

What influenced our choice of manufacturing locations?

Why did our customers contract for manufacturing services versus their own facility?



Company Description

Size

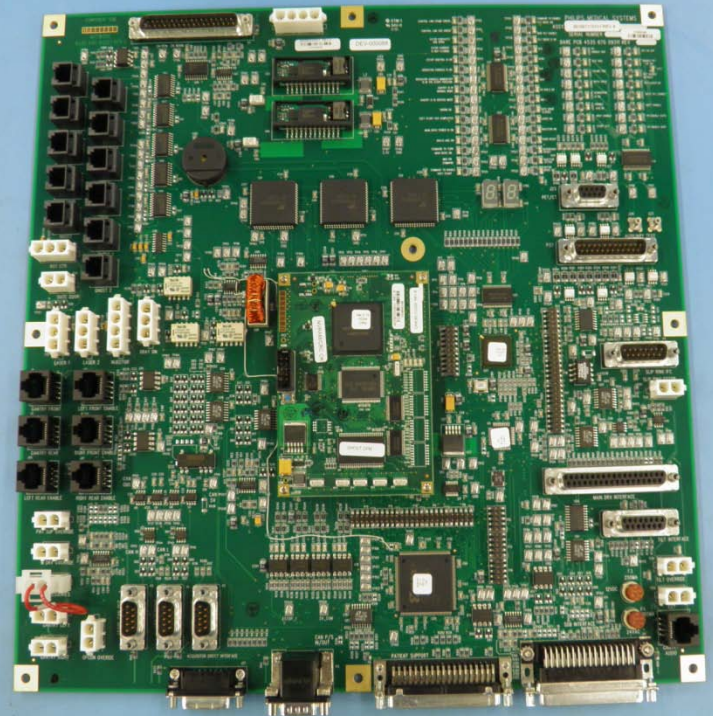
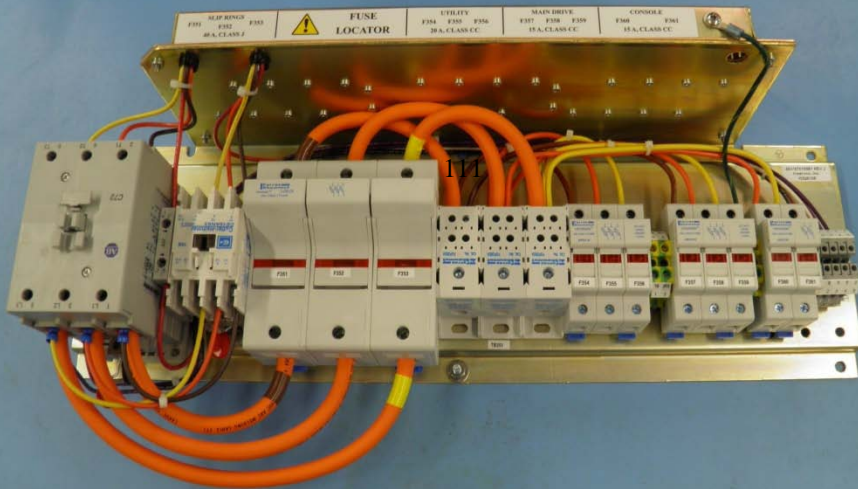
- Revenue of \$70 million
- Total employment 450
 - 120 employees located in US
 - 325 employees in China & Hong Kong
 - 5 employees in Europe

Capabilities

- Low to medium volume of complex printed circuit board assemblies
- Box build and complete system assemblies
- Rapid prototyping of electronic assemblies and test service
- Low cost country component sourcing
- Supply chain solutions
- End of life service for Legacy products

Primary end markets

- Medical, test & measurement equipment, power conditioning, transportation, HVAC and telecom, consumer & automotive



STACInservco Locations & Functions

Lagrange, Ohio	Manufacturing
Guangdong Province, China	Supply Chain Management Company & Manufacturing
Gurnee, Illinois	Sales & Engineering and Warehouse
Nürnberg, Germany	Sales & Customer Service
Kowloon, Hong Kong	Finance, Logistics & Administration, I.T.

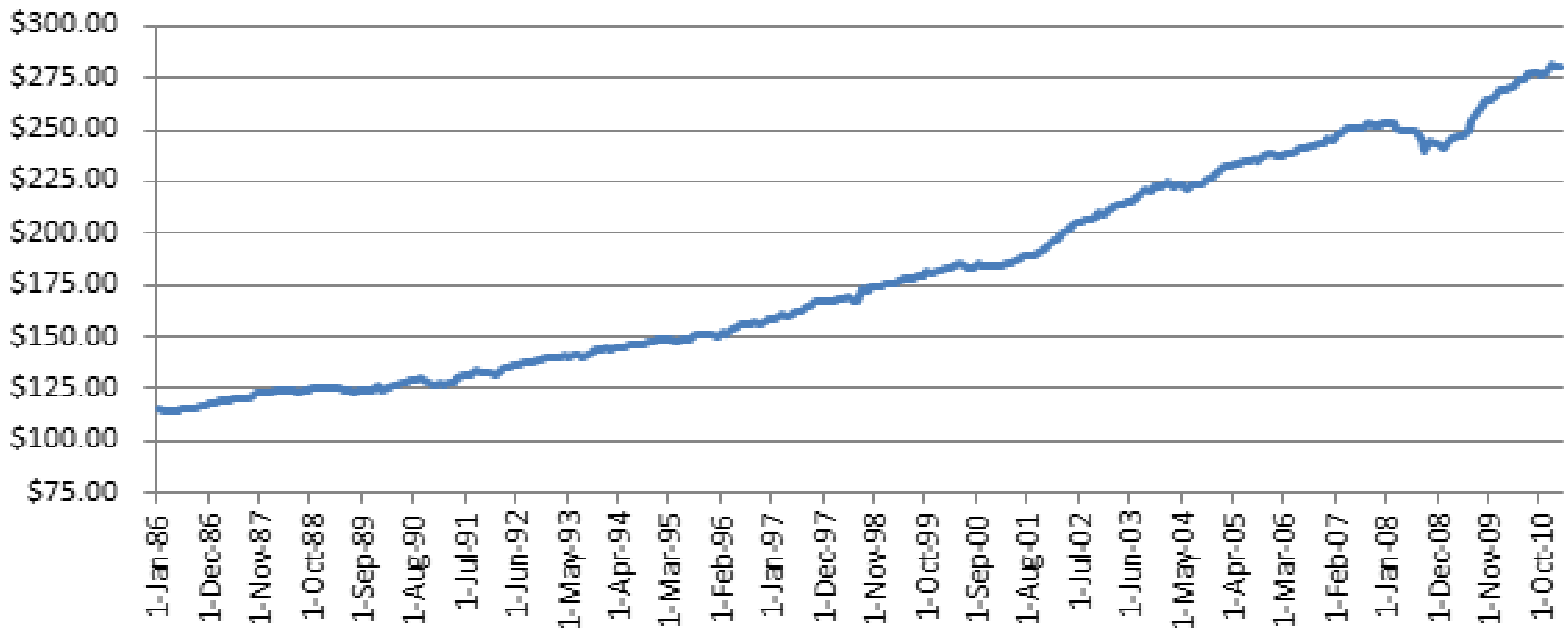
Rationale for Manufacturing Locations

Lagrange, Ohio	<p>Supply chain benefits</p> <ul style="list-style-type: none">• Proximity to customers• Proximity to suppliers <p>Operational Benefits</p> <ul style="list-style-type: none">• Labor• Government support <p>Legacy</p>
Guangdong Province, China	<p>Supply chain benefits</p> <ul style="list-style-type: none">• Proximity to customers• Proximity to suppliers <p>Operational Benefits</p> <ul style="list-style-type: none">• Labor

Why did our customers contract for manufacturing services versus their own facility?

- Save on capital spending
- Potential high labor content
- Product may not be in their core competency
- Cost is a major factor
- Faster time to market
- Decision to concentrate on sales, product development and customer service

Output Per Employee Jan. 1986 - Mar. 2011



- As detailed on the above graph, productivity, measured as output per employee, has increased 240% since 1986.
- Chart reflects manufacturing employment.
- This information is provided by the U.S. Bureau of Labor statistics.



In Closing

With the STACInservco model we have much flexibility

- To prototype in the United States then move to China
- To bring work from China to the United States when situations change
- Manufacturing equipment is the same in both companies, allowing us to move back and forth as needed.
- The ability to source components in China and finish the assembly in the United States.
- Operating & manufacturing synergies to help us be more competitive as a manufacturer around the world