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McNaughton-McKay Electric Announces Sale of Company to Employees

Continuing the tradition of excellent customer service and industry leadership, McNaughton-McKay is pleased to announce the transition from private ownership to employee ownership.

DETROIT (Madison Heights, MI), February 2, 2007 – McNaughton-McKay Electric Company, one of the largest and most diverse electrical distributors in the industrial/commercial marketplace, is pleased to announce the transfer from being a privately held, partially employee-owned company to a 100% employee-owned company.

The transfer has been smooth and there are no related organizational changes or job losses. Donald D. Slominski, Jr., President and CFO; John R. (Jack) McNaughton III, Executive Vice President and COO; and Richard M Dahlstrom, Corporate Vice President, Sales and Marketing, all remain in their current leadership roles.

The possibility of an ownership transfer was first raised in late 2005 when the shareholders expressed the desire for a liquidity event. McNaughton-McKay Electric Company has been privately owned for 97 years. Several options were considered, but with the company having an Employee Stock Ownership Plan (ESOP) that already owned 30% of the outstanding shares, it became apparent that it was in the best interest of all parties that the remaining shares, primarily owned by the Bull and McNaughton families, be purchased by the ESOP.

Jack McNaughton noted, “It was important to us that the tradition we had developed not be lost in the process,” which was another reason McNaughton-McKay Electric Company chose the ESOP option. “Who better to lead the new company forward than the people who made McNaughton-McKay Electric Company the leader that it is today.”

The goal was to have a seamless transfer of ownership without any impact on the customer. To that end Slominski says, “The transaction has been enthusiastically supported by the vendor community.” The transaction was completed on December 22, 2006, making McNaughton-McKay Electric Company one of the largest privately held ESOP companies in the US. The company also ranks 36th on Crain’s Detroit largest private 200 list and 13th on the Electrical Wholesaling Top 200 Electrical Distributors list.

McNaughton-McKay Electric Company is looking forward to its 100th anniversary in 2010. As today’s business environment continues to rapidly grow and change, McNaughton-McKay Electric Company strives to maintain an environment that evolves with the changes. The ESOP will play a key role in meeting customer needs with the high quality service that is associated with McNaughton-McKay Electric Company. This service stretches from mid-Michigan through Ohio, the Carolinas, and Georgia. The company also serves the European market with a facility in Stuttgart, Germany. McNaughton-McKay Electric Company offerings represent some 300 different lines of products and serve over 10,000 customers in a variety of application areas, ranging from furniture to pharmaceutical, aerospace to automotive, and facilities from hospital to universities to shopping malls. For more information, visit www.mc-mc.com.