



## PRESS RELEASE

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### Clarification from Allgon's Chairman Gunnar Bark

#### **When second best is best**

Over the last few days, a statement I made coincident with REMEC making an offering to Allgon's shareholders has attracted a great deal of media attention. I said that a merger with REMEC was "the second-best alternative", and I'm taking this opportunity to clarify my statement.

Allgon has a long and successful history as a development-intensive corporation – obviously, I think Allgon's ideal option would be to remain an independent corporation.

But at the same time, one has to accept the realities: over the last year, Allgon's share price performance has been unfavourable, with the explanation lying in profitability problems in the mobile handset antenna business, simultaneous with major investments in other areas. The Board and management accept that they haven't communicated this to the market with sufficient clarity.

LGP's unilateral bid for Allgon brought the question of its future as an autonomous corporation to the fore. In the view of the Board, the offer does not reflect the value of Allgon. Furthermore it does not contain any cash element, but is payment in LGP shares only. Moreover, there is relatively little to gain through this merger in industrial terms, as is also apparent in LGP's assessment of yearly synergies at SEK 50 m.

Immediately after LGP's bid, the Board contacted Allgon's major shareholders to determine their stance on this issue, and it quite soon became clear that the stock market – or in any case, many of our major shareholders – were prepared to accept LGP's bid if no other bidders were forthcoming.

Therefore, the Board's main task was to seek more and better bids, and first and foremost, to examine the possibility of securing cash remuneration for Allgon's smaller shareholders.

Despite these efforts to identify alternatives being subject to extreme time pressure, they were fruitful – REMEC made a higher bid for Allgon, including nearly SEK 1.2 bn cash. In the prevailing uncertain stock market climate, offering smaller shareholders the opportunity to sell up to 500 shares for SEK 161 each in cash is valuable. But most importantly, REMEC and Allgon make a very strong combination for the future, with strong market positions in growth areas like broadband and fibre optics. REMEC perceives yearly synergies of at least SEK 200 m.

As a consequence of its efforts, the Board has secured three alternatives for Allgon's shareholders: LGP's bid, the bid from REMEC, which we regard as far better, or for Allgon to continue as an autonomous corporation.

Given that Allgon's future lies in being a part of another corporation, the Board considers that REMEC is the best alternative. Through a merger with REMEC, Allgon's shareholders will be able to benefit from the potential Allgon harbours, simultaneous with shareholders with smaller holdings opting for a substantial cash alternative.

*Allgon's business concept is to develop, manufacture and market radio-based solutions and other products for wireless telephony and data communications. Allgon's product range consists of antenna systems for infrastructure in mobile telephone networks; filters, combiners and similar products for base stations; repeater networks; microwave equipment; mobile telephone antennas; wireless local networks and Bluetooth products. Allgon's invoiced sales amounted to SEK 2,136 million in 1999. The number of employees at the end*

*of 1999 amounted to 1,249. Allgon was founded in 1946.*