



Press release

January 21, 2003

Merger between LGP and Allgon

LGP Telecom Holding AB (“LGP”) and Allgon AB (“Allgon”) merge and create a major player in mobile telecom equipment with a strong presence in Europe, North America and Asia. The combined Group will have an annual turnover pro forma of approximately SEK 2.5 billion and more than 1,400 employees in 13 countries.

- The merger between LGP and Allgon is implemented through an exchange of shares, allowing shareholders in both companies to benefit from the future potential of the new Group.
- LGP offers 0.70 newly issued shares for each share of class B in Allgon and 0.77 newly issued shares for each share of class A in Allgon¹. Based on the last prices paid for the LGP share and Allgon series B shares on Stockholmsbörsen on Monday January 20, 2003, the offer represents a premium of approximately 62 per cent. At full acceptance of the offer, Allgon’s current shareholders will hold 40.46 per cent of the new Group.
- LGP and Allgon match each other, in Sweden as well as internationally, with regard to products, client base and geographical coverage. The merger enables the new Group to offer a more complete product range to the new combined client base.
- The merger is estimated to create cost savings of around SEK 75 million annually, of which around half in 2003. In addition, substantial revenue synergies are expected to materialise.
- The Board of Directors in Allgon unanimously recommends the shareholders of Allgon to accept the offer. Holders of shares in Allgon of series A representing 14.7 per cent of the votes and 2.0 per cent of the shares have undertaken to accept LGP’s offer².

A press conference will be held at 1400 hours in the conference centre at Salénhuset, Norrlandsgatan 15.

Dag Tigerschiöld, Chairman of the Board in LGP, commenting on the merger:

¹ The exchange ratio assumes no dividends to be paid in any of the companies for the fiscal year 2002, why the Board of Directors in LGP will not suggest any such dividend. The newly issued shares carry a right to dividend for the fiscal year 2003 and onwards.

² The undertaking is conditional upon completion of the offer after the offer having been accepted to such degree that LGP will own at least 51 per cent of the capital in Allgon, on a fully diluted basis.

“The merger creates a strong player in the global market for mobile infrastructure. The companies are not competing in the largest product areas. Complementing products enable significant synergies within sales and product development. It is very satisfactory that we together create an important Swedish player within wireless telecom equipment. The merger is beneficial for both employees and shareholders as well as other parties.”

Gunnar Bark, Chairman of the Board in Allgon, commenting on the merger:

”Future success on the competitive market for telecom products requires larger entities, which more efficiently can identify and develop new generations of radio based solutions for mobile communications. I am delighted that we finally have managed to propose a combination between Allgon and LGP that each Board of Directors, respectively, can support. I hope that we hereby will form a foundation for a larger and more attractive telecom company based in Sweden.”

Motives for the merger

The merger between LGP and Allgon will create a major player in mobile telecom equipment with a strong presence in Europe, North America and Asia. LGP and Allgon match each other, in Sweden as well as internationally, with regard to products, client base and geographical coverage. The motives for the merger are amongst others:

- The merger enables the new Group to offer a more complete product range to the combined client base. The new Group will get a strong position in many product categories, e.g. base station antennas, repeaters and tower mounted amplifiers. The merger will broaden the client base significantly among mobile operators and system suppliers.
- Through a combination of various products, the clients can be offered integrated solutions. This is expected to enable LGP to move up the value chain and increase order value per client.
- The market and sales organisation is strengthened considerably when each company's products could be sold in new markets. Furthermore, a concentration of resources in markets where both companies have coverage is expected to create good opportunities to make the organisation more efficient.
- The companies' combined production resources could be used more efficiently. Co-ordination and specialisation of the units in the Nordic region as well as the possibility of increased local production in e.g. China will strengthen the competitive advantage. A large part of the products are filter based, which means that there are substantial synergies in manufacturing.
- The merger is estimated to create cost savings of around SEK 75 million annually, of which around half in 2003. Restructuring costs of totally SEK 70-80 million will effect the result during 2003. Furthermore, a merger will require an overview of the new Group's property

needs following which a need for write-down and potentially further restructuring costs may occur.

Bid premium and bid value

Based on the last prices paid for the LGP and Allgon series B shares on Stockholmsbörsen on Monday January 20, 2003, SEK 37 and SEK 16 respectively, the offer represents a premium of approximately 62 per cent. Based on the average prices paid for the LGP and Allgon series B shares over the last 10 trading days, the offer represents a premium of approximately 53 per cent.

At full acceptance of the offer, 20 556 138 new shares in LGP will be issued. Based on the last price paid for the LGP share on January 20, 2003, the market value of these shares is around SEK 761 million.

Allgon has a warrant programme, with a strike price of SEK 340. LGP does not intend to direct the offer to the holders of warrants, provided an exemption from the Swedish Securities Council is granted.

Gunnar Bark and Per Wejke, owning or controlling shares in Allgon of series A representing 14.7 per cent of the votes and 2.0 per cent of the shares, have undertaken to accept LGP's offer³. Today LGP owns 760 shares in Allgon.

³ The undertaking is conditional upon completion of the offer after the offer having been accepted to such degree that LGP will own at least 51 per cent of the capital in Allgon, on a fully diluted basis.

Financial information⁴

Jan - Sep 2002 (SEK in million)	LGP	Allgon	adjustments	New Group
Net revenue	966	1,057		2,023
COGS	-790	-828	-3	-1,621
Gross Profit	176	229	-3	402
Sales costs	-68	-158	-3	-229
Administration costs	-50	-84		-134
Research and development costs	-57	-183	-6	-246
Other operating revenues / costs	-2	2		1
Operating profit	-1	-194	-12	-207
Net financial items	-9	-21		-30
Profit after financial items	-11	-215	-12	-238
Tax (incl minorities in Allgon)	-5	60		55
Net profit	-16	-155	-12	-183
Earnings per share:				-3.60

In the results for the period January to September 2002, items affecting comparability are included in the form of a restructuring program in Allgon of SEK 80 million as well as an inventory write-down and reservations for purchase commitments in LGP of SEK 43 million.

The acquisition is expected to create goodwill of around SEK 310 million (total acquisition value of around SEK 761 million), based on LGP's closing share price on January 20, 2003 (SEK 37). The goodwill is justified by the sound growth that is expected, especially because of the new combined operations. The goal is continued sound growth combined with increasing profitability. As of September 30, 2002 pro forma net debt was around SEK 349 million and the equity ratio was around 58 per cent.

During 2003 the new Group will start working with the rationalisations which are enabled through the merger. These cost savings are estimated to reach full effect from the beginning of 2004 and the merger is estimated to contribute positively to earnings per share during 2004.

Terms for the offer

The offer is conditional upon:

- that the offer being accepted to such a degree that LGP becomes the owner of shares representing more than 90 per cent of the votes and capital in Allgon, calculated after full

⁴ All information relates to Allgon before the disposal of AMC, which is estimated to result in proceeds of USD 20 million and a capital gain of SEK 115 million after tax. The effect from the sale of AMC is only considered when calculating the goodwill resulting from the merger. The goodwill is finally based on the closing share price in LGP at a potential completion of the offer. Goodwill amortisation has been calculated using a 20-year amortisation period.

subscription of the issued warrants. However, LGP reserves the right to implement the offer at a lower acceptance level,

- that an extra general meeting in LGP adopts necessary resolutions for the issuance of new shares as consideration in the offer⁵,
- that all necessary approvals are obtained without any conditions or on conditions, that according to LGP, affects the offer or the merger with Allgon in an adversely negative way,
- that the acquisition, before an announcement that the offer has been implemented, not in whole or partly is made impossible or materially impeded as a result of legislation, court ruling, decision by public authorities or anything similar in Sweden or abroad, that is pending or could be expected, or for any other reason outside LGP's control.

There will be no commission charged for shares tendered under the offer.

Preliminary timetable

A prospectus regarding the offer is estimated to be distributed to the shareholders in Allgon on or around February 17, 2003. The acceptance period is expected to run from February 18, 2003 through March 10, 2003. Provided that LGP implements the offer no later than March 13, 2003, settlement is expected to commence on March 24, 2003. LGP reserves the right to extend the acceptance period, as well as to postpone the time for settlement. An extra general meeting in LGP is expected to be held on March 3, 2003.

LGP and Allgon will publish their 2002 full year results on January 30, 2003.

Board of Directors and management

To secure the continuity, the Board of Directors in Allgon will be offered two seats in LGP's Board of Directors. Bengt Broman will continue as CEO for the new Group.

Advisors

LGP has retained Enskilda Securities as financial advisor in the merger.

Stockholm, January 21, 2003

LGP Telecom Holding AB (publ)

For additional information, please contact:

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Dag Tigerschiöld, Chairman of the Board in LGP Telecom Holding AB, tel +46 8 614 00 20

⁵ Dag Tigershiöld and Mikael Gottschlich, representing shareholders holding more than 30 per cent of the shares in LGP, have undertaken to vote at the extra general meeting in favour of the resolutions necessary to implement the offer.

Statement from the Board of Directors of Allgon AB in connection with the public offer from LGP Telecom Holding AB

LGP Telecom Holding AB ("LGP") offers all shareholders of Allgon AB ("Allgon") to exchange each share of series A and each share of series B for 0.77 and 0.70 newly issued shares in LGP, respectively (the "Offer"). Based on the closing price for LGP's share on January 20, 2003 the value of the Offer is thereby SEK 28.49 and SEK 25.90 for each share of series A and each share of series B in Allgon, respectively. The current shareholders of Allgon would hold 40.46 percent of the shares in LGP, should the Offer be accepted by all shareholders.

The Board of Directors of Allgon has retained Swedbank Corporate Finance to evaluate the fairness of the Offer. Following its evaluation, Swedbank Corporate Finance has come to the conclusion that the Offer is fair from a financial point of view for the shareholders of Allgon.

The Board of Directors has been informed that the Directors Gunnar Bark and Per Wejke, in order to make it possible for Allgon's shareholders to receive the Offer, have committed towards LGP to accept the Offer in respect of the shares that Mr. Bark and Mr. Wejke own or control, providing that the Offer is declared unconditional after having been accepted to such extent that LGP becomes owner to at least 51 percent of the share capital of Allgon on a fully diluted basis.

The Board of Directors of Allgon has evaluated the Offer and makes in this respect the following statement:

"Allgon and LGP are both active on an international market for radio based solutions and other products for mobile communications. The market for both Allgon's and LGP's products and services is characterised by long-term growth, continued short-term uncertainty and a consolidation towards larger entities. The Board of Directors believes that an integration of Allgon and LGP would give positive combination effects and improved resources to develop an internationally successfully supplier of telecom products.

Financially, the Offer implies a bid premium, based on closing prices on January 20, 2003, of 62 percent for Allgon's shares of series B. Based on average closing prices during the latest six months, the Offer implies a bid premium for Allgon's shares of series B of 43 percent. On top of the bid premium, Allgon's shareholders will take part in the future synergies that a combination is expected to generate.

In light of the above, the Board of Directors has come to the conclusion that the Offer is fair. The Board of Directors has therefore unanimously decided to recommend the shareholders of Allgon to accept the Offer from LGP."

The Board of Directors has retained Erneholm & Haskel as financial advisor in connection with the Offer.

Stockholm, January 21, 2003
Allgon AB (publ)
The Board of Directors

For additional information, please contact:

Gunnar Bark, Chairman of the Board in Allgon AB, reached through CEO assistant Anette Johansson tel +46 8 540 823 54

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The LGP Group develops, manufactures and markets telecom products that improve radio coverage, capacity and data transmission speed in mobile communication networks all over the world. LGP conducts advanced research and development in the field of integrated radio and RF filter solutions. The Group has three telecom development units and some ten sales companies outside Sweden. In its niche, the Group is also a leading contract manufacturer of advanced industrial components. The Group has a total of five production units and around 900 employees. LGP is listed on the Attract40 list of Stockholmsbörsen.

Allgon's business concept is to develop, manufacture and market radio-based solutions and other products for wireless telephony and data communications. Allgon's product range consists of antenna systems for infrastructure in mobile telephone networks; filters, combiners and similar products for base stations; repeater networks; microwave equipment and mobile telephone antennas. The number of employees at the end of 2002 amounted to around 500. Allgon was founded in 1946 and is listed on the A-list of Stockholmsbörsen.