

News Brief No. 24-07
June 12, 2007

Winchester Acquires Two Companies – Sales Exceed \$100 Million

Winchester Electronics Corporation acquired Advanced Interconnect, Inc. of Franklin, MA and Kings Electronics, Inc. of Rock Hill, SC.

“This is a significant step forward for Winchester Electronics,” said Michael Driscoll, President and CEO of Winchester. “With the Advanced Interconnect and Kings Electronics businesses as part of the Winchester platform, our annual sales will exceed \$100 million. The acquisitions will take Winchester into new markets and expand our technological capabilities.”

Michael P. Driscoll

Michael P. Driscoll, President and CEO of Winchester Electronics Corporation, has been the principal architect in re-engineering the company from a connector manufacturer to a leader in the design, development, and deployment of interconnect technology. He also played a key role, along with Audax Group of Boston, MA, in a 2006 management buyout of Winchester Electronics from Northrop Grumman Corporation. (NYSE:NOC).



Michael P. Driscoll
President & CEO

Driscoll joined Winchester Electronics in 1988 as Director of Advanced Manufacturing. He was promoted to Director of Operations in 1990, General Manager in 1996, and President in 2000. Prior to joining Winchester Electronics, he was Director of Manufacturing for Burndy Corporation from 1986 to 1988 and Plant Manager of the Geometric Tool Division of TRW from 1982 to 1986.

He has been prominent in technology industry activities. A member of the Executive Council of the International Engineering Consortium (IEC), a nonprofit organization dedicated to promoting the collaboration of academia and industry to bring the highest quality and most innovative forms of continuing education to the connector industry, he helps develop programs and initiatives for companies and universities in the eastern United States.

Driscoll, who was born and raised in Waterford, Connecticut, earned a Bachelors Degree in Mechanical Engineering from Roger Williams University and an MBA from the University of New Haven.

Bishop & Associates Comments

Advanced Interconnect

Advanced Interconnect, Inc. (AI) Franklin, MA was part of Woodhead Industries which was recently acquired by Molex. Winchester acquired AI from Molex.

The company has annual sales of approximately \$25 million, providing cable assemblies to the medical and military markets (90% US; 10%Europe). Winchester acquired AI primarily because of the company's extensive fiber optic assembly capabilities and high quality customer base. The Winchester and AI combination provides opportunities to:

- Leverage the existing customer base. There is little overlap between the two companies.
- Reduce costs by utilizing Winchester's off-shore, low cost manufacturing capability.
- Utilize Winchester's global footprint to market AI capabilities worldwide, especially in China and Asia.

Kings Electronics

Kings Electronics, founded in 1947, has annual sales of approximately \$20 million, providing RF connectors to the commercial and military aviation market (40% of sales) and the broadcast electronic industry (30% of sales). The remaining sales (30%) are various applications in the military market.

Kings is an excellent acquisition because it:

- Opens new markets, especially in the broadcast industry. Michael Driscoll added, "Kings Electronics' name in the broadcast industry is like saying Kleenex in the paper products industry."
- Provides an extensive RF product portfolio that can be marketed across the Winchester customer base throughout the world. Note, Winchester is a large provider of RF cable assemblies, an area in which Kings' products fit, but are not currently sold throughout Asia.

Winchester Electronics

The two acquisitions, combined with an internal growth rate in double digits, makes Winchester a +\$100 million sales company with much broader market coverage.

The following table provides our estimate of how Winchester expands and balances its market coverage.

Winchester Sales by Market

Market Sector	Percentage of Sales	
	2006	2007*
Computer	25.0%	11.0%
Instrumatation	19.0%	15.0%
Medical	1.0%	6.0%
Industrial	18.0%	16.0%
Military	3.0%	10.0%
Telecom	30.0%	27.0%
Commerical Aviation	0.0%	5.0%
Broadcast	0.0%	6.0%
Others	4.0%	4.0%
Total	100.0%	100.0%

* Winchester with acquisitions

Several benefits of the acquisitions become clear by examination of the above changes in Winchester's market coverage:

- There is more balance in the markets served.
- Computer/peripheral is a smaller percentage of total sales, reducing Winchester's exposure to the price erosion experienced in this sector.
- Four new, highly profitable, markets are added to Winchester's capabilities: medical, military, commercial aviation and broadcast electronics.

In our opinion, Winchester has made two excellent acquisitions.