

March 14, 2008

Notification of changes **Relocation of production of NTC thermistor elements with lead spacing**

Beginning in June 2008 EPCOS will produce the following NTC thermistor elements with lead spacing, which are already being manufactured in Batam, Indonesia, in an additional production plant, which is also located in Batam, Indonesia:

- B57164E*
- B57164R*
- B57871S*
- B57875S*
- B57881S*
- B57885S*

Completion of the relocation process is scheduled for July 2008.

Enclosures: Process change notification (PCN)
Presentation "Introduction to new EPCOS sensor plant in Batam, Indonesia"

Contact: Daniel Oelbermann, EHI KB S SE PM, Berlin

Customers should address inquiries straight to their EPCOS sales contacts.



**Product / Process Change Notification
Produkt-/ Prozess-Änderungsmitteilung**

1. ID No. / ID-Nr.: KB 08/109		2. Date of announcement / Datum der Ankündigung: Mar. 14, 2008	
3. Type / Produktgruppe: NTC-Thermistor: E164, R164, S871, S875, S881, S885	Old ordering code / Alte Bestell-Nr.: B57164E*, B57164R*, B57871S*, B57875S*, B57881S*, B57885S*	New ordering code / Neue Bestell-Nr.: No change in ordering code	Customer part number / Kundensachnummer: N/A
4. Description of change / Beschreibung der Änderung: The EPCOS NTC element production in Batam, Indonesia will be transferred and centralized in a new EPCOS plant, located on the same Island. The new plant will be focused on sensor production and offers us the possibility to support our growing sensor demands. For more details please refer to the attached presentation.			
5. Effect on the product or for customers (quality, specification, lead time) / Auswirkung auf das Produkt oder für den Kunden (Qualität, Spezifikation, Lieferzeiten): The equipment, materials, operators, processing and management will not be changed. There are no impacts on fit, form, function, design, quality, reliability and delivery time.			
6. Quality assurance measures / Maßnahmen zur Qualitätssicherung: A detailed transfer planning was defined. The necessary buffer stock for the internal process transfers will be put in place. In addition to the existing quality assurance measures (e. g.: OIP, process accompanied inspections) a new outgoing shipping inspection will be installed temporarily. The complete production transfer will be supported by engeneering staff from EPCOS Deutschlandsberg. The internal production release will be performed on representatives of each product family during transfer			
7. Scheduled date of introduction / Geplante Einführung: The following milestones are planned: - Completion of the new plant until 05/08 - Transfer in 06/08 - Process capability data available two weeks after transfer of each single production line - Reaching of 100% of capacity at the new plant end of 07/08 - Customer Audits are possible beginning of 08/08 - Beginning with 06/08 the deliveries will be partly from the new plant			
8. Customer feedback / Rückmeldung vom Kunden: If EPCOS does not receive notification to the contrary within a period of 10 weeks, EPCOS assumes that the customer agrees to the change. For an interim period we cannot rule out that old as well as new products will be shipped. Falls EPCOS innerhalb von 10 Wochen keine gegenteilige Mitteilung erhält, geht EPCOS davon aus, dass die geplante Änderung vom Kunden akzeptiert ist. Innerhalb einer Übergangszeit kann es vorkommen, dass sowohl alte wie auch neue Ware geliefert wird.			
Quality Management: Name: Dr. W. Pint		Signature sgd. Dr. Pint	



Product Marketing:

Tel: +49-68291-465

Fax: +49-68291-500

E-mail: daniel.oelbermann@epcos.com

Name: Daniel Oelbermann

Signature

sgd. Daniel Oelbermann

Customer acknowledgement

Bestätigung durch den Kunden

Signature



EPCOS

**Introduction to new EPCOS sensor plant
in Batam, Indonesia**

Introduction to new EPCOS sensor plant

Contents

- Location, layout and architecture
- What will be transferred?
- Reasons and advantages
- Transfer schedule
- Actions to ensure delivery performance
- Actions to ensure quality performance
- FAQ?

Introduction to new EPCOS sensor plant

Address of new factory

**PT EPCOS
INDONESIA**

Jalan Epcos Jaya,
Blok B 1-10

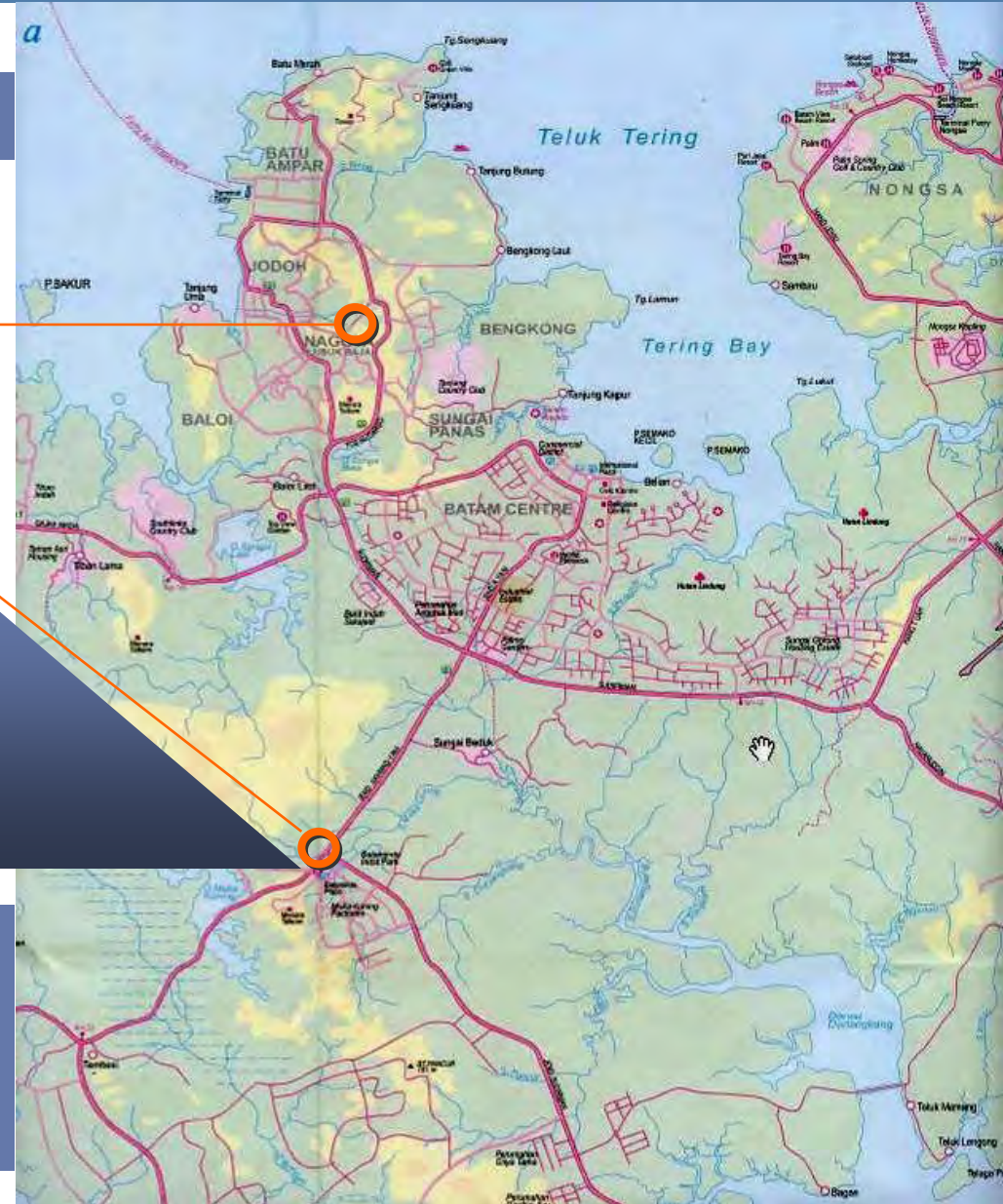
Kawasan Industri Panbil
Muka Kuning
Batam 29433
Indonesia

Current EPCOS
Subcon

New EPCOS
plant



The new EPCOS plant is located in 15 Kilometers distance to the old plant in one of the highest developed industrial areas of Indonesia.



Introduction to new EPCOS sensor plant

Batam is traditional production location since 1990

EPCOS AB
plant Johore
Bahru, Malaysia
founded 1996

EPCOS SAW
plant Singapore
founded 1982

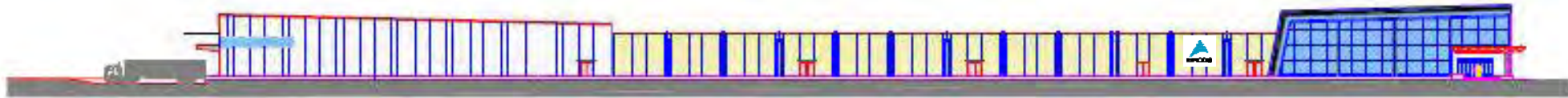
Current EPCOS
KB plant,
Batam Indonesia
founded 1990



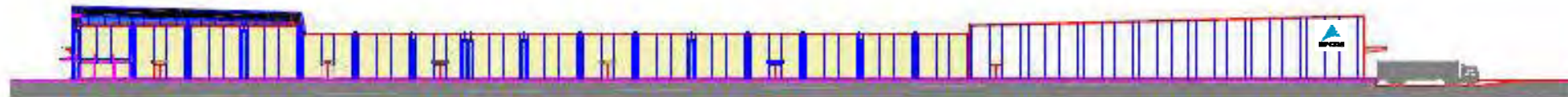
Batam Island is located in view of
Singapore.

Introduction to new EPCOS sensor plant

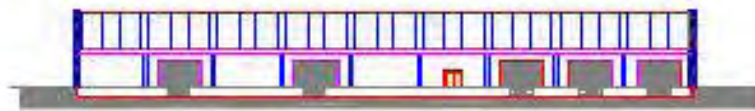
View on building



Front view



Rear view



Left view



Right view

Introduction to new EPCOS sensor plant

Architecture

Façade, colors and tinted windows are similar to EPCOS KB plant in Johore Bahru, Malaysia

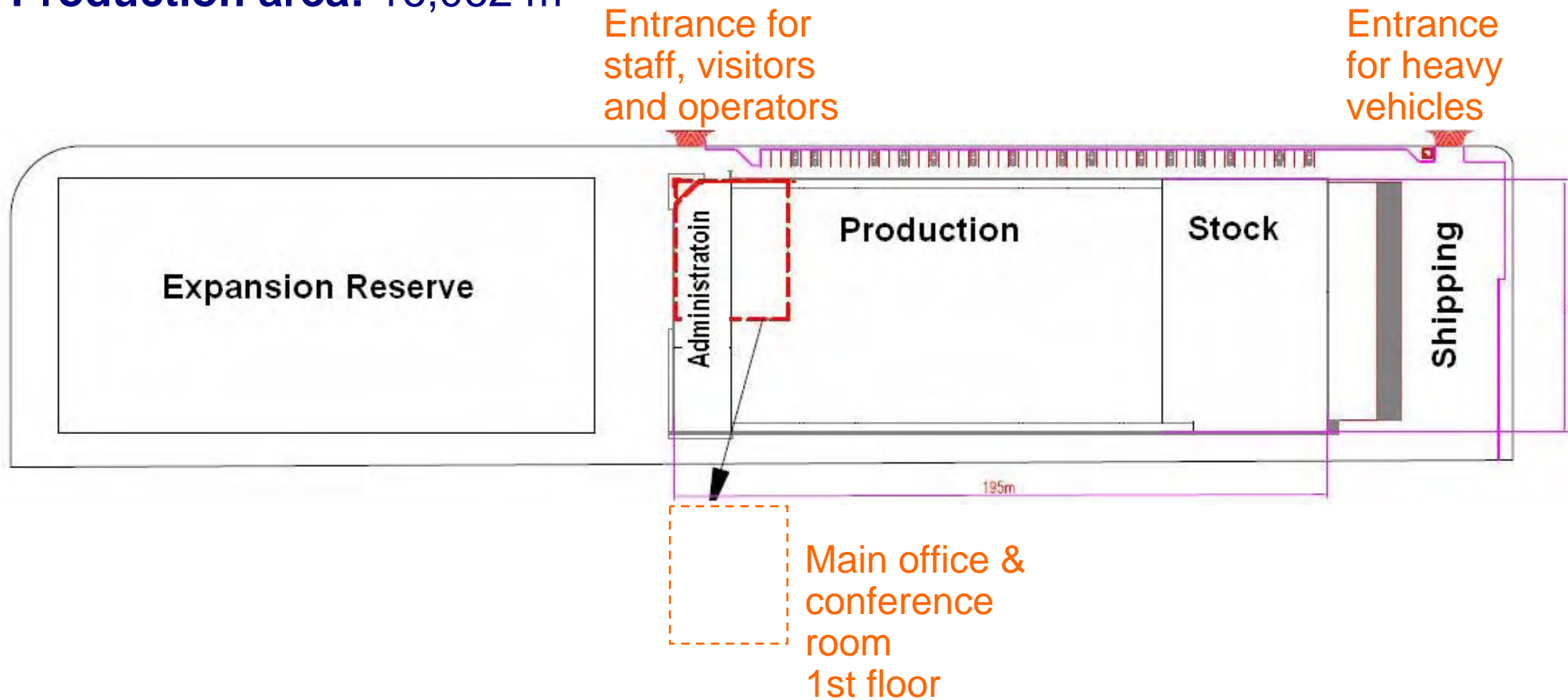


Example: KB plant, Johore Bahru, Malaysia

Introduction to new EPCOS sensor plant

Layout

Production area: 16,062 m²



What will be transferred?

Manufacturing process Dip-soldered types: S881, S885, R164, E164

	Manufacturing process Fertigungsablauf	Present Production Location	Production Location after transfer
Backend Production	Wire preparation Drahtvorbereitung	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Dip soldering Tauchlöten	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Aging Altern	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Trimming Abgleichen	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Coating Beschichten	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Resistance selection Widerstandsselektion	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Q-outgoing inspection Q-Ausgangsprüfung	Batam PT Hi-Tech	PT EPCOS, Indonesia

What will be transferred?

Manufacturing process Dip-soldered types: S871, S875

	Manufacturing process Fertigungsablauf	Present Production Location	Production Location after transfer
Backend Production	Dicing Trennen	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Wire preparation Drahtvorbereitung	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Dip soldering Tauchlöten	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Aging Altern	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Trimming Abgleichen	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Coating Umhüllen	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Resistance selection Widerstandsselektion	Batam PT Hi-Tech	PT EPCOS, Indonesia
	Q-Outgoing inspection Q-Ausgangsprüfung	Batam PT Hi-Tech	PT EPCOS, Indonesia

Introduction to new EPCOS sensor plant

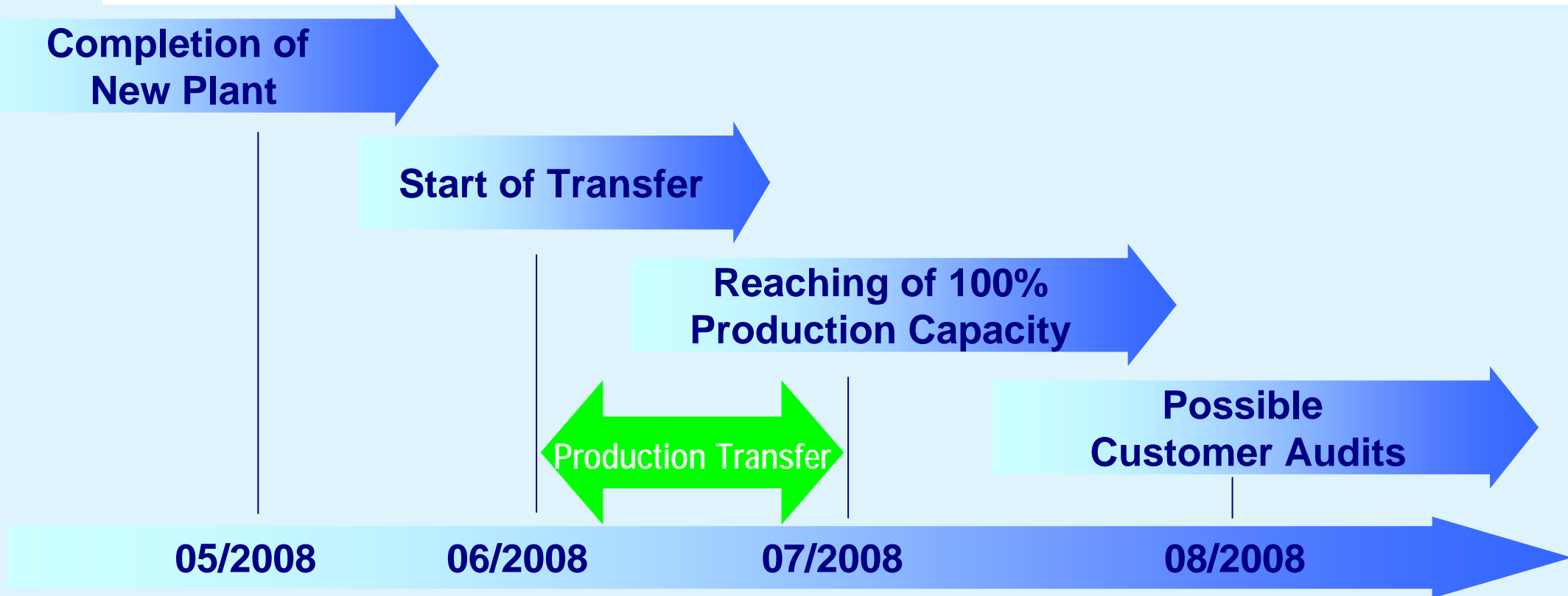
Reasons and advantages

- Optimized production system and supply chain management
- Implementing the newest technical and quality standards
- Plant is located at highly developed industrial area with advantageous interaction to other fields of industries and suppliers
- Optimal infrastructural connections to international harbours and airports as well as to independent water and power supplies
- Additional space to ensure rising quality and capacity demands

Introduction to new EPCOS sensor plant

Transfer schedule

- In the period beginning with 06/08 deliveries will be partly from the new plant



The final transfer details will be submitted in March 2008

Introduction to new EPCOS sensor plant

Actions to ensure delivery performance

- Partial parallel production at current and new plant
- Stepwise transfer of production lines and capacities
- No process or design changes at the time of transfer and ramp up
- Complete process, equipment, materials and staff (operators and management) will remain the same
- Individual scheduling of transfer buffer stock depending on customer demands and requirements

Introduction to new EPCOS sensor plant

Actions to ensure quality performance

- Test and release procedures for important facilities of infrastructure
- Implementing additional quality assurance measures:
 - Expanded IPQC (In Process Quality Check) standards
 - Expanded shipping inspection prior delivery
- Performing internal production release procedures for different product and process families
- Supporting the complete production transfer through experience production engineers from European plants

Introduction to new EPCOS sensor plant

FAQ

Can I visit the new plant prior production transfer?

You are welcome to visit us. We do our best to fulfill your time proposal.

When can I perform a process audit?

After the complete production transfer August 2008 onwards. Timing can be discussed in detail in March 2008.

How can I distinguish sensors produced in the new plant?

During a defined time period each packing box from the new plant will be clearly marked.

Can I get production and process release documents?

We will do internal production release procedures for different product families instead of specific release procedure.