

	DETERMINATION NOTICE under section 96(2)(d) of the Pensions Act 2004 (“the Act”)	The Pensions Regulator case ref: 1316/05
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Scheme: Ericsson Employee Benefits Scheme Limited	
To:	Ericsson Employee Benefits Scheme Limited
Of:	c/o Ericsson Ltd Midleton Gate Guildford Business Park Guildford GU2 8SG
To:	Law Debenture Pension Trust Corporation Plc
Of:	Fifth Floor 100 Wood Street London EC2V 7EX
To:	Ericsson Ltd
Of:	Midleton Gate Guildford Business Park Guildford GU2 8SG
To:	Mr McLean
Of:	United Benefits Services Mill Reef House Cheap Street Newbury RG14 5DD
Date:	12 April 2006

TAKE NOTICE that the Pensions Regulator of Napier House, Trafalgar Place, Brighton BN1 4DW (“The Regulator”) has made a determination on , 11 April 2006.

1.	Determination
	1.1 The Pensions Regulator is to determine whether an order should be made to remove Law Debenture Pension Trust Corporation plc as Independent Trustee to the Ericsson Employee Benefits Scheme 1.2 The Independent Trustee was removed.
2.	Procedure Followed: Standard
2.1	By its Warning Notice dated 14 March 2006 (“the Warning Notice”) the Pensions Regulator gave notice that it proposed to take the above action.

<p>2.2</p>	<p>The Regulator determined that the following parties are directly affected by this determination:</p> <ol style="list-style-type: none"> 1. Ericsson Employee Benefits Scheme Limited In its role as corporate trustee 2. Law Debenture Pension Trust Corporation plc In its role as independent trustee 3. Ericsson Limited In its role as Employer 4. Mr McLean on behalf of United Benefit Services Ltd In their role as scheme administrators <p>(collectively referred to as “the directly affected parties”)</p> <p>These directly affected parties were entitled to make representations to the Pensions Regulator about the determination.</p>
<p>2.3</p>	<p>Following the issue of the Warning Notice Ericsson Ltd and Law Debenture Pension Trust Corporation plc exercised their right to make representations to the Pensions Regulator.</p>
<p>2.4</p>	<p>The Pensions Regulator has taken those representations into account and has considered those materials carefully but has nevertheless determined to take the action as detailed in 7 below for the reasons set out below:</p>

<p>3.</p>	<p>Relevant Statutory Provisions/Legislation</p>
	<p>Under Section 7(5)(c) of the Pensions Act 1995, a power can be reserved in an appointment order under section 7 to provide for the removal or replacement of such a trustee. Such a power was reserved in the appointment order dated 7 July 2005.</p> <p>Section 100 of Pensions Act 2004 – Duty to have regard to the interests of members etc</p> <p>(1) The Regulator must have regard to the matters mentioned in subsection (2) –</p> <ol style="list-style-type: none"> (a) when determining whether to exercise a regulatory function – <ol style="list-style-type: none"> (i) in a case where the requirements of the standard or special procedure apply, or (ii) on a review under section 99, and (b) when exercising the regulatory function in question. <p>(2) Those matters are –</p> <ol style="list-style-type: none"> (a) the interests of the generality of the members of the scheme to which the exercise of the function relates, and (b) the interests of such persons as appear to the Regulator to be directly affected by the exercise.

4.	Background to the Application / Case
	<ol style="list-style-type: none"> 1. On 1 July 2005 a report was received from Alastair McLean, 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 XXX and conflicts of interests involving other named individuals. 2. 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 with exclusive powers. All directly affected parties were sent a copy of the order of appointment. 3. On 8 July 2005 the determination notice, detailing the reasons for the appointment, was sent to all directly affected parties. 4. 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. 5. On 8 August 2005 a compulsory review was held at which the Determinations Panel confirmed its decision to appoint Law Debenture Pension Trust Corporation plc as independent trustee with exclusive powers. 6. In the Final Notice the Determinations Panel commented “the appointment of an independent trustee was the best way to safeguard the scheme assets whilst further investigations were taking place.” This investigation is still proceeding and is entirely independent of any deliberations by the Determinations Panel in connection with its orders of appointment of Law Debenture Pension Trust Corporation plc. 7. A letter dated 8 March 2006 had been received from the Managing Director of Ericsson Limited seeking the termination of the order appointing Law Debenture Pension Trust Corporation plc as independent trustee with exclusive powers. The letter set out the detailed arrangements to be made by the sponsoring employer for the future proper running of the scheme, if an order was made for the removal of Law Debenture Pension Trust Corporation plc as trustee of the scheme.

5.	Facts and Matters Relied Upon
	<ol style="list-style-type: none"> 1. XXXXXXXX, XXX, had resigned as a director of Ericsson Employee Benefits Scheme Limited. He is the subject of ongoing investigation by the Regulator. 2. The Regulator has no concerns in respect of the remaining directors of

	<p>Ericsson Employee Benefits Scheme Limited, Linda Doran, Stefan Feniuk, Peter Nixon and Jonathan Coates.</p> <p>3. The buy-out offered to active executive members of the scheme is under review by Law Debenture Pension Trust Corporation plc, the sponsoring employer and parent company. There is therefore no longer an imminent risk to scheme assets in relation to allegedly inflated transfer values being paid out.</p> <p>4. The Determinations Panel noted the sponsoring employer's proposal to make Law Debenture Pension Trust Corporation plc a corporate director of Ericsson Employee Benefits Scheme Limited with a second or casting vote and chairmanship of the corporate trustee's board. They considered the proposal to retain Law Debenture Pension Trust Corporation plc's involvement in the scheme as indicative of the sponsoring employer's desire to have the scheme run on a proper and professional footing.</p> <p>5. The Determinations Panel considered that all parties had worked together, including the sponsoring employer, to restore the scheme's good governance and administration.</p> <p>6. It was considered beneficial to the good governance of the scheme and in the members' best interest for Ericsson Employee Benefits Scheme Limited to regain involvement as the scheme's trustee and for the member nominated directors to be restored to a position of involvement as directors of the corporate trustee.</p>
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6.	Conclusion: Details of Determination
	<p>The Pensions Regulator hereby gives notice as follows:</p> <p>that as from 28 days of the date of receipt of this order that the appointment of Law Debenture Pension Trust Corporation plc of Fifth Floor, 100 Wood Street, London EC2V 7EX as trustee of the Ericsson Employee Benefits Scheme will be terminated pursuant to section 7(5)(c) of the Pensions Act 1995.</p>

7.	Decision Maker
	<p>The determination which gave rise to the obligation to give this Determination Notice was made by the Determinations Panel.</p>

8.	Scheme details	
	Type of scheme	Defined Benefit
	Status of scheme	Open
	Membership	Total membership at July 2005 was 4841
	Size of fund	£188 million

8.	Scheme details	
	Contracted in/out	Contracted out

9.	Scheme trustees		
	Name	Period of office	Status of trustee
1.	Ericsson Employee Benefits Scheme Limited	Unknown	Corporate Trustee
2.	Law Debenture Pension Trust Corporation plc	From 7 July 2005 to date	Independent trustee appointed by the Pensions Regulator with exclusive powers

10.	Scheme advisers			
	Type	Name	Period of office	Company
1.	Scheme actuary	Robert Sweet	Appointed 11 August 2004	Cartwright Consulting Limited
2.	Investment Managers			Schroder Investment Management (UK) Ltd
3.	Custodian			Schroder Investment Management (UK) Ltd
4.	Investment Advisers			Psolve Asset Solutions
5.	Administrator			United Benefit Solutions
6.	Independent Auditor			McIntyre Hudson
7.	Legal Adviser			Baker McKenzie; Taylor Wessing

11.	Employer details	
	Name	Ericsson Ltd
	Address	Midleton Gate Guildford Business Park Guildford Surrey GU2 8SG
	Nature of business	Telecommunications

12.	Important Notices
	This Determination Notice is given to you under sections 96(2)(d) of the Act. The following statutory rights are important.

13.	Referral to the Pensions Regulator Tribunal
13.1	You have the right to refer the matter to which this Determination 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 Determination 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 Determination 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.
13.2	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>Signed: <i>Daniel Taylor</i>.....</p> <p>Chairman: Daniel Taylor</p> <p>Date: 12 April 2006</p>
