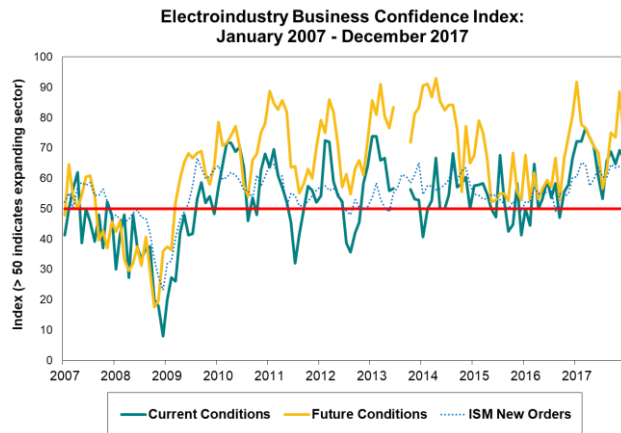


December 2017 NEMA Electroindustry Business Confidence Index

December 27, 2017

Electroindustry Business Confidence Remains Strong Despite Pullback in Component Scores



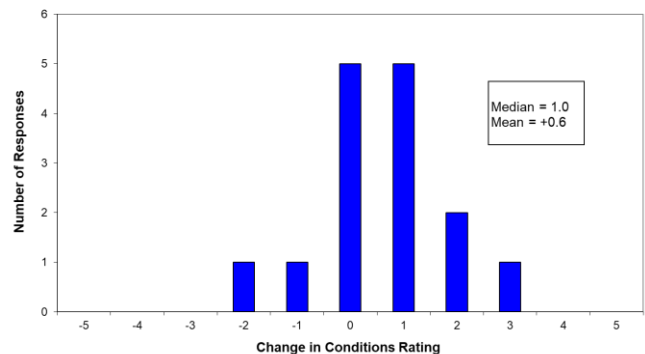
Though still well into the expansionary range denoted by a score of greater than 50, the current conditions component eased from 69.2 to 66.7 in December. The shares of respondents reporting better conditions and those indicating a worsening business environment both declined while the proportion of “unchanged” responses increased.

The range of responses widened at both ends of the distribution, but the reported intensity of change in electroindustry business conditions

showed no significant difference from last month’s average. The median value held steady at 1.0 this month, and the mean ticked up to 0.6 in December from 0.5 in November. *Panelists are asked to report intensity of change on a scale ranging from -5 (deteriorated significantly) through 0 (unchanged) to +5 (improved significantly).*

The future conditions component likewise remained in expansionary territory even as the topline reading declined to 73.3 from last month’s level of 88.5. The underlying response pattern was similar to that of the current conditions as well, as “unchanged” was the only category to see an increase. Although all responses had been submitted prior to the final passage of the Tax Cuts and Jobs Act, some panel members noted the legislation’s presumed salutary effect on their businesses in the months ahead.

EBCI Current Conditions Magnitude:
December 2017



SURVEY RESULTS:

| | Current Conditions (Compared to Previous Month) | Conditions Six Months From Now (Compared to Current Conditions) |
|-------------|---|--|
| EBCI | 66.7 ▼ | 73.3 ▼ |
| % Better | 40% ▼ | 53% ▼ |
| % Worse | 7% ▼ | 7% ▼ |
| % Unchanged | 53% ▲ | 40% ▲ |

Number of Respondents =15

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.

EBCI METHODOLOGY:

The EBCI indexes are based on the results of a monthly survey of senior managers at NEMA member companies and are designed to gauge the business environment of the electroindustry in North America (defined here as the United States and Canada).

The survey contains the following questions:

1. How would you rate current economic conditions in North America, 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 North America, as they affect your business, to have changed six months from now?

Respondents are asked to indicate whether conditions are better, worse or unchanged. 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 (ISM; formerly the National Association of Purchasing Management) in the construction of their manufacturing index.

NOTE: The chart of NEMA EBCI scores uses ISM New Orders Index values for comparison purposes. The current month Manufacturing ISM® *Report On Business*® may be found here:

<https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm>