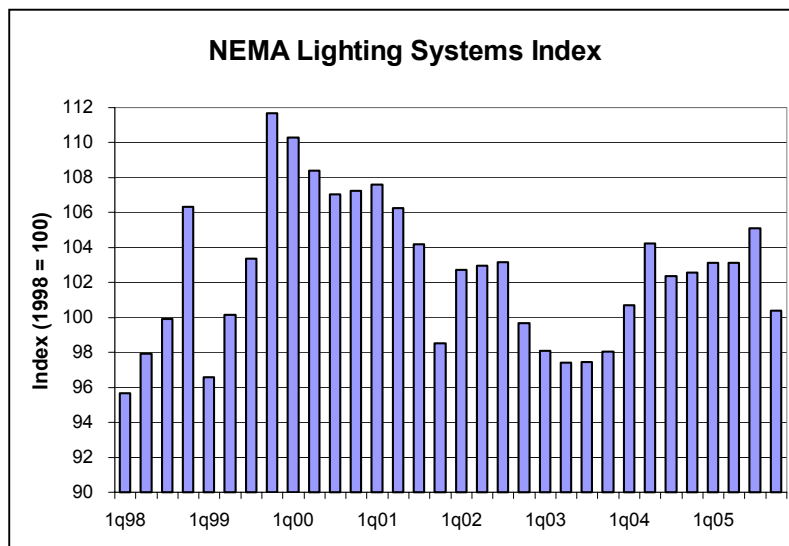


NEMA Lighting Systems Index Tumbles in Fourth Quarter of 2005

The NEMA Lighting Systems Index declined 4.5 percent during the fourth quarter of 2005, erasing the index's relatively steady path of growth over the past two years. In addition, this marks the lowest reading for the index since the first quarter of 2004. Of the five industry segments found in the index, emergency lighting, luminaire and ballast recorded declines during the quarter, more than offsetting the gains for miniature and large lamps.



Despite the index's weak fourth quarter reading, the underlying drivers for lighting equipment demand remain in good shape; however, while the index is expected to rebound, the contributions to overall growth in the index will shift going forward. Signs of the much-anticipated housing market slowdown have become more prevalent in recent months, ranging from diminished homebuilder optimism to sharp increases in the number of

unsold homes. Although the level of residential construction remains well above historical averages, the combination of less favorable financing terms and still-rising house prices suggest further weakening in homebuilding activity is likely, thereby weighing on demand for residential-use lighting systems.

After failing to match expectations for the past two years, the nonresidential construction sector appears to be gaining momentum. Commercial space under construction is rising steadily and since underlying fundamentals such as job growth in office-using industries continue to improve, demand for lighting equipment in nonresidential applications will respond in kind. Government policy will also bolster demand for commercial lighting systems, as the Energy Policy Act offers tax incentives to building owners if they install more energy-efficient lighting systems into new buildings that enter service at any time or retrofit existing buildings between January 2006 and December 2007.

The NEMA Lighting Systems Index is a composite measure of NEMA-member companies' U.S. shipments of a variety of lighting products, including lamps, luminaire, ballasts, emergency lighting, and exit signs. Product shipments data are drawn from NEMA statistical surveys and are adjusted for inflation and seasonal fluctuations.

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