



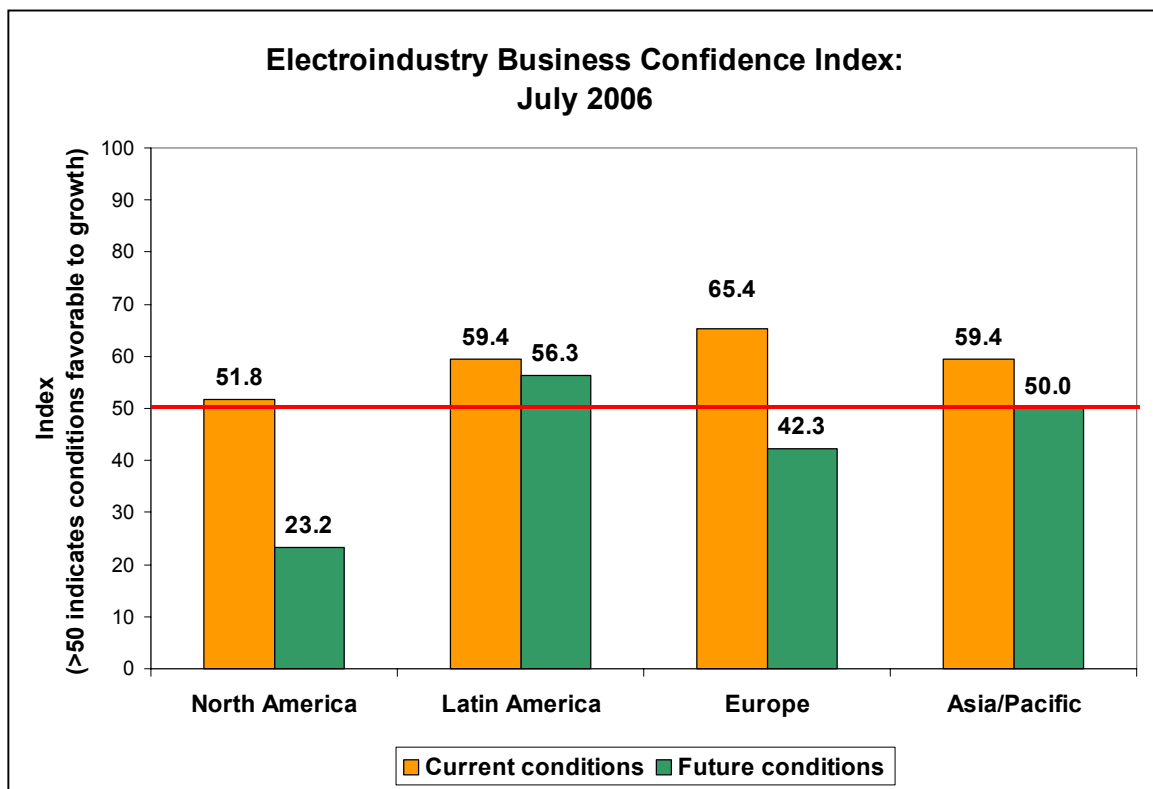
July 2006 NEMA Electroindustry Business Confidence Index

July 26, 2006

INDICATORS OF CURRENT AND EXPECTED NORTH AMERICAN BUSINESS CONDITIONS SLIDE IN JULY

NEMA's Electroindustry Business Confidence Index (EBCI) for current North American conditions declined for the third month in a row in July, but nonetheless remained above the 50-point growth threshold for a 40th consecutive month. The current conditions index fell to 51.8 in July from the previous month's reading of 53.6. Meanwhile, the index for future North American conditions slumped to 23.2, the lowest mark in its five year history, from a value of 27.8 in June.

Current conditions indices for Latin America, Europe, and the Asia/Pacific region again, as in June, posted healthy readings in the high 50s to mid-60s. The future conditions measure was close to unchanged from June for Latin America at 56.3, while readings for Europe and the Asia/Pacific region dropped sharply, with the value for Europe dipping to the low 40s and Asia/Pacific coming to rest right at 50.



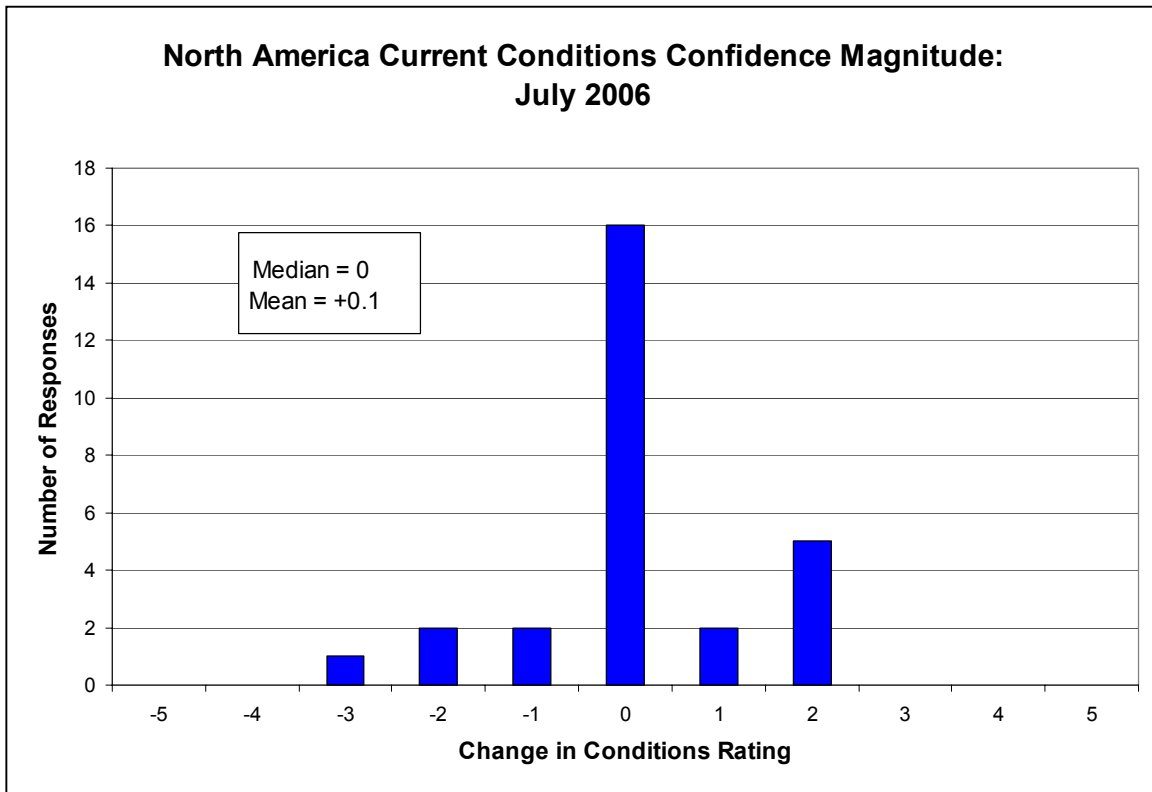
NOTE: North America includes Canada and the United States. Latin America includes Mexico, Central America, and South America.

COMMENTARY

NEMA-member executives' responses to July's Electroindustry Business Confidence survey again suggested a slowdown in the rate of improvement of the business environment and continued to portend at least some degree of retrenchment by year-end. Panelists' evaluation of current conditions deteriorated only modestly from June and, at 51.8, the EBCI for current North American conditions continued to signal growth. Nonetheless, the cumulative effect of several modest declines in recent months has left the current conditions EBCI only slightly above the 50-point threshold indicative of sectoral growth.

At the same time, the survey's measure of the mean intensity of change in current North American conditions fell for the third straight month. On a scale from -5 (deteriorated significantly) through 0 (stayed the same) to +5 (improved significantly), the mean intensity of change slowed to a value of 0.1 in July from 0.2 in June, 0.5 in May, and a very strong 1.1 in April. Finally, the index for conditions six months forward dropped to its lowest since the inception of the survey in 2001.

The electroindustry has seen very robust rates of growth over the last several quarters and several forecasts of the path of the U.S. manufacturing sector over the next one to two years anticipate a deceleration from the current high growth environment. This month's survey results are broadly consistent with just such a scenario. Nonetheless, the results also reflect a seemingly burgeoning array of tangible risks to the relatively optimistic "baseline" outlook. As one respondent summarized quite succinctly: "Issues: oil prices, interest rates, political unrest in Mexico and South America, Middle East unrest/war??"



SURVEY RESULTS:

Region	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
North America	51.8	23.2
Latin America	59.4	56.3
Europe	65.4	42.3
Asia/Pacific	59.4	50.0

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. Market continues to show strength in spite of inflationary pressures.
2. Residential ... seems to be slowing down quite a bit. However, it is hard to gauge the full implications of this due to fluctuating copper prices, which overlay odd behaviors in the market.
3. Changes in copper price have driven fluctuations into the market as distributors and customers again wait to see what copper will do...
4. Expect normal seasonal slowdown in July. Home Depot's acquisition of Hughes Supply portends disruption in the electrical distribution channel.
5. There has been a considerable slowing in the bookings rate. Whether it is just a pause for our customers to catch their breath or the anticipated slowdown after a robust first half remains to be seen.
6. Business still very strong as we move into what is traditionally the peak period of the year. Distribution and power products are stronger than control and automation though.
7. While our business is still booming, I have not seen any real change in "economic conditions."

Conditions Six Months From Now

1. The situation in China is somewhat uncertain with a banking crisis looming.
2. Credit availability and the continuing saga of Home Depot's entry into the electrical distribution channel are both considered negatives.
3. ...Hope there is no downturn in the economy.
4. Can't help but feel that we are on the edge of something that's not going to be pleasant. The threat of a wider war in the Mideast has driven oil prices up and the stock market down. \$4/gallon gasoline appears to be a real possibility... Iran and North Korea are rattling their sabers and the situation in Iraq is no better.
5. Issues: Oil prices, interest rates, political unrest in Mexico and South America, Middle East unrest/war??

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
Rittal 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.

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Appendix: Time Series Charts

