

## **Ericsson takes aggressive action to prepare for strong 3G demand**

*- Production of mobile phones moved from Kumla and Lynchburg*

**Ericsson will move mobile phone production from Kumla, Sweden and Lynchburg, USA to other suppliers. The capacity thus freed up in Kumla and Lynchburg will be needed for the production of mobile telephone systems. In conjunction with the move of mobile phone production, the Lynchburg operation will be acquired by SCI Systems, Inc., a provider of Electronics Manufacturing Services (EMS).**

The changes in Kumla and Lynchburg are part of Ericsson's efforts to meet the extremely strong demand for existing products and the anticipated demand over the coming years as 3G systems are taken into commercial operation. Ericsson has been chosen as the supplier of 15 of the 20 systems now on order. As the leading supplier of 3G systems, Ericsson must secure the availability of resources and competence for this expansion.

The decision to move production of telephones from Kumla and Lynchburg is also part of the work to restore profitability in Ericsson's division Consumer Products. In conjunction with the change, operations in Linköping will be concentrated on the introduction of new products. The changes will be completed during the first quarter of next year and are expected to quickly result in a positive effect on profitability in 2001.

Production of radio base station equipment will replace mobile phone production in Kumla. This production will include both GSM equipment, as well as future production of equipment for the forthcoming 3G systems. Ericsson's plant in Gävle will have overall product responsibility during the introduction of 3G systems.

SCI, which is taking over the operations in Lynchburg, is a world-leading EMS provider and will on Ericsson's behalf take responsibility for increased production of current and future radio base stations. Ericsson will continue to maintain a strong presence in Lynchburg through other operations.

Total personnel requirements at the affected units are not expected to be affected by the current changes, and employees in Kumla and Lynchburg will be offered retraining to acquire the skills that will enable them to work with the new products.

"Ericsson must prepare for the tremendous growth that we foresee in the 3G market over the coming years. We must also give top priority to restoring profitability in Ericsson's mobile phone business," says Mr. Kurt Hellström President of Ericsson.

*Ericsson is the leading communications supplier, combining innovation in mobility and Internet in creating the new era of mobile Internet. Ericsson provides total solutions covering everything from systems and applications to mobile phones and other communications tools. With more than 100,000 employees in 140 countries, Ericsson simplifies communications for customers all over the world.*

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#### **FOR FURTHER INFORMATION, PLEASE CONTACT**

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#### **About SCI Systems**

SCI Systems, Inc., is a world-class supplier of manufacturing and supply chain services. SCI delivers supply chain solutions through its global reach, dedication to quality, efficiency, and total commitment to consumer service. The company continues to pioneer new innovative end-to-end services through its commitment to being the leading e-enabled EMS services provider. SCI is publicly traded on the New York Stock Exchange under the symbol "SCI". The company, headquartered in Huntsville, Alabama, operates 40 facilities located in 17 countries. SCI employs more than 32,000 people.