



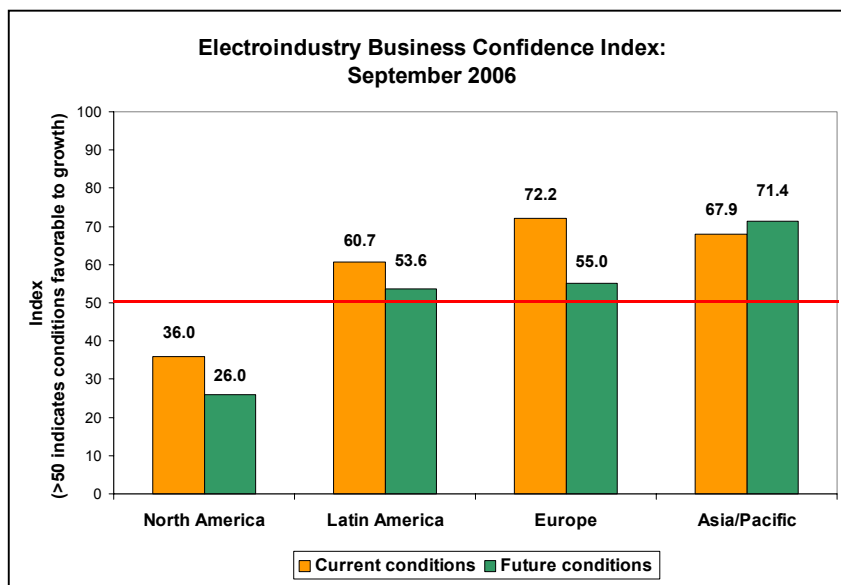
September 2006 NEMA Electroindustry Business Confidence Index

September 27, 2006

EBCI FOR CURRENT NORTH AMERICAN BUSINESS CONDITIONS DECLINES IN SEPTEMBER; FUTURE SENTIMENT GAUGE REBOUNDS

Following on the heels of an extraordinarily strong burst of activity over the last 12 to 15 months, current North American business conditions declined for a second straight month in September, according to NEMA's Electroindustry Business Confidence Index (EBCI). The index posted its fifth consecutive monthly decline, falling 10.2 points to a level of 36, below the 50-point threshold indicative of sectoral expansion. While the North America future conditions index also remained below 50, it rebounded to its highest level since June, rising nearly 9 points from a month ago to 26.

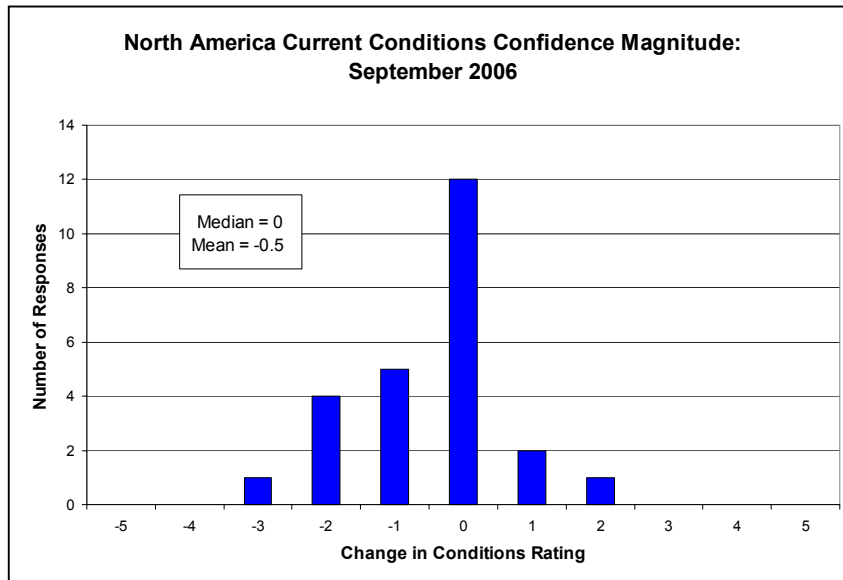
The recent deterioration of the North American index should be viewed in the context of a heretofore booming electroindustry. Robust end-markets for electrical equipment such as manufacturing and construction, as well as the added stimulus of Gulf Coast relief and precautionary buying in the face of a projected heavy hurricane season in late 2005 and the first half of 2006, led to rates of capacity utilization in the U.S. electrical equipment manufacturing sector of close to 94 percent by late summer 2006, the highest in more than 30 years. U.S. shipments of electrical equipment averaged



nearly 12 percent growth during the 12-month period ended in July. It is not surprising such dramatic growth would eventually wane and that the EBCI would reflect a more cautious assessment of business conditions by NEMA-member executives.

Moreover, the EBCI indices are diffusion-type

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



indices designed to capture the *breadth* of sentiment across a diverse industry. Very small changes in sentiment can, under certain conditions, lead to large swings in diffusion indices like the EBCI that don't reflect the *degree* of change in industry conditions. Indeed, a complementary measure of the

degree of change in North American current conditions held steady at "no change" in August and declined only modestly in September.

September EBCI indicators for each of the other three world regions included in the survey pointed to both current and continued growth. The Latin America and Asia/Pacific current conditions indices both slipped modestly, to 60.7 and 67.9, respectively. By contrast, future sentiment for both regions was up strongly, to 53.6 in September from 44.1 in August for Latin America, and to 71.4 from 50 for the Asia/Pacific region. Both the current and future conditions measures for the European region gained ground, with current sentiment rising to 72.2 from 61.5 a month ago and future expectation increasing to 55 from 38.5 a month ago.

SURVEY RESULTS:

Region	Current Conditions (Compared to Previous Month)	Conditions Six Months From Now (Compared to Current Conditions)
North America	36.0	26.0
Latin America	60.7	53.6
Europe	72.2	55.0
Asia/Pacific	67.9	71.4

Number of Respondents =25

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. Residential-type products feeling the effect of slower housing starts. Material costs continue to escalate but at reduced rates.
2. Demand continues to be substantial. Only a few signals about measurable slowdown. Do expect to see slowing in this calendar year.
3. We have seen a definite softening in some markets.
4. Lack of hurricane activity has impacted utility sales.
5. We keep watching for the clear sign of decline and it keeps fooling us with steady performance.
6. Housing market is slowing but no immediate effects on short-term demand.
7. Starting to see slowing in residential activity.
8. Business activity has softened. Incoming order rates are off 15-20% compared to the first half of the year.
9. September orders have slowed from the July/August pace.
10. We have seen a step-function drop in residential business starting in June.

Conditions Six Months From Now

1. We expect the housing market to continue to soften.
2. Slowing housing market and rising global uncertainty due to the Middle East tensions are both adding to downward pressure on economic activity.
3. A slowing of activity appears to be upon us.
4. The relatively sharp decline in residential construction is expected to continue. Since the domestic housing market has been a key linchpin to the health of the overall economy, there are real concerns about expected business activity for our industry in 2007.
5. Believe that the fever pitch that we saw over the summer months may have passed. Just hope business doesn't over-react to developing softness especially in the home-building sector

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

