ERICSSON
TAKING YOU FORWARD
Safe Harbor Statement

This presentation contains forward looking statements. Such statements are based on our current expectations and are subject to certain risks and uncertainties that could negatively affect our business. Please read our earnings reports and our most recent annual report for a better understanding of these risks and uncertainties.
Public offer to acquire Redback Networks Inc.
Telecom trends

- Strong growth of mobile telephony
  - Subscriber growth and substitution of fixed telephony
- Quick build out of mobile and fixed broadband
  - Triple play drives demand for bandwidth and capacity
- Migration to IP based converged networks
  - Enables new services e.g., IPTV and VoIP

Operators invest in mobile and next generation IP networks
Mobile and fixed traffic increases

[Graph showing the increase in subscriber traffic in mobile and fixed access networks from 2005 to 2011, with categories such as TV/video, Internet, Voice, IPTV, and Classic voice.]

Source: Ericsson and market estimates
IP key to next generation networks

- From: Unique architecture/protocols per network
- To: Universal IP architecture/protocols for all services
Building competitive next generation networks
Growing importance of IP networks

- Accelerating IP deployments as operators move to all-IP
- Triple play requires intelligent high-capacity routers
- Telecom grade a prerequisite for real-time applications

- Ericsson invests significantly in next generation networks
  - Own development is the base
  - Marconi added products and competence
  - Redback another significant and strategic step

Intelligent IP routing in telecom networks key to success
Redback in short

- Based in San Jose, heart of Silicon Valley
- Leading innovator in broadband and IP edge routing
- Cumulative investments in IP routing of USD 0.5 b
- Q1-Q3 sales up 87% to USD 200 m - EBITDA margin 13.5%
- 800 employees – 500 IP engineers
- Significant wireline customer base – US and globally

Innovative - carrier-class - scalability - reliability
Redback global customer base
Majority of leading Wireline Carriers
In the heart of growth and change
Redback’s addressable market increases

USD 3.6 b.  
CAGR 11%

USD 3.6 b.  
IP edge market

USD 1.7 b.  
CAGR >30%

USD 4.1 b.  
Multi-service edge market  
Redback’s sweet spot

2006  
2009

Source: Yankee Group
Building competitive next generation networks
Building competitive next generation networks

Service Network
- Charging
- Application

Metro Network
- TSS
- IMS
- MSS
- BRAS
- GGSN
- AGW
- BSC
- RNC
- MGW

Quantities in a network
- 1’s
- 10’s
- 100’s
- 1,000’s
- 10,000’s

Wireline access
- DSL, GPON

2G/3G/LTE

Building competitive next generation networks

Quantities in a network
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Wireline access
- DSL, GPON

2G/3G/LTE
Building competitive next generation networks

Quantities in a network

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- 10’s
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Optical transport broadband access

Wireline access

DSL, GPON

2G/3G/LTE

Metro Network

Service Network

Charging

Appl

TSS

IMS

MSS

BRAS

AGW

MGW

GGSN

Edge

RNC

BSC

MSS

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Leveraging Redback’s products and technology

Todays products

Quantities in a network

1’s

10’s

100’s

1,000’s

10,000’s

Metro Network

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Appl

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IMS

MSS

BRAS

GGSN

Edge

MGW

AGW

BSC

RNC

Wireline access

DSL, GPON

2G/3G/LTE

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Leveraging Redback’s products and technology

Today’s products

Derivative products

Quantities in a network

1’s

10’s

100’s

1,000’s

10,000’s
Leveraging Redback’s products and technology

Today’s products

Derivative products

Ericsson/Redback joint development

Quantities in a network

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10’s

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Ericsson and Redback
Compelling strategic fit

- Creates strong next generation all-IP solutions provider
  - Ability to capitalize on industry move towards all-IP
  - Provides technology leadership in IP carrier routing
  - Provides Redback access to worldwide sales organization

- Reinforces IP R&D capabilities
  - Adds 500 engineers with leading IP competence

- Faster time to market with extended leading product range
  - Strengthened leadership in carrier IP edge router market
  - Increases business with major fixed-line operators worldwide

Organic growth with bolt-on acquisitions
The offer

- USD 25/share in cash for all outstanding Redback shares
- USD 1.9 b. in total consideration after deduction of net cash
- Cash transaction through internal funds
- Subject to shareholder majority and regulatory approvals
- EPS accretive from 2008, considering the alternative cost
  - Excluding possible amortization of intangibles

This slide contains forward looking statements
Process going forward

- Offer presented on December 20, 2006
- Formal offer to be initiated next week
- Redback’s shareholders have 20 business days to accept
- Completion expected by February 2007
Ericsson
- Unparalleled global reach – presence in more than 140 countries
- Leader in mobile networks
- Leader in optical and transport networks
- Leader in fixed and mobile broadband access

Redback
- Leader in broadband routing worldwide
- Technology Leader in IP edge routing and Triple-Play

Together
- Unique capabilities in wireless and wireline convergence
- Accelerates development of next generation IP networks

A winning combination
Questions & Answers