

Ericsson refinances vendor loans of BUSD 1.5

As an integral part of Ericsson's active asset management and as an effort to manage our credit risk exposure, Ericsson is placing a portfolio of credits in the financial market. Credit commitments relating to 3G vendor loans represent a significant part of the portfolio.

The transaction was oversubscribed which confirms Ericsson's selective approach to vendor financing. This confirmation is particularly important to Ericsson during a period of a general cautious market sentiment for telecoms.

The portfolio financing equals USD 1,523 million. Approximately USD 300 million are vendor credits transferred from Ericsson's balance sheet, USD 130 million are underwritten off balance risk exposure and USD 1,090 million are credit commitments. This blend of present and future credits in the portfolio is pioneering. Also, this proves that the arrangement is solid and long-term.

The transaction, backed by 13 operators, will be effective before year-end. The cash flow effect is approximately USD 300 million. The transaction will cause no material impact on Ericsson's margins.

The facility has risk cover from Exportkreditnämnden, EKN (The Swedish Export Credits Guarantee Board), and others to the amount of USD 816 million. Ericsson bears the rest of the risk.

Ericsson has successfully launched and refinanced a diverse portfolio of telecommunications risks based on the breadth of the company's geographic presence and the strength of the product offering.

Ericsson has also in the past been innovative in seeking to actively manage its credit risk exposures. Previously, Ericsson has undertaken two such portfolio financing transactions. Both were handled by Skandinaviska Enskilda Banken, SEB: a USD 536 million transaction in 1999, and a USD 835 million transaction executed in 2000.

The refinancing is arranged by SEB and The Industrial Bank of Japan, IBJ.

Ericsson will continue to support customers on a selective basis, and vendor loans will be continuously transferred to the financial market.

Ericsson is shaping the future of Mobile and Broadband Internet communications through its continuous technology leadership. Providing innovative solutions in more than 140 countries, Ericsson is helping to create the most powerful communication companies in the world.

Read more about Ericsson at <http://www.ericsson.com/press>

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