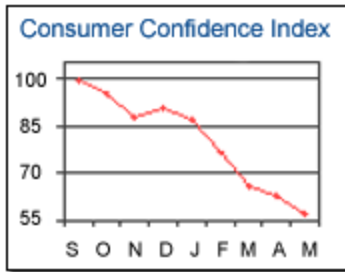


Electronics and Semiconductor Industry Segment Remains Strong Despite Weakness in Overall Economy

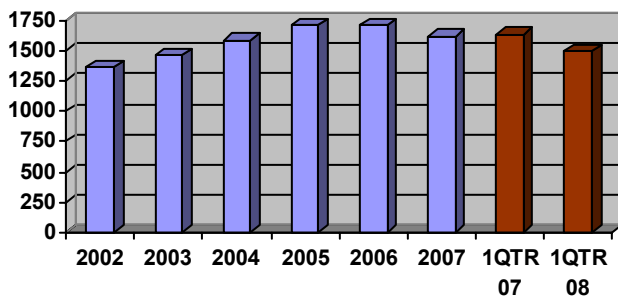
It is widely accepted that the broader economy is either at the tipping point or has already slipped into a recession. Revised GDP growth in the first quarter was a paltry 0.9% and the recent dramatic spikes in oil prices is adding to the worries.

The Conference Board Consumer Confidence Index, which had declined in April, continued its downward trend in May. The Index now stands at 57.2 (1985=100), down from 62.8 in April. The Present Situation Index decreased to 74.4 from 81.9. The Expectations Index declined to 45.7 from 50.0 in April.

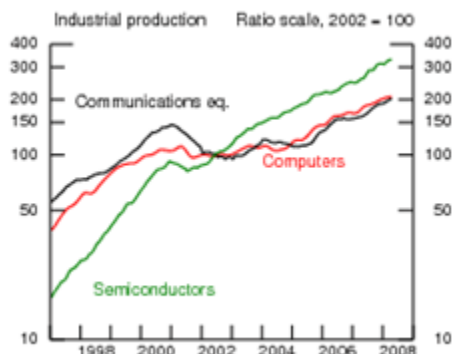
Capital expenditures are off significantly in the first quarter of 2008 compared to this time last year. And, capital expenditures were down in 2007 from a peak in 2006.



Capital Expenditures



Source: Federal Reserve Board



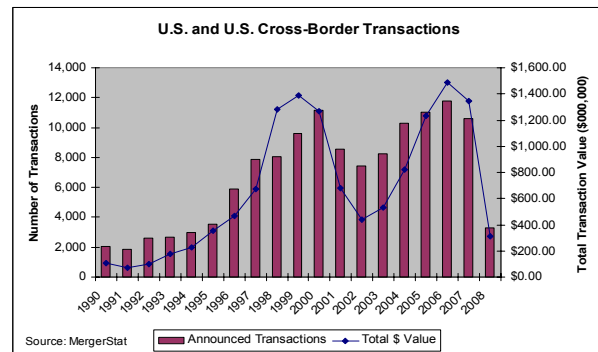
Source: Federal Reserve Board

Despite all the talk of doom and gloom, the electronics and semiconductor segment of the economy has not seen a significant impact, to date.

(See page 2, col. 1)

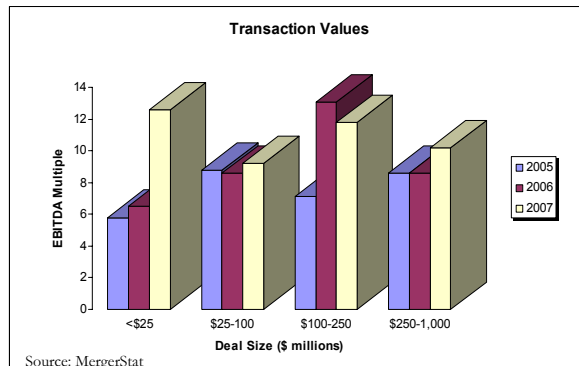
Deal Activity Remains Resilient

Total US deal activity has surpassed the previous highs reached in 2000 indicating that we have fully recovered from the dot com bust. Deal activity peaked in 2006.



2008 is on track to reach 2007's strong performance.

EBITDA multiples remain historically high driven by low cost of capital due to historically low interest rates, high availability of capital, strong corporate profitability, favorable stock market conditions and the influence of private equity groups.



Source: MergerStat

The second half of 2007 and 2008 have experienced some softening due to debt and capital market worries. However,

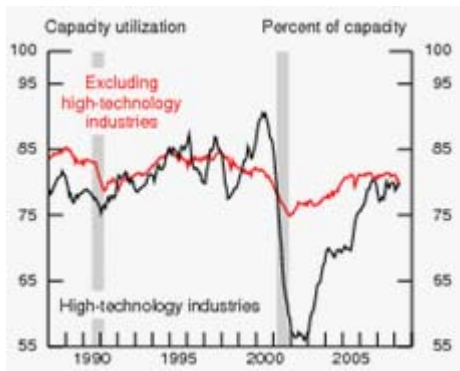
EBITDA is earnings before interest, taxes, depreciation and amortization.



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Economy *(From page 1, col. 1)*



Source: Federal Reserve Board

Capacity utilization has been steadily improving indicating the strength of demand while new facilities are being brought online. “We are seeing a corresponding interest in M&A in this segment. We currently have more business than we ever have,”

said Loren Lancaster, head

of Core Capital Group’s Electronic and Semiconductor Group.

Worldwide silicon wafer area shipments remained essentially stable in the first quarter of 2008, marginally declining one percent when compared to fourth quarter 2007 area shipments, according to the SEMI Silicon Manufacturers Group (SMG) in its quarterly analysis of the silicon wafer industry. Compared to the 2007 first quarter, total area shipments increased by three percent.

Semiconductor Silicon Shipments* - Millions of Square Inches

Q1 2007	Q4 2007	Q1 2008
2100	2185	2163

“Consistent with the conservative industry sentiment, overall silicon shipments declined slightly during the most recent quarter,” said Kazuyo Heinink, chairwoman of SEMI SMG and vice president, New Product Marketing for MEMC Electronic Materials, Inc. “However, 300 mm wafer shipments continued to grow.”

The Wall Street Journal recently reported that The World Semiconductor Trade Statistics (WSTS) group reduced its outlook for chip sales by 4.4 percentage points, saying it now expects 2008 growth of 4.7%, to \$267.7 billion, compared with 3.2% growth for all of 2007.

The group pointed out that growing demand for electronic products, such as personal computers, digital consumer appliances, mobile communications and automotive electronics, is helping to sustain a positive growth trend.

The 2009 and 2010 forecasts remain “very close to the original projections with 5.8 and 8.8% growth respectively,” said WSTS, which expects the positive growth trend to peak in 2010.

In May, the Semiconductor Industry Association said chip sales rose 3.8% in the first quarter, boosted by strong consumer demand world-wide. The industry group said semiconductor sales totaled \$63.4 billion in the first quarter, up from \$61.1 billion for the year-earlier period. The revenue figures underscored the strength of the semiconductor industry, despite ongoing problems with declining average selling prices of memory chip products.

The question on everyone’s mind is, will the housing and capital market weakness spill over into the electronics and semiconductor market, or will current strength in the sector continue?

North American Semiconductor Equipment Industry Posts April Book-to-Bill Ratio of 0.81

North American-based manufacturers of semiconductor equipment posted \$1.07 billion in orders in April 2008 (three-month average basis) and a book-to-bill ratio of 0.81 according to the April 2008 Book-to-Bill Report published by SEMI. A book-to-bill of 0.81 means that \$81 worth of orders were received for every \$100 of product billed for the month.

The three-month average of worldwide bookings in April 2008 was \$1.07 billion. The bookings figure is about eight percent less than the final March 2008 level of \$1.17 billion, and almost 32 percent less than the \$1.57 billion in orders posted in April 2007.

	Billings (Three-month avg.)	Bookings (Three-month avg.)	Book-to-Bill
November 2007	1383.2	1130.7	0.82
December 2007	1361.7	1156.3	0.85
January 2008	1279.3	1141.0	0.89
February 2008	1310.8	1205.4	0.92
March 2008 (final)	1344.9	1165.6	0.87
April 2008 (prelim)	1318.9	1073.8	0.81

Source: SEMI May 2008

The three-month average of worldwide billings in April 2008 was \$1.32 billion. The billings figure is about two percent less than the final March 2008 level of \$1.34 billion, and about 17 percent less than the April 2007 billings level of \$1.59 billion.

“Relatively flat bookings and billings for North American semiconductor equipment reflect the continued conservative mood of the industry,” said Stanley T. Myers, president and CEO of SEMI. “A number of fab projects have been put on-hold or delayed until 2009, and the current 2008 equipment data reflect this trend.”

The SEMI book-to-bill is a ratio of three-month moving averages of worldwide bookings and billings for North American-based semiconductor equipment manufacturers. Billings and bookings figures are in millions of U.S. dollars.

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Our website contains additional information about Core Capital Group’s Electronic and Semiconductor Group and the investment banking services we provide. Please take a moment to visit us on the web! You can also sign up to receive this newsletter by writing to info@esgbank.com.