological capabilities, the right customer portfolio, and a low cost manufacturing base.

Suppliers that exhibit these characteristics include large players such as Autoliv, Continental, Valeo, Bosch, Siemens VDO, ZF, and other medium-sized, mostly privately-owned suppliers such as Mahle, Haldex, Brose, Benteler, Hella, Brembo, and Sogefi.



Can the German “Mittelstand” companies (sales up to €1 billion) cope in this challenging environment?

Very much so—all of the major Mittelstand companies have shifted a significant part of their footprint into the Czech Republic, Romania, Hungary or other low cost regions in Eastern Europe. However, with General Motors and Ford becoming increasingly difficult OEM customers, those who made a bold move into North America such as Schefenacker, Duerr, Honsel and Edscha, have more than started to feel the pinch. For the most part, however, the Mittelstand have successfully been able to avoid the severe financial difficulties facing many troubled suppliers. Nevertheless, many have lost substantial financial flexibility in recent months.

Does that mean there are attractive targets in Europe for international suppliers who wish to strengthen their presence in that market?

It is certainly not a bad time to actively look at opportunities. There are numerous businesses with excellent technology that

are currently being marketed, however prices remain elevated, especially as financial buyers continue to be active in the industry.

Have any of the major European leveraged buy-outs (“LBOs”) turned sour recently, and if so, how will that affect future interest in the industry from financial buyers?

A certain number of high profile LBOs are currently experiencing some difficulties. There are numerous instances in which equity sponsors have lost or are close to losing control in debt-to-equity swaps. Recent examples of this include the leveraged buyouts of TMD Friction and Kiekert. However, as long as sponsors do not overpay in a feeding frenzy, they can still make very attractive returns in the auto supplier segment. There is a good number of mid-cap investors who have built a track record of successful investments in this industry. These investors remain highly interested to leverage the knowledge and credibility gained from their past successes to additional deals. Examples of these proficient and successful investors include Alpha, Carlyle, Deutsche Beteiligungs AG, Electra/Cognetas, HG Capital, and PAI among others.

What are European financial sponsors primarily looking for in potential investment opportunities in the industry?

Very simply, in one word—technology. Specifically, technology that creates lasting and effective barriers to entry and a truly preferred supplier relationship with OEMs. This is becoming increasingly more relevant in the current global environment in which long-term perspectives in the manufacturing sector are overshadowed by emerging Asian manufacturers who are capable of developing more sophisticated products at more attractive prices. The good news is that there are still a large number of technology-led, privately-owned companies in the mid-cap segment, but the key is being able to access them.

Select U.S. Automotive Supplier Public Company Comparables

(dollars in millions)

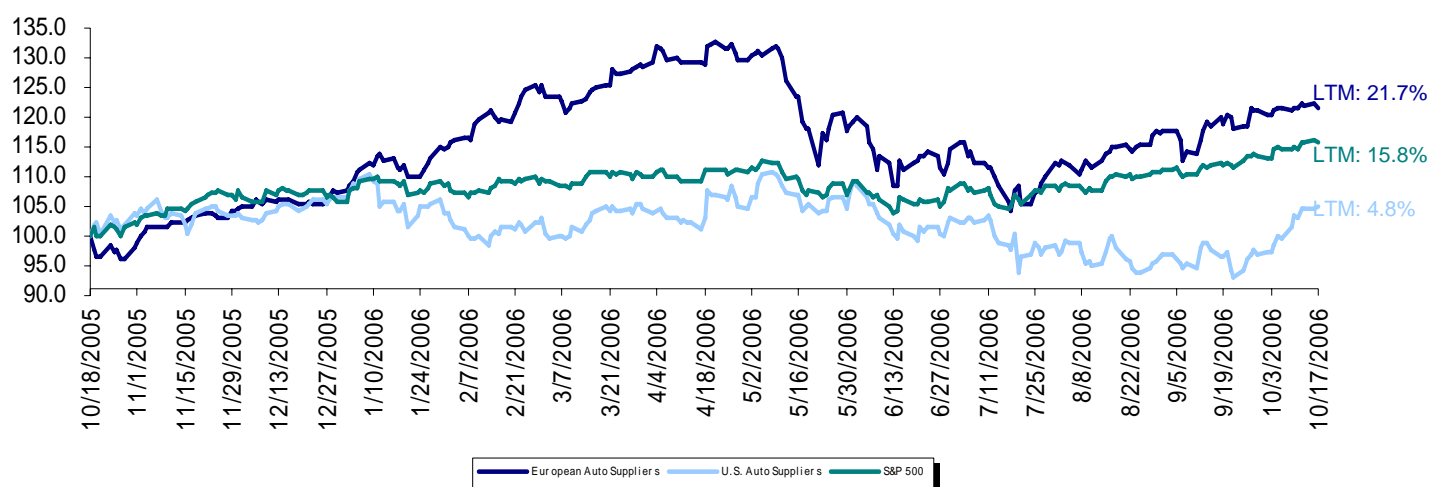
Company	Stock Price	52 Week High	52 Week Low	LTM Sales	Market Cap.	Net Debt	P/E	EV/ EBITDA	EV/ EBIT
Aftermarket Technology Corp.	\$19.47	\$26.83	\$16.22	\$496	\$430	\$44	13.6x	6.9x	8.6x
ArvinMeritor, Inc.	\$15.57	\$17.90	\$12.67	\$9,067	\$1,099	\$983	15.0x	5.2x	9.0x
American Axle & Manufacturing Inc.	\$19.06	\$23.20	\$14.45	\$3,410	\$989	\$581	18.5x	5.2x	14.7x
BorgWarner Inc.	\$60.27	\$67.47	\$50.46	\$4,423	\$3,385	\$557	13.5x	6.1x	9.7x
Cooper Tire & Rubber Co.	\$10.50	\$16.58	\$7.71	\$2,352	\$644	\$513	NM	NM	NM
Dana Corp.	\$1.55	\$8.05	\$0.55	\$8,879	\$235	\$1,970	NM	5.7x	19.4x
Gentex Corp.	\$14.24	\$21.00	\$12.74	\$558	\$2,091	\$(383)	19.9x	10.6x	12.5x
Goodyear Tire & Rubber Co.	\$14.45	\$19.31	\$9.75	\$19,962	\$2,562	\$3,743	15.7x	4.1x	6.7x
Harman International Industries	\$89.52	\$115.85	\$74.65	\$3,248	\$5,837	\$(94)	23.9x	10.4x	13.6x
Johnson Controls Inc.	\$83.67	\$90.00	\$65.55	\$30,985	\$16,363	\$4,633	17.1x	9.6x	14.1x
Lear Corp.	\$28.69	\$31.31	\$15.60	\$17,873	\$1,932	\$2,191	NM	5.0x	9.8x
Magna International, Inc.	\$74.48	\$83.35	\$65.52	\$23,623	\$8,163	\$(575)	13.3x	4.1x	7.0x
Tenneco Inc.	\$22.30	\$27.55	\$15.70	\$4,514	\$1,019	\$1,246	21.0x	5.5x	9.7x
Visteon Corp.	\$7.97	\$10.09	\$4.05	\$12,948	\$1,021	\$1,205	0.9x	4.9x	NM

Select European Automotive Supplier Public Company Comparables

(dollars in millions)

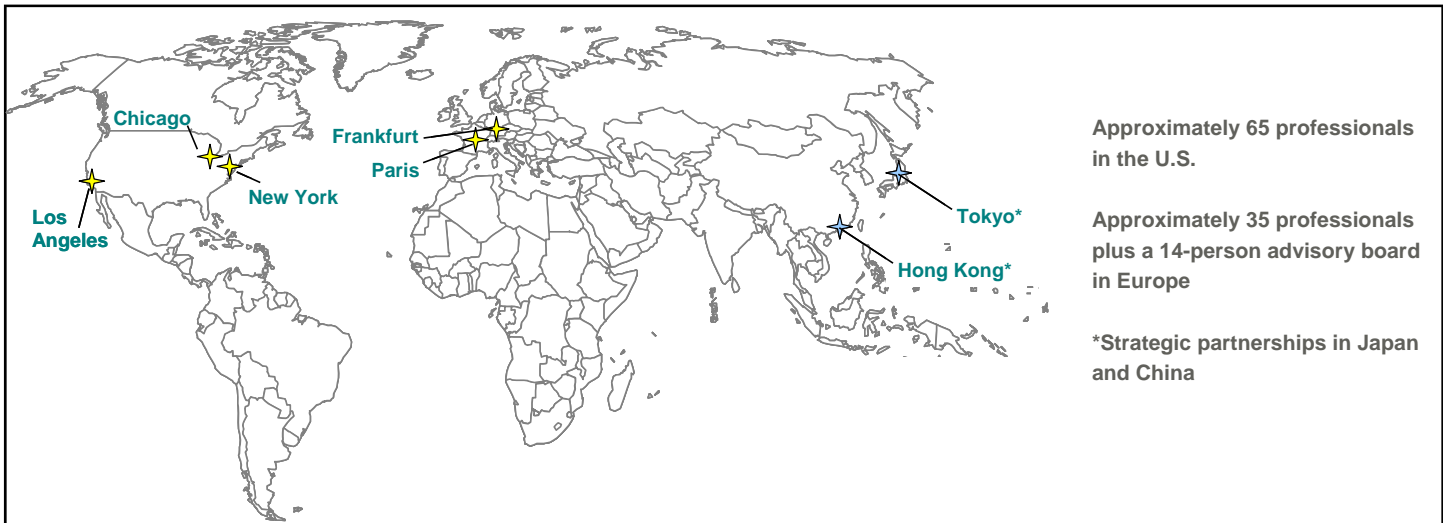
Company	Stock Price	52 Week High	52 Week Low	LTM Sales	Market Cap.	Net Debt	P/E	EV/ EBITDA	EV/ EBIT
GKN plc	\$5.59	\$6.58	\$4.66	\$6,930	\$3,995	\$673	18.0x	6.4x	10.2x
Autoliv Inc	\$57.00	\$60.19	\$39.68	\$6,033	\$4,682	\$915	15.9x	6.7x	10.2x
Continental AG	\$116.71	\$122.41	\$76.46	\$18,093	\$16,980	\$1,125	15.1x	5.8x	8.2x
Faurecia SA	\$56.06	\$73.73	\$48.52	\$14,299	\$1,340	NM	NM	3.0x	13.0x
Haldex AB	\$19.03	\$27.66	\$17.18	\$1,068	\$420	\$146	12.0x	6.4x	11.1x
Rieter Holding AG	\$476.21	\$487.32	\$284.54	\$2,422	\$2,115	\$(77)	19.5x	8.4x	14.3x
Leoni AG	\$34.87	\$43.24	\$28.61	\$2,257	\$1,036	\$279	10.9x	5.3x	7.4x
ElringKlinger AG	\$50.28	\$57.81	\$35.79	\$635	\$965	\$99	16.2x	6.8x	10.3x
Brembo SpA	\$11.10	\$11.25	\$7.21	\$968	\$742	\$299	13.6x	7.2x	10.6x

U.S and European Automotive Supplier Indices



- (1) Lincoln's US Auto Component Suppliers Index includes: ARM, ATAC, AXL, BWA, CTB, DCN, GNTX, GT, HAR, JCI, LEA, MGA, TEN, VC
- (2) Lincoln's European Component Suppliers Index includes: GKN, ALV, CON, EO, FR, HLDX, RIEN, LEO, ZIL2, BRE
- (3) SOURCE for all data on this page: Capital IQ, Inc. (division of Standard & Poor's), Lincoln International and public filings
- (4) Local currency quotes converted to USD using historical spot rates

Lincoln International's Global Footprint



Lincoln International Expands Reach Into Asia

Chicago, USA – In April 2006, we announced the formation of a strategic alliance with China Everbright Limited (“China Everbright”), which has investment banking offices in Hong Kong, Beijing and Shenzhen and through its affiliate, Everbright Securities Co. Ltd., in Shanghai (“ESCL”). China Everbright and ESCL have over 100 investment bankers. ESCL is the eighth largest securities firm in China. Through the partnership, Lincoln International will enhance its ability to reach buyers and acquisition targets in China and pursue joint engagements on a global basis.

With offices in Chicago, Frankfurt, New York and Paris, Lincoln International employs approximately 100 M&A professionals, equally represented in the U.S. and Europe. This new partnership with China Everbright expands Lincoln International’s reach in the global marketplace. The vision of Lincoln International is to create the leading global mid-market M&A advisory organization by combining a strong domestic presence in each of the key world economies with outstanding staff and an open and integrated working environment.

“China is fast becoming one of the most active M&A markets in the world. M&A growth in China can be linked to a variety of factors, including economic diversification and the rapid expansion of China’s private sector,” said Jim Lawson, Co-chairman of Lincoln International. “We are delighted to partner with a firm that shares our commitment to providing our global clients with high-quality M&A advisory services.”

China Everbright was founded in 1983 and is headquartered in Hong Kong and Beijing. The firm focuses its efforts on banking, securities and investment management practices. With more than 10,000 employees and an extensive network of offices throughout China, China Everbright and ESCL serve clients in a wide range of industries, including power, textile, real estate, retail and transport. Some of the firm’s most prominent clients include Bank of China in Hong Kong, Bank of Communications, China Life and China Telecom HK (renamed

About Lincoln International

Lincoln International Group (“Lincoln International”) specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, Los Angeles, New York, and Paris, and strategic partnerships with China Everbright and other partner firms in Asia, 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.

Contributors

Kerry Kellogg, Analyst, kkellogg@lincolninternational.com
Jim Kinn, Analyst, jkinn@lincolninternational.com

Officer Contacts

CHICAGO / NEW YORK

Gary T. Walther
Managing Director
gwalther@lincolninternational.com
+1-312-580-2801

Robert Satow
Managing Director
rsatow@lincolninternational.com
+1-212-277-8102

FRANKFURT

Patrick von Herz
Managing Director
p.vonherz@lincolninternational.de
+49-69-97-10-54-42

PARIS

Jean-René Hartpence
Managing Director
jr.hartpence@lincolninternational.fr
+33-01-53-53-18-21

Geraud Estrangin
Senior Vice President
g.estrangin@lincolninternational.fr
+33-01-53-53-18-18



CHICAGO | FRANKFURT | LOS ANGELES | NEW YORK | PARIS