

For immediate release

1 April 2011

Gooch & Housego PLC
("G&H" or the "Company")

Acquisition of Crystal Technology, LLC and Trading Update

Acquisition

Gooch & Housego PLC, the specialist manufacturer of optical components and systems, today announces that it has acquired Crystal Technology, LLC, (Crystal Technology) a Palo Alto, California, based manufacturer of acousto-optic, electro-optic and fibre optic components and systems, and oxide single crystal materials for optical applications, for a total consideration of \$13.75 million (approximately £8.6 million) comprising \$9.625 million for the business and \$4.125 million in respect of near cash equivalents being left in the business upon sale. The consideration is payable in two tranches with \$10.5 million payable in cash on completion and a further \$3.25 million on 31st March 2012. Crystal Technology will be integrated with the Company's existing acousto-optic, electro-optic and fibre optic operations, significantly enhancing G&H's already strong presence in these sectors.

Comprising those parts of the business of Crystal Technology, Inc. with applications in acousto-optics, electro-optics and fibre optics, the product range of Crystal Technology is highly complementary to that of G&H. G&H is the leading manufacturer of acousto-optic Q-switches, which are primarily manufactured from silica and glass materials, while Crystal Technology specialises in non-Q-switch acousto-optic devices that are manufactured predominantly from tellurium dioxide, an oxide single crystal material. While Crystal Technology has a capability in Q-switches and G&H has become active in tellurium dioxide devices in recent years, there is limited overlap in terms of products and customers. Crystal Technology's leadership in tellurium dioxide products can in part be attributed to its ability to grow some of the best crystals available anywhere in the world. The strategic importance of this material is such that G&H had begun to develop its own crystal growth capability, but this acquisition will enable G&H to become self-sufficient in tellurium dioxide crystals.

Crystal Technology will continue to operate from the existing, leased facility in Palo Alto and approximately 65 people will transfer with the business, including the senior management team. All of the manufacturing and test equipment and other assets necessary to operate the business at current levels are included with the business.

Crystal Technology serves a global customer base (approximately two thirds of revenues are derived from outside the USA) operating in sectors spanning industrial, semiconductor, telecommunications, life sciences and defence applications. As a subset of a larger business Crystal Technology has not historically produced stand alone audited accounts, but revenues for the product lines being acquired by G&H for the year to 31st March 2011 are expected to be \$17.0 million. The top ten customers account for approximately two thirds of revenues.

The acquisition is being funded through a combination of cash and new bank debt provided by the Company's bankers, Royal Bank of Scotland. The Company has taken this opportunity to put in place a new, four year facility comprising an \$8 million working capital facility plus an \$18 million term loan and a £3.1 million term loan, both of which will be drawn. In addition G&H will have an undrawn capital expenditure facility of a further \$8 million.

Trading Update

Market conditions remain favourable, as reported at our AGM on 23 February, and trading, supported by a strong order book, has continued ahead of management expectations. The integration of EM4, Inc. is progressing to plan as a number of opportunities to supply customers with complex solutions incorporating both active and passive fibre optic components are developed.

Gareth Jones, Chief Executive of Gooch & Housego commented: -

"The acquisition of Crystal Technology consolidates Gooch & Housego's global leadership in the field of acousto-optics and provides self-sufficiency in the strategically important crystals that are central to several of our most exciting new products. In addition to excellent people and top quality products Crystal Technology also brings new capabilities in electro-optics and fibre optics to G&H that support our ongoing diversification into markets such as Defence, Life Sciences and Telecommunications."

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