

FLOW & PROCESS CONTROL EQUIPMENT & COMPONENTS

MERGER & ACQUISITION MARKET REPORT 1ST QUARTER 2008

UPDATE AT A GLANCE.....

- *Q1 deal activity is down slightly from 2007 levels, compressed by uncertainty in the near-term outlook of the U.S. economy, general business conditions, and the credit markets.*
- *Companies in the middle to lower-middle market remain generally unaffected by the credit market turmoil and the slowing economy.*
- *European deals have taken the spotlight, possibly reflecting Europe's more robust economic conditions.*
- *A seller's market continues. Strategic buyer interest remains strong into 2008, and valuations remain attractive in the sector.*
- *Consolidation continues, spurred by technological advancements and global competitive pressures.*
- *Enticed by the weak dollar, overseas acquirers are focusing on U.S. acquisitions.*
- *Most small and medium-sized acquisitions are immediately accretive to earnings, due to the higher trading multiples of public companies in the industry (generally ranging from 1—2.5x revenue and higher).*
- *Worried by threatened hikes in capital gains taxes, many owners will be looking to sell this year, further heating up M&A activity.*



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MERGER & ACQUISITION ENVIRONMENT - INDUSTRY TRANSACTIONS

1Q 2008 featured smaller deals, many of them in the UK and Europe, possibly due to a relatively strong European economy vs. the U.S. We do, however, anticipate sector activity in the U.S. to remain relatively robust, as we see this as a 'bright spot' amidst an otherwise gloomy economy.

Deals: In April, Emerson Industrial Automation merged North American operations to form ASCO Numatics. The combined company will offer flow control and pneumatics for industry-focused applications.

Israel-based Miltel Communications' Galaxy meter reading technology was acquired by Badger Meter in April. The company said the Galaxy technology will add to its meter reading products. The system uses high-powered radio transmitters to provide utility companies with more frequent information.

In April, Parker Hannifin announced that it had acquired Vansco Electronics, a designer and

manufacturer of electronic controls, displays and terminals, communication interfaces, and sensors. Vansco had sales of approx. \$180MM. According to Parker, Vansco's controls are complementary to their IQAN controllers and sensors, which will allow a complete integration of motion control systems for mobile equipment.

Remote Control Sweden AB, a manufacturer of pneumatic valve actuators, was acquired by Rotork Fluid System Pty. Ltd. in January for \$25.9MM, a 0.9x revenue multiple.

In January, Eco Sensors Inc, a New Mexico-based manufacturer of ozone and volatile organic compound instruments to monitor occupant safety in the workplace, was acquired by KWJ Engineering, Inc.

Concentric plc was acquired by Haldex AB. The \$177MM transaction was completed at 1.25x revenue, a strong indicator that quality companies in the space are still trading at excellent multiples.

SELECT RECENT M&A TRANSACTIONS

Date	Target	Acquirer	Deal Size (\$M)	Multiples	
				Revenue	EBITDA
Apr-08	Miltel Communications (Galaxy meter reading technology)	Badger Meter	\$25.7	-	-
Apr-08	Vansco Electronics	Parker Hannifin Corporation	-	-	-
Mar-08	Flexicon A/S	Watson-Marlow	-	-	-
Mar-08	Pims Group Ltd.	Inflexion Plc.	-	-	-
Mar-08	Aerodyne Development Corp.	Abanaki Corp.	-	-	-
* Mar-08	Z&J Technologies GmbH	J. Hirsch & Co. SRL	-	-	-
Feb-08	Concentric Plc.	Haldex AB	\$177.0	1.25	-
Jan-08	TSS International Ltd.	Teledyne Limited	\$57.7	2.42	-
Jan-08	Remote Control Sweden AB	Rotork Fluid System Pty. Ltd.	\$25.9	0.90	-
* Jan-08	Eco Sensors, Inc.	KWJ Engineering, Inc.	-	-	-
* Jan-08	Koninklijke Econosto NV	Gilde Investment Management	\$182.8	0.6	10.5
Jan-08	Rheonik Messgerate GmbH	GE Sensing, Inc.	-	-	-
Jan-08	ADS LLC / Accusonic Division	IDEX Corporation	-	-	-

* Announced deal, not yet closed

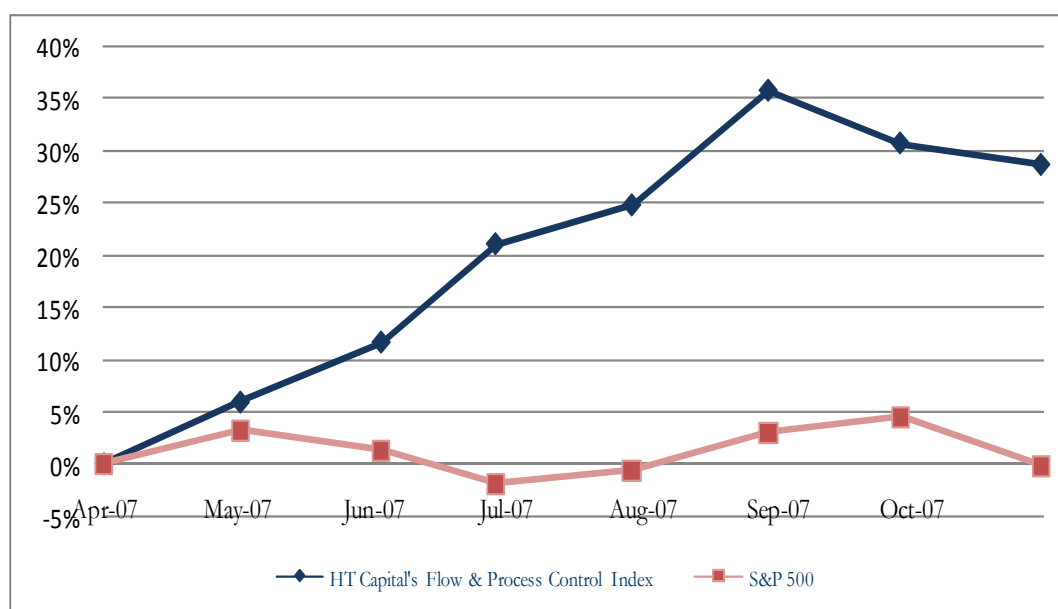
INDUSTRY PARTICIPANTS—MAJOR PUBLIC COMPANY PERFORMANCE

	Share Price (4/14/2008)	Market Capital (millions)	Revenue Multiple (EV ₁ /LTM Revenue)	EBITDA Multiple (EV/LTM EBITDA)
Badger Meter (BMI)	\$42.02	\$610	2.6x	16.7x
Cameron International Corp. (CAM)	\$47.17	\$10,300	2.2x	12.2x
Circor International Inc. (CIR)	\$44.11	\$735	1.1x	9.8x
Emerson Electric Co (EMR)	\$50.36	\$39,580	1.9x	9.9x
Flowserve Corp. (FLS)	\$105.82	\$6,070	1.7x	13.3x
FMC Technologies (FTI)	\$63.92	\$8,310	1.8x	15.5x
IDEX Corporation (IEX)	\$32.68	\$2,670	2.2x	10.3x
IMI Plc. (LSE:IMI) *	\$8.94	\$2,873	1.0x	7.3x
Roper Industries (ROP)	\$59.39	\$5,300	2.9x	11.5x
Schlumberger Limited (SLB)	\$91.19	\$109,220	4.8x	13.2x
Smith International (SII)	\$68.87	\$13,830	1.7x	9.3x
Spirax Sarco (LSX:SPX) *	\$20.65	\$1,571	1.9x	10.8x
Teledyne Technologies Inc (TDY)	\$47.25	\$1,670	1.1x	9.1x
		Mean	2.1x	11.5x
		Median	1.9x	10.8x

*Companies listed on the London Stock Exchange, converted to \$USD at \$ 197

1 EV = Enterprise Value (Market value of the company's equity plus the value of the company's net debt)

HT CAPITAL FLOW & PROCESS CONTROL WEIGHTED STOCK PRICE PERFORMANCE INDEX RELATIVE TO THE S&P500¹



“Process control public company equities are significantly outperforming the S&P 500, despite recent economic downturn”

1. Process Control Index is a weighted index of the stock price performance (vs S&P500) of: BMI, CAM, CIR, EMR, FLS, FTI, IEX, IMI, ROP, SLB, SPX, TDY

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With history dating back over a half century, HT Capital stands ready to work with you to arrive at the optimal outcome for you and your company. For more information regarding the current Flow & Process Control transaction environment, or to discuss how HT Capital might be of service, please contact Burke Burkhardt in our New York office. If you would prefer to receive this newsletter by e-mail, please send your contact information to: info@htcapital.com.

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Recent Transactions

This announcement appears as a matter of public record only




has been acquired by



Controlotron is the leading producer of a broad line of proprietary state-of-the-art ultrasonic, clamp-on flowmeters sold worldwide in the oil, gas, water, HVAC, power plant, pulp & paper and pharmaceutical industries.


The undersigned initiated this transaction and acted as exclusive financial advisor to Controlotron Corporation, Hauppauge, NY



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May 2006

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The Leading Independent Wholesale Electrical Distribution Company in Texas

has been acquired by



The U.S. subsidiary of the Sonepar Group SA, one of the largest distributors of electrical equipment in the world.

The undersigned initiated this transaction and acted as exclusive financial advisor to Crawford Electric Supply Co.



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