

	FINAL NOTICE under section 99(4) of the Pensions Act 2004 (“the Act”)	The Pensions Regulator case ref: 1316/5
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Scheme: Ericsson Employee Benefits Scheme	
To:	Baker & McKenzie LLP (on behalf of Ericsson Employee Benefits Scheme (EEBSL))
Of:	100 New Bridge Street London EC4V 6JA
To:	Mr R Jagelman, Law Debenture Pension Trust Corporation plc
Of:	Fifth floor, 100 Wood Street London EC2V 7EX
To:	Allen & Overy LLP (on behalf of the parent company, Telefon AB L M Ericsson)
Of:	One New Change London EC4M 9QQ
To:	Ericsson Limited
Of:	Midleton Gate Guildford Business Park Guildford GU2 8SG
To:	Mr A G McLean
Of:	United Benefits Services Mill Reef House Cheap Street Newbury RG14 5DD
Date:	11 August 2005

TAKE NOTICE that the Pensions Regulator of Napier House, Trafalgar Place, Brighton BN1 4DW has reviewed a determination on 8 August 2005

1.	Determination
	<p>1.1 This is a compulsory review of the determination made under the Special Procedure by the Determinations Panel on 7 July 2005 to appoint Law Debenture Pension Trust Corporation plc as an independent trustee to this Scheme with effect from 7 July 2005.</p> <p>1.2 The above decision was confirmed.</p>

2.	Procedure Followed: Special
2.1	By its Determination Notice dated 8 July 2005 (“the Determination Notice”) the Pensions Regulator gave notice that it had decided to use its power to make the determination described in the Determination Notice.
2.2	<p>Following the issue of the Determination Notice the following parties exercised their right to make representations to the Pensions Regulator under section 98(2)(c) of the Pensions Act 2004 (“the Act”). These were submitted by way of written material delivered to the Pensions Regulator.</p> <p>Baker & McKenzie (representing Ericsson Employee Benefits Scheme Ltd (EEBSL))</p> <p>Law Debenture</p> <p>Allen & Overy LLP (representing Telefon AB L N Ericsson (the parent Company))</p>
2.3	The Pensions Regulator has taken these representations into account and has considered these materials carefully, but has nevertheless determined to take the action as mentioned in 1 above for the reasons set out below:

3	Relevant Statutory Provisions / Legislation
	<p>The Regulator's powers on a review under section 99 of the Pensions Act 2004, include power to:</p> <ul style="list-style-type: none"> a) confirm, vary or revoke the determination, b) confirm, vary or revoke any order, notice or direction made, issued or given as a result of the determination, c) substitute a different determination, order, notice or direction, d) deal with the matters arising on the review as if they had arisen on the original determination, and e) make savings and transitional provision.

4.	Case Summary
	<ol style="list-style-type: none"> 1. On 1 July 2005 a report was received from Alastair McLean (F.I.A.), a director of United Benefit Services (UBS), under section 70 (1)(b) of the Pensions Act 2004. UBS are the Administrators of the Ericsson Employee Benefit Scheme. A number of serious allegations were made in his report in respect of the XXXXXXXXXXXXXXXXXXXXXXX and conflicts of interests involving other named individuals 2. Mr McLean stressed the urgent nature of his report due to UBS having

	<p>been served with termination papers by XXXXXXXXXXXXXXXXXXXXXXXX which attempted to bring UBS's role as Administrator to an end. UBS believed that the termination was invalid</p> <ol style="list-style-type: none"> 3. On 7 July 2005 a determination was made by the Determinations Panel under the Special Procedure appointing Law Debenture Pension Trust Corporation plc as independent trustee for this scheme effective from 7 July 2005. All directly affected parties were sent a copy of the order of appointment. 4. On 8 July 2005 the determination notice, detailing the reasons for the appointment, was sent to all directly affected parties 5. In view of the nature of the allegations and the need to address them urgently, no warning notice had been issued prior to the determination as per the special procedure. When the determination notice was sent out the directly affected parties were notified that a compulsory review would be held in the near future and they were entitled to submit any representations to be considered by the review hearing. 6. Representations were received from those, as detailed in 2.2 above. As a consequence of the determination of 7 July 2005, new advisers have been appointed: Baker and McKenzie, who were acting for both the plan sponsor and the scheme, resigned as advisers to Ericsson Limited. They are now acting solely for the scheme. Allen & Overy are acting for the parent company, Telefon AB L M Ericsson, and Taylor Wessing are the advisers for the independent trustee, Law Debenture Pension Trust Corporation plc.
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5.	Facts and Matters Relied Upon
	<ol style="list-style-type: none"> 1. The Determinations Panel considered that, taking into account the allegations of Mr McLean and the representations received from the directly affected parties, the appointment of an independent trustee was the best way to safeguard the scheme assets whilst further investigations were taking place. 2. Ericsson parent company, Telefon AB L M Ericsson, confirmed "<i>its active support for the Pension Regulator's decision to appoint an independent trustee in response to Breach of Law report sent to The Pensions Regulator by Alistair McClean on 30 June 2005.</i>" It further confirmed that it was investigating the matter. 3. The independent trustee has appointed its own actuary in order to check that the funding assessments in respect of the transfer values are accurate 4. The corporate trustee had presided over irregularities as follows: <ol style="list-style-type: none"> i) There had been a breach of scheme rules which required any augmentation to be identified and paid for when it

	<p>occurred. The augmentation for XXXXXX should have been identified, costed and paid for between April and November 2004</p> <ul style="list-style-type: none"> ii) According to the schedule of contributions, regular company contributions are 14% of pay. The Company had been paying 18% of pay for executives. These contributions had not been formally documented iii) Expenses had been wrongly charged to the scheme which should have been paid by the Company <p>5. The corporate trustee had presided over potentially serious conflicts of interest without addressing them, in particular</p> <ul style="list-style-type: none"> i) XXXXXX conflict in relation to his position at PSolve ii) XXXXXXXX conflict in relation to the executive buy-out and augmentation of his personal pension benefits. <p>6. The corporate trustee had proved unable to discharge its responsibilities as illustrated below:</p> <ul style="list-style-type: none"> i) The corporate trustee dismissed PricewaterhouseCoopers and appointed Hudson MacIntyre as scheme auditors, and it appeared that the current audit was not progressing smoothly ii) The trustee report and accounts for the meeting on 30 June 2005 had not been delivered and the new auditor had concerns in meeting the deadline of 31 October 2005 for the financial statements to be available to members of the scheme iii) The new auditors had expressed repeated concerns with regard to the state of record-keeping in respect of the scheme iv) The relationship with the previous and current scheme administrators had broken down and the future administration of the scheme was a major concern <p>7. The failure by the corporate trustee to keep all its directors properly informed of the following:</p> <ul style="list-style-type: none"> i) the executive transfer plan (buy out) ii) the augmentation of XXXXXX pension benefits iii) the arrangement with the scheme actuary that the cost of executive benefits should not be disclosed in his actuarial reports iv) the amount of the augmentation of executive benefits v) the informal arrangement to pay 18% of pay, instead of 14%, for executives without amending the schedule of contributions.
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6.	Conclusion: Details of Determination
	The Determinations Panel confirmed its decision made on 7 July 2005 to appoint Law Debenture Pension Trust Corporation plc as independent trustee to the above scheme with exclusive powers and that the independent trustee's fees and expenses be paid by the employer, Ericsson Ltd.

7.	Decision Maker
	The determination which gave rise to the obligation to give this Final Notice was made by the Determinations Panel.

8.	Important Notices
	This Final Notice is given to you under sections 98(2)(e) of the Act. The following statutory rights are important.

8.1	Referral to the Pensions Regulator Tribunal
	<p>You have the right to refer the matter to which this Final Notice relates to the Pensions Regulator Tribunal ("the tribunal"). Under section 103(1)(b) of the Act you have 28 days from the date this Final Notice is given to you to refer the matter to the Tribunal or such other period as specified in the Tribunal rules or as the Tribunal may allow. A reference to the Tribunal is made by way of a written notice signed by you and filed with a copy of this Final Notice. The Tribunal's address is: 15-19 Bedford Avenue, London WC1B 3AS (tel 020 7612 9649). The detailed procedures for making a reference to the Tribunal are contained in section 103 of the Act and the Tribunal Rules.</p> <p>You should note that the Tribunal rules provide that at the same time as filing a reference notice with the tribunal, you must send a copy of the reference notice to the Pensions Regulator. Any copy reference notice should be sent to Determinations Support at The Pensions Regulator, Napier House, Trafalgar Place, Brighton BN1 4DW.</p>

	<p>Signed: <i>Daniel Taylor</i></p> <p>Chairman</p> <p>Date 10 August 2005</p>
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