

November 30, 2007

Notification of changes Relocation of production of M series and K/Z27* series temperature sensors

Beginning in June 2008 EPCOS will relocate the production of the following product groups of the M and K/Z27* series, which are already being manufactured in Batam, Indonesia, to a new production plant, which is also located in Batam, Indonesia:

M series

- B57005M1*
- B57010M2*
- B57020M2*
- B57030M2*
- B57035M2*
- B57090M2*

K/Z27 series

- B57276K*
- B57277K*
- B57279K*
- B57276Z*
- B57278Z*
- B57306J*

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: Jens Eisenbacher, 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 08/45		2. Date of announcement / Datum der Ankündigung: 30.11.2007	
3. Type / Produktgruppe: B57276K*; B57277K*; B57279K*; B57306J*; B57278Z*; B57276Z*; B57005M1*; B57010M2*; B57020M2*; B57030M2*; B57035M2* B57090M2*	Old ordering code / Alte Bestell-Nr.: No changes	New ordering code / Neue Bestell-Nr.: No changes	Customer part number / Kundensachnummer:
4. Description of change / Beschreibung der Änderung: The EPCOS sensor 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 your 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 production will stay the same. The complete process, equipment, the materials, the operators and the management will be transferred to the new plant. There will be no difference in quality, specification or lead 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. outgoing inspection, in process inspection) a new shipping inspection will be installed temporarily before delivery in Batam. The complete production transfer will be supported and supervised by engineering staff from EPCOS Berlin and Deutschlandsberg. The internal production release procedure will be performed based on representatives of each product family during the transfer.			
7. Scheduled date of introduction / Geplante Einführung: Currently, the following milestones are planned: - Completion of the new plant until 05/08 - Start of transfer in 06/08 - Process capability data availability 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 from beginning of 08/08 Beginning with 06/08 the deliveries will be partly from the new plant. We will provide an update of project planning with more details if required in March 2008.			



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: +49-30-68291-468

Fax: +49-30-68291-500

E-mail: jens.eisenbacher@epcos.com

Name: Mr. Jens Eisenbacher

Signature

sgd. J. Eisenbacher

Customer acknowledgement

Bestätigung durch den Kunden

Signature



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

Introduction to new EPCOS sensor plant

Contents

- Location, layout and architecture
- What will be transferred?
- Advantages
- Transfer schedule
- How does it effect you?
- How do we assure best quality?
- FAQ?

Introduction to new EPCOS sensor plant

Where is Batam and where is EPCOS?

EPCOS AB
plant Johore
Bahru, Malaysia

EPCOS SAW
plant Singapore

Current and new
EPCOS KB plants,
Batam Indonesia



Introduction to new EPCOS sensor plant

Address of new factory

**PT EPCOS
INDONESIA**

Jalan Epcos Jaya,
Blok B 1-10

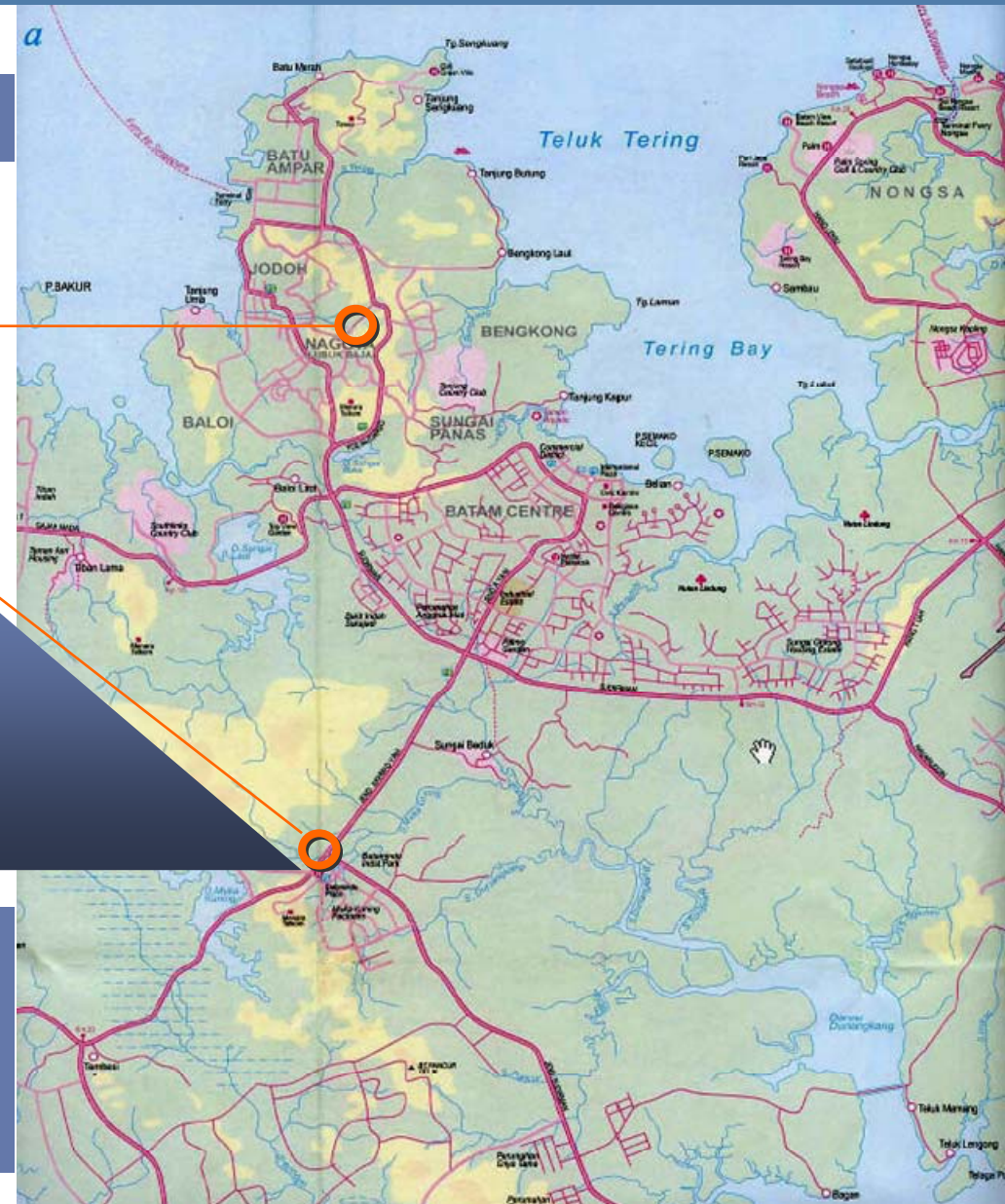
Kawasan Industri Panbil
Muka Kuning
Batam 29433
Indonesia

Current Subcon
PT Hi-Tech plant

New EPCOS
plant

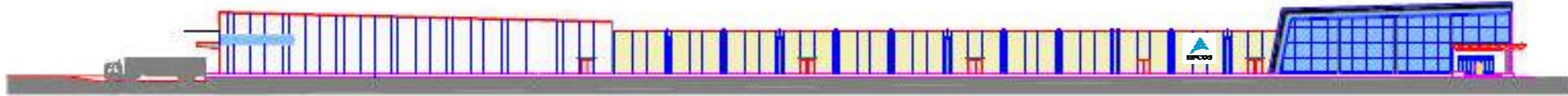


The new EPCOS plant is located in 15 Kilometers distance to the old plant in one of the highest developed industrial areas of Indonesia.

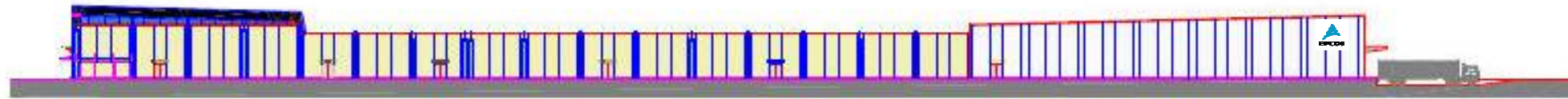


Introduction to new EPCOS sensor plant

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

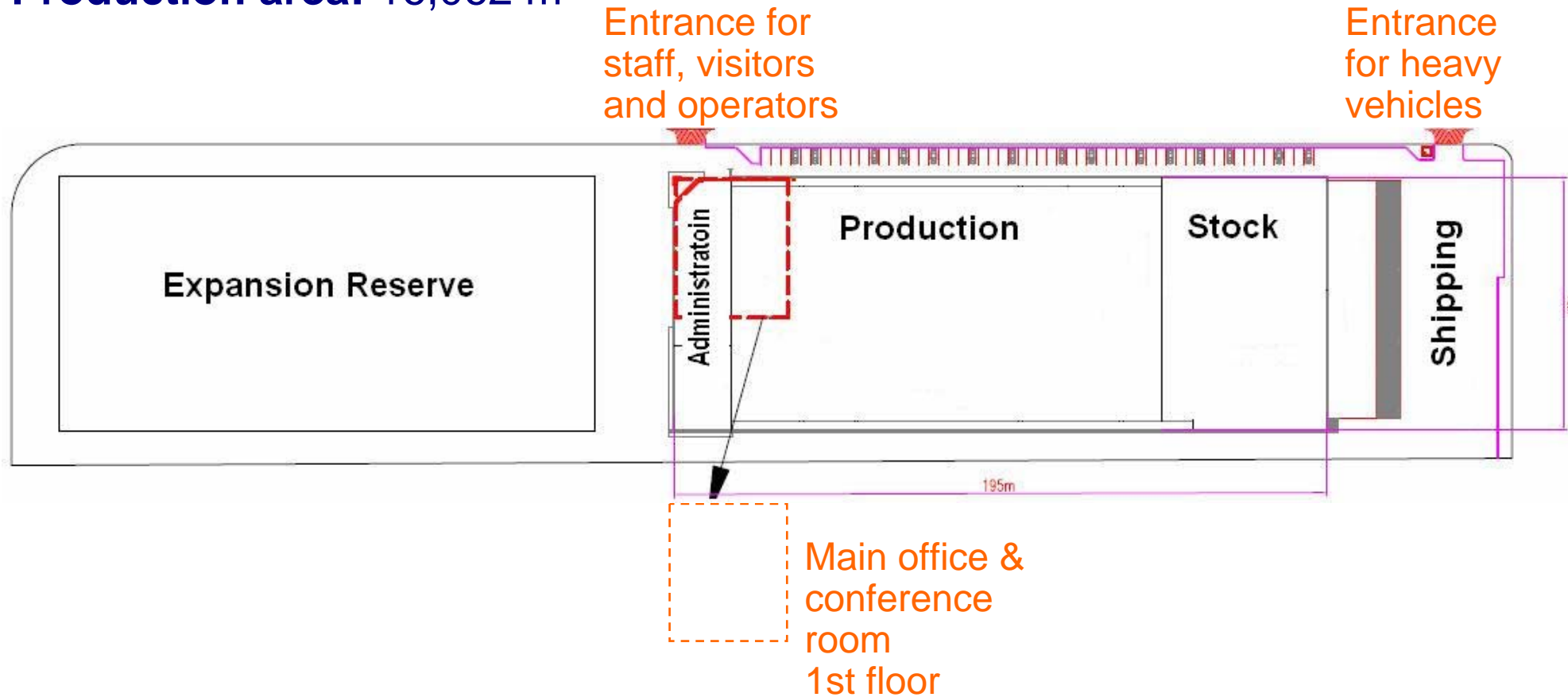


Example: KB plant, Johore Bahru, Malaysia

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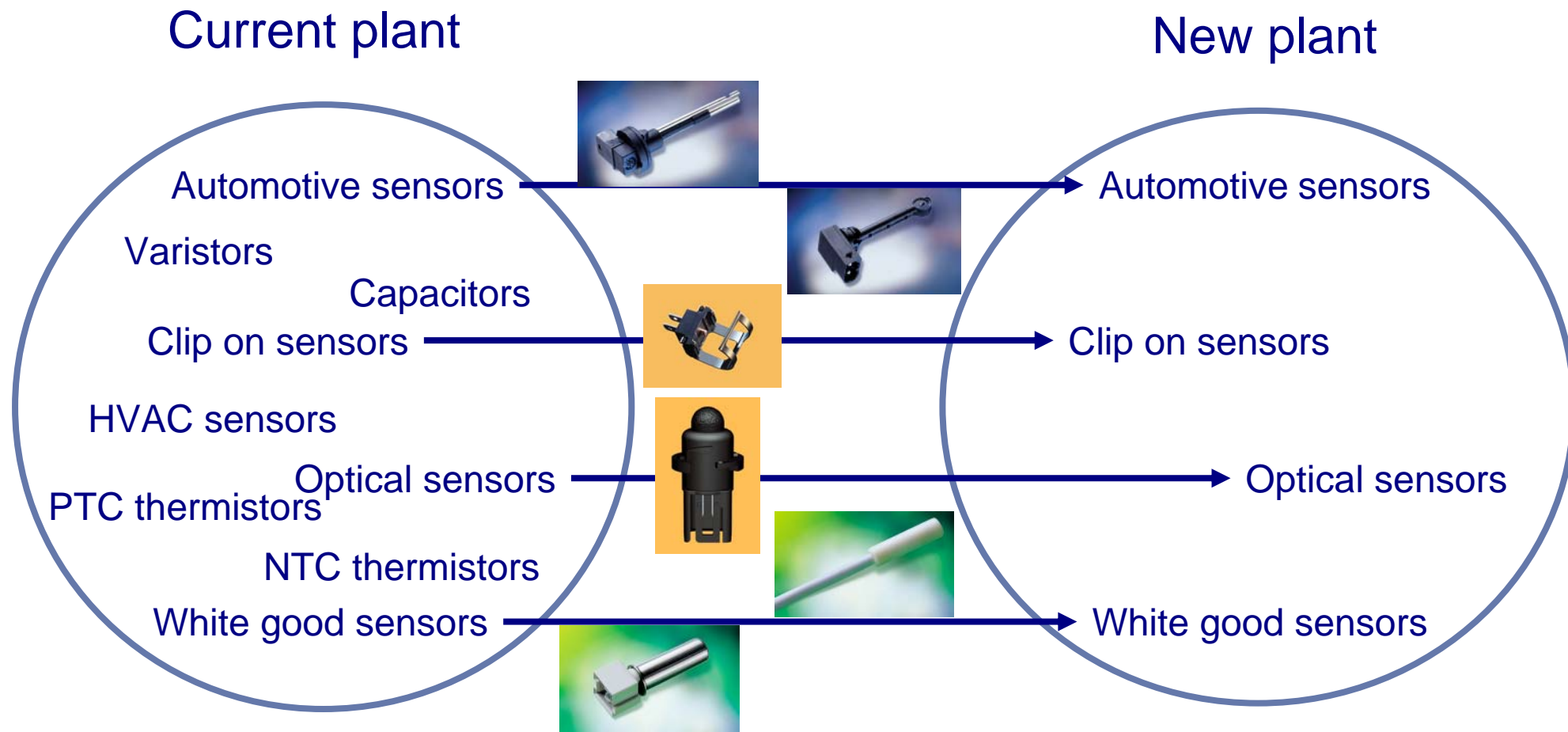
Layout

Production area: 16,062 m²



Introduction to new EPCOS sensor plant

What will be transferred?



Introduction to new EPCOS sensor plant

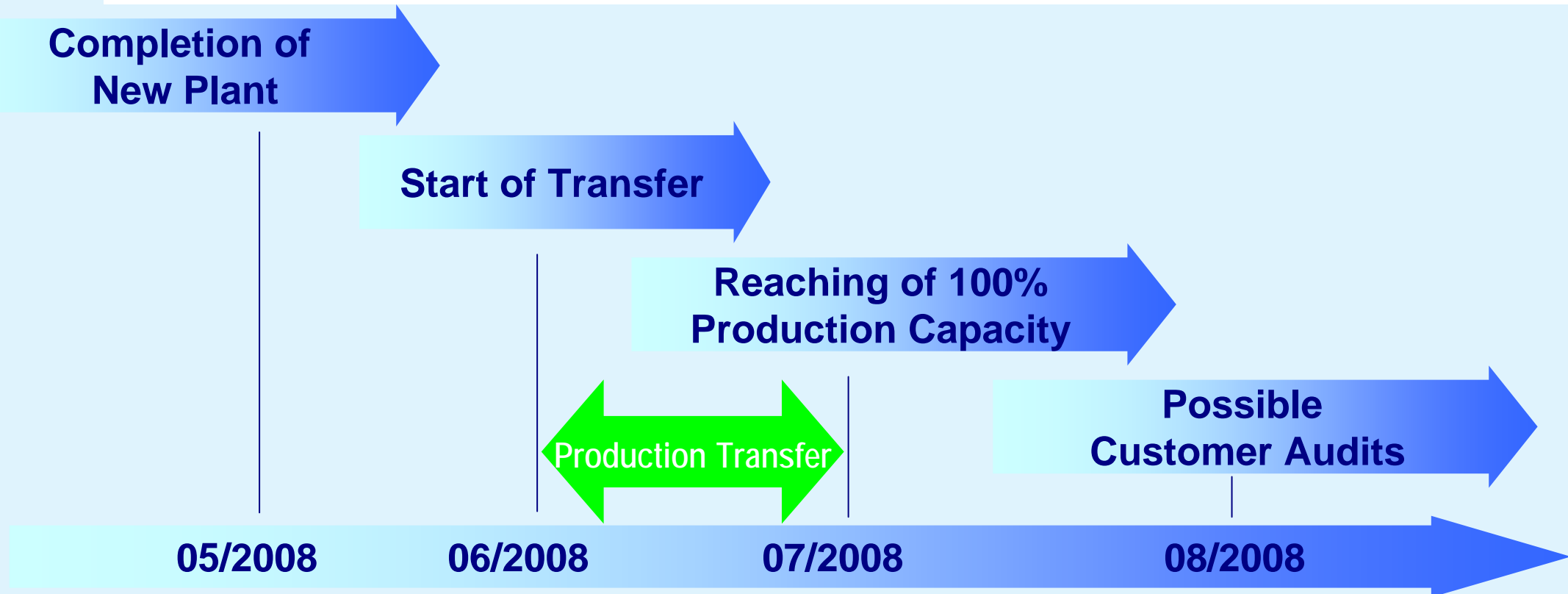
Reasons and advantages

- 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

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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 in January 2008

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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
 - Distribution Center in Berlin will temporarily increase incoming inspection frequency
- 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.