



Electronic Parts and Components

Press Release for the Business Press

April 13, 2006

## Sale of EPCOS' tantalum business: **Transfer to KEMET closed**

- ▶ **Closing effective April 13, 2006**
- ▶ **Cash inflow of EUR 70 million expected**

EPCOS, one of the world's largest manufacturers of passive electronic components, closed the deal that transfers its tantalum capacitor business to US American capacitor manufacturer KEMET effective April 13, 2006. Now that all relevant regulatory authorities have approved the transaction the closing could be finalized.

The contract of sale between EPCOS and KEMET was signed on December 12, 2005. At that time supplementary agreements were also signed with KEMET to ensure customers an unimpeded supply of tantalum capacitors during a transitional period after closing. Under these agreements EPCOS will continue to be responsible for the sales of the products and caring for the customers of tantalum capacitors until they are gradually transferred to the KEMET sales organization. Moreover, EPCOS will continue to produce tantalum products on behalf of KEMET in Heidenheim, Germany, well into the second half of 2006.

The selling price for EPCOS' tantalum business is EUR 86.5 million. The sale will give EPCOS an expected cash inflow totaling EUR 70 million, the bulk of which will be paid in the current (third) quarter of fiscal 2006. The main difference between the selling price and the cash inflow is a discount on the selling price for the assumption of parts of the debt of the tantalum capacitor plant in Portugal as well as for severance payments and other personnel costs.

"By selling our tantalum business, we have eliminated the company's biggest loss-maker," said EPCOS President and CEO Gerhard Pegam. "This step makes EPCOS a more profitable and globally competitive company."

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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 uniquely 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.

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