

Interconnect Components

Coverage Report

Market Intelligence for Industry Players

Q4 2007



Capstone Partners
Investment Banking Advisors



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INTRODUCTION

MARKET OVERVIEW

Over the last 10 years, the global electronic components industry has grown at a compound annual growth rate (CAGR) of 10.5%. Capstone expects this market to remain strong, growing at a 9.0% CAGR and reaching \$660 billion by 2009. Increasing demand for high-speed data communications and for more sophisticated electronic equipment across a myriad of industry segments is driving growth in this market. In addition, the growing Chinese and Indian economies continue to bolster demand for telecommunications infrastructure and technologies that require electronic components.

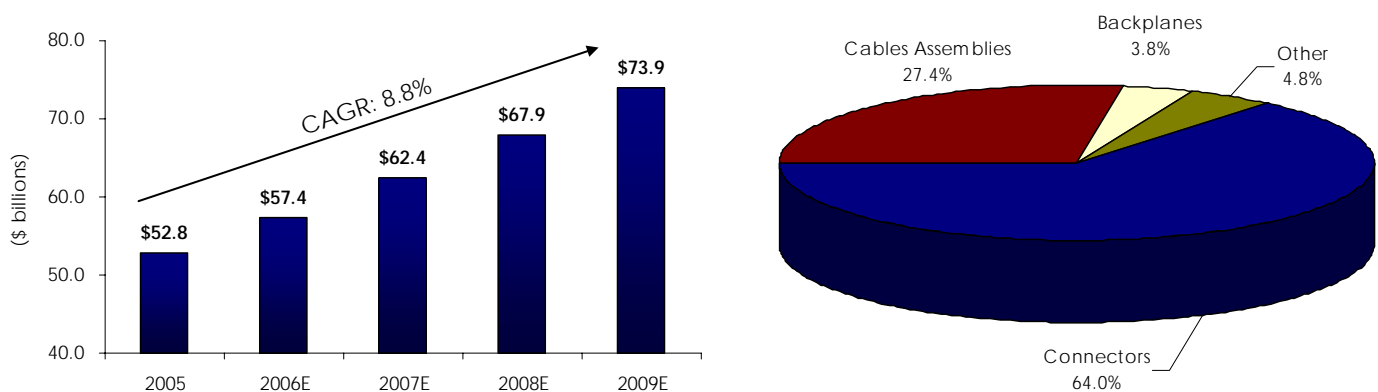
Capstone defines the electronic component market as the manufacturers and distributors of the following products:

- ▶ **Interconnect Components - connectors, cable assemblies, backplanes, etc.**
- ▶ Active Components - semiconductor products including integrated circuits, discretes, optoelectronics, etc.
- ▶ Passive Components - capacitors, resistors, filters, inductors, oscillators, etc.
- ▶ Display Components - color picture tubes, monitors, flat panel displays, etc.

These products are used to build a variety of consumer and commercial products and are used in communications and networking infrastructure. The focus of this report will be on the **Interconnect Components** segment due to the dynamic nature of this market and the significant level of M&A activity.

The global Interconnect Components market is expected to surpass \$60 billion by the end of 2007, growing at 8.8% annually through 2009. Nearly two-thirds of these revenues come from the sale of connector products such as printed circuit board, RF coax, rectangular I/O and fiber optic connectors. Cable assemblies make up an additional 27.4%, and the remaining 8.6% is split between backplanes and other. Capstone expects that the connector market will grow at an annual rate of 9.2% through 2009, while cable assemblies will grow at around 7.5% annually over this period.

Global Interconnect Components Market Size & Segmentation

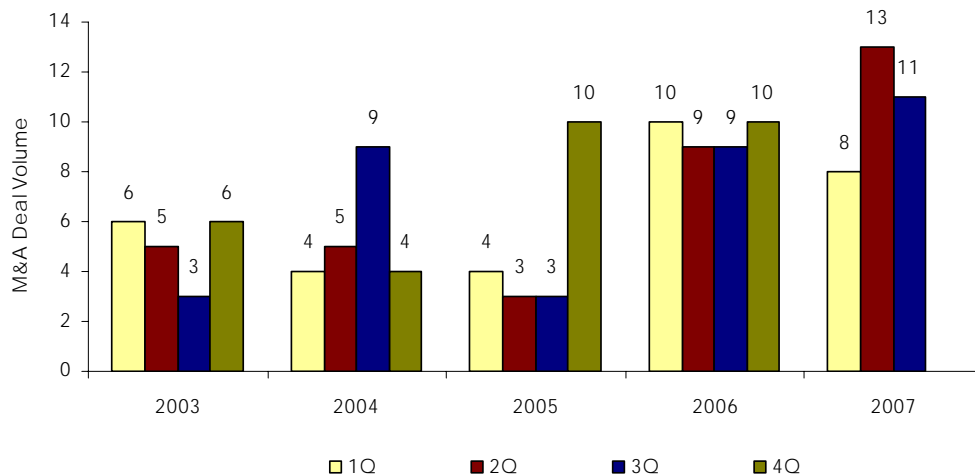


Source: Fleck Research, Bishop Associates, Capstone Partners Research

M&A DRIVERS

While the Interconnect Components sector includes several large, broadline manufacturers and distributors, nearly two thousand smaller players account for roughly 50% of market revenues. These smaller companies differentiate themselves by specializing in niche product categories, specific end-user segments and/or regional markets. The industry has seen rapid consolidation in both the manufacturing and distribution segments, with 80 acquisitions completed in the last 24 months.

Interconnect Components M&A Deal Volume



Since the 4Q 2005, M&A activity in this market has been at record levels. So far, 2007 is on track to beat 2006, and Capstone expects this market to remain active through 2008.

Source: Capital IQ estimates.

Note: Chart includes only closed, publicly reported, change of control acquisitions of Interconnect Components companies, strictly defined.

Capstone expects this consolidation to continue over the next 12-24 months, largely driven by the factors noted below.

- ▶ Vendor reduction programs at original equipment manufacturers (OEMs), large telecommunications companies and electronics manufacturing services (EMS) companies have hurt smaller manufacturers and distributors. Consolidation is a key strategy for maintaining these critical relationships by quickly adding new product categories or technical expertise in order to deepen customer relationships.
- ▶ Manufacturers selling through distributors are fighting for “shelf space” and for prime product placement in print and digital catalogs. Adding new product lines through acquisitions allow these manufacturers to develop new revenue streams in adjacent product areas and/or through alternative brands in the same categories.
- ▶ Manufacturers and distributors are moving away from offering only discrete technology products and are attempting to provide comprehensive “solutions” to end-customers. One prominent example of a growing solution category is cable assemblies. OEMs are increasingly relying on their

supply chain partners to deliver standard and custom sub-assemblies that can be quickly plugged into their manufacturing operations in a just-in-time (JIT) arrangement. In order to deliver these services, manufacturers and distributors must have access to a broad array of products and more sophisticated assembly capabilities, which can often be achieved through acquisition.

- ▶ As customers rely more on distributors for inventory management and logistics services, geographic proximity becomes a key differentiator. Acquisitions enable players to quickly enter a new market with an established brand and offer the level of service that customers are demanding. Although access to domestic regional markets is still a focus, geographic expansion efforts will focus more on the growing Asian markets.

Private equity firms have also been very active in this market. The industry represents an attractive investment opportunity because of the expectations for strong industry growth, high cash flow generation, low capital expenditure requirements and diverse sources of end-customer demand. Judging from Capstone's frequent conversations with private equity investors, this sector will continue to be a significant area of investment interest for many firms. Those firms without exposure to this market are likely to aggressively bid on opportunities in order to make their initial investments. Alternatively, private equity firms with existing platform investments in this space will look for bolt-on acquisitions to capitalize on consolidation trends and accelerate growth.

Capstone has identified a number of characteristics that make companies attractive to potential suitors in this market. These "value-enhancers" are slightly different for manufactures and distributors, but product and service differentiation, solid infrastructure and management, and a consistent record of strong financial performance are critical value-enhancing elements for both segments. This topic is explored in detail later in this report.

INDUSTRY OVERVIEW

GROWTH DRIVERS

Over the past decade, the Interconnect Components market has experienced periods of significant boom and bust. The late 1990s brought on a boom for this sector as massive investments were made in computer networking infrastructure in corporate and residential markets. This period also brought on large-scale investments in telecommunications infrastructure. With the economic recession and the bursting of the Internet bubble in the early 2000s, the sale of Interconnect Components declined significantly, but has experienced dramatic growth in the last four years. This growth was primarily driven by “catch-up” investments in telecommunications infrastructure and enterprise networking that had been delayed during the downturn. Capstone expects this growth to continue and will be largely driven by demand in the following areas:

Telecommunications

- ▶ Rapid growth in the VoIP, broadband, cellular, WiMAX and convergence technology markets is fueling demand for infrastructure investments in the US telecommunications industry. Revenues in these markets are expected to experience double-digit growth rates in next few years, requiring significant investment in the supporting infrastructure such as cables, connectors, antennas and routers.
- ▶ We also expect robust growth in the fiber optic market as carriers increase investment in the sector to deliver faster, higher bandwidth services. AT&T and Verizon have led these efforts by committing over \$25 billion toward fiber optic deployment.
- ▶ Rapid development in the Indian economy also promises to drive demand for telecommunications infrastructure investments. India is currently adding six million mobile phone subscribers per month, and the wireless networks are running at 97% capacity. As a result, literally every operator has announced plans for investment.

Enterprise

- ▶ After years of deferring enterprise-wide IT infrastructure investments, corporations are now in the midst of large-scale retooling of wired networks and data storage and mining capabilities. Enterprises are also rapidly adopting wireless infrastructure and integrating convergence technologies such as secure dual-mode networks. These investments are driven by increases in data traffic in the enterprise environment, combined with product upgrade cycles such as 10-Gigabit copper data cabling systems.
- ▶ Corporations are heavily investing in security and monitoring technologies to protect corporate offices and manufacturing facilities. These additions require investments in cables, connectors and complex biometric identification equipment.

Original Equipment Manufacturers

- ▶ The production of increasingly sophisticated technology products drives demand for cutting-edge components that need to be quickly sourced and delivered in a JIT format. Because of this increased complexity, OEMs have pushed more and more of the sub-assembly production to EMS companies. EMS providers represented nearly 33% of Interconnect Component shipments in 2005,

up from 16% in 2001. Furthermore, the dramatic increase in the number of component stock keeping units (SKUs) required for these products has forced many OEMs to rely more on distributors to manage their inventory and provide custom assembly and packaging services.

Public Sector

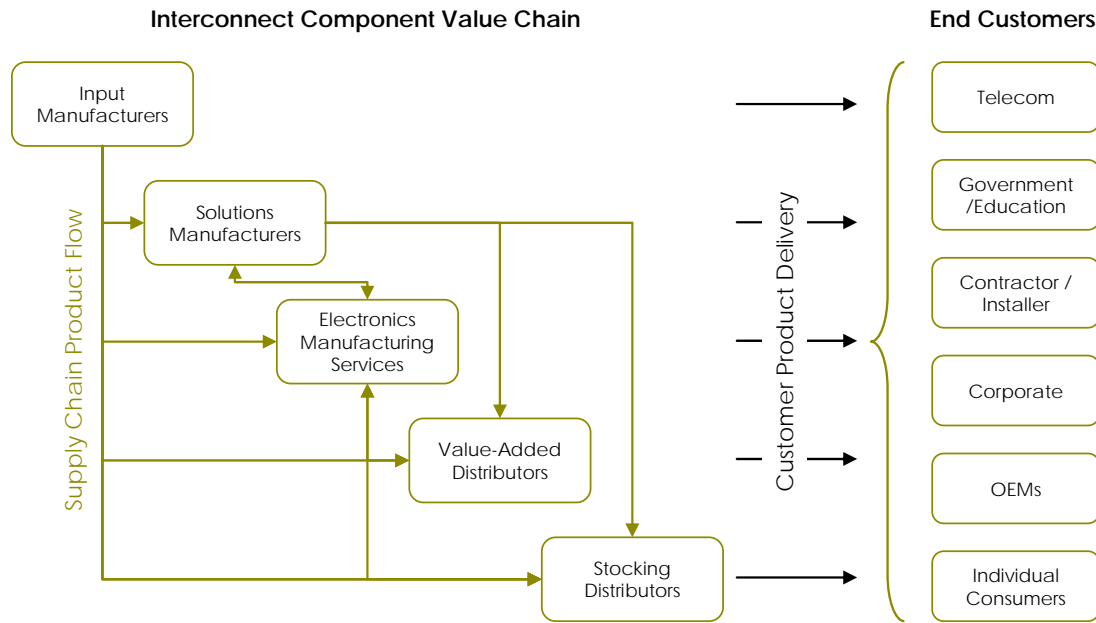
- ▶ Government and education institutions, often the laggards in technology adoption, have recently followed the momentum created by the private sector and are significantly increasing their investment in data communications technologies that improve the speed, bandwidth and security of their networks.
- ▶ Military procurement budgets are growing steadily and high-speed communications technologies are expected to represent a growing share of these dollars. This growth is driven by a focus on highly secure and redundant communications systems, smart weapons, robotics, and unmanned aircrafts and vehicles. These technologies require investments in legacy standards (e.g., MIL-STD 1553) as well as emerging standards. The Congressional Budget Office projects that US defense procurement and RDT&E budgets will continue to rise at high single digit rates, reaching nearly \$200 billion by 2011. Spending on defense electronics, in particular, is expected to hit \$23.7 billion by 2008, a 6.5% CAGR from the \$19.6 billion spent in 2005.

Residential

- ▶ Price declines in high definition televisions combined with the increasing availability of high definition content offered by cable providers are fueling residential demand for high quality cables and connectors that are required to realize the video and audio benefits provided by these technologies.
- ▶ The growing popularity of MP3 players, video games and other portable electronics has increased the need for specialized interconnects and miniaturized embedded components.

MARKET STRUCTURE

Capstone divides the Interconnect Component market into five segments: (1) input manufacturers; (2) solutions manufacturers; (3) electronics manufacturing services companies; (4) value-added distributors; and (5) stocking distributors. As mentioned earlier, the focus of this report is companies that manufacture and/or distribute Interconnect Components, which include connectors, cable assemblies, backplanes, etc.



Source: Capstone Partners Research

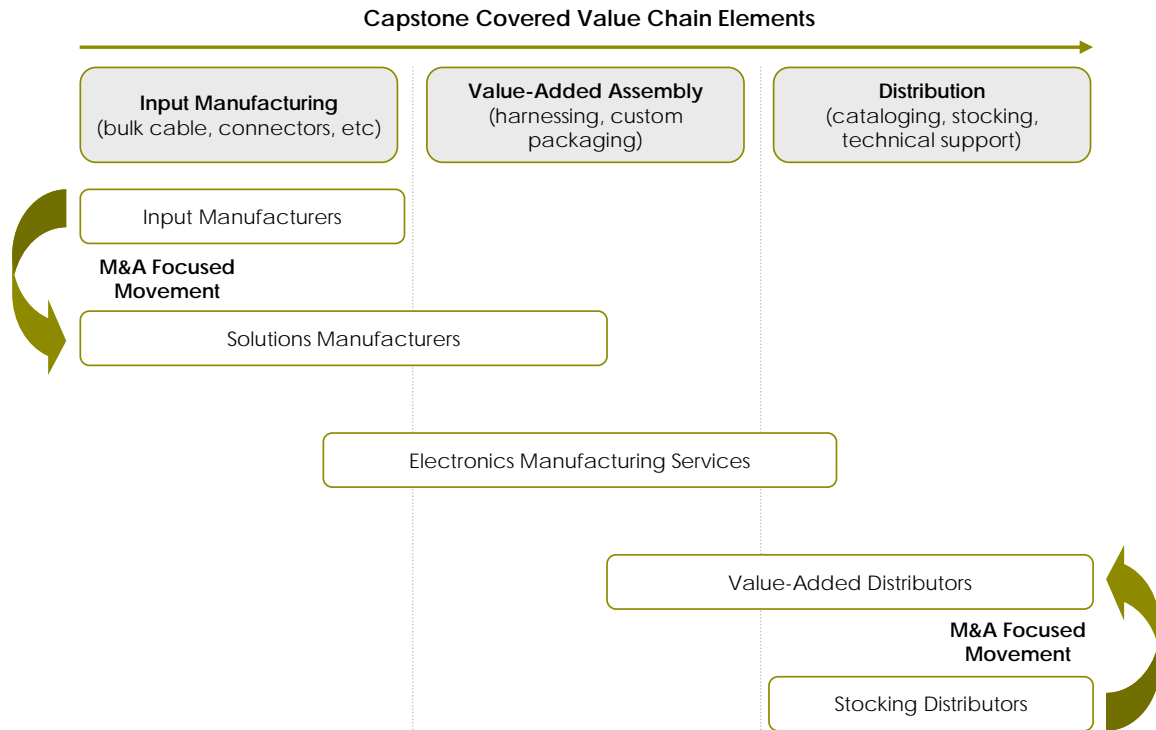
- ▶ **Input Manufacturers** – Companies that design and manufacture cable and connectors. These companies invest considerably in research and development of new technologies and applications and are thought leaders in the industry. Most players in this segment rely on distribution partners for a large piece of their business but also sell directly to large OEMs and/or telecom companies. Public companies in this space include General Cable and Amphenol. Recent acquisitions in this segment have been driven by a desire to add or develop new product categories, end-customer segments and/or international markets.
- ▶ **Solutions Manufacturers** – Although they are also known for the design and manufacture of cable and connectors, these companies move down the value chain to manufacture specialized assemblies for end-customers. These assemblies frequently combine a variety of cable types at varying lengths and include connectors at each end to meet the specific needs of the end-customer. Companies in this segment offer a wide variety of standard assemblies, but many offer custom assembly services as well. Molex and Methode, for example, have recently expanded their solutions offering through targeted acquisitions of companies that have deep assembly capabilities.
- ▶ **Electronics Manufacturing Services** – Companies that manufacture components and sub-assemblies that are designed by OEMs or other third-party sources. OEMs have driven growth in this segment by moving to a “distributed manufacturing” approach where more of the value-added manufacturing activities are performed by partners in the supply chain rather than directly by the OEMs. It is important to note that many manufacturers

and distributors are attempting to deliver EMS-type services in order to meet the needs of end-customers. Because of this growing trend, Capstone expects to see an increasing number of M&A targets in this segment of the Interconnect Components market. Public companies currently in this segment include Foxconn Electronics (the trade name of Hon Hai Precision Industry Co., Ltd.) and Suntron. Hon Hai recently made several investments to bring on capabilities in the optical products space, a growth market that is highly coveted by many large strategic players.

- ▶ **Value-Added Distributors** – Companies in this segment derive most of their revenues by offering a broad selection of Interconnect Component SKUs from a diverse array of suppliers. In addition, these companies offer custom assembly services to complement their product portfolio and provide higher value services to end-customers. An increasing number of distributors are offering value-added services of this sort. In fact, a Purchasing Magazine survey of top distributors showed that, on average, 40% of revenues were derived from value-added services (Top 75 Electronics Distributors survey, 2007). This percentage was roughly 25% higher than for distributors in other segments of the Electronic Components market. Capstone expects that Interconnect Component distributors will continue to add and develop value-added services capabilities in order to meet the growing market demand. Many of these players may see acquisitions as an optimal route for developing these service capabilities. Nu Horizons (76% of revenues from value-added services) and Richardson Electronics offer their customers a high level of design, engineering and assembly services that set these companies apart in the market. Capstone believes it is largely because of these services that Nu Horizons and Richardson Electronics are able to command substantially higher trading valuation multiples in the public stock markets than other distributors.
- ▶ **Stocking Distributors** – Companies in this segment derive nearly all of their revenues from the sale of interconnect components, although many have added custom kitting, bar coding, labeling and other logistics and inventory management services to their service offering. Most also provide technical resources related to the products they distribute. Although these services are extremely helpful and highly demanded, Capstone makes a distinction between services of this sort and those that directly add value to the end product (such as custom assembly). Large diversified players in this segment – including Anixter, Avnet and Arrow – focus on coupling a comprehensive product portfolio with the most efficient delivery capability possible. Conversely, smaller players differentiate by specializing in a product area, end-customer market or geographic region. Trading multiples for companies in this segment are significantly lower than for those in the Value-Added Distributor segment.

Within the last two segments, it is important to distinguish between authorized and unauthorized distributors. Although both distributor categories are wholly independent from the manufactures, authorized distributors get their parts directly from the manufacturers and are contractually authorized to resell the parts. On the other hand, unauthorized distributors do not have contracts with the manufacturers and therefore acquire their inventories from other sources, including the gray and black markets. By purchasing from an authorized source, customers get technical support, product warranties and genuine products (rather than imitations) that meet industry specifications and comply with government regulations. Unauthorized distributors usually have much more capital tied up in inventory and will not receive manufacturer support.

The diagram below demonstrates how the Interconnect Component segments (defined above) fit on a segment of the overall value chain. Players on each end of the value chain are expanding toward the center by adding value-added assembly services. These services allow Interconnect players to develop intimate relationships with their customers, which ultimately help to increase revenue per customer and improve customer retention. Capstone expects that acquisitions will continue to be perceived as the safest and most efficient route for adding these capabilities.



VALUE ENHANCERS

Capstone has identified a number of characteristics often exhibited by market leaders. Leadership is demonstrated through consistent market share improvement, customer loyalty and consistently strong gross margins. The drivers of market leadership vary considerably for manufacturers and distributors, so each will be discussed separately. Here, manufacturers include Input Manufacturers, Solutions Manufacturers and EMS segments, while distributors include Value-Added Distributors and Stocking Distributors.

MANUFACTURERS

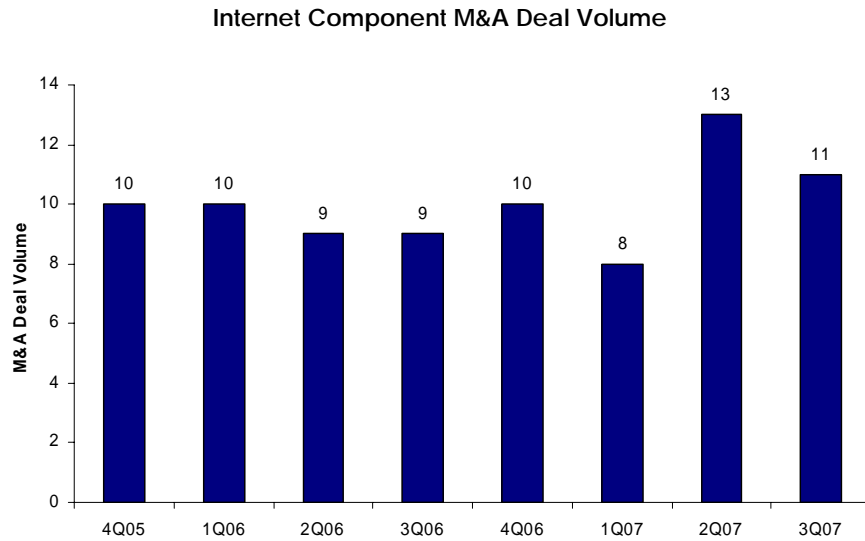
- ▶ **Customer Intimacy** – Leaders have regular, in-depth conversations with end-customers to ensure that product specs meet or exceed their needs. They have developed a clear two-way street for product and service related communication, which builds trust and ultimately improves the end product. Many leaders have successfully had their products “spec’d in” to OEM requirements, which drives customer loyalty (by increasing switching costs) and allows for premium pricing relative to commodity products.
- ▶ **Thought Leadership** – In addition to demand testing, leaders are making significant investments in cutting edge R&D to lead the way in innovating new solutions for the market. In order for these efforts to be successful, they require significant end-customer education through direct outreach and by providing technical and marketing support to distributors. This investment in distributor support is essential for achieving successful market adoption.
- ▶ **Brand Loyalty** – Strong brand awareness and a reputation for quality and reliability have considerable value in the Interconnect Components market today. As foreign competition heats up and lower priced products hit the market, brand loyalty will allow leaders to retain customers and maintain margins.
- ▶ **Industry Specialization** – Developing dedicated verticals of expertise has helped leaders expand their share within growing niches in the market. For example, companies focusing on the military and aerospace market have been able to develop long-term customer relationships with premium pricing arrangements. These efforts reduce the need for sales and marketing expenditure and increase the long-term value of each customer relationship. Industry specialization makes companies more valuable to potential strategic acquirers because it allows these players to increase their exposure to specific end-customer markets, and they are typically easier to integrate into the existing customer-based structure of these organizations. Based on Capstone’s frequent discussions with financial and strategic buyers in this market, premium valuations will be attached to companies with a specialization in the medical, military, aerospace and/or industrial markets.
- ▶ **Offshore Capabilities** – Leading manufacturers have developed offshore manufacturing capabilities that provide significant cost savings, especially for high-volume production runs. Although many companies outsource these activities, many leaders own and operate manufacturing facilities in order to retain greater control over quality and production schedules.

DISTRIBUTORS

- ▶ **Custom Assembly** – OEMs and EMS providers have been moving to a more distributed manufacturing strategy in which they rely more on their channel partners to add value to product inputs before they hit the production floor. To meet this need, market leaders have offered custom assembly of components with increasing levels of sophistication. Responsiveness to customer needs, specialization in certain assembly applications and a reputation for high quality work are all critical to achieving leadership in this area.
- ▶ **Kitting** – Kitting is the process of putting together all of the needed components and tools to accomplish a specific set of tasks. This process is very inexpensive for distributors but can add tremendous value for end-customers, especially those in the contractor/installer, telecommunications and enterprise-networking segments. These kits also have the dual purpose of reducing the amount of technical services that are required by distributors, as customers are able to handle even more sophisticated tasks on their own.
- ▶ **Industry Specialization** – Expertise in specific industries allows distributors to provide a broad spectrum of industry specific products and higher value technical services to customers. As with manufacturers, industry specialization makes distribution companies more valuable to potential strategic acquirers.
- ▶ **Electronic Order Processing** – The primary standards for electronic order processing are Electronic Data Interchange (EDI) and web-based transmission. These standards allows for efficient and inexpensive materials ordering and payment processing between distributors and customers without the need for personnel involvement and paperwork. This process minimizes communication error and allows for automatic inventory management services such as Kanban and JIT. This also reduces the time it takes to fulfill orders, which is very attractive to customers demanding rapid response and shortens the cash conversion cycle by reducing days sales outstanding. Although a significant amount of business is still transacted over the phone or email, market leaders are aggressively attempting to increase the percentage of sales driven through these electronic standards.
- ▶ **Inventory Management Solutions** – Many leading distributors are offering to help manage the inventory risk of their customers by setting up warehouses near customer manufacturing facilities. Some have gone to the extreme of providing in-plant stores where components can be purchased seconds before they are required in the manufacturing process. Services of this sort clearly deepen customer relationships and provide direct insight into customer needs.
- ▶ **Customer Service** – High levels of customer service and accessible technical expertise are critical areas that market leaders have focused on to differentiate themselves. These services, often provided via the web, phone or on-site, help to expand the customer relationship beyond the purchasing department and establish a deeper link into the company that is more difficult for competitors to displace.

THE M&A MARKET

ELECTRONIC COMPONENTS M&A OUTLOOK



Interconnect Component M&A transaction volume continues to be robust. Based on current market activity, Capstone expects to see average quarterly announcements of between 10 to 15 transactions through the middle of 2008.

Source: Capital IQ

Capstone expects industry M&A to remain consistently robust over the next 12 to 24 months. Leading strategic companies seeking accelerated growth, profitability and market share gains remain active in the acquisition markets. Many suitors have built up significant amounts of cash on their balance sheets, which will allow them to expand their acquisition scope. Several recent acquisitions on the part of large strategic players include:





- ▶ In July 2007, Molex (NASDAQ: MOLX), a leading manufacturer of interconnect solutions, acquired Polymicro Technologies, a manufacturer of fiber optic assemblies for the medical, telecommunications and military markets. Polymicro offers a total manufacturing solution, providing initial product design, product and process development, prototyping and beta trials, and volume production. Industries served include analytical, medical, aerospace, military, manufacturing, telecommunication and communication. The terms of the deal were not disclosed.
- ▶ Also in July 2007, Avnet (NYSE: AVT), a distributor of electronic components and computer networking products, acquired Flint Distribution, a UK distributor of interconnect, passive and electromechanical products. Earlier in the year, Avnet had announced its intention to make acquisitions a large part of its growth strategy. The terms of the deal were not disclosed.
- ▶ In May 2007, Emerson Electric (NYSE: EMR), a diversified global technology company, acquired Stratos Optical, a manufacturer of fiber optic and optoelectronic products. Emerson paid approximately \$85 million (net of acquired cash) for Stratos. The Trompeter and Semflex brands that were under the Stratos Optical umbrella were also included in this transaction. These brands will add significantly to Emerson's strength in the RF sector. According to publicly available information, Emerson paid an EBITDA multiple of 13.8x and a revenue multiple of 0.9x for Stratos. This premium pricing was largely driven by Stratos' broad IP portfolio in key technology

categories, exposure to a diverse array of attractive end-customer segments and strong brand awareness in the market.

- ▶ In May 2007, Belden (NYSE: BDC), a world leader in the development of signal transmission solutions, completed the purchase of Lumberg Automation Components (LAC) from The Lumberg Group for an undisclosed cash price. LAC is a leading supplier of industrial connectors, high performance cord-sets and field bus communication components for factory automation machinery. LAC's 2006 revenues were approximately \$75 million. Belden intends to continue its focus on growing share in the industrial market through acquisition.

Private equity groups will also remain active acquirers of electronic components companies due to the current availability of capital and the fundamental characteristics of the industry, which favor consolidation. In fact, private equity groups have been aggressively encouraging consolidation by making bolt-on acquisitions to existing platform investments. Two recent examples demonstrate this practice:

- ▶ L-Com, a leading manufacturer of cable assemblies, connectors, and other connectivity devices was acquired by Riverside Company in April 2006. In July of 2007, L-Com acquired HyperLink Technologies, a manufacturer of antennas, amplifiers, and other wireless connectivity equipment.
- ▶ Winchester Electronics, a manufacturer of interconnects and cable assemblies, was acquired in June 2006 by Audax Group. In May 2007, Winchester acquired both Advanced Interconnect, a manufacturer of fiber optic and copper interconnects, and Kings Electronics, a producer of RF connectors.

M&A AND INDUSTRY SUMMARY		
Market Attributes	Outlook	Commentary
General M&A / Financing Markets	 Positive	<ul style="list-style-type: none"> • M&A transaction volume remains robust despite higher financing costs. • Valuation multiples remain at or near historic highs.
Health of Strategic Buyer Universe	 Very Positive	<ul style="list-style-type: none"> • Earnings growth is strong and capital is accessible. • Most larger players have expressed intentions to make acquisitions.
Health of Financial Sponsor Universe	 Positive	<ul style="list-style-type: none"> • Firms continue to raise and deploy significant amounts of capital. • Prominent firms continue to acquire interconnect component companies.
Long-Term Sector Outlook	 Very Positive	<ul style="list-style-type: none"> • Increasingly sophisticated products will continue to drive demand. • Growth in emerging economies will accelerate industry demand.

SELECT MANUFACTURER M&A TRANSACTIONS

(\$ in millions) *CF represent Capstone closed deals. Confidential multiples are factored in the mean/median/harmonic mean.

Date Closed	Target / Acquiror	Target Description	Trans Value	EV/ Revenue	EV/ EBITDA
9/4/2007	Thermon Manufacturing Company Audax Group	Manufactures power-limiting cables, parallel and series constant watt cables, skin effect systems, self regulating cables and other heat sensitive products.	-	-	-
7/24/2007	Polymeric Technologies, LLC Molex Inc. (NasdaqNM:MOLX)	Manufacturer and supplier of silica capillary tubing and specialty optical fibers and capillary assemblies, discrete microcomponents and quartz optical fiber ferrules.	-	-	-
7/12/2007	Stratos International Emerson Electric Co. (NYSE:EMR)	Designs and manufactures of RF, microwave and optical subsystems, components, and interconnect products used in telecom, enterprise, military, and video markets.	83.4	0.9x	13.8x
6/29/2007	Hyperlink Technologies, Inc. L-Com Inc.	Manufacturer and marketer of LAN equipment and wireless systems including signal splitters and filters, power supplies, connectors, adapters, antenna arrays and cable assemblies.	-	-	-
5/14/2007	Advanced Interconnect, Inc. Winchester Electronics Corporation	Manufactures, and sells fiber optic and copper based interconnect solutions, and value added modules for original equipment manufacturers.	-	-	-
5/14/2007	Kings Electronics Co, Inc. Winchester Electronics Corporation	Designs and manufactures RF coaxial interconnect products, and audio and video products for the broadcast, telco, industrial, energy and aerospace markets.	-	-	-
5/11/2007	Interconnect Devices, Inc. Milestone Partners	Manufactures spring contact probes, test sockets, and custom interconnect solutions. It offers board test products, battery contacts, connectors, coax probes, and switch probes.	-	-	-
5/8/2006	Lumberg Automation Components Belden (NYSE:BDC)	A leading supplier of industrial connectors, high performance cord-sets, and field bus communication components for factory automation machinery.	-	-	-
5/8/2007	American Biosurgical, Inc. J. Devien Capital, LLC	Designs, manufactures, and distributes medical/surgical cables. It offers patient monitoring, pulse oximetry, electrosurgical, custom molded, and power cord cables.	-	-	-
4/2/2007	Copperfield, LLC Coleman Cable Inc. (NASDAQ:CCIX)	A large fabricator and insulator of copper electrical wire and cable, selling to industrial distributors and OEMs.	213.0	0.4x	6.0x
3/27/2006	LTk Wiring Co. Ltd., Belden (NYSE:BDC)	One of the largest manufacturers of electronic cable for the China market.	195.0	0.9x	-
2/5/2007	Tri-Star Electronics International, Inc. Brockway Moran & Partners, Inc.	Develops and manufactures contacts, connectors, cable products, and wire processing equipment for aerospace, avionics, and electronics OEMs.	-	-	-
1/30/2007	Hirschmann Automation And Control GmbH Belden (NYSE:BDC)	Manufacturer of rail-mounted industrial Ethernet switches and industrial connectivity products.	260.0	1.0x	-
1/30/2007	Nexans Canada, Inc., Magnet Wire Business Superior Essex Inc. (NasdaqNM:SPSX)	Designs and manufactures magnet wires. The division offers round and shaped wires that find application in motors, transformers, and electrical coils.	40.0	0.3x	-
1/3/2007	WPI Interconnect Products, Inc. Cooper Crouse-Hinds, LLC	Manufactures and markets connectors and cable assemblies to the telecommunications, defense and transportation industries.	74.5	1.2x	-
12/15/2006	JITE Technologies McVicar Resources Inc.	Develops, manufactures and distributes terminal block connectors used in electronic systems.	-	0.4x	6.4x
12/4/2006	AutoPatch, Inc. AMX Corp.	Designs and manufactures audio/video signal switching and distribution equipment.	-	-	-
10/3/2006	Micropaq Corporation Telco Solutions III, LLC	Produces printed circuit board assemblies, custom cables/harnesses, and electro-mechanical assemblies.	-	-	-
7/11/2006	Adirondack Wire & Cable Whitney Blake Company of Vermont, Inc.	Manufactures wiring harnesses, and molded cable assemblies for premise wiring, and original equipment manufacturer applications.	-	-	-
7/6/2006	American Access Technologies Inc. M & I Electric Industries Inc.	Manufactures zone cabling and wireless telecommunication enclosures for the telecommunications industry.	33.9	3.8x	-
6/30/2006	Woodhead Industries Inc. Molex Inc. (NasdaqNM:MOLX)	Manufactures network and electrical infrastructure products for industrial environments including communication/connectivity products.	274.3	1.2x	9.4x
4/26/2006	L-Com Inc. The Riverside Company	Manufactures connectivity products including cable assemblies and custom designed molded cables.	CF	CF	CF
4/26/2006	Deutsch Engineered Connecting Devices Wendel Investissement (ENXIPAMF)	Manufactures electronic connector and wire termination devices to aerospace, defense, and marine industries.	1,040.0	2.1x	9.5x
3/26/2006	Woven Electronics Corporation Thermal Solutions, Incorporated	Provides interconnect and packaging solutions for the military, medical, commercial, telecommunications, security, and defense industries.	-	-	-
2/20/2006	Century Circuits Molex Inc. (NasdaqNM:MOLX)	A flex circuitry manufacturer specializing in electrically controlled, multilayer flex circuit assemblies.	-	-	-
2/13/2006	Trilogy Communications CommScope Inc. (NYSE:CTV)	Manufactures cables for CATV, cellular, PCs, paging, and networking applications.	14.0	-	-
2/1/2006	Artesyn Technologies Emerson Electric Co. (NYSE:EMR)	Produces power conversion and embedded board solutions for communications infrastructure applications	500.0	1.2x	-
1/25/2006	Essex Electric, Inc. Alpine Group Inc. (OTCBB:APNI)	Manufactures copper electrical wire and cables for residential, commercial, and industrial markets.	8.5	-	-
11/28/2005	ASD Group, Inc. Alliant Diagnostics, Inc. (OTCPK:ADGJ)	Manufactures assemblies, including printed circuit boards, cable and wire harnesses and other electro-mechanical assemblies.	-	-	-
12/1/2005	Teradyne Connection Systems Amphenol Corp. (NYSE:APH)	Produces connection systems, backplane systems, printed circuit boards, and high-speed connectors.	390.0	1.0x	-
10/3/2005	Avtek Corporation Fidelity Capital Investors, Inc.	Manufactures, and distributes industrial and commercial connectivity products and solutions.	CF	CF	CF
9/13/2005	Worswick Industries Inc. RF Industries Ltd. (NasdaqSC:RFIL)	Provides custom and standard computer cables, and custom wire harnesses for the retail, wholesale, and OEM markets.	-	-	-
9/9/2005	HVT Group Inc. HEICO Electronic Technologies Corp.	Provides high voltage cables and assemblies.	-	-	-
11/10/2005	Parlex Corp. Johnson Electric Holdings Ltd. (SEHK:179)	Produces flexible circuits, laminated cables, polymer thick film circuits, flexible interconnect hybrid circuits, and flexible interconnect assemblies.	82.9	0.7x	8.8x
Average			229.2	1.3x	8.6x
Median			139.2	1.0x	8.7x
Harmonic Mean			46.1	0.8x	8.1x

Source: Capital IQ and Capstone Partners research

EV = Enterprise Value; EBITDA and Revenue numbers are LTM where available.



SELECT DISTRIBUTOR M&A TRANSACTIONS

(\$ in millions) *CF represent Capstone closed deals. Summary data for this table does not include Capstone closed deals.


Date Closed	Target / Acquiror	Target Description	Trans Value	EV/ Revenue	EV/ EBITDA
9/25/2007	Betronik GmbH Berlin Vertriebsgesellschaft Avnet Inc. (NYSE: AVT)	A German-based distributor of passive components	-	-	-
8/3/2007	Cabletec Interconnect Components Diploma PLC (LSE: DPLM)	A UK-based distributor and assembler of wiring and connector products	13.7	1.1x	10.5x
7/10/2007	Chicago Fiber Systems LLC Sunesys, LLC	A wholesale vendor for dark fiber solutions to support the networking needs of participating carriers, enterprises, and institutions.	-	-	-
7/3/2007	Flint Distribution Limited Avnet Inc. (NYSE: AVT)	Distributor of electronic components including interconnect, passives, connectors and cables, integrated circuits, radio frequency components and wound products.	-	-	-
6/1/2007	Cascade Controls Corp. WESCO International, Inc.	Distributes a full line of automation and electrical products, including industrial connectors, cables, fuses, and converters.	-	-	-
5/21/2007	Eurofast Anixter International (NYSE: AXE)	Distributor of fasteners to the aerospace industry	\$27.00	1.2x	6.1x
5/8/2007	Optiplex Holdings J. Devien Capital, LLC	Distributes patient vital signs and electrosurgical medical cable assemblies to the medical device manufacturers.	-	-	-
4/16/2007	Azure Technologies Pte Ltd Avnet Inc. (NYSE: AVT)	Southeast Asian distributor of electronic components	-	-	-
4/9/2007	Burtek Systems, Inc. Honeywell International Inc.	Distributor of CCTV, data communications, intercom, commercial and professional audio, alarm and access control products.	\$80.00	-	-
4/18/2007	Total Supply Solutions Limited Anixter International (NYSE: AXE)	A fastener distributor with a broad array of valued-added services and inventory management programs	\$8.00	0.4x	-
4/3/2007	Gryphics, Inc. Cascade Microtech, Inc.	Distributor of sockets and connectors, including BGA sockets, QFN test and burn in connectors, and QFP/SO test and burn connectors.	\$25.55	-	-
3/31/2007	TTI, Inc. Berkshire Hathaway	A distributor of passive, connector, and electromechanical components for industrial, military, aerospace, and consumer electronic manufacturers worldwide.	-	-	-
3/5/2007	Seacoast Electric Company, Inc. Imtech NV	Distributor of electrical cables, equipment, and connectivity products for the military and commercial shipboard industry.	\$5.90	-	-
2/15/2007	Simco Technologies, Inc. B&D Industrial, Inc.	A distributor of industrial electronics, sensors, drives, motion control, machine safety, and machine vision systems.	-	-	-
1/8/2007	Crawford Electric Supply Company Ltd. Sonepar Distribution US, Inc.	Crawford Electric Supply Company Ltd. offers high-quality, brand-name electrical, and lighting products to commercial and residential contractors.	-	-	-
1/1/2007	MilesTek Corporation Castle Island Partners, LLC	Leading value-added distributor of private label branded electronic connectivity components including cables, connectors and installation tools.	CF	CF	CF
11/6/2006	GE Technology Solutions Avnet Inc. (NYSE: AVT)	Distributes components, wires and cables, and interconnect assemblies.	\$412.50	-	-
10/31/2006	MFU S. p. a. Anixter International (NYSE: AXE)	Fastener distributor	\$69.00	1.0x	-
10/5/2006	Alternative Technology, Inc. Arrow Electronics Inc.	A specialty distributor of access infrastructure and security solutions to the value added resellers.	\$80.00	-	-
10/3/2006	Communications Supply Corp. WESCO International, Inc.	Distributor of network infrastructure and industrial wire and cable products.	\$525.00	1.2x	16.4x
9/6/2006	Image Labs International Inc. Reflect Scientific, Inc.	Distributor of imaging components.	\$0.72	-	-
8/16/2006	Hobson Brothers, Inc. Southwest Vacuum Devices, Inc.	Supplies components plastic, rubber, and metal parts to the display industry.	-	-	-
7/28/2006	Winncom Technologies Corp. Bluecoral Limited	A value-added distributor of Wireless LAN/WAN, data networking infrastructure, and VPN security solutions.	\$17.00	-	-
7/18/2006	Phoenix Computer Associates, Inc. Clarey Technology Group	Supplies hardware solutions for large-scale computing and communication centers worldwide.	-	-	-
6/15/2006	DT Electronics Limited Nu Horizons Electronics Corp.	A Distributor of electronic components including integrated circuits, converters, connectors, switches, recleivers, and specialist passive components.	\$10.32	-	-
5/30/2006	IMS, Inc. Anixter International, Inc.	IMS, Inc. engages in the manufacture and distribution of wire, cable, tubing, and interconnect products.	\$28.50	0.8x	-
3/3/2006	Calvert Wire & Cable Corporation Communications Supply Corporation	Distributes electrical, data-communications, and other specialty wire	-	-	-
			Average	0.9x	11.0x
			Median	1.0x	10.5x
			Harmonic Mean	0.8x	9.4x

Source: Capital IQ and Capstone Partners research
EV = Enterprise Value; EBITDA and Revenue numbers are LTM where available.

SELECT STRATEGIC ACQUIRER PROFILES – MANUFACTURERS

		<table border="1"> <thead> <tr> <th>LTM REVENUE</th> <th>LTM EBITDA</th> <th>EV</th> <th colspan="2">EV / LTM</th> </tr> <tr> <th></th> <th></th> <th></th> <th>REVENUE</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td>\$3,266</td> <td>\$596</td> <td>\$4,753</td> <td>1.5x</td> <td>7.9x</td> </tr> </tbody> </table>	LTM REVENUE	LTM EBITDA	EV	EV / LTM					REVENUE	EBITDA	\$3,266	\$596	\$4,753	1.5x	7.9x
LTM REVENUE	LTM EBITDA	EV	EV / LTM														
			REVENUE	EBITDA													
\$3,266	\$596	\$4,753	1.5x	7.9x													
<p>Company Description: Molex Inc. (NasdaqNM: MOLX) is a leading one-source supplier of interconnect solutions. The company has over 100,000 products, including electronic, electrical and fiber optic interconnect solutions, switches and application tooling. The company was founded in 1938 and has over 32,000 employees located throughout the world.</p>																	
<p>Acquisition Thesis: Molex has made 10 acquisitions since 1995, three of which occurred in the past two years. The company's recent acquisitions show a focus on expanding their product portfolio to include fiber optic and flexible circuit products as well as custom manufacturing and assembly capabilities. These acquisitions have also helped Molex to further penetrate into key growth markets including analytical, medical, aerospace, military, manufacturing and telecommunications. Molex is currently pursuing additional acquisition opportunities in unique technology segments to further expand its product offering.</p>																	
<table border="1"> <thead> <tr> <th>Date</th> <th>Acquisition Target</th> </tr> </thead> <tbody> <tr> <td>8/2/2007</td> <td>Polymicro Technologies</td> </tr> <tr> <td>7/24/2006</td> <td>Woodhead Industries</td> </tr> <tr> <td>2/20/2006</td> <td>Century Circuits</td> </tr> </tbody> </table>	Date	Acquisition Target	8/2/2007	Polymicro Technologies	7/24/2006	Woodhead Industries	2/20/2006	Century Circuits	<p>Valuation Consideration / Acquisition Rationale Fiber optic connectivity products in key end-customer segments. Industrial network products. \$275m price, 9.4x EBITDA, 1.2x Revenue Flexible circuits and customer assembly capabilities in key markets.</p>								
Date	Acquisition Target																
8/2/2007	Polymicro Technologies																
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\$1,651	\$228	\$2,868	1.7x	12.6x													
<p>Company Description: Belden, Inc. (NYSE: BDC) engages in the design, manufacture, and marketing of signal transmission products for data networking, as well as for consumer electronics, industrial, security, and aerospace applications worldwide. It produces and sells cable and wire products, connectivity products, and other products. The company's cable and wire products include multiconductor, coaxial, and fiber optic cables; lead, hook-up, and other wire products; interface cables, digital cables, and digital interconnecting cables; and composite cable configurations, such as combination of multiconductor, coaxial, and fiber optic cables. Its connectivity products consist of connectors, patch panels, and interconnect hardware and other components.</p>																	
<p>Acquisition Thesis: Belden's recent acquisitions have focused specifically on developing the company's exposure to the industrial automation market and further penetrating the Chinese market. The Hirschman and Lumberg acquisitions were complementary as both contained unique products related to industrial connectivity. Belden was particularly attracted to Hirschman's customer manufacturing capabilities which allows Belden to enhance its ability to offer higher value-added services for industrial customers. The LTK acquisition added some capabilities to Belden's signal processing offering but was primarily focused on developing the company's business in China. In addition to Chinese customers, this acquisition brought on key Chinese engineering and sales talent. These transactions point to Belden's very focused efforts to target products and geographies and execute acquisitions at relatively high price points. The company is currently in acquisition mode in order to develop additional end customer segments and product categories.</p>																	
<table border="1"> <thead> <tr> <th>Date</th> <th>Acquisition Target</th> </tr> </thead> <tbody> <tr> <td>5/8/2007</td> <td>Lumberg Automation</td> </tr> <tr> <td>3/27/2007</td> <td>LTK Wiring Co. Ltd</td> </tr> <tr> <td>1/30/2007</td> <td>Hirschmann Automation And Control GmbH</td> </tr> </tbody> </table>	Date	Acquisition Target	5/8/2007	Lumberg Automation	3/27/2007	LTK Wiring Co. Ltd	1/30/2007	Hirschmann Automation And Control GmbH	<p>Valuation Consideration / Acquisition Rationale Industrial automation technology. \$75m in sales Access to Chinese market. \$195m purchase price, 0.9x sales Industrial switches & connectivity products. \$260m price, 1.0x sales</p>								
Date	Acquisition Target																
5/8/2007	Lumberg Automation																
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LTM REVENUE	LTM EBITDA	EV	EV / LTM														
			REVENUE	EBITDA													
\$21,945	\$4,021	\$41,929	2.1x	11.3x													
<p>Company Description: Emerson (NYSE: EMR) is a diversified global technology company that provides products and services for a wide range of industries, commercial markets and end-users, including consumers. Recognized widely for its engineering capabilities and outstanding management process, Emerson has more than 128,000 employees and more than 270 manufacturing locations worldwide.</p>																	
<p>Acquisition Thesis: The company has targeted acquisitions that continue to expand Emerson's position in the RF connector space, and to diversify into new product categories and end customer segments. The addition of new customer segments helps it reduce risk by diminishing the exposure that the company has to any given market. New product categories are seen as opportunities to provide end-customers with a more comprehensive platform of solutions and also allows the business to cross-sell products thereby spreading fixed costs associated with distribution over a larger base of products. International exposure has also been part of Emerson's continued acquisition efforts, which was part of the rationale for the purchase of Artesyn Technologies.</p>																	
<table border="1"> <thead> <tr> <th>Date</th> <th>Acquisition Target</th> </tr> </thead> <tbody> <tr> <td>7/12/2007</td> <td>Stratos International</td> </tr> <tr> <td>2/1/2006</td> <td>Artesyn Technologies</td> </tr> </tbody> </table>	Date	Acquisition Target	7/12/2007	Stratos International	2/1/2006	Artesyn Technologies	<p>Valuation Consideration / Acquisition Rationale Fiber optic market. \$83m price, 13.8x EBITDA, 0.9x sales. Trompeter (RF) and Semflex (microwave) were also included in this deal Produces power conversion and embedded board solutions</p>										
Date	Acquisition Target																
7/12/2007	Stratos International																
2/1/2006	Artesyn Technologies																
<p>EV = Enterprise Value, LTM = Last Twelve Months Unless otherwise noted, financials are in millions The commentary above is based on publicly available information. All information gathered through confidential conversations has been summarized in the preceding pages of this report and is not tied to any individual company.</p>																	

SELECT STRATEGIC ACQUIRER PROFILES – DISTRIBUTORS

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REVENUE	EBITDA		REVENUE	EBITDA													
\$5,687	\$414	\$3,318	0.6x	8.0x													
<p>Company Description: WESCO International, Inc., through its subsidiaries, distributes electrical supplies and equipment. Its products include electrical supplies, industrial supplies, and power distribution supplies. The company operates approximately 400 branches and 7 distribution centers located in the US and internationally. The company was founded in 1998 and is headquartered in Pittsburgh, Pennsylvania.</p>																	
<p>Acquisition Thesis: WESCO's acquisition strategy has been multi-pronged as the company has attempted to achieve several corporate goals through acquisition. The purchase of Carlton-Bates provided WESCO with greater penetration into the OEM market and also helped the company to bolt-on much needed value-added capabilities to expand the services that WESCO could offer to existing customers. The CSC acquisition added datacom products to WESCO's offering, provided additional scale to existing lines, and brought on key management talent. The purchase of Cascade Controls was a much smaller add-on, but it was very focused on providing WESCO with supplier relationships and technical expertise in the automation and controls product area. The one common thread that runs through all of these recent acquisitions is a focus on diversifying the product lines beyond the electrical construction business that remains at the heart of this organization. WESCO is clearly differentiating into higher growth markets and adding valuable services to help differentiate its offering.</p>																	
<p>Date</p> <p>10/1/2007 10/3/2006 9/29/2005</p>	<p>Acquisition Target</p> <p>Cascade Controls Corporation Communications Supply Corporation Carlton-Bates Company</p>	<p>Valuation Consideration / Acquisition Rationale</p> <p>Automation/controls distributor, \$11m sales Datacom products, \$525m price, 1.2x sales, 16.4x EBITDA OEM customers,VAS, \$355m price, 1.2x sales, 13.2x EBITDA</p>															
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\$5,469	\$423	\$4,147	0.8x	9.8x													
<p>Company Description: Anixter International, Inc., through its subsidiaries, distributes communications and specialty wire and cable products, fasteners, and small parts in the United States and internationally. Its communications products include voice, data, video, and security products used to connect personal computers, peripheral equipment, mainframe equipment, security equipment, and various networks to each other. The company, formerly known as Itel Corporation, was founded in 1957 and is based in Glenview, Illinois.</p>																	
<p>Acquisition Thesis: Anixter's acquisition strategy has focused on adding complementary businesses that have established relationships in European markets. These acquisitions allow Anixter to quickly gain insight into the unique characteristics of each market while at the same time immediately adding scale and end-market diversification to their operations. Most acquisitions also brought on local value-added services capabilities including inventory management. Services of this sort are particularly difficult to develop organically. In addition, these acquisitions all included fastner distributors serving a variety of end-customer segments, which may point to an area where the company anticipates strong market growth.</p>																	
<p>Date</p> <p>5/21/2007 4/18/2007 10/31/2006 5/30/2006 4/1/2006 6/8/2005</p>	<p>Acquisition Target</p> <p>Eurofast SAS Total Supply Solutions MFU S. p. a. IMS, Inc. Elfort Distribution AS Infast Group plc</p>	<p>Valuation Consideration / Acquisition Rationale</p> <p>Aero fastner line, EU market, VAS, \$22m sales, \$27m price, 1.2x sales Fastner line, VAS, UK market access, \$22m sales, \$8m price, 0.4x sales Fastner line, EU market, \$69m price, \$66m sales, 1.0x sales Cable products, Inv mgmt capabilities, \$36m sales, \$29m price, 0.8x Access to Czech market UK market, \$72m for 59% share, \$287m sales, \$6m EBITDA</p>															
		<table border="1"> <thead> <tr> <th>LTM REVENUE</th> <th>LTM EBITDA</th> <th>EV</th> <th colspan="2">EV / LTM</th> </tr> <tr> <th>REVENUE</th> <th>EBITDA</th> <th></th> <th>REVENUE</th> <th>EBITDA</th> </tr> </thead> <tbody> <tr> <td>\$15,681</td> <td>\$739</td> <td>\$7,168</td> <td>0.5x</td> <td>9.7x</td> </tr> </tbody> </table>	LTM REVENUE	LTM EBITDA	EV	EV / LTM		REVENUE	EBITDA		REVENUE	EBITDA	\$15,681	\$739	\$7,168	0.5x	9.7x
LTM REVENUE	LTM EBITDA	EV	EV / LTM														
REVENUE	EBITDA		REVENUE	EBITDA													
\$15,681	\$739	\$7,168	0.5x	9.7x													
<p>Company Description: Avnet, Inc., together with its subsidiaries, distributes electronic components, enterprise computer and software products, and embedded subsystems primarily in Americas, Europe, the Middle East, Africa, Asia, Australia, and New Zealand. It also provides logistics, financial, marketing, sales, and technical services, including in-house engineering support, systems integration, and configuration services. Avnet was founded in 1955 and is headquartered in Phoenix, Arizona.</p>																	
<p>Acquisition Thesis: Avnet, like Anixter, is very focused on growing internationally through acquisition. The company has clearly targeted Europe as a critical market for expansion, but is also looking at South East Asia through the acquisition of Azure Technologies. The company appears to be determined to develop value-added capabilities including inventory management, consulting services and contract manufacturing services.</p>																	
<p>Date</p> <p>10/8/2007 9/21/2007 9/25/2007 7/3/2007 4/16/2007 12/31/2006 7/5/2005</p>	<p>Acquisition Target</p> <p>Magirus AG, Enterprise Infrastructure Division ACAL Information Technology Limited Betronik GmbH Berlin Vertriebsgesellschaft Flint Distribution Azure Technologies Pte Ltd GE Access Distribution Memec</p>	<p>Valuation Consideration / Acquisition Rationale</p> <p>IT solutions, \$500m sales UK access, integration services, \$83m price EU access, new product lines, \$40m sales EU access, new product lines, \$42m sales Access to SE Asia, \$90m sales New supplier line, scale, \$413m price, 0.2x sales Contract manufacturing, \$656m price,</p>															

EV = Enterprise Value, LTM = Last Twelve Months
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The commentary above is based on publicly available information. All information gathered through confidential conversations has been summarized in the preceding pages of this report and is not tied to any individual company.

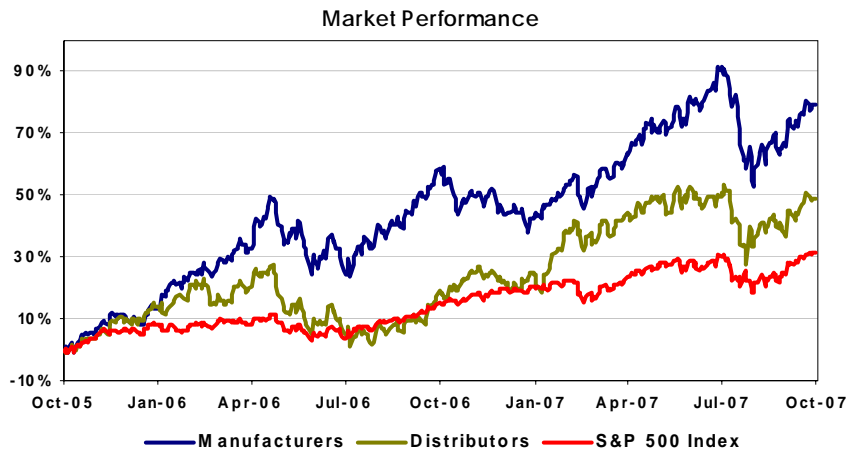
SELECT FINANCIAL SPONSOR PROFILES

		Audax Group Target Revenues of \$25m - \$500m www.audaxgroup.com															
<p>Firm Description: Audax Group, established in 1999, is a premier source of investment capital for middle market companies. Audax manages several equity and debt funds that it invests in companies at various stages of business growth.</p>																	
<p>Acquisition Thesis: Audax Private Equity invests in leveraged transactions across a wide range of industries. The firm seeks controlling interests in companies in which sound strategy and superior execution can dramatically enhance revenue and cash flow at their partner companies. In partnership with management teams, Audax seeks to create equity value through superior strategic and operating performance – using experience in operations, strategy consulting, private equity, and capital markets to enhance the value of the enterprise. The Audax Group currently has a number of acquisitions in the electronic components market including Arnold Magnetic and Winchester Electronics. The firm is actively seeking bolt-on acquisitions to complement these investments.</p>																	
<table border="1"> <thead> <tr> <th>Date</th> <th>Portfolio Company</th> <th>Company Classification</th> </tr> </thead> <tbody> <tr> <td>5/14/2007</td> <td>Kings Electronics</td> <td>Producer of fiber optic and copper-based interconnect solutions - Acquired by Winchester</td> </tr> <tr> <td>5/14/2007</td> <td>Advanced Interconnect</td> <td>Manufacturer of RF connectors - Acquired by Winchester</td> </tr> <tr> <td>6/26/2006</td> <td>Winchester Electronics</td> <td>Manufacturer of interconnect components and cable assemblies</td> </tr> <tr> <td>1/12/2005</td> <td>Arnold Magnetic</td> <td>Manufacturer of hard and soft magnetic products</td> </tr> </tbody> </table>	Date	Portfolio Company	Company Classification	5/14/2007	Kings Electronics	Producer of fiber optic and copper-based interconnect solutions - Acquired by Winchester	5/14/2007	Advanced Interconnect	Manufacturer of RF connectors - Acquired by Winchester	6/26/2006	Winchester Electronics	Manufacturer of interconnect components and cable assemblies	1/12/2005	Arnold Magnetic	Manufacturer of hard and soft magnetic products		
Date	Portfolio Company	Company Classification															
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1/12/2005	Arnold Magnetic	Manufacturer of hard and soft magnetic products															
		The Riverside Company Target Enterprise Value - \$10m - \$150m www.riversidecompany.com															
<p>Firm Description: The Riverside Company is the largest private equity firm focused on the smaller end of the middle market and is one of the industry's most experienced leveraged buyout investors.</p>																	
<p>Acquisition Thesis: Riverside specializes in investing in premier companies with enterprise values of less than \$150 million, and partners with strong management teams to build companies through acquisitions and value-added growth. The firm has 6 internal operating partners who are actively involved in supporting the development and execution of strategic plans for portfolio companies. The company has made 170 investments since its founding in 1988 and intends to support its holdings through the acquisition of 24-30 companies per year. The Riverside Company currently has a significant holding in the electronic component space and has recently gained additional exposure to this market through an add-on acquisition. The company continues to look for add-on opportunities in this space.</p>																	
<table border="1"> <thead> <tr> <th>Date</th> <th>Acquisition Target</th> <th>Company Classification</th> </tr> </thead> <tbody> <tr> <td>6/29/2007</td> <td>Hyperlink Technologies</td> <td>A manufacturer of wireless connectivity equipment - Acquired by L-com</td> </tr> <tr> <td>4/26/2006</td> <td>L-Com</td> <td>A manufacturer and direct marketer of interconnect components</td> </tr> </tbody> </table>	Date	Acquisition Target	Company Classification	6/29/2007	Hyperlink Technologies	A manufacturer of wireless connectivity equipment - Acquired by L-com	4/26/2006	L-Com	A manufacturer and direct marketer of interconnect components								
Date	Acquisition Target	Company Classification															
6/29/2007	Hyperlink Technologies	A manufacturer of wireless connectivity equipment - Acquired by L-com															
4/26/2006	L-Com	A manufacturer and direct marketer of interconnect components															
		Brockway Moran & Partners Target Enterprise Value - \$50m - \$250m www.brockwaymoran.com															
<p>Firm Description: Brockway Moran & Partners is a private equity firm with more than \$1.3 billion of capital under management. The firm focuses on middle market companies located globally. Since 1998, the firm has completed over 50 acquisitions.</p>																	
<p>Acquisition Thesis: The firm acquires growth-oriented middle market companies valued between \$50 million and \$250 million in partnership with exceptional management teams. Brockway Moran & Partners focuses on businesses with significant growth opportunities either through internal expansion, industry consolidation or innovative business strategies. The principals of the firm have a record of productively working with management teams to build companies into larger and more diverse enterprises. The firm invests in a broad spectrum of industries with significant experience in consumer, industrial and service businesses.</p>																	
<table border="1"> <thead> <tr> <th>Date</th> <th>Acquisition Target</th> <th>Company Classification</th> </tr> </thead> <tbody> <tr> <td>2/5/3007</td> <td>Tri-Star Electronics International</td> <td>Manufacturer of electronic interconnect components & assemblies</td> </tr> <tr> <td>11/1/2006</td> <td>MW Industries, Inc.</td> <td>Manufacturer and catalog marketer of custom engineered mechanical components</td> </tr> <tr> <td>7/14/1999</td> <td>TTM Technologies, Inc.</td> <td>Provider of time-critical and technology advance printed circuit boards</td> </tr> </tbody> </table>	Date	Acquisition Target	Company Classification	2/5/3007	Tri-Star Electronics International	Manufacturer of electronic interconnect components & assemblies	11/1/2006	MW Industries, Inc.	Manufacturer and catalog marketer of custom engineered mechanical components	7/14/1999	TTM Technologies, Inc.	Provider of time-critical and technology advance printed circuit boards					
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THE CAPITAL MARKETS

MARKET PERFORMANCE

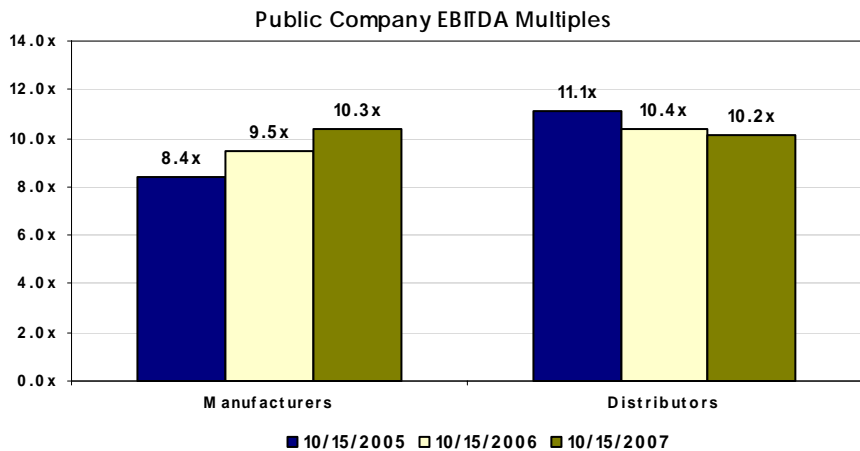
Share prices for publicly traded Interconnect Component manufacturers have risen steadily over the last 24 months relative to the S&P 500 Index. The return for the manufacturer index exceeded 90% before the market correction that occurred in August 2007 and has settled to around 80%. The distributor index roughly tracked the S&P 500 until this year, when this index began to outperform. Returns for the distributor index are back to their pre-August level at roughly 50%. The S&P 500 Index produced a return of 30% over this period. Rapid revenue growth, margin expansion and a robust M&A environment may have fueled these returns for both manufacturers and distributors in the Interconnect Components market.



Source: Capital IQ, 10/15/07 – The Capstone Indexes are market cap weighted. Manufacturers index includes General Cable Corp. (BGC), Amphenol Corp. (APH), Hubbell Inc. (HUB.B), ComScope Inc. (CTV), Draka Holding NV (DRAK), Belden Inc. (BDC), Molex Inc. (MOLX), Coleman Cable (CCIX), Methode Electronics (METH) and Black Box Corp. (BBOX). Distributors index includes Anixter International Inc. (NYSE:AXE), Avnet Inc. (NYSE:AVT), Arrow Electronics Inc. (ARW), WESCO International Inc. (WCC), Nu Horizons Electronics Corp. (NUHC), Jaco Electronics (JACO), Ingram Micro (IM), Tech Data Corp. (TECD), and Richardson Electronics (RELL).

EBITDA MULTIPLES

Component manufactures experienced EBITDA multiple expansion this year, although recent stock market dynamics have somewhat reduced these multiples. In July 2007, the multiples for this index averaged 11.1x EBITDA, so valuations could experience a boost if the markets stabilize in the near term. Distributors have seen a mild drop in EBITDA multiples relative to this time one year ago, moving from 10.4x to 10.2x.



PUBLIC COMPANY TRADING MULTIPLES

(\$ in millions, except per share data)

Company Name	Stock Price	% of 52-Week High	Market Cap	EV	LTM		EV/LTM		EV
					Revenue	EBITDA	Revenue	EBITDA	NTM
Manufacturers									
Amphenol Corp.	\$39.39	95.9%	\$ 7,121.2	\$ 7,696.5	\$ 2,635.8	\$ 570.7	2.9x	13.5x	12.0x
Belden, Inc.	54.18	90.3%	2,497.7	2,867.6	1,651.0	228.4	1.7x	12.6x	8.7x
Black Box Corp.	43.75	93.9%	776.1	995.5	1,038.2	103.1	1.0x	9.7x	7.6x
Coleman Cable, Inc.	14.45	47.7%	246.4	592.5	574.6	56.6	1.0x	10.5x	NA
CommScope Inc.	51.82	81.6%	3,184.9	2,962.1	1,814.4	313.5	1.6x	9.4x	8.3x
Draka Holding NV	48.43	81.1%	1,722.6	2,251.1	3,337.6	224.6	0.6x	8.9x	NA
General Cable Corp.	74.86	88.1%	3,902.5	4,335.0	4,055.4	371.5	1.1x	11.7x	9.0x
Hubbell Inc.	56.55	95.7%	3,356.7	3,503.5	2,504.6	319.3	1.4x	11.0x	8.7x
Methode Electronics Inc.	15.82	83.7%	608.9	536.7	471.4	64.0	1.1x	8.4x	NA
Molex Inc.	26.96	67.2%	5,084.8	4,753.2	3,265.9	596.3	1.5x	7.9x	8.0x
Average	42.62	82.5%	2,850.2	3,049.4	2,134.9	284.8	1.4x	10.3x	8.9x
Median	46.09	85.9%	2,841.3	2,914.9	2,159.5	271.0	1.3x	10.1x	8.7x
Distributors									
Anixter International Inc.	\$83.68	94.7%	\$ 3,166.4	\$ 4,146.8	\$ 5,468.5	\$ 423.4	0.8x	9.8x	8.3x
Avnet Inc.	43.54	97.4%	6,516.2	7,168.2	15,681.1	739.4	0.5x	9.7x	8.2x
Arrow Electronics Inc.	43.54	96.9%	5,255.6	6,228.8	14,483.3	694.4	0.4x	8.9x	7.4x
Ingram Micro Inc.	19.63	87.2%	3,412.8	3,443.6	32,794.8	454.5	0.1x	7.6x	6.1x
Jaco Electronics Inc.	1.76	39.2%	11.3	49.1	240.2	3.6	0.2x	13.6x	NA
Tech Data Corp.	39.66	90.7%	2,213.0	1,979.1	22,568.4	245.0	0.1x	8.1x	NA
Nu Horizons Electronics Corp.	7.38	53.7%	144.7	197.8	742.0	18.7	0.3x	10.6x	6.9x
Richardson Electronics Ltd.	7.80	75.7%	128.8	166.9	547.3	11.1	0.3x	15.1x	NA
WESCO International Inc.	45.31	63.7%	2,014.7	3,317.5	5,687.8	413.7	0.6x	8.0x	7.4x
Average	32.48	77.7%	2,540.4	2,966.4	10,912.6	333.7	0.4x	10.2x	7.4x
Median	39.66	87.2%	2,213.0	3,317.5	5,687.8	413.7	0.3x	9.7x	7.4x

Source: Capital IQ as of October 15, 2007

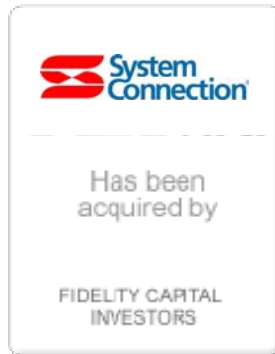
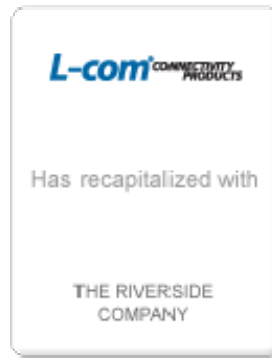
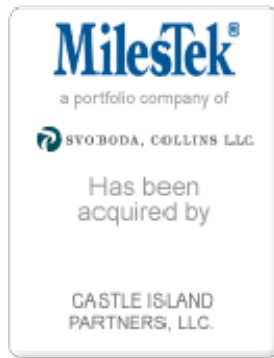
PUBLIC COMPANY OPERATING STATISTICS

Company Name	LTM Operating Margins			1-Year Sales Growth	PEG Ratio	Days Sales Out.	Total Debt/EBITDA	Total Debt/Equity	Inv. Turnover Rate	Cash Conv. Cycle
	Gross Margin	EBITDA Margin	Net Income							
Manufacturers										
Amphenol Corp.	32.3%	21.7%	11.6%	23.7%	1.4x	53.0	1.3x	75.4%	4.5	89.7
Belden, Inc.	26.4%	13.8%	5.3%	19.7%	2.3x	70.8	0.9x	20.4%	4.5	54.8
Black Box Corp.	36.5%	9.9%	3.6%	34.4%	NA	79.5	2.5x	40.1%	9.5	75.4
Coleman Cable, Inc.	14.9%	9.9%	1.5%	45.9%	NA	66.4	2.2x	157.4%	4.7	114.8
CommScope Inc.	30.2%	17.3%	9.8%	24.7%	1.4x	49.6	1.2x	38.4%	7.5	71.2
Draka Holding NV	9.7%	6.7%	0.9%	34.6%	NA	54.8	2.4x	94.5%	5.7	61.6
General Cable Corp.	14.2%	9.2%	4.3%	34.8%	1.5x	79.5	2.6x	170.5%	6.7	62.3
Hubbell Inc.	27.7%	12.7%	6.9%	10.2%	1.7x	55.9	0.7x	21.7%	5.8	78.3
Methode Electronics Inc.	20.6%	13.6%	6.4%	9.1%	1.6x	51.4	0.0x	0.0%	6.8	72.0
Molex Inc.	31.1%	18.3%	7.4%	14.1%	1.5x	75.2	0.2x	5.1%	6.1	88.7
Average	24.4%	13.3%	5.8%	25.1%	1.6x	63.6	1.4x	62.3%	6.2	76.9
Median	27.0%	13.2%	5.8%	24.2%	1.5x	61.1	1.3x	39.3%	5.9	73.7
Distributors										
Anixter International Inc.	24.1%	7.7%	4.5%	25.9%	1.0x	69.6	2.2x	84.1%	4.6	100.2
Avnet Inc.	13.1%	4.7%	2.5%	10.0%	1.0x	64.8	1.6x	35.6%	8.1	58.1
Arrow Electronics Inc.	14.8%	4.8%	2.8%	17.8%	1.0x	71.4	1.9x	41.4%	7.2	61.0
Ingram Micro Inc.	5.3%	1.4%	0.7%	9.6%	1.3x	35.7	1.1x	17.4%	14.0	22.6
Jaco Electronics Inc.	14.0%	1.5%	-1.3%	5.1%	NA	54.9	10.5x	117.7%	6.5	64.8
Tech Data Corp.	4.8%	1.1%	0.3%	10.1%	3.4x	34.6	2.0x	26.0%	15.3	25.8
Nu Horizons Electronics Corp.	15.4%	2.5%	1.2%	18.2%	0.9x	58.3	1.6x	21.6%	4.7	104.3
Richardson Electronics Ltd.	23.9%	2.0%	7.6%	7.2%	3.5x	71.2	9.5x	88.9%	3.5	125.2
WESCO International Inc.	20.6%	7.3%	4.0%	14.5%	0.9x	41.0	3.0x	153.1%	7.7	37.9
Average	15.1%	3.7%	2.5%	13.2%	1.6x	55.7	3.7x	65.1%	8.0	66.6
Median	14.8%	2.5%	2.5%	10.1%	1.0x	58.3	2.0x	41.4%	7.2	61.0

Source: Capital IQ as of October 15, 2007

About Capstone Partners LLC

Capstone Partners LLC is a leading national investment banking advisory firm dedicated to serving the transaction needs of middle-market companies. The firm provides corporate sale & divestiture, merger & acquisition and private placement advisory services across three major industry practices: Specialty Products, Business Services and Technology & Media. Our team possesses transaction experience spanning hundreds of M&A and financing transactions. We have completed transactions in over 30 states, along with several cross-border engagements. All of our transactions are supported through a combination of industry-specific research, relationship coverage capabilities and transaction execution expertise. Please contact us to learn more about how Capstone Partners might collaborate with your business, or visit our website at www.capstonellc.com.





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