

**MARKETS
UPDATE
SUPPLEMENT
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Paris-based electrical distributor **Rexel** was officially listed in Paris Thursday, April 5, 2007, on Eurolist by **Euronext**, a European stock exchange. Owners of Rexel, **Eurazeo**, **Clayton, Dubilier & Rice**, and **Merrill Lynch**, sought to raise around 1.015 billion euro at the midpoint of the price range, Forbes reported. The maximum amount raised will be 1.34 billion euro, or 32.2 percent of capital. The group of investors paid around \$3.5 billion for Rexel in 2004 (2.6 billion euro at the time). At the time, Rexel reported annual sales of \$8.9 billion (6.7 billion euro). Rexel recently reported sales of about \$12.1 billion (9.3 billion euro), an increase of about 35 percent since going private in 2004.

Flow control distributor **FCX Performance, Inc.**, Columbus, OH, has acquired **RVS Controls & Instrumentation**, distributor of process control instrumentation serving industrial customers in eastern Pennsylvania, southern New Jersey, Delaware, Maryland and Washington D.C. With the acquisition, FCX expands its product range offered in the area through its Sewell, NJ, branch. FCX has about \$120 million in annual sales.

MSC Industrial Direct Inc., Melville, NY, distributor of MRO supplies to industrial customers, reported sales of \$404.6 million in the second quarter 2007, an increase of 32.3 percent from the same period last year. **J&L Industrial Supply**, acquired in 2006, accounted for 70 percent of

this growth. Growth minus the J&L acquisition was 9 percent in the second quarter, according to MDM calculations. Profit for the second quarter 2007 increased 21.5 percent to \$40.5 million. Sales in the first half of fiscal 2007 were \$806.6 million, an increase of 34 percent versus a year ago, with J&L accounting for 70 percent of this growth. Growth minus J&L was about 10 percent in the first half. Profit for the first half of fiscal 2007 was \$80.8 million, compared to \$65.3 million in the year-ago period.

Economic activity in the manufacturing sector expanded in March for the second consecutive month, according to supply executives in the latest Manufacturing Institute for Supply Management Report On Business. The New Orders and Production Indexes advanced while the Employment and Inventories Indexes declined. A positive for March is the Customers' Inventories Index (falling below 50 percent after five consecutive months above the breakeven line), which is a possible indication that manufacturers' inventories are nearing satisfactory levels. On the negative side, prices appear to be surging for certain commodities in the face of slower growth.

Construction spending during February 2007 was estimated at a seasonally adjusted annual

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Calculation of MDM Inflation Index for February 2007

	BLS Price Indices Feb. '07	BLS Price Indices Jan. '07	BLS Price Indices Feb. '06	% Sales Weight	Weighted Indices Feb. '07 (1)X(4)	% Change Feb. '07 Jan. '07	% Change Feb. '07 Feb. '06
1136 Abr. Prod.	462.5	457.8	456.0	19.1	88.34	1.04	1.43
1135 Cutting Tools	434.6	433.3	429.8	18.9	82.15	0.31	1.14
1145 Power Trans.	633.6	632.0	606.4	15.4	97.57	0.25	4.48
1081 Fasteners	437.5	439.7	420.2	9.0	39.37	-0.49	4.11
1149.01 Valves, etc.	764.9	767.0	714.6	7.6	58.13	-0.27	7.04
1132 Power Tools	329.7	325.9	327.5	6.5	21.43	1.16	0.68
1144 Mat. Handling	458.7	457.6	439.2	6.2	28.44	0.25	4.44
0713.03 Belting	533.7	533.7	520.2	6.1	32.56	0.00	2.60
1042 Hand Tools	677.0	675.9	659.6	8.1	54.83	0.15	2.63
108 Misc. Metal	415.3	414.2	401.8	3.1	12.88	0.27	3.37
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"New" February Index	269.4	February Inflation Index			515.70	0.29	3.15
"New" January Index	268.7	January Inflation Index			514.21		
		February 2006 Inflation Index			499.96		

New index reflects 1977=100 base. Other numbers=1967 base. To convert multiply by .52247