



A New Lighting Experience

25th November 2005

Price Increase for Magnetic Components due to Spiralling Raw Material Costs

Raw material prices as well as electric power and oil prices have reached an all-time high. As a globally leading manufacturer of components for lighting, we have also been affected by this market development. Up to now, we have largely borne this cost increase by ourselves without passing it on to the market. However, these continually rising overheads cannot simply be offset by automation or other internal cost-reduction measures.

Against this background, we therefore have no choice but to increase our prices for magnetic components between 10 % and 15 % with effect from 1 January 2006. This raise in prices serves the sole purpose of covering our substantially higher raw material costs.

The VS sales team will shortly present you with the new price list for 2006 and explain all the details. Until further notice, we will adjust our prices at quarterly intervals to reflect developments on the raw materials market.

Please be assured that we are doing all we can to keep this price increase to a minimum. Top quality and premium service will naturally continue to be key elements of Vossloh-Schwabe's product and service range.

We hope you will understand our reasons for this action and look forward to continuing our successful business partnership in the future.

Yours sincerely,

Setsuo Mizusawa
Chairman of the Board
Vossloh-Schwabe
Matsushita Electric Works GmbH

Holger Hoffmann
Managing Director
Vossloh-Schwabe
Matsushita Electric Works GmbH

Vossloh-Schwabe Matsushita Electric Works GmbH

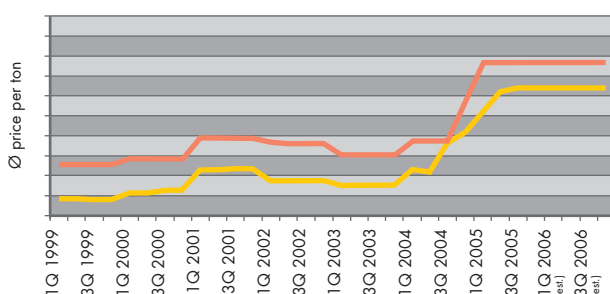
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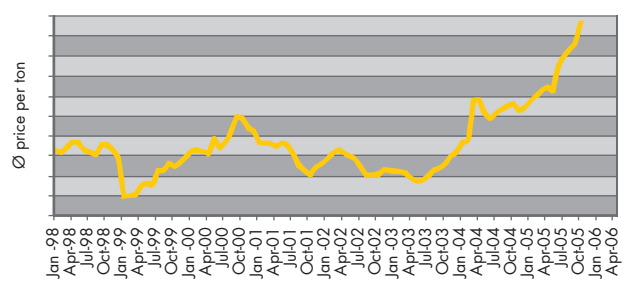
Sitz der Gesellschaft: Lüdenscheid
Handelsregister:
Amtsgericht Iserlohn HRB 4796
Geschäftsführer: Setsuo Mizusawa,
Klaus Breisch, Holger Hoffmann, Mototsugu Sato,
Akio Okude

Development of steel prices



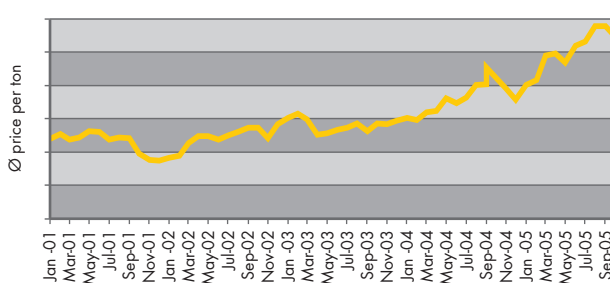
— Ø M800 — Ø M400/M400HP

Development of copper prices



— Copper

Development of oil prices



— Oil

Development of polyamide and polycarbonate prices



— Polycarbonat — Polyamid 6.6

China returns order to the fragmented steel industry...

Prices up due to copper shortages...

Less crude steel being produced in Germany...

Mining companies push prices up...

Copper prices reach all-time high...

Great confusion with regard to copper...

Spiralling producer prices due to high overheads for oil and steel...

Quickly rising demand for steel...

Thyssen-Krupp increases steel prices...

High oil prices put pressure on VW...

High oil prices are costing jobs...