

ERICSSON 

TAKING YOU FORWARD

Ericsson to acquire key assets of Marconi

Investor briefing
October 25, 2005

Safe harbor statement

By attending the meeting where this presentation is made, you agree to be bound by the following limitations:

Although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and that the opinions expressed are reasonable, the contents of this presentation have not been verified by Ericsson or any other person. Accordingly, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness or correctness of the opinions contained in this presentation and no reliance should be placed on such information or opinions. Ericsson is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it are subject to change without notice. None of Ericsson or any of its respective affiliates, advisers or representatives nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of such information or opinions or otherwise arising in connection with this presentation. This presentation does not constitute an offer to sell or an invitation to purchase any securities in any jurisdiction. No offer or recommendation as to any course of action is being made through this presentation or, the press releases dated October 25, 2005 which this presentation should be read in conjunction with. Investors should base their actions on such investigations as they see fit, and not rely solely on the information presented herein.

This presentation contains forward-looking statements. Whilst made in good faith, such statements are based on information provided by Marconi plc and on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. As a result, you are cautioned not to place undue reliance on such forward-looking statements.

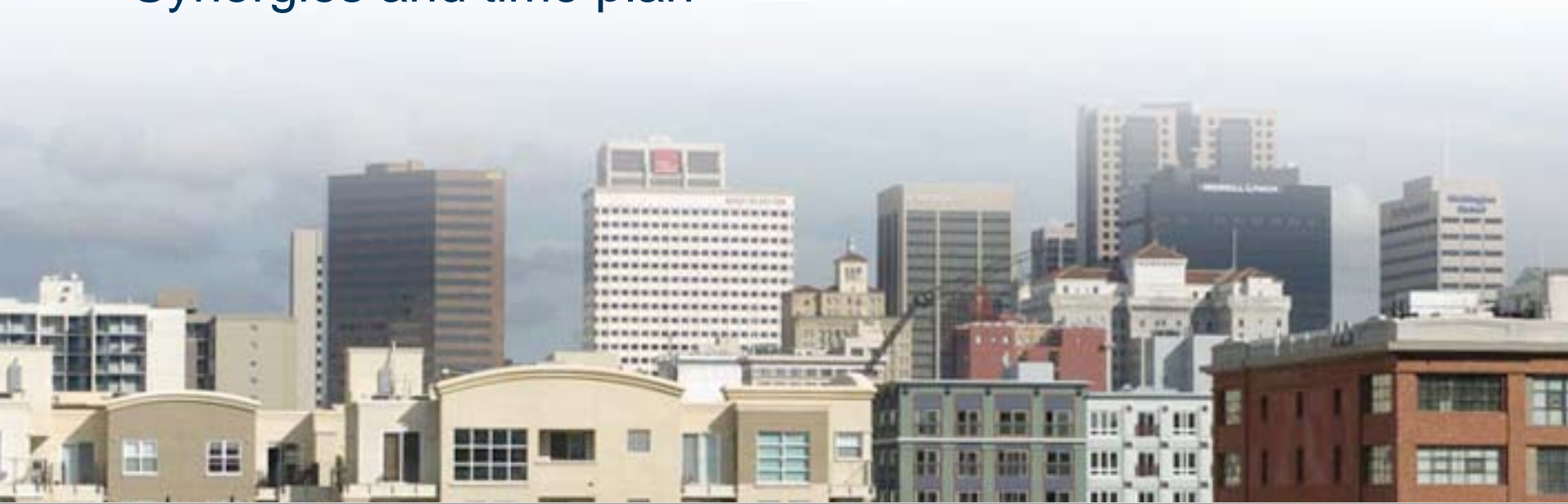
Carl-Henric Svanberg

President and CEO

Agenda

- acquisition of key assets from Marconi

- Introduction
- The acquisition and how Marconi fits in
- The particular parts, business rationale and strategy
- Synergies and time plan



Introduction

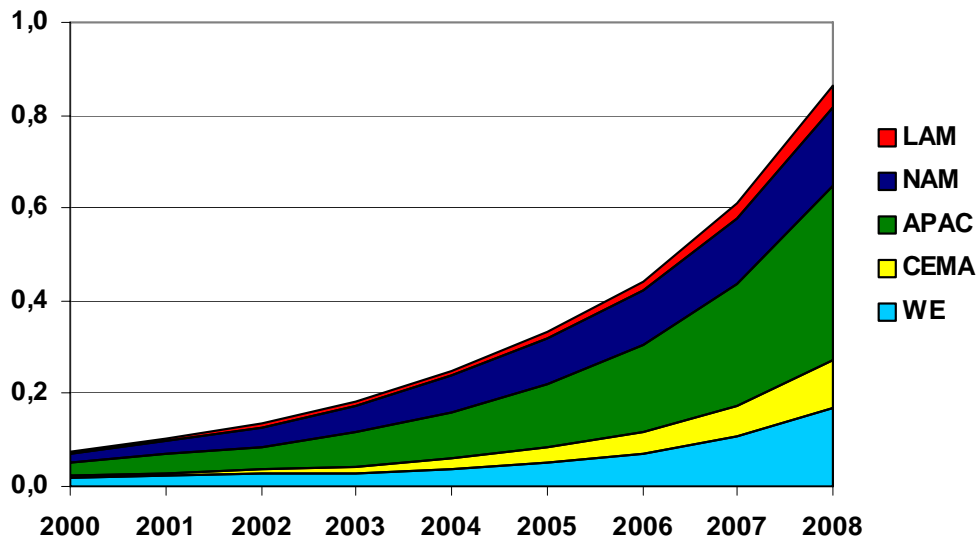
- **Good strategic fit**
 - Strong growth potential for transmission products
 - Expanded platform for migration to next generation networks
- **Robust business case**
 - Opportunities to realize major operating synergies
 - EPS neutral in 2006, accretive from 2007
- **The transaction**
 - Acquisition of 75% of the Marconi business in an asset deal
 - UK pension plan not part of the transaction
 - Pensions trustees and regulator have cleared the transaction

This slide contains forward looking statements

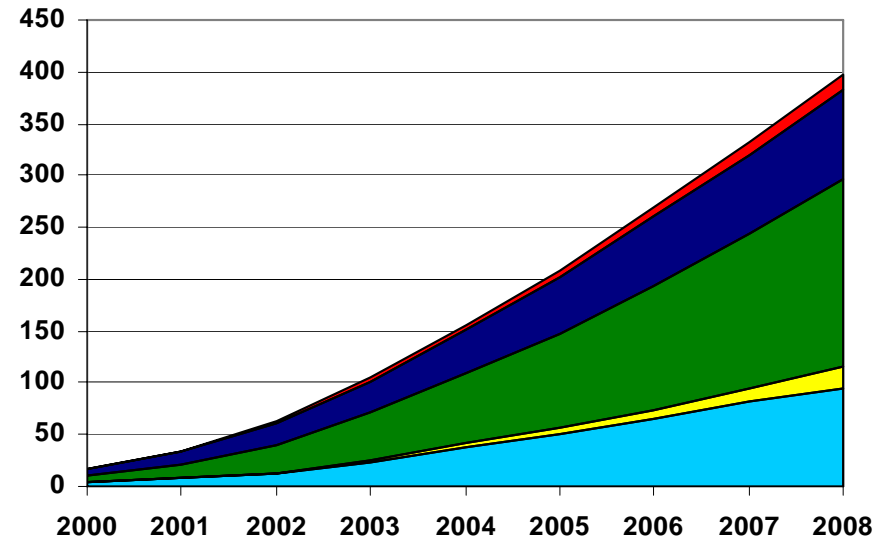
Telecom trends

- Increasing mobile traffic
- Dramatic increases in fixed broadband
- Converging fixed and mobile networks

Total Mobile Traffic - Million Terabytes
(voice & data)



Broadband lines by region (millions)

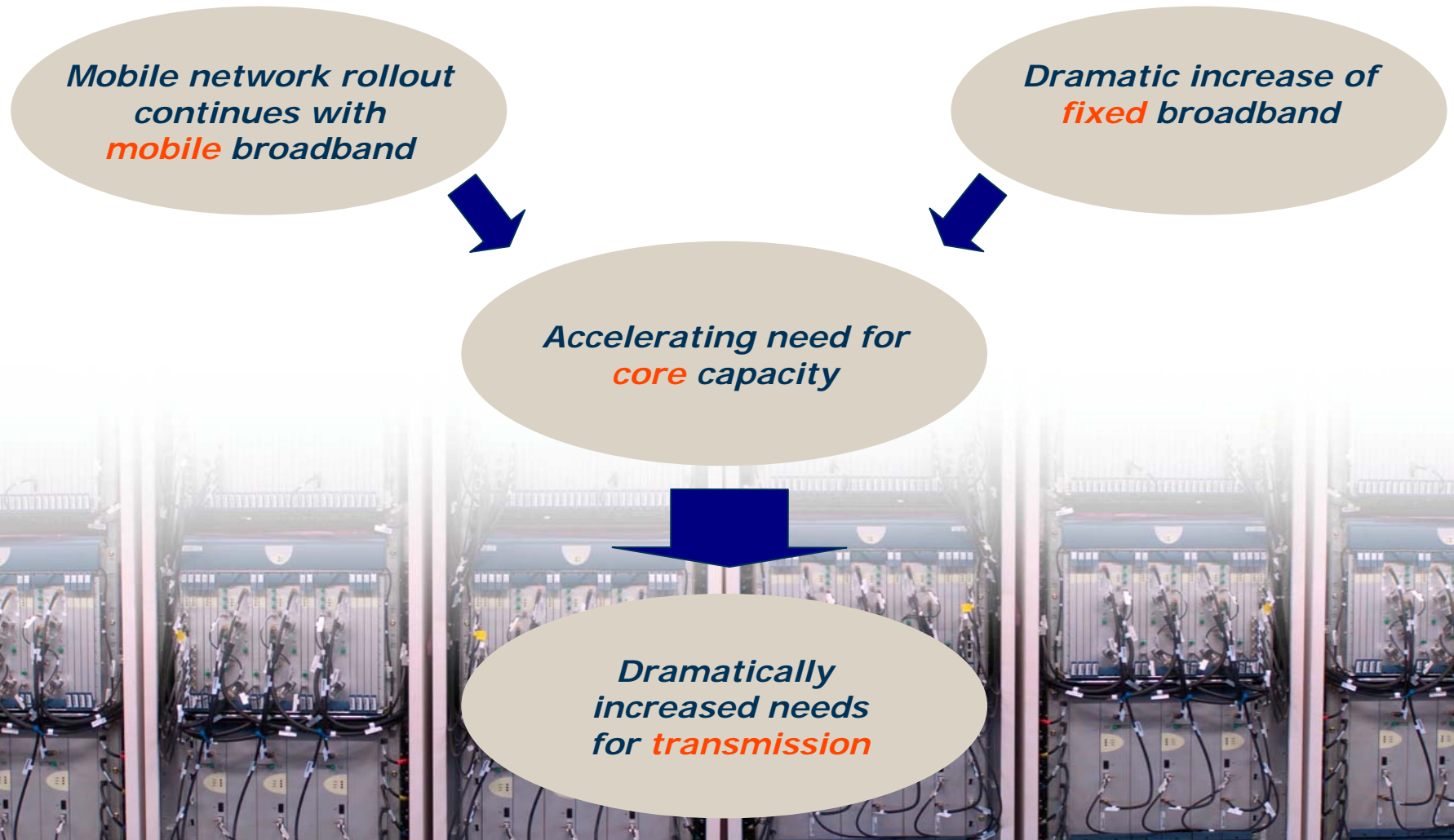


Source: Ericsson

This slide contains forward looking statements

Telecom trends (continued)

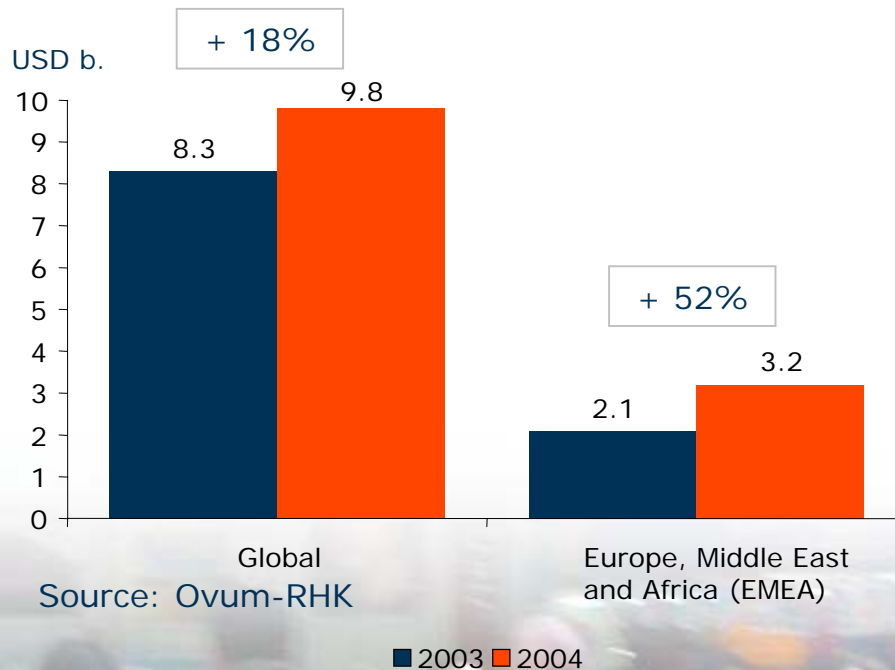
- increased need for transmission capacity



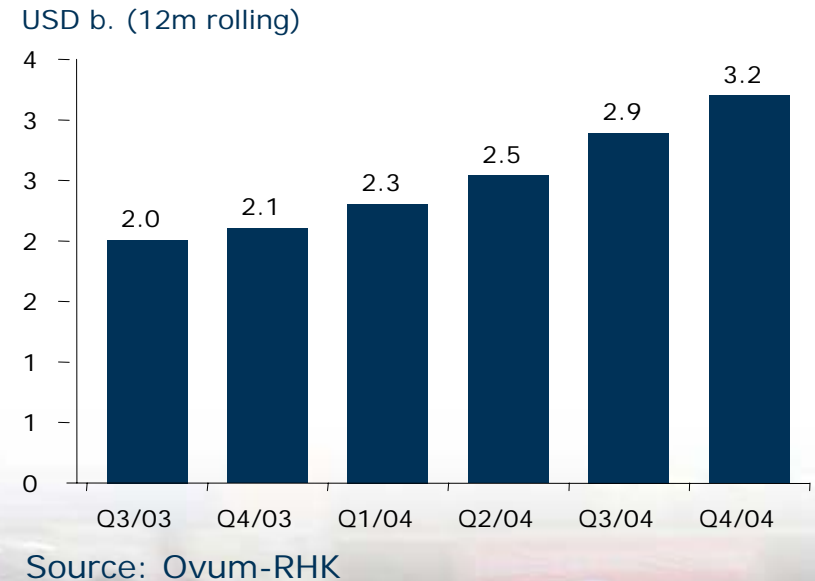
Telecom trends (continued)

- increased need for transmission capacity

Strong growth in optical networking...



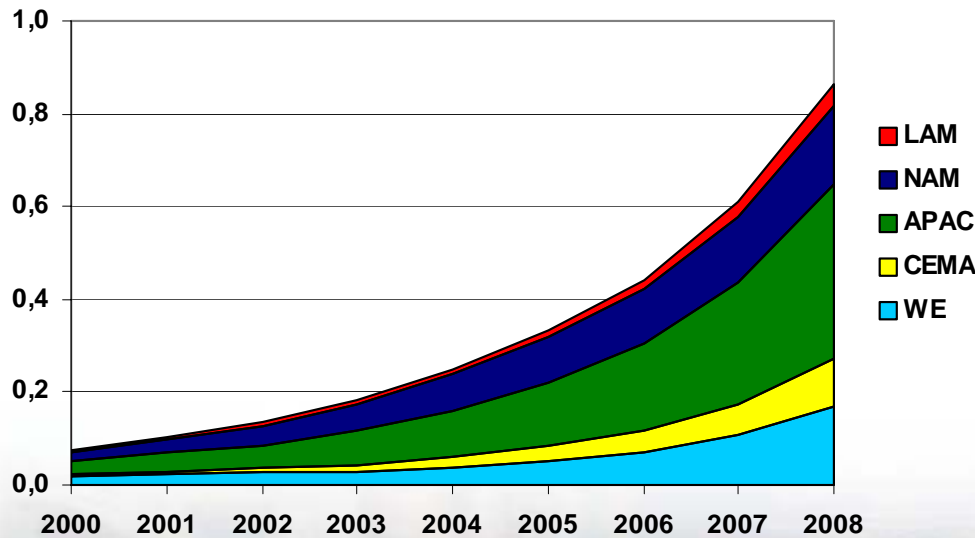
...particularly in EMEA



Telecom trends (continued)

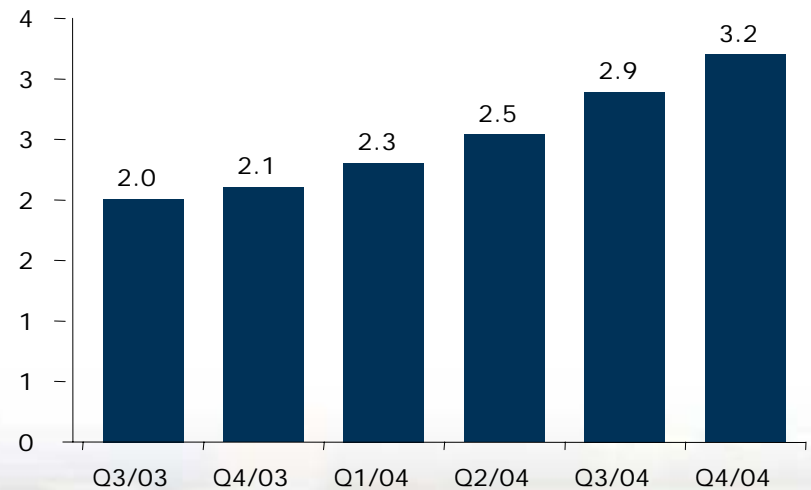
- increased need for transmission capacity

**Total Mobile Traffic - Million Terabytes
(voice & data)**



Source: Ericsson

USD b. (12m rolling)

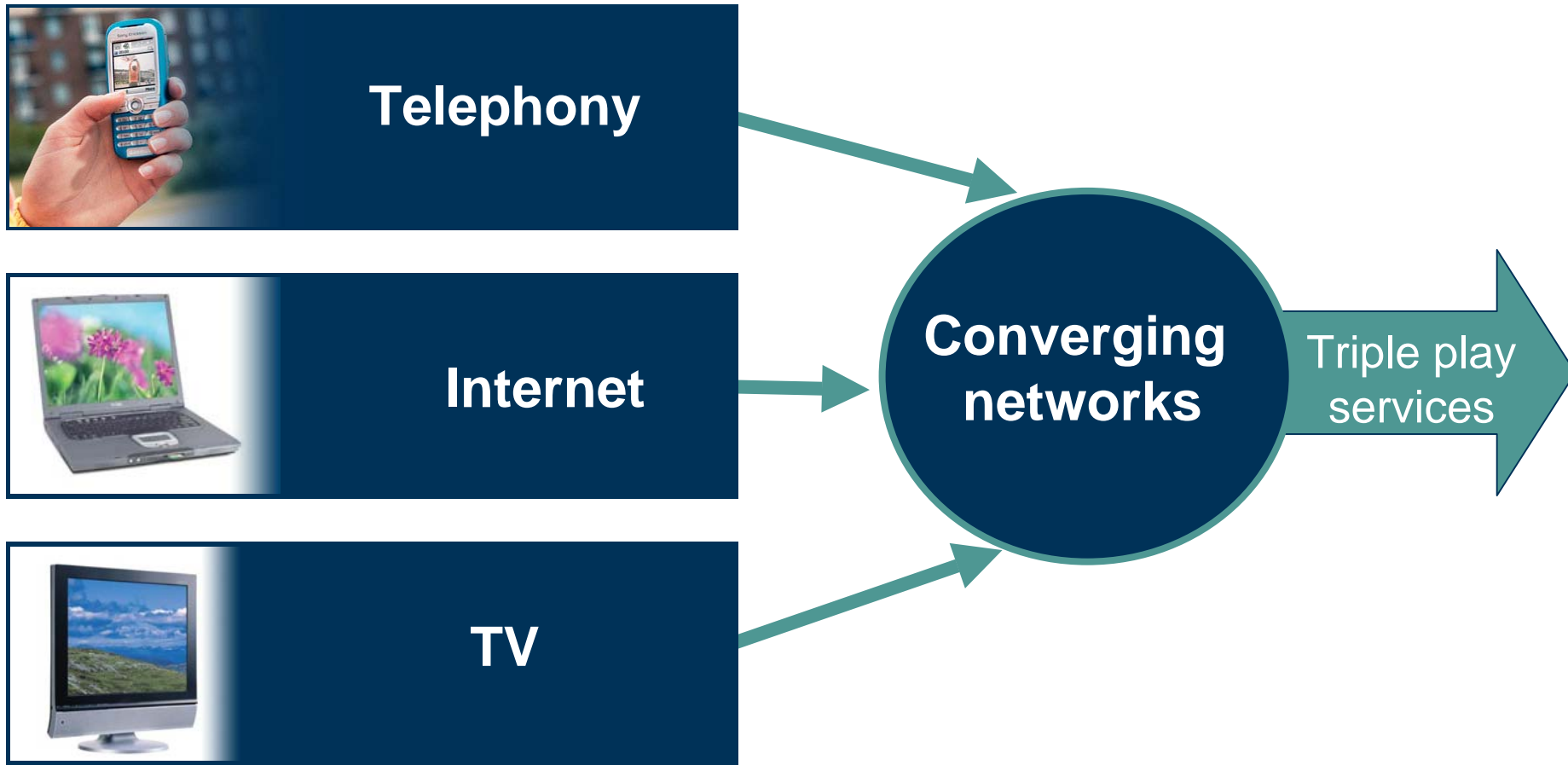


Source: Ovum-RHK

This slide contains forward looking statements

Telecom trends (continued)

- converging fixed and mobile networks



Converging next generation networks

Two telecom entrepreneurs



Ericsson and Marconi have a long-standing relationship

- Marconi owned 25% of SRA (later acquired by Ericsson Radio) until 1983*
- Ericsson has re-sold Marconi's optical equipment for many years*

Marconi in numbers

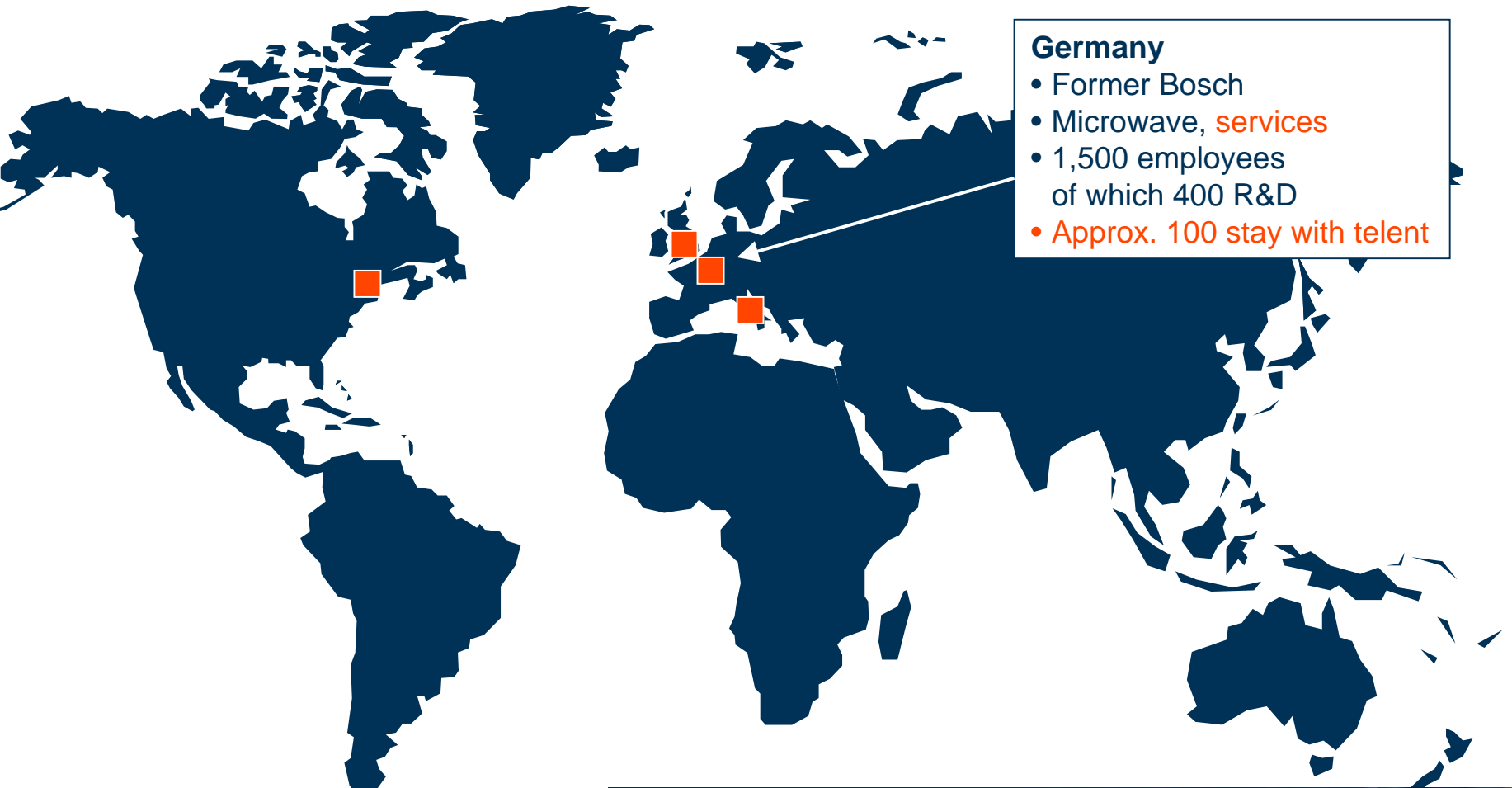
Full year ended March, GBP m.

	Financial year ended March 31		
	2003	2004	2005
Turnover	2 002	1 558	1 337
Total operating profit/loss	-858	-254	-99
Number of employees			9 800
Market cap, October 24, 2005			730

Restructuring ongoing with further improvements underway

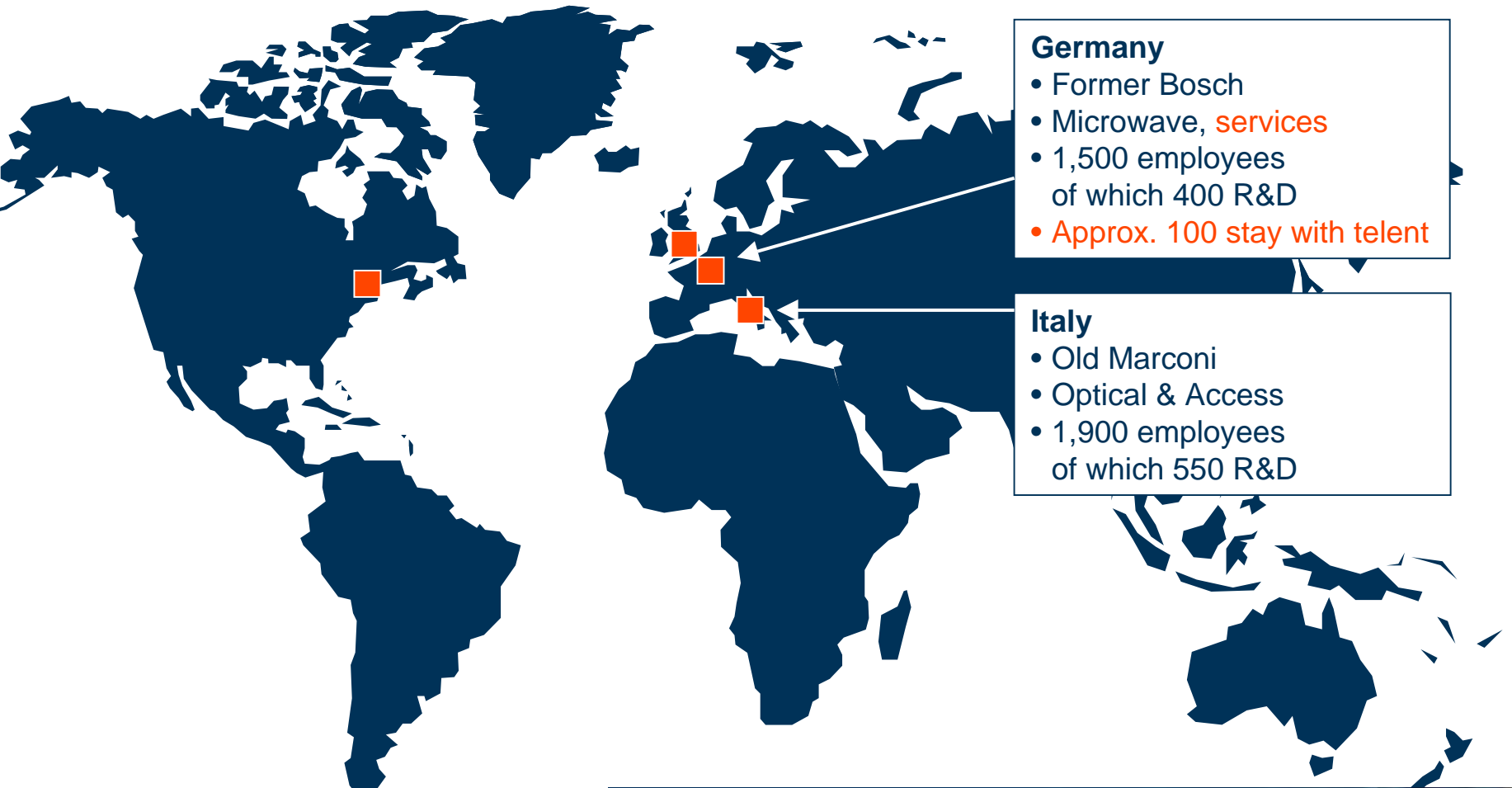
This slide contains forward looking statements

Key operations and competencies



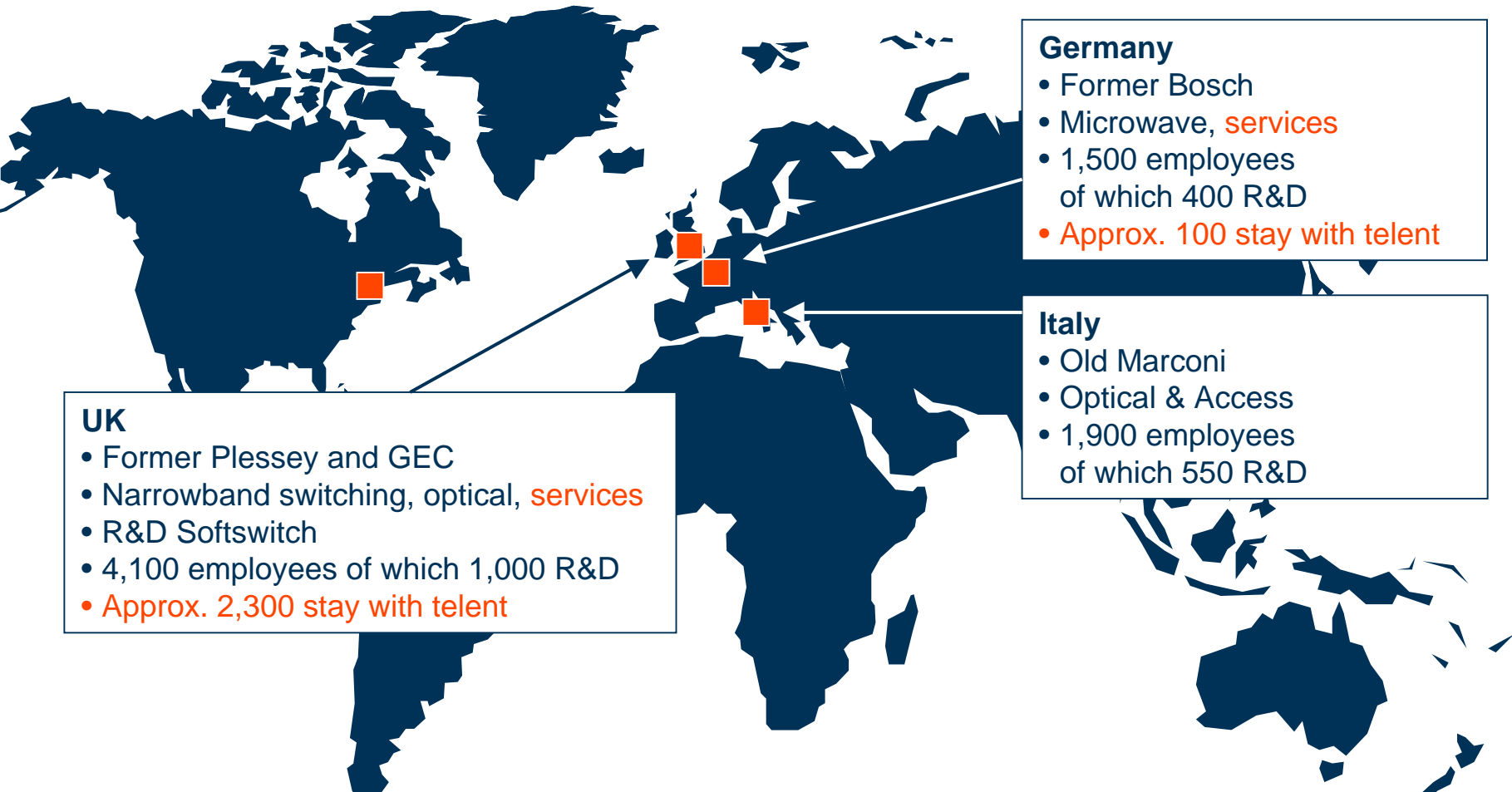
Main sites account for 80% of sales, employees and operations

Key operations and competencies



Main sites account for 80% of sales, employees and operations

Key operations and competencies



UK

- Former Plessey and GEC
- Narrowband switching, optical, **services**
- R&D Softswitch
- 4,100 employees of which 1,000 R&D
- **Approx. 2,300 stay with telent**

Germany

- Former Bosch
- Microwave, **services**
- 1,500 employees of which 400 R&D
- **Approx. 100 stay with telent**

Italy

- Old Marconi
- Optical & Access
- 1,900 employees of which 550 R&D

Main sites account for 80% of sales, employees and operations

Key operations and competencies

US

- Former FORE
- Data Networks
- 700 employees of which 200 R&D

Germany

- Former Bosch
- Microwave, **services**
- 1,500 employees of which 400 R&D
- **Approx. 100 stay with telent**

UK

- Former Plessey and GEC
- Narrowband switching, optical, **services**
- R&D Softswitch
- 4,100 employees of which 1,000 R&D
- **Approx. 2,300 stay with telent**

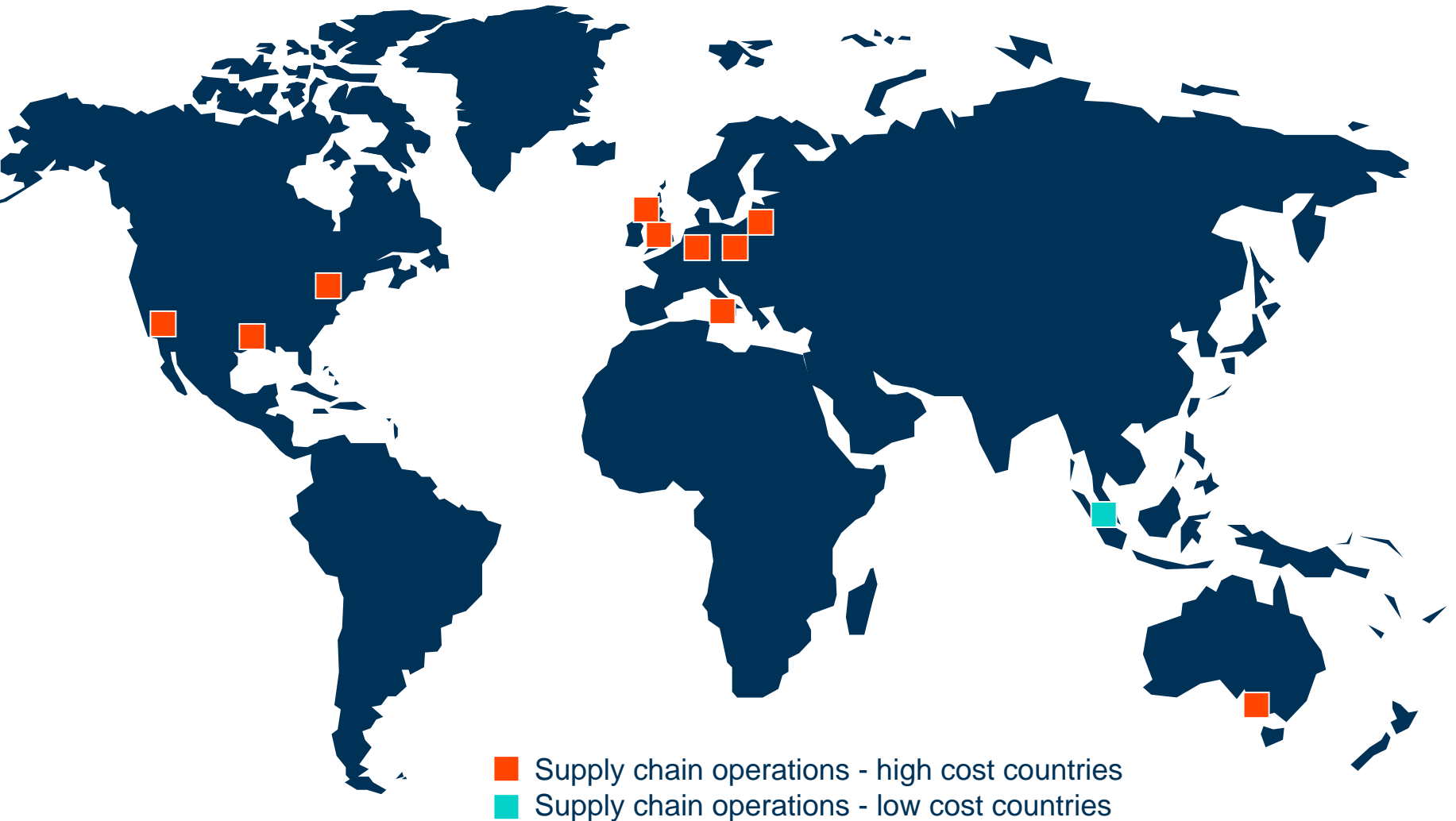
Italy

- Old Marconi
- Optical & Access
- 1,900 employees of which 550 R&D

Main sites account for 80% of sales, employees and operations

High cost structure

– 80% of added value in high cost territories



The transaction

- Ericsson acquires assets in certain areas
 - 75% of the business - sales of GBP 1.0 b.
 - Acquisition price of GBP 1.2 b.
 - Net assets of approx. GBP 0.1 b.
 - Intangible assets of GBP 1.1 b.
 - The Marconi name, related brands and relevant IPR
 - 6,500 employees
- Marconi continues under new name: telent plc.
 - Based on remaining services businesses, listed on LSE
 - Will keep HQ resources and some 2,000 employees
 - UK pension plan to remain with telent plc.
- Transaction subject to Marconi EGM and regulatory approvals
- Closing expected as per year-end 2005



Transaction rationale

- Customer relationships, top 10 customers 50% of sales
 - BT, Telefonica, Telecom Italia, Deutsche Telecom, Telstra, etc
 - Critical when migrating to next generation converging IP networks
- Areas of strategic importance, 75% of sales
 - Optical Transmission, Italy
 - Microwave Transmission (including trunk radio), Germany
 - Related Telecom Services
- Other important areas, 25% of sales
 - Broadband Access, Italy
 - Data Networking, US
 - Softswitch R&D competence, UK

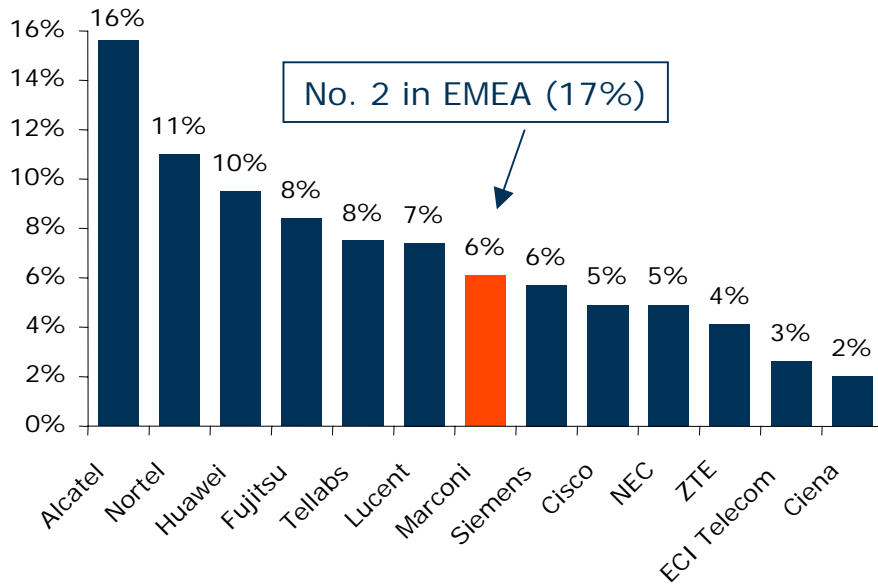
Strengthened position in transmission and next generation networks

Transaction rationale

Extends wireline/transmission position

Marconi adds strong position in optical...

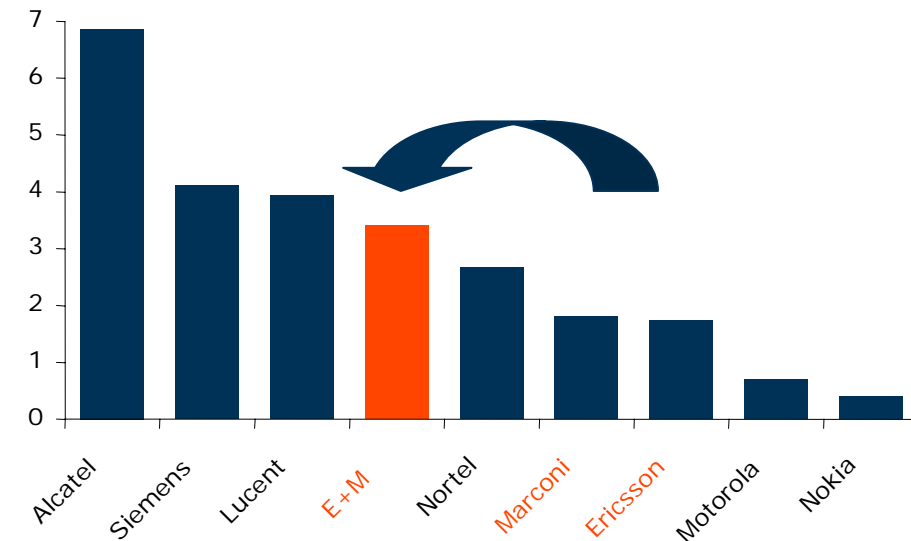
Global market shares in optical networking



Source: Ovum

...and adds wireline/transmission scale

USD b.



Source: Light Reading

Summary

Strategic fit – robust business case with major synergies

- Good strategic fit
 - Strong growth potential for transmission products
 - Expanded platform for migration to next generation networks
- Cross sales opportunities
- Robust business case
 - Major supply chain savings, synergies in SG&A
 - Opportunities to approach Group margins over time
- EPS neutral 2006, accretive from 2007
 - Intangibles tax deductible

Ericsson and Marconi – teaming up for the future

This slide contains forward looking statements

Questions & Answers

CARL-HENRIC SVANBERG

President and CEO, Ericsson

Karl-Henrik Sundström

Chief Financial Officer , Ericsson

ERICSSON 

TAKING YOU FORWARD