



Bishop & Associates publishes two connector forecasts each year. Each eight-chapter report provides an in-depth, and detailed forecast of the worldwide connector Industry. In addition to the detailed forecasts for each region of the world (North America, Europe, Japan, China, Asia Pacific, ROW), an industry overview is included which provides current market trends, industry book-to-bill ratios, and outlook narrative.

Worldwide and each regional forecast includes:

Computers & Peripherals

- Mobile Computers
- Desktops
- Servers
- Storage Equipment
- Input/Output Equipment
- Communication LAN Devices
- Other Computer Equipment

Business/Office Equipment

- Retail/POS Equipment
- Imaging Systems
- Other Business/Office Equipment

Instrumentation

- Automatic Test Equipment
- Analytical/Scientific Instruments
- Other Instrumentation

Medical Equipment

- Diagnostic & Imaging Equipment
- Therapeutic Equipment
- Other Medical Equipment

Industrial

- Industrial Controls
- Production Equipment

Automotive

- Body Wiring & Power Distribution
- Powertrain
- Comfort, Convenience & Entertainment
- Navigation & Instrumentation
- Safety & Security

Transportation (non-auto)

- Commercial Vehicles
- RV's & Power Sports
- A., M., R. & Const., Farm & Garden

Military/Aerospace

Telecom/Datacom

- Carrier Network
- Enterprise Network
- Wireless Infrastructure
- Subscriber Equipment
- Other Telecommunications

Consumer

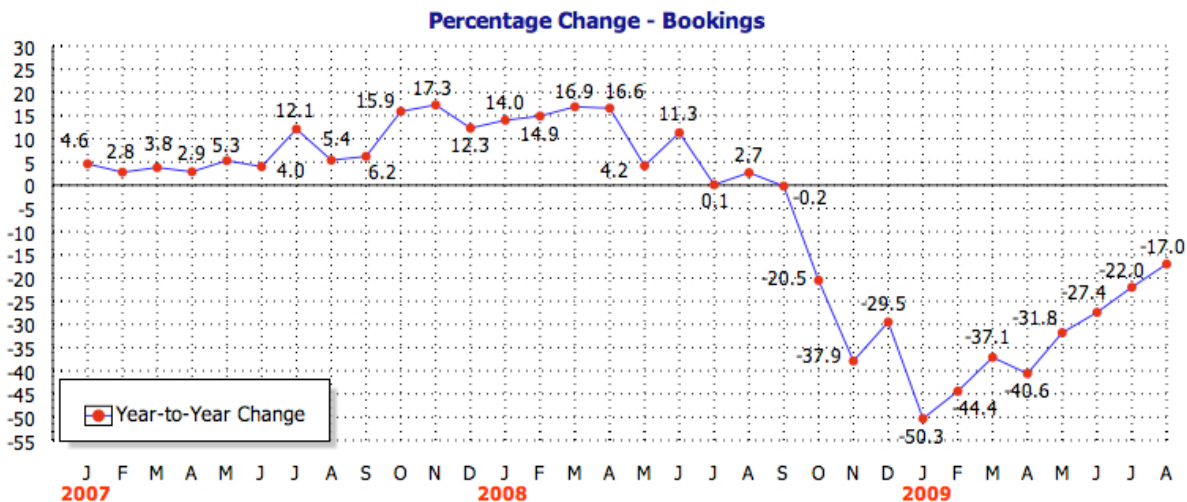
- Personal/Portable Consumer
- Home Video Equipment
- Home Audio Equipment
- Consumer White Goods
- Other Consumer

Other Equipment

Setting Historical Lows

We believed the 2001/2002 downturn would be the historical low water mark for the connector industry for decades. After all, 2001 declined -19.1 percent and 2002 was down -9.6 percent. Total world connector sales were \$34.878 billion in 2000, and only \$25.492 billion in 2002, meaning the connector industry lost \$9.4 billion in annual sales. In effect, the 2002 industry was 27 percent smaller than it was in 2000.

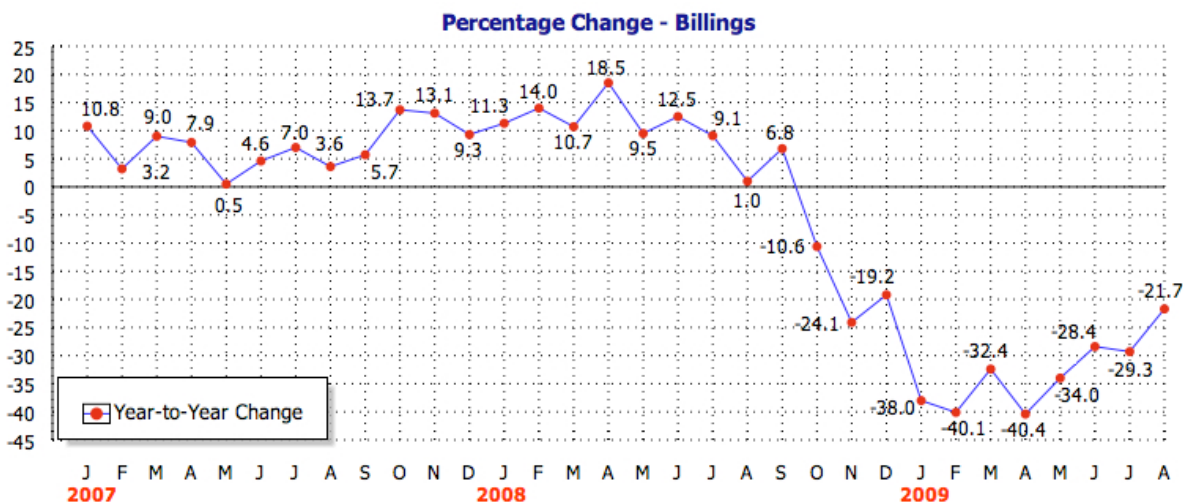
The 2008/2009 downturn is worse. In August 2009, the last date we have as of this publication date, year-over-year orders are down -33.5 percent, and sales are down -32.4 percent. Orders were actually cut in half in January (-50.3 percent). The following chart clearly shows how deeply orders plummeted when measured on a year-over-year basis.



We are in our 12th month of year-over-year declines in orders. Eleven of these were double-digit.

However, you will note there are now four consecutive months in which the decline in orders has improved. We have more to say about this later in this section of the forecast report.

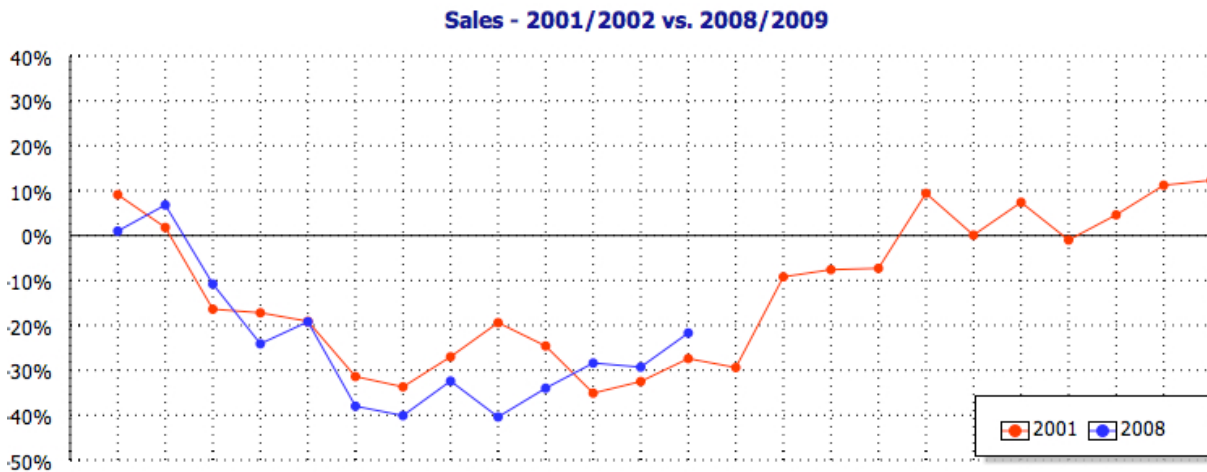
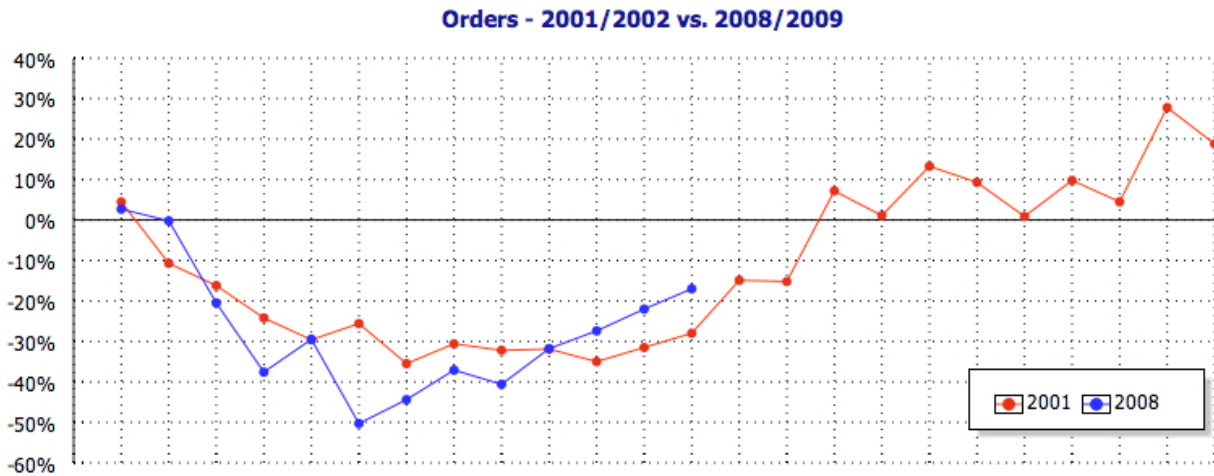
Sales have experienced the same level of decline. The following chart plots year-over-year change in sales.



We are in the 11th consecutive month of double-digit declines in sales.

The 2008/2009 business downturn is clearly deeper than 2001/2002, but we do not believe it will be longer. When the two recessions are analyzed, it is clear that this recession is worse, but it is unclear that it is going to be longer. Instead, it appears that the industry is recovering much faster than many originally believed it would.

The following two charts plot year-over-year percentage change in orders and sales. The red line is 2001/2002 and the blue line is 2008/2009.



It is clear that orders and sales have declined more in the 2008/2009 downturn. Conversely, since May 2008, orders have pushed above the 2001/2002 levels. Sales have been above 2001/2002 levels in June, July and August. It actually appears that we are moving quickly toward year-over-year growth.

The following table shows industry performance by quarter for 2007, 2008 and 2009. The results shown in the table for 3Q09 and 4Q09 (red) are Bishop forecasts.

Industry Sales by Quarter

| Quarter | 2007 | 2008 | Percent Change | 2009 | Percent Change |
|--------------|-----------------|-----------------|----------------|-----------------|----------------|
| 1st Quarter | \$10,261 | \$11,451 | 11.6% | \$7,363 | -35.7% |
| 2nd Quarter | \$10,573 | \$11,895 | 12.5% | \$8,069 | -32.2% |
| 3rd Quarter | \$10,861 | \$11,550 | 6.3% | \$8,472 | -26.6% |
| 4th Quarter | \$11,126 | \$9,081 | -18.4% | \$9,079 | 0.0% |
| Total | \$42,821 | \$43,977 | 2.7% | \$32,983 | -25.0% |

\$ Millions

Red Numbers = Forecast

In effect, we believe 4Q09 will be approximately equal to sales achieved in 4Q08. Getting back to even after the disastrous last four quarters is significant. We are actually beginning to believe the industry might do better than this forecast and achieve modest year-over-year growth in 4Q09.

Here's how we expect 2009 to perform by geographic region. We included year-to-date August sales results so you can see the improvement required in 4Q09 for each region to meet our forecast.

Connector Industry Forecast by Geographic Region

| Region | 2008 | 2009F | Percent Change | Year-to-Date August |
|---------------|-----------------|-----------------|----------------|---------------------|
| North America | \$9,432 | \$7,074 | -25.0% | -32.3% |
| Europe | \$11,935 | \$7,975 | -33.2% | -43.3% |
| Japan | \$6,891 | \$4,823 | -30.0% | -39.2% |
| China | \$7,629 | \$6,485 | -15.0% | 19.9% |
| Asia Pacific | \$5,001 | \$4,000 | -20.0% | -30.8% |
| ROW | \$3,089 | \$2,626 | -15.0% | -32.7% |
| Total | \$43,977 | \$32,983 | -25.0% | -32.4% |

\$ Millions

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 Analytical & Scientific Instruments
 Other Instruments
 Medical
 Diagnostic & Imaging Equipment
 Therapeutic Equipment
 Other Medical Equipment
 Industrial
 Industrial Controls
 Production Equipment
 Automotive
 Body Wiring & Power Distribution
 Powertrain
 Comfort, Convenience & Entertainment
 Navigation & Instrumentation
 Safety & Security
 Transportation
 Medium & Heavy Trucks & Busses
 Motorcycles/Off-Road & Recreational Vehicles
 Comm./General Aircraft, Rail & Marine Electronics
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 Therapeutic Equipment
 Other Medical Equipment
 Industrial
 Industrial Controls
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 Other Equipment

Chapters 4 Thru 8 Provide The Same Detail Level as Chapter 3

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