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Marconi Confirms New Supply Chain Strategy in Manufacturing Deal with Jabil Circuit

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[Forward - Looking Statement](#)

Marconi (LSE and NASDAQ: MONI) and Jabil Circuit, Inc. (NYSE: JBL) today announced that they have entered into an agreement which includes the divestiture of certain Marconi Communications manufacturing operations in the United States, United Kingdom, Italy and Germany to Jabil Circuit. Total consideration to be paid, subject to pre-closing adjustments, will be approximately \$390 million. Jabil Circuit will purchase five operations of Marconi Communications and enter a three year product supply agreement to manufacture existing and new products for Marconi. It is currently estimated that the agreement will result in revenue exceeding \$4 billion over the three years of the agreement.

Jabil Circuit, which has enjoyed a successful manufacturing relationship with Marconi for several years, will provide Marconi with electronics manufacturing services, including printed circuit board assembly and repair services. Under the proposed terms of the deal, up to 2900 employees in Bedford, Texas; Liverpool and Coventry, UK; Marcianise, Italy and Offenburg, Germany will progressively transfer to Jabil Circuit. No involuntary job losses are expected and existing employment rights will be protected. The transaction is intended to be implemented by mid 2001.

"We talked to a number of potential outsourcing partners. We chose Jabil Circuit because it has recognized expertise in the communications equipment industry, global presence, and the financial strength to support Marconi's rapid growth. Furthermore, we believe Jabil will offer considerable potential for our transferring employees to benefit from becoming part of a business focused specifically on growing its manufacturing operations," said Mike Parton, CEO of Marconi Communications. "Jabil's technology leadership as one of the world's largest electronic manufacturing services companies will give Marconi supply chain scalability, shorter lead times, quality and cost advantages. It will allow Marconi to focus on where we can add the greatest value for customers – providing outstanding solutions, developing new products and fulfilling orders as quickly as possible."

"We are delighted to have been selected by Marconi to support their transition to an expanded outsourcing model and a more agile supply chain strategy," said Tim Main, Jabil President and CEO. "Jabil's strategic objectives to boost its European profile, enhance its U.S. presence, broaden participation in the communications sector and to invest in advanced technology manufacturing competencies are well supported. We also look forward to welcoming aboard a highly skilled and talented workforce and invite them to enjoy new and rewarding opportunities as part of Jabil and the expanding EMS industry."

On October 5, 2000, Marconi announced its intention to accelerate the implementation of its new supply chain strategy in order to enhance its competitive position, by increasing its outsourcing of manufacturing and enabling the company to be faster in responding to customer needs, technology changes and growth opportunities. This transaction will enable Marconi to enhance its supply chain activities around final product assembly and customer configuration in the UK, US, Italy, Ireland and Germany. Combining leading edge new product introduction, high-technology manufacturing and systems integration capabilities, these centers will provide the optimal manufacturing model for each Marconi product and solution. The new supply chain strategy focuses expertise and capital on processes which provide Marconi with competitive differentiation, such as the development and introduction of new products, specific high-technology manufacturing processes supported by state-of-the-art supply chain management and final system integration.

About Jabil

Jabil Circuit, Inc. is an electronic manufacturer of circuit board assemblies and systems for global electronics product companies. Jabil offers circuit design, board design from schematic, prototype assembly, volume board assembly and system assembly services from manufacturing facilities world-wide. More information on Jabil can be found on its website: www.jabil.com.

About Marconi

Marconi plc is a global company, with over 50,000 employees world-wide and sales in over 100 countries. It supplies advanced communications solutions and the key technologies and services for the Internet. More information on Marconi

can be found on its website: www.marconi.com.

This release contains certain forward-looking statements, which are subject to a number of risks and uncertainties. Some factors that could cause actual results to differ materially include: business conditions and growth in the contract manufacturing industry and the general economy; variability of operating results; dependence on a limited number of customers; limited availability of components; dependence on certain industries; variability of customer requirements; and other risk factors described in Jabil Circuit's most recently filed SEC documents such as the Form 10-K, filed 11/28/00.