

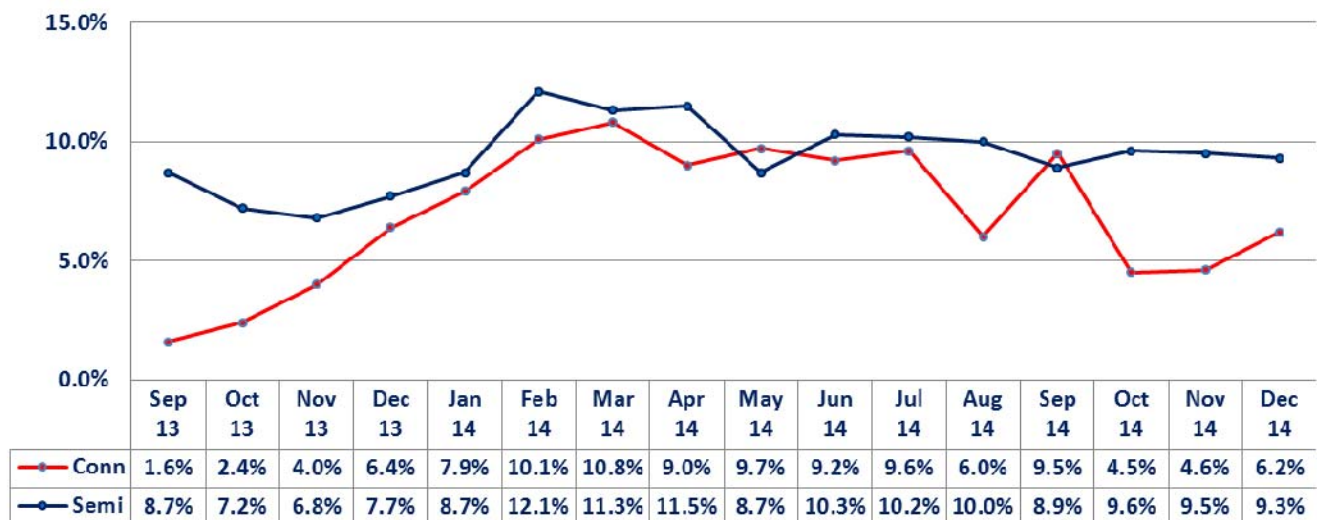
Semis Grow to a Record \$336 Billion (Up +10.0% YOY) Connector Growth Strengthens in December

The Semiconductor Industry Association (SIA) reported excellent growth in December 2014. December sales were a record \$29.1 billion, up +9.3% from December 2013 and down -2.2% sequentially from November. 2014 semiconductor sales were up +10.0% YOY to \$336 billion, a new record sales level for the industry.

The connector industry finished the year on a stronger note compared to October and November. Sales were up +6.2% year-over-year in December and down -11.1% sequentially. Connector sales were up +8.1% for the full-year 2014 to a record \$52.9 billion, and, importantly, industry sales crossed the \$50 billion hurdle for the first time.

The following graph compares semiconductor sales performance to the connector industry.

Monthly Sales Performance
Year-Over-Year



- December was the 20th consecutive month for growth in semiconductors and the 18th month for connectors.
- Semiconductor sales growth has been higher than connector sales growth in 10 out of the last 12 months in 2014, besting the connector's year to date sales growth by nearly two points.

The following table displays year-to-date performance by geographic region for both components.

**Sales Performance
December Year-To-Date**

	Semiconductors	Connectors
North America	12.8%	7.8%
Europe	8.4%	6.3%
Japan	-0.1%	4.3%
China	NA	14.6%
Asia Pacific*	11.3%	7.0%
World	10.0%	8.1%

* Including China, Source SIA & Bishop

- As noted, sales growth for semiconductors is better than connectors. Semi sales were strong in the fourth quarter (near double-digits) while connector growth was in the mid-single-digits.
- North America's semiconductor sales growth exceeded the connector sales growth by 5 points.
- Japan's semiconductor sales lagged behind connector sales by over 4 points.
- Performance in both components was closer in Europe and growth of both components slowed down in the four quarter.
- As indicated by the connector growth in China, semiconductor growth is probably strongest in China versus the rest of Asia Pacific. Sales growth for both components for all of Asia is pretty close.

Connectors overcame their slower growth in October and November to finish the year on a positive note. This is encouraging for the prospects of growth in 1Q15.

The strong 4Q14 sales for semiconductors are encouraging because semi demand normally leads connector demand by a couple of months. Thus, similar connector demand should follow this performance.

Right now, we are on the fence regarding connector demand timing. Three months of modest demand indicates what we will probably see in 1Q15. We continue, however, to lean toward lower growth in the first half of 2015.