

FOR IMMEDIATE RELEASE



THE WIDGECO COMMITTEE FOR VALUE IMPROVEMENT AND SHAREHOLDER ACCOUNTABILITY DELIVERS LETTER TO BOARD OF DIRECTORS AT WIDGECO

Announces Nomination of Three Highly Qualified Independent Director Nominees for Election at WidgeCo's 2011 Annual Meeting

New York, NY - August 30, 2011 - /PRNewswire/ The WidgeCo Committee for Value Improvement and Shareholder Accountability, consisting of Chumming Waters Hedge Fund L.P., Catalyst Investment Fund, LLC and certain of their affiliates (collectively, the "Committee"), today announced that it delivered a letter to the Board of Directors of WidgeCo, Inc. (Nasdaq: WIDG). In the letter, the Committee, which beneficially owns approximately 10% of the Company's economic value through the ownership of common shares and various derivative instruments, expressed its belief that the full potential of the Company is not being realized due to shortcomings in the Company's corporate governance practices, operations and capital markets strategies. In the letter, the Committee also called on the Company to immediately sell their WonkWidge business unit and use the proceeds from the sale to implement a \$100 million Dutch-style share repurchase program.

In connection with these concerns, the Committee also announced today that it has nominated a slate of three highly qualified independent director nominees for election to the Board of Directors of the Company at the Company's upcoming annual meeting of shareholders.

The full text of the letter follows:





WIDGECO COMMITTEE FOR VALUE IMPROVEMENT AND SHAREHOLDER ACCOUNTABILITY

c/o Chumming Waters Hedge Fund, L.P.

#1 Investment Place

New York, NY 10019

August 30, 2011

WidgeCo, Inc.
Board of Directors
1 Widget Drive
Reston, VA 22102

Dear Directors:

Chumming Waters Hedge Fund, L.P. and Catalyst Investment Fund (“the Committee”) together are the beneficial owners of 3,750,000 shares of common stock of WidgeCo, Inc., a Delaware corporation, constituting a 5.0% ownership in the Company’s shares outstanding. We would like to also inform you that we have long economic exposure under cash-settled total return swaps (“Swaps”) to an additional 3,675,000 shares of WidgeCo. Although we disclaim “beneficial ownership” of the swap shares, the aggregate amount of the shares in which we have an economic exposure is equal to **9.9% of WidgeCo total shares outstanding**.

We are well informed, long-term investors who have met with senior management and several board members on numerous occasions since representatives of The Committee began investing in WidgeCo in 2010.

Please, by no means interpret our recent acquisitions of WidgeCo stock as an indication of confidence or support for this Board of Directors. In fact, we are writing to express our profound disappointment with you for your abject failure to safeguard shareholder value. As fiduciaries ourselves, to the Limited Partners in our fund, we can no longer wait patiently for the Board to act to unlock the persistently discounted value of WIDG stock; and we cannot stand by and watch as the actions you do take continue to destroy shareholder value.

The financial performance of WidgeCo under the direction of this entrenched board of directors and underperforming management team has been abysmal. The Company lags behind its peers in nearly every financial metric, resulting in the Company’s stock price maintaining its status as a chronic underperformer in the marketplace despite management being richly compensated as if the Company were a star performer.

EGREGIOUS COMPENSATION NOT CORRELATED WITH PERFORMANCE

We note, for example, that the Company’s four highest paid and most senior officers have pocketed a total of \$15 million in aggregate compensation over the past four years during a period in which shareholder value has precipitously declined by more than 17.4%. Somehow, this Board has found it reasonable to continue to remunerate management handsomely with salaries, cash bonuses, stock options, restricted stock units, season tickets to the Washington Redskins, and a fractional ownership in a corporate jet – to ostensibly use at their whim and fancy.

According to the amount of money deducted from the corporate coffers for such an extravagance, we can only deduce that the size of the luxury airliner must be large enough to host the entire Redskins football team AND the entire cheerleading squad.

Now really, is it even remotely possible to explain the need for such lavishness when most other senior management teams are flying back in steerage-class like the rest of us in order to conserve costs during this recessionary period? How can a luxury of such magnitude be a necessity for a company whose primary business is to manufacture and sells widgets to a handful of distributors, mostly located in North America??

We expect an in-depth analysis into the (mis)use of the corporate airliner will uncover that it has been primarily used for boondoggles at some of the best hotels and golf courses around the globe. Toward this end, attached to this letter is a Demand, under Section 220 of the Delaware General Corporation Law, requiring WidgeCo to disclose any and all information related to the lease and use of any aircraft by the Company for the past five years.

INEFFECTIVE CORPORATE GOVERNANCE

We are also deeply concerned with the job the board has done in overseeing the Company’s corporate governance, which in our view is nothing short of atrocious.

According to Institutional Services for Shareholders ("IS²"), WidgeCo has a corporate governance profile worse than most other widget companies.

Last year (2010), IS² advised shareholders to "withhold" their votes for the four Directors up for election. In their analysis explaining the recommendation, IS² condemned the entire Board for unilaterally voting in 2008 to eliminate shareholders' ability to call a special meeting and for not reinstating the provision after a majority of shareholders – who cast their votes at the 2009 annual meeting, supported a non-binding shareholder proposal to restore these fundamental rights.

Despite the fact that the proposal garnered an overwhelming positive response from shareholders, this Board chose to simply ignore it. We consider this unconscionable.

In addition to the IS² recommendation, Glass Louis & Co., another leading corporate governance and proxy services firm, also suggested that WidgeCo shareholders withhold their votes for all directors up for election last year. The four entrenched Directors received the withhold-vote recommendation for their *"failure to reinstate, or allow shareholders to consider through a binding vote mechanism, a by-law provision that would enable shareholders to call a special meeting."*

As a result of the Board's governance modifications and lack of consideration for shareholders' request, the Company now garners an overall *"High Level of Concern"* from IS². This is drawn from the fact that a majority of the public companies used as comparisons within their respective index group, score better than WidgeCo on corporate governance.

To add more insult to already injured shareholders, the Board somehow felt comfortable unilaterally increasing and broadening management's "golden parachute" severance agreements. The Board's decision to do so, under the ridiculous justification that such payouts are necessary to "attract and retain key employees," is particularly outrageous given WidgeCo's propensity to overcompensate management for mediocre performance. Our analysis indicates that these payouts, which we believe would be triggered by most "change in control" scenarios, total at least \$9 million. We, along with a number of other shareholders we have spoken to, feel very strongly that these hastily adopted severance arrangements need to be revoked.

As members of the Board of Directors with a fiduciary duty to all stakeholders, how can you permit this to continue?

Lest you forget, as board members, your primary duties and responsibilities are to shareholders and will always include: (1) good corporate governance, (2) management oversight with suitable compensation arrangements, and (3) the ongoing evaluation for increasing share value through the examination of various strategic alternatives.

UNDERPERFORMING WONKWIDGE BUSINESS IS A DRAG ON SHARE PRICE

Clearly, one of the biggest contributors to WidgeCo's depressed share value is the poorly timed and badly executed acquisition of the WonkWidge business in August 2008.

Based on our findings, we believe there is a tremendous opportunity at WidgeCo to substantially increase shareholder value and to protect the long-term interests of shareholders. We believe, as described more fully in this letter, that WidgeCo shares could be worth considerably more if our suggestions are implemented in an expeditious manner. The core business (excluding the unrelated WonkWidge Business) at WidgeCo continues to perform well, generating reasonable growth, solid earnings, and strong free cash flow. At this juncture, we believe it is incumbent upon the Board of Directors to immediately engage an independent, nationally recognized, investment bank with relevant industry and transactional experience, to assess all strategic alternatives, including selling the \$180 million WonkWidge business.

Our most recent due diligence with respect to monitoring our investment in WidgeCo, which includes conversations principally with investment bankers, Wall Street research analysts, potential strategic and financial buyers, etc., - have led us to conclude that there are several financial and strategic purchasers potentially interested in acquiring the WonkWidge business. Therefore, based on both our direct knowledge of interested acquirers, specifically, and the marketplace for strategic acquisitions from cash-rich acquirers, we believe there is a strong likelihood of completing a sale transaction quickly. Under separate cover, we will send you contact information for what we believe to be six highly regarded independent and nationally recognized investment banks all with the requisite industry and transactional experience; and who we believe have a strong interest in advising WidgeCo. For the Board to not authorize management to contact these (and any other reputable) investment banks and then to not hire one of them to conduct the analysis described herein (giving public notice of the engagement), we believe would be a noteworthy and significant breach of your fiduciary duty.

Our extensive analyses indicate WonkWidge can be sold for at least \$100 million or more. The cash proceeds from the sale can be used to retire the Company's existing debt obligations and contribute to funding a substantial share repurchase program. The results would be immediately accretive to earnings per share by as much as 36%.

NEXT-STEPS: REDUCE CORPORATE OVERHEAD, UNDERGO A DUTCH-STYLE TENDER OFFER

In addition to immediately exploring a sale of WonkWidge, management and the Board must also take prompt action to reduce corporate overhead expenses.

After taking swift action to sell WonkWidge and implementing the cost cutting measures to reduce corporate overhead expenses, WidgeCo will have an ongoing operating business that generates \$1.1 billion in annual sales, generating an operating margin in excess of 6.6% (compared to today's 5.5% operating margin on \$1.25 billion in annual sales).

After the sale of the WonkWidge division and repurchase of the Company's \$80 million in existing debt obligations, WidgeCo will have a cash balance of approximately \$20 million. Given the relative stability of the ongoing business, WidgeCo can comfortably implement a \$100 million share repurchase program. Assuming the Company implements a Dutch-style tender offer that results in an average repurchase price of \$6.25/share (a 21% premium to today's stock price of \$5.17), WidgeCo would retire approximately 16 million shares.

The recapitalization strategy will offer shareholders who choose to participate immediate liquidity at a meaningful premium to the market. The actions would be immediately accretive to EPS and accelerate future EPS growth, resulting in a share value that will be highly accretive to those shareholders who choose not to tender their shares.

WidgeCo shareholders would greatly benefit from the implementation of the initiatives we have highlighted above. As you can see in the table below, even using a conservative estimate for the value of WonkWidge in a sale and a conservative P/E multiple after a share buyback is complete, we believe WidgeCo shares would be worth between \$7.77 and \$8.47 per share by the end of fiscal year 2012, suggesting a **50% to 64% increase in shareholder value** above the current price of \$5.17.

ELECT SHAREHOLDER REPRESENTATIVES TO RESTORE VALUE

In light of the foregoing opportunities to increase share value and the complete and utter failure for this Board to act appropriately, we seriously question the Board's commitment to the interests of its public stockholders. This concern has been expressed to us directly, and by others who have made their dissatisfaction known on quarterly shareholder conference calls and during analyst roadshows.

While we strongly believe in the potential prospects of WidgeCo, the status quo is clearly unacceptable and has been destroying shareholder value for far too long.

As significant shareholders of WidgeCo, our objective is to see the full value of our shares recognized in the marketplace. As such, we commit to working on behalf of all shareholders to ensure that our interests are represented in the board room.

Attached to this letter is our formal notification that we intend to nominate three individuals to fill the director positions up for election at the Company's next annual meeting. As you will notice, our director candidates have the appropriate skills and fortitude to implement significant changes for the benefit of all WidgeCo shareholders.

Even though we are already moving forward with these actions, we welcome an open dialogue with the current Board of Directors. Our sincere hope is that the current Board will take a fresh look at the opinions we have outlined above and immediately take action.

We remain open to speaking with you at any time.

Sincerely,

/Yuri N. Trubl/

Yuri N. Trubl
Managing Member,
Chumming Waters Hedge Fund

/D. Mandy More/

D. Mandy More
Managing Member
Catalyst Investment Fund

Exhibit A: WidgeCo Financial Analysis

Use of WonkWidge Sale Proceeds

(in thousands, except for per share data)

Use of WonkWidge Sale Proceeds			
WonkWidge Sale		Use of Cash Proceeds from Wonk sale	
Sale Price	104,400	Net Proceeds	100,000
Transaction Fees	4.22%	Repay Debt	80,000
Net Proceeds	100,000	Net Cash	20,000

Recapitalization for Dutch Auction

Funds Available for Buyback

Net Cash Available	20,000
New Term Loan	80,000
Total Available for Buyback	100,000

Dutch Tender Offer

Pre-Buyback Shares Outstanding	75,000
Current Share Price	5.17
Dutch Premium	21%
Offer Price	6.25
Cash Avail for Share Repurchase	100,000
# Shares Repurchased	15,993
New Shares Outstanding	59,007

Exhibit B: WidgeCo Financial Analysis

Share Value Impact Post-Restructuring (in thousands, except for per share data)

	Projected <u>2011</u>	Post-Restructuring Forecast		
		<u>2012</u>	<u>2013</u>	<u>2014</u>
Sales	1,245,980	1,108,620	1,152,964	1,199,083
% Growth	0.0%	-11.0%	4.0%	4.0%
COGS	857,160	754,790	784,982	816,381
Gross Profit	388,820	353,829	367,982	382,702
%	31%	32%	32%	32%
Sales & Marketing	114,832	100,705	104,733	108,922
G&A	140,658	121,948	126,826	131,899
R&D	64,369	57,584	59,887	62,282
Operating Expense	319,858	280,237	291,446	303,104
EBIT	68,962	73,593	76,536	79,598
Operating Margin	5.5%	6.6%	6.6%	6.6%
Interest Expense	6,400	6,400	6,400	6,400
Tax Rate	38.0%	38.0%	38.0%	38.0%
Net Income	38,789	41,659	43,485	45,383
Avg Shares Outstanding	75,000	59,007	59,007	59,007
EPS	\$0.52	\$0.71	\$0.74	\$0.77

Share Value Based on EPS and P/E Multiples

P/E Multiples	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	Current Share Price	Value Potential		
10x	\$ 5.17	\$ 7.06	\$ 7.37	\$ 7.69
11x		\$ 7.77	\$ 8.11	\$ 8.46
12x		\$ 8.47	\$ 8.84	\$ 9.23

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Source: Chumming Waters Hedge Fund
Yuri N. Trubl
1-800-BAD-DUDE

Exhibit C: Notification of Intent to Nominate Persons to the Board of Directors

WIDGECO COMMITTEE FOR VALUE IMPROVEMENT AND SHAREHOLDER ACCOUNTABILITY

c/o Chumming Waters Hedge Fund, L.P.
#1 Investment Place
New York, NY 10019

August 30, 2011

Nominating and Governance Committee
c/o Lawson X. Purt, Corporate Secretary
WidgeCo, Inc.
1 Widget Drive
Reston, VA 22102

Re: Recommendations for Nominees for Election as Directors at the 2011 Annual Meeting of Shareholders of WidgeCo, Inc.

Ladies and Gentlemen:

Chumming Waters Hedge Fund, L.P. and DMM Capital, together known as the WidgeCo Committee for Value Improvement and Shareholder ("the Committee") collectively own 3,750,000 shares of common stock of WidgeCo, Inc., a Delaware corporation, constituting a 5.0% ownership in the Company's shares outstanding. We would like to also inform you that we have long economic exposure under cash-settled total return swaps ("Swaps") to an additional 3,675,000 shares of WidgeCo. Although we disclaim "beneficial ownership" of the Swap Shares, the aggregate amount of the shares in which we have an economic exposure is equal to 9.9% of WidgeCo total shares outstanding.

The Committee believes that it would serve the best interests of the Company and its shareholders for the Nominating and Governance Committee of the Company (the "Committee") to consider nominating the following three candidates to the Board of Directors of the Company (the "Board") at the 2011 Annual Meeting of Shareholders of the Company (the "2011 Annual Meeting"):

1. Mr. Yuri N. Trubl
2. Dr. Albert Belaitte
3. Mr. Benjamin Eeton

Biographical information relating to each proposed candidate is attached hereto. In addition, the candidates are prepared to complete any D&O questionnaire reasonably requested by the Company in connection with their nomination as directors.

Pursuant to the guidelines outlined in the Company's public filings with the Securities and Exchange Commission, we are hereby submitting these three candidates to the Committee for review and consideration. All three candidates meet the criteria and attributes said to be considerations for the Company's Nominating and Corporate Governance Committee as described in the Company's Corporate Governance Guidelines as posted on the WidgeCo, Inc. web site and in the Company's proxy statement for its 2010 Annual Meeting of Shareholders.

We believe that it is in the best interests of all shareholders to consider the nomination of these individuals and that their broad experience and expertise will allow the Board to better fulfill its fiduciary responsibilities to all shareholders.

In a separate letter to the Corporate Secretary of the Company, we are simultaneously submitting a notice of our intention to nominate these candidates for election as directors at the 2011 Annual Meeting (the "Notice"). If the Board determines to nominate any of the proposed candidates, recommends his election and includes his name in the proxy card for the 2011 Annual Meeting, we would not nominate such candidate at the 2011 Annual Meeting. If we do not hear from you by the close of business on September 15, 2011, we will pursue any and all courses of action that we determine to be appropriate for the election of our nominees at the 2011 Annual Meeting.

Please address any correspondence or questions to: WidgeCo Committee for Value Improvement and Shareholder Accountability c/o Chumming Waters Hedge Fund, L.P. New York, NY 10019, Attn: Douie Cheetham, Esq., telephone (212) 555-8934, facsimile (212) 555-8930.

Sincerely,

/Yuri N. Trubl/

Yuri N. Trubl

Director Nominees Biographies

Yuri N. Trubl

Managing Director

Chumming Waters Hedge Fund, L.P.

Mr. Trubl has been Managing Director of Chumming Waters, L.P., a New York-based hedge fund, since its formation in June 2000. Prior to founding Chumming Waters, Mr. Trubl worked as Chief Investment Officer at CAS Capital Advisors between 1996 and 2000 and as an investment analyst and portfolio manager at Sporos Investment Kapital from 1983-1996.

In addition to his role at Chumming Waters, Mr. Trubl serves as a director on a variety of public boards including SquakCo (NYSE), Schnoggs, Inc. (NASDAQ), and Sedgewick, Inc. (NASDAQ). Chumming Waters currently owns between 8 and 12 percent of each of these companies and through Mr. Trubl's involvement, shareholders have enjoyed significantly improved returns.

Mr. Trubl began his career at the State Bank of USSR in 1978. In 1993, he joined the newly formed Russian investment bank Tovarich Group working in New York as a consumer goods analyst. He received his undergraduate and degrees from the Institute of Financial Management at the State University of Management in Moscow, Russia where he is a frequent guest lecturer on valuation and capitalism. He is a regular guest on CNBC and on the Russian Business Channel (RBC). Mr. Trubl enjoys sport fishing and is a world record holder at the semi-annual South African Shark Fishing Extravaganza. He is also the current President of the Activists Hedge Fund Association (AHFA).

Dr. Albert Belaitte, PhD

Founder and Managing Director

Redeeming the Time, Inc.

Dr. Albert "Al" Belaitte is an internationally recognized expert on time management and efficiency expert in the context of complex manufacturing processes. He is the author of several best-selling business books on these subjects including, "Doing Less with Less: Getting What You Can Out of Incompetent Employees" and "I'll Get to It Tomorrow: Chopping Away at the Deadwood of Employee Procrastination." His most recent work, "Your Process Stinks: Why Your Shareholders Are and *Should Be* Upset About Your Poor Performance," has been on both the New York Times and Amazon.com business best-seller lists for 34 weeks.

Dr. Belaitte also serves as the audit committee chair on the board of directors for AlleyOop Corporation and is a senior advisor to Germany's National Manufacturing Society, Deutschen Warumist Diesendings Gebrokenför.

Dr. Belaitte received his undergraduate in civil engineering in 1962 at University of California, Irvine. After working several years in the aerospace industry, he obtained his MBA at Stanford University in 1969. He received his PhD at the University of California, Berkeley in 1974 where he studied under one of the fathers of Operations Research, C. West Churchman. From 1975 to 1992, Dr. Belaitte was a business consultant with industry-leading Acme Consulting where he served clients in the automotive, apparel, steel, and electronics industries focusing on lean and efficient operations. Since 1992, Dr. Belaitte founded his own consultancy, Redeeming the Time, which he has since grown into a multi-million dollar firm serving clients on three continents. He is a frequent contributor to several operations journals including the American Journal of Operational Efficiency. Dr. Belaitte resides in Colorado with his wife, Elsa, and their two hedgehogs, Tito and Jermaine. He enjoys traveling and skeet shooting.

Benjamin Eaton

President and Chief Executive Officer

EcoFoods, Inc.

Mr. Benjamin "Ben" Eaton has been President and Chief Executive Officer of EcoFoods, Inc. for the last five years. EcoFoods is America's leader in providing healthy snack foods using environmentally friendly and cost effective production techniques. Mr. Eaton began his career at EcoFoods in 1982 where he helped pioneer one of EcoFood's best selling energy bars, the Mung Bean Sprout Maxi. As a plant manager in EcoFood's Sheboygan manufacturing facility, Mr. Eaton and his team developed the first commercial process for combing kelp and tofu to form the best-selling nutritious bar and pub snack "Kelpfoories." In 2000, Mr. Eaton was promoted to Chief Operating Officer of the firm and was responsible for worldwide manufacturing and quality control.

In addition to his ground-breaking role at EcoFoods, Mr. Eaton is a much sought-after inspirational speaker on health and nutrition. He has given his most requested address, "Getting the Junk Out of Your Trunk: Why You Should Love Foods That Turn Your Stomach to Look At," nationwide. Mr. Eaton also serves on the board of directors of Schnoggs, Inc.

Mr. Eaton received dual bachelors degrees in nutrition sciences and industrial engineering from Cornell University in 1982. He obtained his MBA from Wharton in 1986. He enjoys exercising, reading, and experimental cooking. He lives with wife and two sons in Peoria, Illinois.