

For immediate release

09 March 2009

**Gooch & Housego PLC
(The “Company”)**

Market Update

Gooch & Housego PLC, the specialist manufacturer of optical components and systems, today announces that it has completed discussions with its bankers, finalised and published its accounts for the year ended 30 September 2008, set a date for its AGM and introduced a number of cost saving measures.

Bank Facilities and Dividend

As reported in the Trading Update issued on 29 January 2009, the Company has been in discussions with its bankers, The Royal Bank of Scotland plc (“the Bank”), concerning the impact of the fall in the value of Sterling against the US Dollar and how this affects certain bank covenant calculations. These discussions have been completed with the result that the Bank has provided a \$10 million, three year committed working capital facility in place of the previous one year facility, clarified the definition and calculation of certain loan facility covenants and amended the ratios to reduce the impact of foreign exchange rates and provide additional headroom in the current economic climate.

As part of the discussions with the Bank, the Board has decided that it is prudent to cancel the proposed dividend of 3.0p per share in respect of the year ended 30 September 2008 to conserve cash within the business.

Accounts for year ended 30 September 2008

Having concluded its discussions with the Bank, the Company has finalised and published its accounts for the year ended 30 September 2008. The Annual General Meeting will be held on 31 March 2009.

Cost Savings

In response to the trading conditions announced on 29 January 2009 the Company has implemented a range of cost saving measures that include redundancies, reduced working hours and salary sacrifices, the net effect of which is approximately equivalent to a 17% headcount reduction. These measures have been implemented on a location-by-location basis to reflect the significant variations in demand that the Company is experiencing across its different operational units.

Trading update

Whilst the trading environment for the end user markets into which we sell a number of our products has not significantly improved in the calendar year to date, the Company is able to report that several substantial orders have recently been received and that overall order intake has been encouraging throughout January and February 2009. A significant proportion of these orders are for aerospace & defence, life sciences and research applications and are scheduled for shipment during the current financial year. Recent acquisitions and new product developments have strengthened the position of the Company in these markets. Given the improving order backlog and reduced operating costs the Board continues to have confidence that it will achieve its revised forecast for the year.



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