



Electronic Parts and Components

Press Release

July 6, 2006

Correction to the article “Merger plans off” in Capital, issue 15, 2006

In an article about EPCOS, which was published in today’s edition of the German business magazine *Capital*, the magazine claims that “EPCOS is revising its strategy.” Nothing could be further from the truth. EPCOS is sticking to the strategy presented at the Annual General Meeting on February 15, 2006 and is vigorously executing the measures that were announced.

Of the short-term measures, the closing of the deal that transfers its tantalum capacitor business to KEMET took place on April 13, 2006. This eliminated the company's biggest loss-maker. Within the framework of the COMPETE program costs are being reduced further and the quality of all processes, products and services is being improved continuously. Moreover, EPCOS is increasing the efficiency of its research and development activities and is thus strengthening its innovativeness.

In the coming years EPCOS is looking to intensify the cooperation with partners preferably from Asia who will help us anchor EPCOS more firmly in this growth region. This can take the form of reverse integration, collaboration, joint ventures, acquisitions or mergers. In particular, this refers to the following technology and product areas: standard ceramic components, inductors and capacitors, whose technology is based on electro-chemical processes.

The quote of CEO Gerhard Pegam, “I see no merger in the coming years,” referred to EPCOS as a whole and not to parts of the company.

The article goes further to claim: “The money-losing business with multilayer ceramic capacitors will be spun off.” This is not true. It is correct that concrete talks about a cooperation with a partner in the area of multilayer ceramic capacitors are already in an advanced stage. The intended cooperation, however, does not mean that these business activities will be spun off. Furthermore, the streamlining of the multilayer ceramic capacitors portfolio is already positively impacting the earnings situation.

The caption is also incorrect: “Loss-maker: EPCOS is spinning off the production of multilayer ceramic modules.” EPCOS is neither losing money with multilayer ceramic modules nor is the company planning to spin off the business with these innovative products.

Corporate Communications
EPCOS AG

Dr. Heinz Kahlert
St.-Martin-Str. 53
81669 Munich/GERMANY
Phone +49 89 636-21321
Fax +49 89 636-23549
heinz.kahlert@epcos.com

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About EPCOS

EPCOS AG, a manufacturer of passive electronic components headquartered in Munich, is market leader in Europe and number two worldwide. With its very broad portfolio EPCOS offers a comprehensive range of products from a single source. The EPCOS Group has design, manufacturing and marketing facilities in Europe, the Americas and Asia.

Passive electronic components are found in every electrical and electronic product – from automotive and industrial electronics through information and communications to consumer electronics. Components from EPCOS store electrical energy, select frequencies, and protect against overvoltage and overcurrent.

In fiscal 2005 (October 1, 2004, to September 30, 2005), EPCOS posted sales of EUR 1.24 billion. At September 30, 2005, the company employed about 16,100 people worldwide.
