



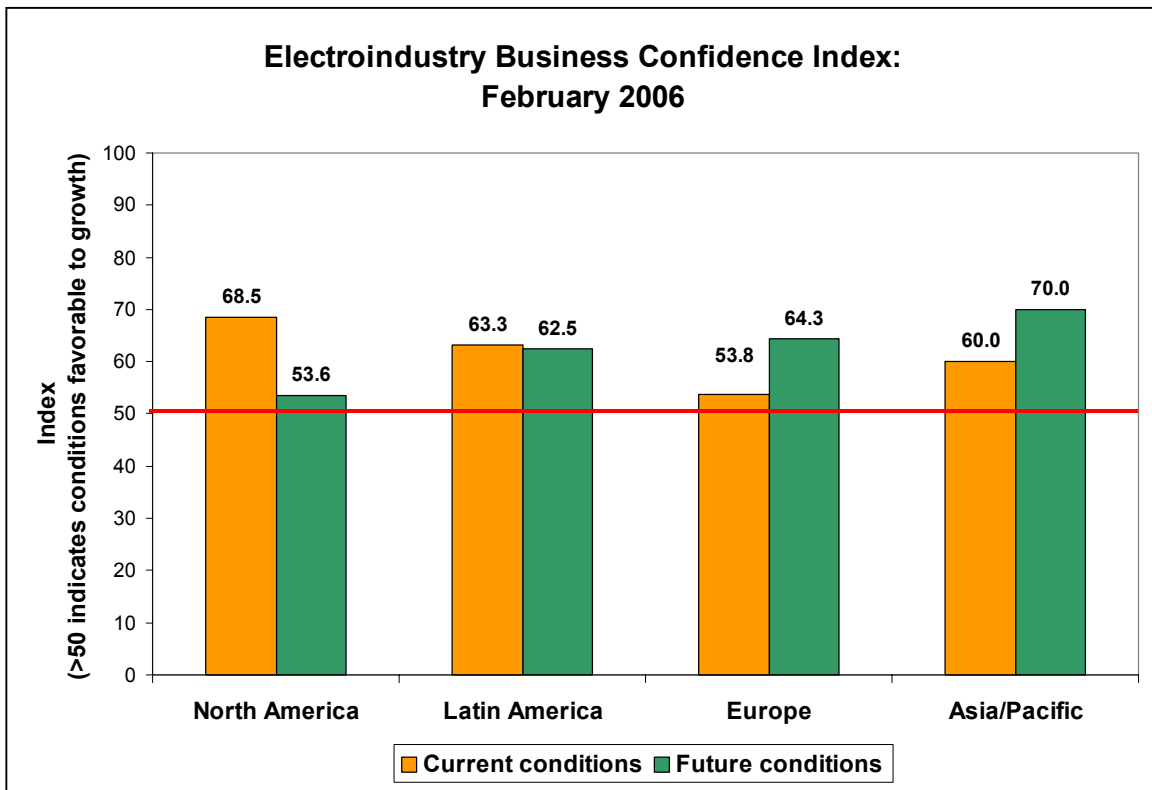
February 2006 NEMA Electroindustry Business Confidence Index

February 24, 2006

SUMMARY:

NEMA's Electroindustry Business Confidence Index (EBCI) for current North American conditions posted a sharp increase in February, climbing to 68.5 points from 55.2 in January. The most recent month's reading was the strongest since last September and the 34th in a row above the critical 50-point threshold indicative of favorable business conditions. At the same time, the January EBCI for future North American conditions slipped slightly to 53.6 points, down from 56.9 a month ago.

Current sentiment and future expectations for the other three world regions included in the survey remained firmly in positive territory for the fifth month in a row. Both current and future conditions indexes for Latin America saw healthy rebounds from sharp drops in January. Meanwhile, readings for both Europe and the Asia/Pacific retreated from last month.

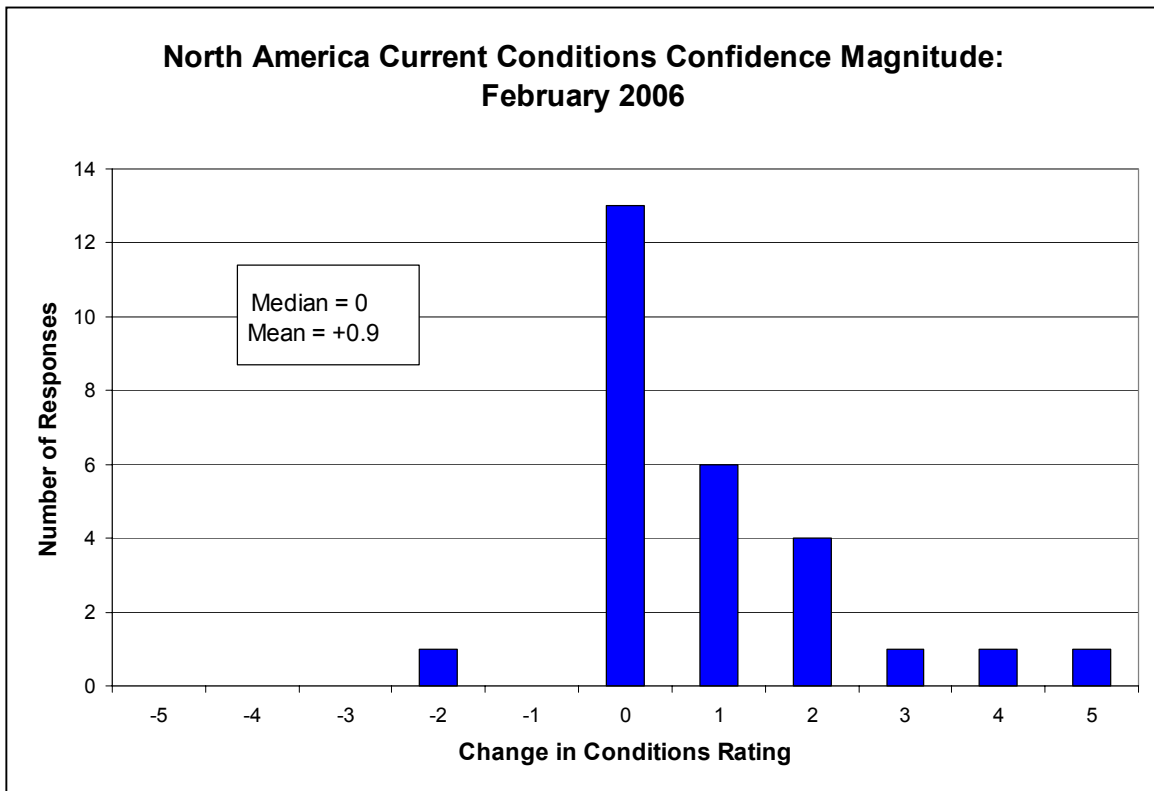


NOTE: North America includes Canada and the United States. Latin America includes Mexico, Central America, and South America.

Commentary

The diffusion of positive sentiment regarding North American business conditions saw its biggest jump in 5 months as the strength of the electroindustry surprised a number of panelists in February. At the same time, a measure of the degree of improvement in sentiment also accelerated strongly. While the median increase in intensity remained at 0 for fourth month in a row [on a scale from -5 (improved significantly) through 0 (stayed the same) to +5 (improved significantly)], the mean increase in intensity jumped to +0.9 from +0.5 in January.

Nearly all comments on current business conditions echoed the quantitative results of this month's survey. A panelist noted, "We are expecting the strongest two-month start ever!" Another remarked, "Business is extremely strong in all markets..." The outlook for the next six months remains, on balance, solid. One comment predicted "...continued strength in the North American and Asia/Pacific markets!" Some of the risks to this optimistic viewpoint cited by respondents included overly aggressive Fed tightening, high raw materials prices, and the uncertain impact of any slowdown in the heretofore vigorous housing market.



SURVEY RESULTS:

Region	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
North America	68.5	53.6
Latin America	63.3	62.5
Europe	53.8	64.3
Asia/Pacific	60.0	70.0

Number of Respondents =28

Values reflect the percentage of respondents expecting "Better" conditions, plus one-half of the percentage of respondents expecting "Unchanged" conditions.

A score of 50 or higher suggests conditions appropriate to expansion of the electroindustry sector.

COMMENTS:

Current Conditions

1. Electrical distributors [are] more cautious about inventory levels as commodity pricing has softened – copper, steel, resins, etc.
2. Business is extremely strong in all markets, up over 25%.
3. January started off a bit slow and then picked up steam.
4. Strong business conditions – well beyond what was expected... Raw materials prices continue to be an issue.
5. Business investment performance is being mirrored in new orders. 2006 still looks good.
6. Business is robust, but we really are not sure why. Raw materials continue to drive up costs and prices.
7. The year has started off stronger than we expected. Residential still looks like a risk area, but is still strong at the moment.
8. Utility purchasing seems to have picked up for the spring construction season.
9. We are expecting the strongest two-month start ever! [This is t]hanks mainly to the North American economy.
10. Although industrial spending remains steady the communications sector is weak. We will watch this closely over the next few months.

Conditions Six Months From Now

1. I am concerned about the impact a slowdown in the housing market will have on the US economy.
2. It will be interesting to watch the Fed actions under new leadership. Over-tightening still feels like a real risk for 2006.
3. I see continued strength in the North American and Asia/Pacific markets!
4. We expect demand to remain roughly steady in most markets. Our concern is communications.

MANUFACTURERS INVITED TO PARTICIPATE
(COMPANIES LISTED IN **BOLD** PARTICIPATED IN THIS MONTH'S SURVEY):

ABB Inc.
Acuity Lighting Group
Alcan Cable
AmerCable
American Insulated Wire Corp.
Connector Manufacturing Company
Cooper Industries, Inc
Eaton Corporation
Elektrisola
Emerson Electric Company
Emerson/EGS Electrical Group
FCI
G&W Electric Co.
GE Consumer & Industrial
General Cable
Genlyte Thomas Group LLC
Hoffman Enclosures Inc.
Homac
Hubbell Incorporated
Hypertherm Incorporated
ILSCO Corporation
Juno Lighting, Inc.
Lamson & Sessions
Legrand N.A.
Leviton Manufacturing Co., Inc.
Lincoln Electric
Lutron Electronics Company, Inc
MacLean Power Systems
OSRAM SYLVANIA
Phelps Dodge Corporation
Radix Wire Company
Rayovac Corporation
Regal-Beloit Corporation
Robroy Industries, Inc.
Rockwell Automation
Rockwell Motors
S & C Electric Company
Schneider Electric
Siemens Energy & Automation, Inc.
Siemens Medical Solutions USA, Inc.
Southwire Company
Thomas & Betts Corporation
United Copper Industries
Universal Lighting Technologies

EBCI CONSTRUCTION DESCRIPTION:

The EBCI indexes are based on the results of a monthly survey of senior managers at NEMA member companies, which together represent more than 80 percent of the electroindustry. They are designed to gauge the business confidence of the electroindustry in key world regions.

The survey contains the following questions:

1. How would you rate current economic conditions in the following regions, as they affect your business, compared to the previous month?
 - a. Using the following scale, please describe the magnitude of change in economic conditions in North America this month compared to economic conditions last month? [Scale structured as follows: 5 (improved significantly), 4, 3, 2, 1, 0 (stayed the same), -1, -2, -3, -4, -5 (deteriorated significantly)]
2. How do you expect economic conditions in the following regions, as they affect your business, to have changed six months from now?

Respondents are asked to indicate whether conditions are better, worse or unchanged (or not available if their respective company does not do business in a particular region). The four regions are North America (Canada and the United States), Latin America (Mexico, Central America, and South America), Europe, and Asia/Pacific. The survey also provides space for respondents to comment on current conditions. These comments are included below the table containing the index levels.

The index value is the percentage of respondents expecting “Better” conditions, plus one-half of the percentage of respondents expecting “Unchanged” conditions, which follows the methodology used by the Institute for Supply Management (formerly the National Association of Purchasing Management) in the construction of their manufacturing index.

Coming Soon from NEMA/BIS – The Electroindustry Economic Outlook

Based on popular demand for up-to-date data and forward-looking analysis of the electroindustry and the economic fundamentals that drive it, NEMA/BIS is introducing a subscription-based, regularly updated compendium of the information that industry professionals and executives most often request. The ***Electroindustry Economic Outlook*** will be *the* preferred source for timely, comprehensive coverage of the economic trends and events shaping the U.S. electroindustry.

- **Extensive Coverage**
- **Frequently Updated**
- **Easy Access**
- **Affordable Pricing**

To find out how NEMA/BIS’ Electroindustry Economic Outlook can help your business, contact Tim Gill at (703) 841-3298, or tim_gill@nema.org.

Appendix: Time Series Charts

