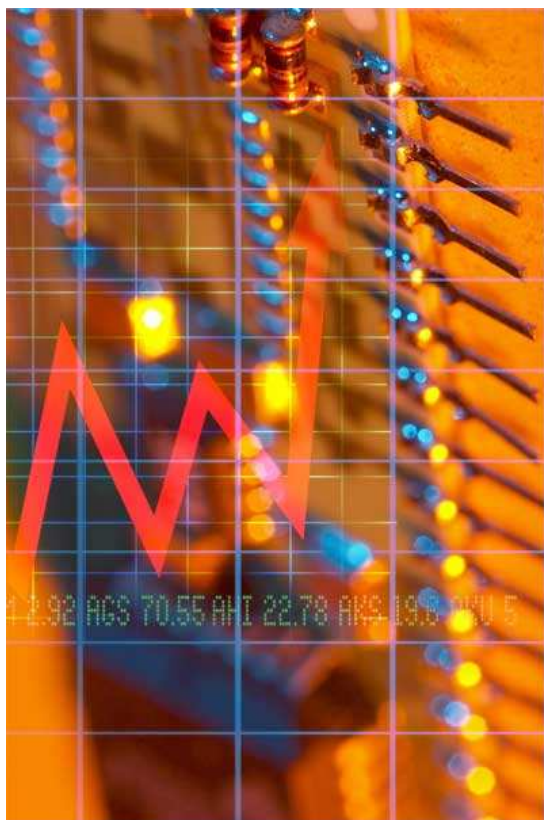




Technical Seminar Series

Be Smart — Choose the Right Part

Welcome to the 2006 Connector Market Outlook



Thank you for joining us!

Listen in as Ron Bishop and experts from 3M, Amphenol and Phoenix Contact provide a detailed market overview of the connector industry.

So, sit back, relax and learn what to look for in 2006!

**Bonus
Marketing
Session!**



Technical Seminar Series

Be Smart — Choose the Right Part

Welcome – Michael Knight, TTI, Inc.

Market Overview

General – Bishop and Associates, Inc.

- Ronald E. Bishop

Medical, Communications, Machine Vision – 3M

- Bill Collins

Military and Aerospace – Amphenol

- Rich Paul

Industrial and Industrial Automation – Phoenix Contact

- Lou Grice

World Connector Industry

Ronald Bishop - President
Bishop & Associates, Inc.
1209 Fox Glen Drive
St, Charles, IL 60187
February 23, 2006



World Connector Industry Sales by Geographic Region

Region	2004	2005	2004/2005
			% Change
North America	\$9,087.6	\$9,175.2	1.0%
Europe	\$8,680.3	\$9,098.2	4.8%
Japan	\$5,802.6	\$6,017.5	3.7%
China	\$4,118.5	\$4,924.9	19.6%
Asia-Pacific	\$3,859.3	\$4,154.6	7.7%
ROW	\$1,870.6	\$2,113.1	13.0%
Total	\$33,418.9	\$35,483.5	6.2%

\$ Millions

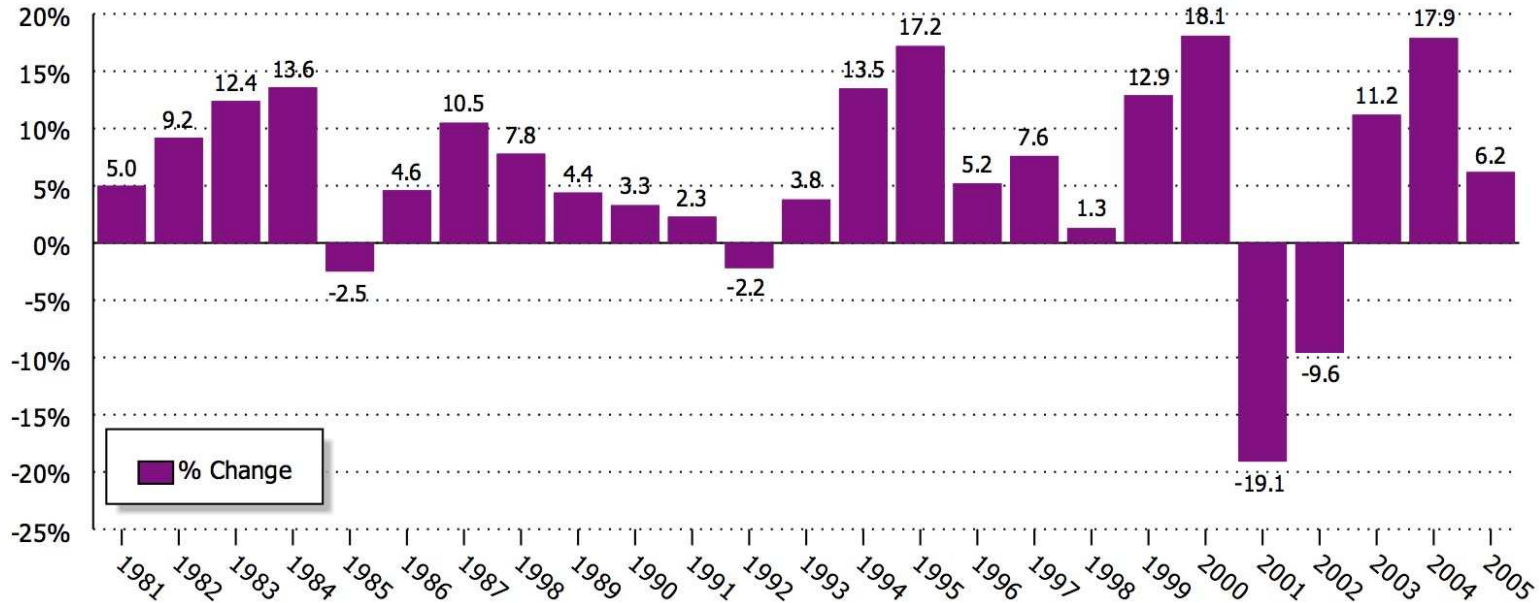
World Connector Industry Historical Compound Annual Growth Rate

Year	Industry Sales	1980/2005 25 Years	1985/2005 20 years	1990/2005 15 Years	1995/2005 10 Years	2000/2005 5 Years
1980	\$8,608.0	5.8%				
1985	\$12,280.0		5.5%			
1990	\$16,503.0			5.2%		
1995	\$22,802.0				4.5%	
2000	\$34,878.0					0.4%
2005	\$35,484.0					

\$ Millions

World Connector Industry Year-to-Year Change in Sales

1981 to 2005



World Connector Industry CAGR Growth Rate 1980 - 2005

Compound Annual Growth Rate							
	80-85	85-90	90-95	95-00	00-05	10 Year	20 Year
North America	4.4%	4.2%	7.4%	9.0%	-6.6%	0.9%	3.3%
Europe	10.5%	4.8%	4.3%	6.2%	1.2%	3.7%	4.1%
Japan	8.5%	9.4%	6.1%	6.4%	-0.5%	2.9%	5.3%
China	--	--	--	83.0%	24.9%	51.2%	--
Asia-Pacific	10.7%	10.6%	12.7%	10.8%	1.7%	6.2%	8.9%
ROW	5.1%	10.4%	6.4%	8.8%	3.3%	6.0%	7.2%
	7.4%	6.1%	6.7%	8.9%	0.3%	4.5%	5.4%

World Connector Industry Sales by End-Use Equipment Sector

Equipment Sector	2004	2005	2004/2005
			% Change
Computers & Peripherals	\$8,105.7	\$8,585.3	5.9%
Business/Office Equipment	\$417.7	\$432.5	3.5%
Instrumentation	\$695.4	\$739.6	6.4%
Medical Equipment	\$820.1	\$880.5	7.4%
Industrial	\$3,889.9	\$4,159.4	6.9%
Automotive	\$8,537.6	\$9,049.3	6.0%
Transportation (non-auto)	\$1,446.3	\$1,497.3	3.5%
Military/Aerospace	\$2,329.2	\$2,445.0	5.0%
Telecom/Datacom	\$4,070.1	\$4,396.9	8.0%
Consumer	\$1,522.8	\$1,638.8	7.6%
Other	\$1,584.1	\$1,658.9	4.7%
Total	\$33,418.9	\$35,483.5	6.2%

\$ Millions

What Happened In 2005

- ❖ **China Surpassed the Rest of Asia in Total Connector Sales. China Becomes the Growth Engine for Electronics.**
- ❖ **RoHS Turns Into a World Initiative Instead of Just Europe. Adds Administrative Headaches and Increased Costs.**
- ❖ **Raw Material Prices Increased Significantly for Copper, Gold, Plastics, Pressuring Industry Margins.**
- ❖ **Merger & Acquisition Activity Increases Significantly.**
 - Amphenol Acquires Teradyne Connection Systems & Four Smaller Companies.
 - Bain Capital Acquires FCI From Areva.
 - Tyco Announces That Electronics Will Be Split Out As a Public Company.
 - Deutsch Acquisition Begins.
 - Methode Acquires Cableco Technologies.
 - Radiall Acquires Applied Engineering Products (AEP).
 - Samtec Acquires Terabit Cable Systems.

What Happened In 2005 (Continued)

- ❖ **Amphenol Becomes the Darling of Wall Street and Becomes the Connector Industry's Top Performer in Sales Growth and Profitability.**
- ❖ **Delphi, the World's Largest Auto Connector Manufacturer, Files for Bankruptcy, a Reflection of the Poor Condition of the U.S. Auto Industry.**

World Connector Industry Forecast by Region

Region	2004	2005	% Change	2006E	% Change	2005/2010	
						2010E	CAGR
North America	\$9,087.6	\$9,175.2	1.0%	\$9,529.4	3.9%	\$10,957.2	3.6%
Europe	\$8,680.3	\$9,098.2	4.8%	\$9,416.7	3.5%	\$10,760.6	3.4%
Japan	\$5,802.6	\$6,017.5	3.7%	\$6,291.7	4.6%	\$7,403.3	4.2%
China	\$4,118.5	\$4,924.9	19.6%	\$5,932.5	20.5%	\$10,436.0	16.2%
Asia-Pacific	\$3,859.3	\$4,154.6	7.7%	\$4,547.7	9.5%	\$5,883.7	7.2%
ROW	\$1,870.6	\$2,113.1	13.0%	\$2,441.7	15.5%	\$3,891.7	13.0%
Total	\$33,418.9	\$35,483.5	6.2%	\$38,159.6	7.5%	\$49,332.4	6.8%

\$ Millions

2006 Outlook

❖ Industry Grows +7.5% Worldwide.

- China and Asia Are Growth Engines, up +20.5% and +9.5% Respectively.
- Japan up Mid Single Digits.
- North America and Europe up Low Single Digits.

❖ Some Markets Will Be Better Than Others.

- Consumer Continues Strong i.e., Flat Panels, Game Boxes, iPods, HDTV - up +10% to +12%.
- Personal Computers Will Grow in the Low Teens - up +10% to +12%.
- Military and Industrial up High Single Digits - up +7% to +8%.
- Telecom Wireless up Low Single Digits.
- Wireless Infrastructure Will Be up.
- Automotive Will Be Flat to up +2%

2006 Outlook (Continued)

- ❖ **SIA Forecasts Semiconductors up +7% to +9%. That's Good for Connectors.**
- ❖ **Connector Prices Stabilize and Connector Manufacturers Push for Price Increases With Some Success.**
- ❖ **North American Manufacturers Concentrate on Building Market in Military, Industrial, Automotive, and Medical Markets.**
- ❖ **Mergers & Acquisitions Will Continue As Companies Try to Acquire Products and Technologies in These Sectors.**

Regional Product Design Compared to Regional Market Share

Region	2005		2010		2015	
	Design	Share	Design	Share	Design	Share
North America	41%	26%	36%	22%	30%	20%
Europe	16%	25%	13%	21%	13%	18%
Japan	25%	17%	22%	15%	17%	14%
China	8%	14%	17%	22%	25%	26%
Asia	9%	12%	11%	12%	12%	13%
ROW	1%	6%	1%	8%	3%	9%

RoHS Compliance Begins 7/1/06

All Major Manufacturers Have:

- ❖ Adopted a lead free plating strategy (mostly pure tin).
- ❖ Evaluated Plastic Housings of Existing Connectors for Resistance to Higher Reflow Temperatures, Changed to High-Temp Materials in Some Cases.
- ❖ Selected a Labeling Process to Differentiate Between Leaded and Unleaded Parts.
- ❖ Offer Certificates Of Compliance / Material Declarations.
- ❖ Factored RoHS Requirements Into Their New Product Designs.

RoHS Challenges

- ❖ **Select Market Segment Exemptions Are Adding Confusion.**
- ❖ **Inconsistent Lead-Free Part Labeling Among Suppliers.**
- ❖ **Dual Inventories Throughout the Entire Supply Chain.**
- ❖ **Need to Keep Leaded and Lead-Free Productions Lines Separate.**
- ❖ **Concerns About Tin Whiskering in Pure Tin Surfaces.**
- ❖ **Unclear How Non-compliance Will Be Detected / Prosecuted.**
- ❖ **Additional Countries Are Considering RoHS-Like Mandates.**