Teleca divests auSystems for SEK 822 million in cash
– in addition, Teleca eliminates continued losses in Obigo

- **Teleca divests auSystems to two buyers:**
  - Cybercom acquires the Swedish, Danish and Polish operations for SEK 730 million in cash, and
  - Devoteam acquires the operations in France, Italy, Norway and UK for a total consideration of SEK 92 million in cash

- **Teleca halts investments into renewal of Obigo product and write down the assets connected to Obigo. More than 200 employees in Sweden will be offered employment by Sony Ericsson Mobile Communications.**

- **Telecas board of directors plan to distribute SEK 570 – 630 million, corresponding to SEK 9 – 10 per share. Proposal to shareholders will be presented during April 2007.**

- **In the future Teleca will focus on mobile consulting with its entire business in the mobile device industry. Teleca Mobile Consulting has an excellent customer base, more than 2000 employees and a proven track record of profitability.**

Today Teleca announce two major transactions. The divestment of auSystems and the reorganization of the Obigo products business.

In total: the divestment of auSystems and the changes in Obigo will result in an addition of SEK 784 million in cash into Teleca. Due to a write-down of goodwill and other items the impact on the Earnings for the period will be minus SEK 198 million in 2007. Losses in Obigo will be eliminated. In the future Teleca's business will be Mobile Consulting, which historically has exhibited a strong profitability.

René Svendsen-Tune, President & CEO of Teleca says: *'With the divestment of auSystems and the removal of the financial burden from our product business, we have reached a very significant milestone. The new Teleca will be a focused global services company with an excellent customer base, good profitability and a strong balance sheet. We can now devote all our energy to strengthen the top-line and profitability of the new streamlined company. The mobile device industry is rapidly consolidating, and it will be crucial for us to continue the drive for scale and improved cost base'.*

The divestment of auSystems to Cybercom and Devoteam

The Cybercom transaction
Teleca will sell to Swedish Cybercom all its shares in auSystems' four Swedish subsidiaries (with offices in Stockholm, Malmö, Göteborg, Huskvarna, Linköping, Karlskrona, Östersund, Örnsköldsvik) and in Copenhagen, Denmark and the subsidiary in Poland (with offices in Warszawa and Lodz). In total these units employ approx. 750 people. The purchase price from Cybercom, paid in cash, totals SEK 730 million for a debt free company. The turnover of the auSystems Swedish and Polish subsidiaries in 2006 was approx. SEK 700 million and earnings before interest and tax (EBIT) was SEK 33 million. Excluding restructuring cost and management fees from Teleca, EBIT was SEK 54 million Before the end of April 2007 the parties will enter into an agreement which is expected to lead to future tax savings for Cybercom. The benefit of these savings will be split equally between Teleca and Cybercom implying an expected additional payment of SEK 14 million for Teleca.

The transaction is subject to shareholders approval from Telecas and Cybercoms shareholders. The companies' largest shareholders, Danir AB and JCE-Group AB have made irrevocable commitments to vote in favour of the transaction at these meetings. Danir AB controls 17.7% of total votes in Teleca. JCE-Group AB controls 41.8% of the total number of votes in Cybercom. Teleca and Cybercom will hold their extraordinary general meetings on 18 April 2007.

The Devoteam transaction
Teleca will sell to French Devoteam all its shares in the four international auSystems subsidiaries, with offices in Grimstad, Norway, Winchester, England, Paris, France, Milan and Rome, Italy. In total, these units employ approx 570 people. The purchase price of SEK 92 million for a debt free company is paid in cash. The turnover of these international auSystems subsidiaries in 2006 was SEK 500 million; earnings before interest and tax (EBIT) were SEK 0 million. Excluding restructuring costs and management fees from Teleca, EBIT was SEK 26 million.

Additional information
In total, these transactions will give rise to a capital gain of SEK 378 million in Teleca and add SEK 814 million in cash including transaction costs but excluding cash from future tax benefits. As a consequence of the transaction, deferred tax assets of SEK 94 million will be written down. auSystems result for the first quarter and the result of the transactions will be reported as discontinued operations in Telecas financial reports for 2007.

The Board of Directors of Teleca has concluded based on the process carried out that the sale of auSystems to Cybercom and Devoteam is the best possible outcome of an industrial sale of auSystems. Teleca's advisors HDR Partners has concluded, based on an overall assessment, that the achieved purchase price is in the range of what an IPO of auSystems would bring. Teleca's Board of Directors is of the opinion that the presented transaction is preferable to a later separate listing of auSystems, and hence recommends its shareholders to vote in favour of the transaction. In addition this solution provides auSystem with a stable and professional ownership structure for the benefit of auSystems customers and employees.

Teleca will evaluate the possibility to wind down auSystems remaining subsidiaries in Spain and Portugal with approximately 48 employees.

auSystems was formed in 2006 by the merger of two Teleca divisions: Operators and Network Equipment Providers. Originally, the company has its roots in Sigma and AU-System, where AU-System was formed already in 1974. auSystems offers traditional IT consultancy services, testing, research and development. Customers are primarily found within Network Equipment Providers, Operators, Media, Automotive, Government and large enterprises. auSystems has 1 367 employees in eight European countries as of February 28 2007. The turnover of auSystems in 2006 was SEK 1,359 million and earnings before interest and tax (EBIT) were SEK 25 million.

Teleca halts investments into renewal of the Obigo products

Product investments will be discontinued – maintenance & services will continue
During 2006 Teleca's product business had revenues of SEK 227 million and EBIT of minus SEK 218 million. Excluding restructuring EBIT was minus SEK 161 million.

On the backdrop of recent significant changes in OEM and operator strategies, Teleca has decided to eliminate the risk of continued losses in its Obigo product business. Teleca will discontinue its own investments into the software products and continue the business under a services model. Teleca will open its source code to customers in order to drive the change from a product to a services model.

Teleca will maintain and support the existing software from its offices in Korea and Russia. Customers will be served from all relevant Teleca affiliates.

Teleca will close its product development and integration centre in Lund-Malmö, Sweden.

Teleca will fulfil all customer commitments, and work closely with customers to secure good leverage of investments made and successful completion of existing projects. This way Teleca will seek to mitigate impacts to service revenues outside Sweden.

Cooperation with Sony Ericsson secures more than 200 jobs in Lund-Malmö
Teleca has initiated cooperation with Sony Ericsson Mobile Communications. Due to the expansion of Sony Ericsson and their need for additional staff, more than 200 Teleca employees will be offered employment by Sony Ericsson. Further the parties have agreed on terms securing Teleca a preferred supplier status for Sony Ericsson in Sweden.

Teleca will take one-time charges of SEK 482 million related to Obigo, whereof SEK 30 million has cash effect

Teleca will take a one-time charge including write-down of goodwill of SEK 352 million, write-down of capitalized R&D of SEK 100 million, and restructuring expenses of SEK 30 million, in total SEK 482 million. This will eliminate the negative results in the products business. There will be no goodwill related to the product business and the remaining capitalized R&D will amount to SEK 22 million for the products. The restructuring expenses are preliminary and for instance depending upon how many employees that accepts the employment offers. This will be more specified in Teleca's Q1 report.

Teleca Board of Directors plans to distribute SEK 9–10 per share to shareholders

The Board of Directors in Teleca plans a distribution of SEK 570–630 million to Teleca's shareholders through a share redemption program. The amount will be decided during April 2007, when the restructuring cost is calculated in detail. Teleca will call for an extraordinary general meeting to decide on the distribution. Details of the redemption program will be presented in due time before the shareholder's meeting. The redemption approach is selected to allow shareholders to follow normal capital gains taxation principles.

Teleca's balance sheet

Teleca preliminary pro-forma balance sheet of December 31 2006, including the sale of auSystems, write-down of products, offer of employments by Sony Ericsson and distribution to shareholders of 570 or 630 million, is shown in appendix 1.

Teleca going forward: Mobile Consulting

After these transactions the transformation of Teleca towards a profitable and focused services and software solutions company has been completed. The new Teleca has its entire business focus in the mobile device industry. It has an excellent customer base, and a list of global leaders as partners.

The company will have a strong balance sheet and a good profitability after bringing the Obigo business to maintenance mode. Teleca Mobile Consulting had revenues during 2006 of SEK 1,477 million and EBIT of SEK 113 million. Excluding effects from losses related to BenQ Germany's bankruptcy petition, EBIT was SEK 159 million.

The units in Russia, Germany, Sweden, Finland and UK, which is about 80% of the total number of employees, will be practically unaffected by the changes in Obigo. They all have a strong customer base and deliver services with very good margins based on strong competencies and strong customer relationships. The service business in Asia is quite closely linked to Teleca's product business, and it will need to adapt to the new situation over the next quarters.

Teleca will invest into building competences around Open Source Software. The initial work will be performed in Sweden, but over time Teleca plans to make use of its competences in low cost countries. Teleca expects a significant services market to open around Open Source Software.

Financial impact and outlook

For 2007, Teleca Mobile expects declining revenues compared to 2006 in both products and services as a consequence of the changes in Obigo.

Product revenue from maintenance and ongoing royalties today at a level of SEK 80 million annually, is expected to decline rapidly but to continue into 2008. Cost is over time expected to be lower than expected revenues.

The product integration centre in Sweden contributed in 2006 with revenue of SEK 90 million, with slightly negative EBIT margin. This source of revenue will practically be removed in 2007. This will affect the revenue growth for the services business in 2007, but it will have a positive effect on the margins. A small part of Teleca's services business, that is Sweden, Korea and US/UK, will be significantly negatively impacted in Q1 and Q2 of 2007 due to the changes in the Obigo business.

Due to a write-down of goodwill and other items the impact on the Earnings for the period will be minus SEK 198 million in 2007

After the initiated changes, Teleca targets a margin above 10% in Q3 and Q4 2007. Margin in Q1 and Q2 is negatively impacted by the changes in Obigo.

Financial adviser
HDR Partners has been financial adviser to Teleca.

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Teleca will hold a press and capital markets meeting on the sale of auSystems and the changes in the product business today, Monday 2 April 2007, between 11.15 and 12.00 (CET) at Nordic Sea Hotel (Vasaplan 4) Stockholm, in "Skeppet" meeting room.

René Svendsen-Tune, President and CEO, and members of the management team will be speaking at the meeting. It will be possible to participate in the meeting by telephone and to ask questions.

To join the conference:
1. Dial: +46 (0)8 503 163 00, or UK: +44 (0)800 026 1411
2. Enter the Host-ID: 27012
3. Enter the PIN-code: 7870

A recording of the presentation will be available until April 6. More information will be available on Teleca's corporate website www.teleca.com
The presentation will be held in English.