

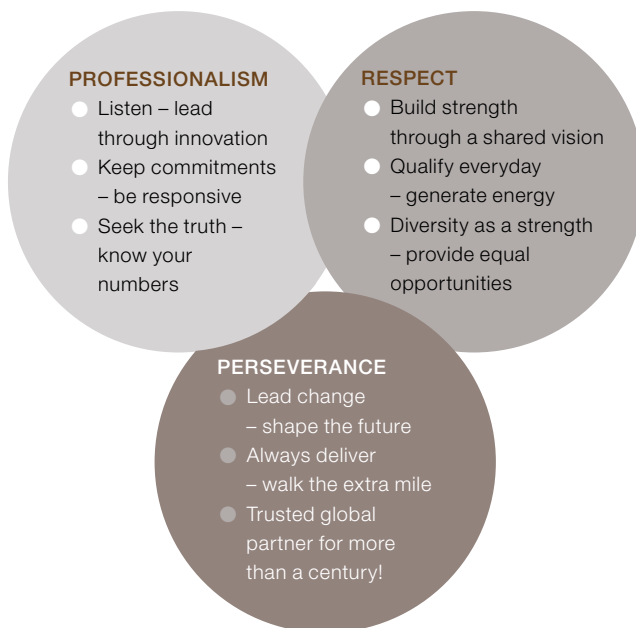
CORPORATE GOVERNANCE REPORT 2005

INTRODUCTION

We are committed to meeting high standards of corporate governance within the legal and regulatory frameworks that we are subject to. Our internal rules for ethical behavior and other important rules for business conduct have long since been established for all directors and employees through our group steering policies and directives. We believe our management controls and procedures are generally in line with best practices, although we continuously seek ways to make our corporate governance even more effective and reliable.

We need the support and commitment of all our employees in order to continue to adhere to high standards of corporate governance and to maintain Ericsson's reputation for integrity and good corporate citizenship. Professionalism, respect and perseverance are our core values, which define how we treat each other, our customers and our business partners. Our core values are the cornerstones of our ways of working and prerequisites for true market leadership.

ERICSSON'S CORE VALUES



Our Code of Business Ethics and Conduct summarizes the policies and directives which we expect all directors and employees of the Ericsson group to follow. The fundamental purpose of the Code of Business Ethics and Conduct is to reaffirm our commitment to a high level of integrity in the conduct of business. As part of our commitment to meeting high corporate governance standards, we hold corporate governance workshops for executives.

The Code of Business Ethics and Conduct, which has been translated into more than twenty languages and communicated to all em-

ployees around the globe, has contributed to a higher awareness of the importance of high ethical standards.

All employees are required to periodically review the Code of Business Ethics and Conduct and must acknowledge that they have understood and agree to comply with the principles outlined therein. Our Code of Business Ethics and Conduct satisfies the applicable requirements of the Sarbanes-Oxley Act of 2002 and NASDAQ. The Code can be found at:

www.ericsson.com/ericsson/corpinfoc/doc/code_business_ethics.pdf. Information on our website does not form part of this document.

We comply with the listing requirements of the stock exchanges we are listed on, that is Stockholm Stock Exchange, the London Stock Exchange and NASDAQ. We also satisfy the applicable NASDAQ corporate governance requirements, subject to a few exemptions principally reflecting mandatory Swedish legal requirements. These exemptions have been granted by NASDAQ and are explained under "NASDAQ Corporate Governance Exemptions" below. We also comply with the applicable requirements of the Sarbanes-Oxley Act; including the certification of our Annual Report on the SEC's Form 20-F by the Chief Executive Officer and Chief Financial Officer.

The Swedish Code of Corporate Governance

Further, Ericsson applies the Swedish Code of Corporate Governance, which is part of the Stockholm Stock Exchange's listing requirements. To ensure Ericsson's compliance with the Code, our group steering documents and procedures have been evaluated and adapted to reflect also the requirements of the Code.

The Board of Directors has issued an Internal Control Report. In accordance with a statement from the Swedish Corporate Governance Board dated 15 December 2005, the 2005 Internal Control Report has not been examined by the auditors and the report has been limited to describing how the internal controls are organized. Consequently, the report does not include a statement as to the effectiveness of the internal controls regarding the financial reporting. The Company is in the process of implementation of detailed controls, documentation and testing procedures based on the COSO framework for internal control, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to ensure compliance with the Sarbanes-Oxley Act, Section 404 as from 2006, and when submitting the report for 2006 it will be possible to make an assessment on a consistent basis in accordance with an established framework.

The corporate governance, direction and management of Ericsson is described in this Corporate Governance Report, including information on how the Code of Corporate Governance has been applied and information on how the Board of Directors ensures the quality of the financial reports and communicates with the Company's auditors.

The auditors have not reviewed Ericsson's 2005 Corporate Governance Report.

MEETINGS WITH THE SHAREHOLDERS

In accordance with the Swedish Companies Act and Ericsson's Articles of Association, shareholders who exercise their voting rights at the Annual General Meeting determine the composition of the Board of Directors and all other issues voted on at General Meetings of Shareholders.

At General Meetings of Shareholders each Class A-share carries one vote, each Class B-share one tenth of one vote and each Class C-share one thousandth of one vote. For more information on the shares of Ericsson, please see "Share Information" in the Annual Report.

The Annual General Meeting shall be held within six months after the end of the financial year and is normally held at the end of March or beginning of April. In accordance with the Articles of Association, the General Meetings of Shareholders are held in Stockholm.

A shareholder may attend and vote at the meeting in person or by proxy. Proxies are not valid for more than a year from the date of issuance. We publish notices to attend Annual and Extraordinary Meetings of Shareholders. In such notices we provide information about the agenda for the meeting as well as information on how to notify us of attendance. In accordance with our Articles of Association, such notices are published in Svenska Dagbladet, Dagens Nyheter and Post och Inrikes Tidningar. Notices are also published at the Company's website.

Under the Swedish Companies Act, resolutions at General Meetings of Shareholders are normally passed by simple majority. However, the Act requires special quorums and majorities in certain cases.

The Annual General Meeting offers shareholders the opportunity to raise questions regarding the Company and the results of the year

under review. The members of the Board of Directors, the executive management as well as the external auditors are normally all present to answer such questions.

Shareholders and other interested parties may communicate directly with the Board of Directors or executive management independent of the Annual General Meeting. All communications should be in writing directed to the Board of Directors' Secretariat. The sender should indicate in the address whether the communication is intended for the entire Board of Directors, an individual director or any of the management team members. For contact details of the Board of Directors' Secretariat, please see the Company's website: www.ericsson.com/ericsson/corpinfo/corp_governance/agm/index.shtml. Information on our website does not form part of this document.

NOMINATION COMMITTEE

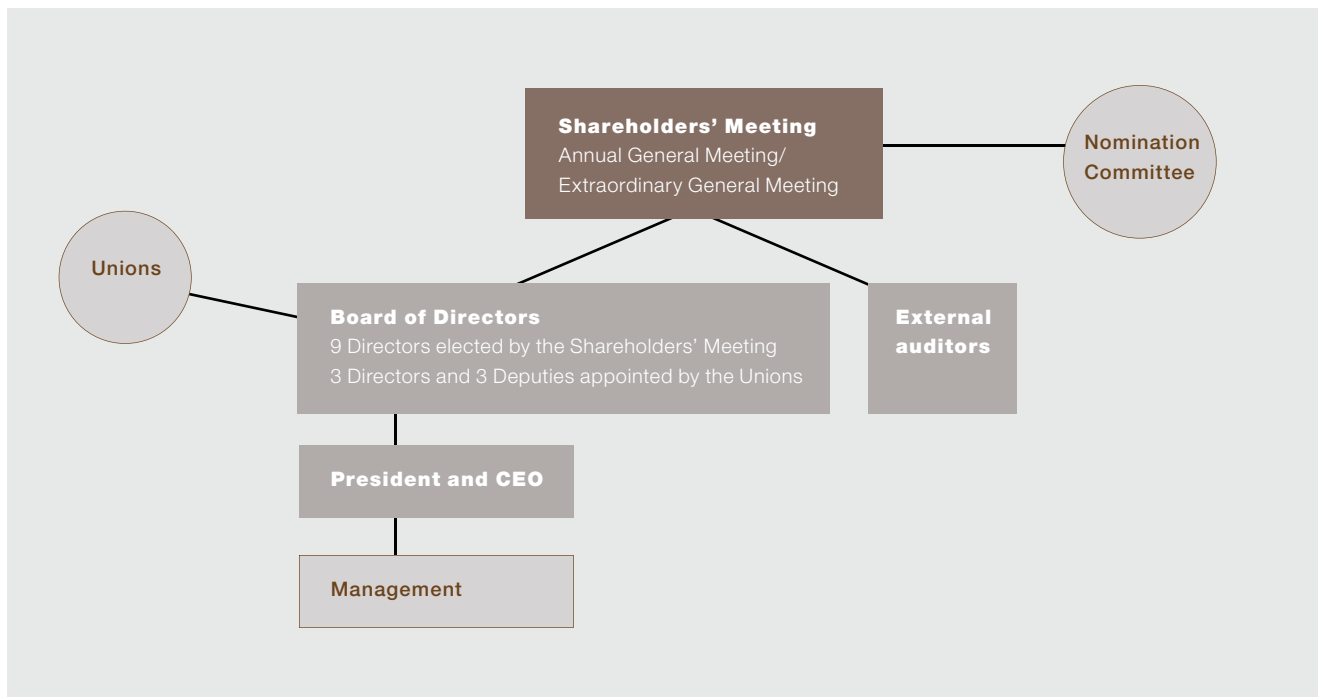
Members

The Nomination Committee, elected by the 2005 Annual General Meeting, consists of Björn Svedberg (Chairman of the Committee, Investor), Bengt Belfrage (Nordea Fonder), Christer Elmehagen (AMF Pension), Curt Källströmer (Handelsbankens Pensionsstiftelse, Pensionskassa and Personalstiftelse), and Michael Treschow (Chairman of the Board of Ericsson).

The tasks of the Nomination Committee

The main task of the Nomination Committee is to propose candidates for election to the Board of Directors including the Chairman and the Deputy Chairmen of the Board, and, where applicable, candidates for election of auditors. In addition, the Nomination Committee is to pro-

OUR CORPORATE GOVERNANCE STRUCTURE



pose a candidate for election of Chairman of the General Meeting of Shareholders. The Nomination Committee also prepares proposals concerning directors' fees to directors not employed by Ericsson, auditors' fees and remuneration to the members of the Nomination Committee (if any), which fees are presented at the Annual General Meeting for resolution. The directors' fees are presented in "Notes to the Consolidated Financial Statements – Note C29, Information Regarding Employees, Members of the Board of Directors and Management" in the Annual Report.

Recommendations to the Nomination Committee may be submitted to the Nomination Committee by e-mail or by postal mail to the addresses indicated at the Company's website: www.ericsson.com/ericsson/corpinfo/corp_governance/agm/index.shtml. Information on our website does not form part of this document.

The tasks of the Nomination Committee have been resolved by the Annual General Meeting of the shareholders. The 2005 Annual General Meeting resolved that the Company should reimburse fair costs reasonably related to the performance of the Nomination Committee's assignment and that the Nomination Committee should not receive any remuneration.

It follows from the Swedish Code of Corporate Governance that, when nominating persons for election to the Board of Directors, the Nomination Committee is to determine whether, in its view, the persons nominated for election are considered to be independent of the company and its senior management as well as of major shareholders in the company.

BOARD OF DIRECTORS

General

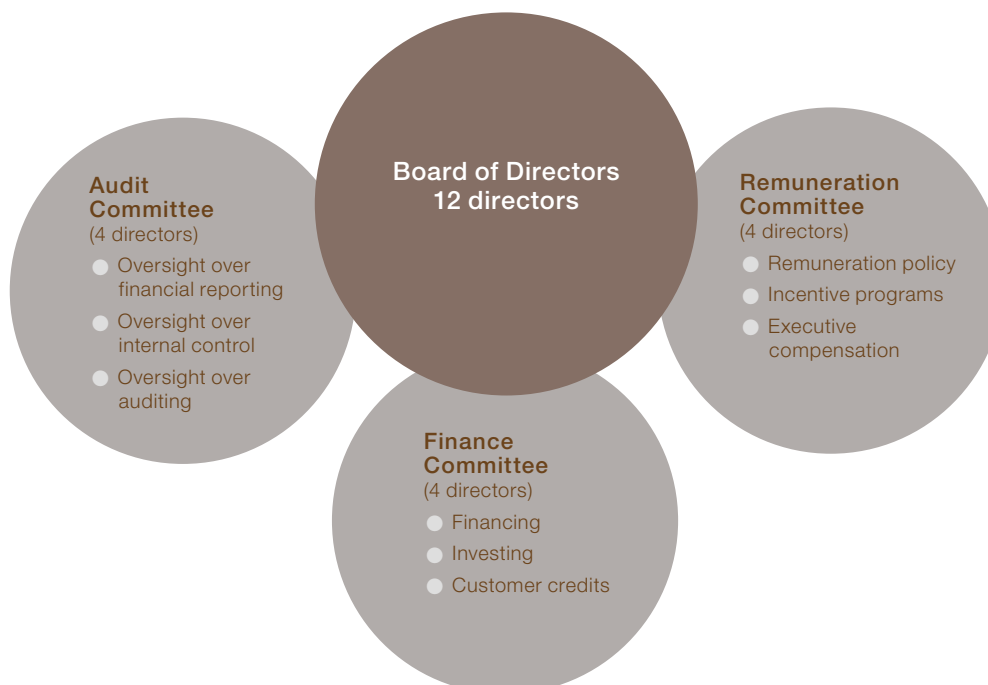
According to Ericsson's Articles of Association, the Board of Directors shall consist of a minimum of five directors and a maximum of twelve directors, with no more than six deputies. The directors shall be elected each year at the Annual General Meeting for the period up to and including the following Annual General Meeting. A director may serve any number of consecutive terms but is elected for one year at a time.

In addition, under Swedish law, unions have a right to appoint three directors and their deputies to the Ericsson Board of Directors.

The Board of Directors is ultimately responsible for the organization of the Company and the management of the Company's operations. The President and CEO is charged with the day-to-day management of the Company in accordance with guidelines and instructions provided by the Board of Directors. The President and CEO shall ensure that the Board regularly receives reports regarding the development of the business of the Group, such as the development of the results, financial position and liquidity as well as information regarding events of importance to the Group.

According to the Swedish Companies Act, a member of the Board of Directors and the President and CEO may not participate in decisions regarding agreements between the individual concerned and the Company. Nor may a member of the Board of Directors or the President and CEO participate in decisions regarding agreements between the Company and third parties where the individual concerned has a material interest in the matter, which may conflict with the interests of the Company, or regarding agreements between the Company and a legal entity, which the individual concerned may represent, either individually

ORGANIZATION OF THE BOARD WORK



or together with any other person. Further, the Audit Committee has implemented a procedure for the approval of related party transactions in accordance with NASDAQ's corporate governance rules.

The Annual General Meeting decides on compensation for the Directors of the Board elected by the Annual General Meeting who are not employees of the Company.

Work of the Board of Directors

The Board schedules at least six meetings each year and in 2005, twelve Board meetings were held. With very few exceptions, the Directors participate in all of the Board of Directors' meetings and are, to the extent possible, also present at the General Meetings of Shareholders. The Directors' attendance at Board of Directors' meetings and Committee meetings during 2005 is reflected in the table "Directors' attendance."

Training sessions are scheduled on a revolving basis, normally twice a year, in order to enhance the Directors' knowledge of the operations of the Group. In addition, specific training sessions are scheduled if and when appropriate and in particular for newly elected Directors. The training session in October 2005 mainly covered sales, processes and procedures including pricing.

Certain matters addressed by the Board during 2005 include:

- Continued focus on development of operational excellence.
- Resolution to enter into an agreement with Marconi Corporation plc to acquire strategic parts of Marconi's telecommunications business.
- Three Board Meetings have been dedicated to strategy discussions, including discussion on development of "next generation" converged networks.
- Resolution to acquire Axxessit AsA and Netspira Networks, S.L. to expand the product portfolio.
- Intellectual property strategy.

- Capital structure strategy.
- Enhancement of enterprise risk management model based on the COSO framework.
- Corporate governance, including adoption and implementation of various corporate governance rules applicable to the Company.
- Optimization of production resources.
- Large managed service contracts in Europe.

The Board and its Audit Committee meet with the external auditors on a regular basis. The Board normally meets with the auditors twice a year and at least once without the President and CEO or any other person from management being present. The Audit Committee meets with the auditors at the Audit Committee meetings. During 2005, the auditors were represented at all Audit Committee meetings, except for one meeting per capsulam regarding approval of a related party transaction. The auditors present their observations from the audit of the annual report as well as their reviews of interim reports and internal controls.

Work Procedure

The Board of Directors has established its work procedure in accordance with the requirements of the Swedish Companies Act. Through the work procedure, the Board designates how various tasks will be distributed among the Board and its Committees as well as between the Board, its Committees and the President and CEO. The work procedure is reviewed, evaluated and adopted by the Board whenever necessary, but at least once a year. The work of the Committees is principally of a preparatory character, i.e. the Committees prepare matters for final resolution by the Board. However, the Board has authorized each Committee to decide on certain issues in limited areas and may also provide extended authorization to a Committee to decide on specific matters. The Board of Directors as well as each of the Committees

DIRECTORS' ATTENDANCE

	Board meetings		Audit Committee meetings		Finance Committee meetings		Remuneration Committee meetings	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
	Michael Treschow	12	12	–	–	13	13	8
Arne Mårtensson	12	12	–	–	13	13	–	–
Marcus Wallenberg	12	12	–	–	13	13	–	–
Peter L. Bonfield	12	12	8	8	–	–	–	–
Sverker Martin-Löf	12	12	8	8	–	–	–	–
Eckhard Pfeiffer	12	12	7	8	–	–	–	–
Nancy McKinstry	11	12	–	–	–	–	7	8
Carl-Henric Svanberg	12	12	–	–	–	–	–	–
Ulf J. Johansson	8	8	–	–	–	–	6	6
Lena Torell	4	4	–	–	–	–	2	2
Jan Hedlund	12	12	8	8	–	–	–	–
Per Lindh	12	12	–	–	–	–	8	8
Torbjörn Nyman	12	12	–	–	13	13	–	–
Monica Bergström	12	12	–	–	–	–	–	–
Anna Guldstrand	11	12	–	–	–	–	–	–
Arne Löfving	12	12	–	–	–	–	–	–

have the right to engage external expertise in general or in respect of specific matters, if and to the extent required or deemed appropriate.

Committees of the Board

The Board of Directors has established three Committees, i.e. the Audit, the Finance and the Remuneration Committees. The Board appoints Committee members from among its members.

The Audit Committee

General

The Audit Committee assists the Board in monitoring the integrity of the financial statements, the compliance with legal and regulatory requirements, the qualification, independence and performance of our external auditors and the effectiveness of our systems of internal controls for financial reporting.

The Audit Committee is primarily responsible for reviewing annual and interim financial reports, overseeing the external audit process, including audit fees and the internal audit function, and resolving matters arising during the course of reviews and audits. However, the Audit Committee itself does not perform audit work. The Company has an internal audit function, which reports to the Audit Committee and performs independent audits.

Pursuant to the Board's work procedure, the Audit Committee reviews the audited financial statements with management and the external auditors, including conformity with generally accepted accounting principles. The Audit Committee also reviews with management the reasonableness of significant estimates and judgments made in preparing the financial statements, as well as the quality of the disclosures in the financial statements. In addition, the Audit Committee reviews matters arising from reviews and audits performed. The Audit Committee has implemented approval procedures for audit and other services performed by the external auditors in order to safeguard the auditors' independence from the management and the Company. Further details about these procedures are provided under "Audit Committee Pre-approval Policies and Procedures."

In addition, the Audit Committee has implemented a pre-approval process for transactions with related parties and a procedure for the reporting of suspected violations, for example violations in relation to accounting, internal accounting controls and auditing matters; a so called whistle-blower procedure. Ericsson's Group Security and Risk Management function reviews and investigates reported suspected violations and, when necessary, the reported suspected violations are investigated together with the relevant Group Function. The Group Security and Risk Management function summarizes suspected violations in reports including information on the relevant matter, the measures taken with respect to the matter, the responsible Group Function and information on current status. The reports are presented at each regular Audit Committee meeting. The Audit Committee has appointed an external expert advisor, Mr. Peter Markborn, to assist and advise the Committee.

Members of the Audit Committee

The Audit Committee consists of four members appointed by the Board from among its members. Membership during 2005 included Sverker Martin-Löf (Chairman of the Committee), Sir Peter L. Bonfield, Jan Hedlund and Eckhard Pfeiffer.

Members of the Audit Committee must be independent from the operational management, financially literate and familiar with the accounting practices of an international company comparable to Ericsson. At least one member must be an audit committee financial expert. The Board of Directors has determined that each of Sverker Martin-Löf, Sir Peter L. Bonfield and Eckhard Pfeiffer satisfy these requirements.

The work of the Audit Committee

The Audit Committee held eight meetings during 2005 and the Directors' attendance at the meetings is reflected in the table "Directors' attendance." The work of the Audit Committee during the year included review of financial reports, the scope and execution of audits performed, the independence of the external auditors, the internal audit function and audit fees as well as the progress of the recent conversion to IFRS reporting as from January 1, 2005. The Audit Committee together with the external auditors reviewed each interim report prior to publishing. The Committee has continuously followed the development of the rules and regulations of the Sarbanes-Oxley Act of 2002 and the Swedish Code of Corporate Governance and the Company's implementation of the said rules and regulations. Certain services other than audits have been approved by the Audit Committee under the pre-approval policies and procedures. Further, the Audit Committee has approved certain related-party transactions in accordance with the pre-approval process implemented by the Committee.

The Finance Committee

General

The Finance Committee is primarily responsible for handling matters regarding acquisitions and divestments, capital contributions to companies inside and outside the Ericsson group, raising of loans, issuances of guarantees and similar undertakings and approvals of financing support to customers, as well as continuously monitoring the group's financial risk exposure. The Finance Committee has been authorized by the Board of Directors to decide, with power to delegate power to decide, on certain matters of the Board including direct or indirect financing, provision of credits and the granting of security and guarantees and certain investments, divestments and financial commitments.

Members of the Finance Committee

The Finance Committee consists of four members appointed by the Board from among its members. Membership during 2005 included Marcus Wallenberg (Chairman of the Committee), Arne Mårtensson, Torbjörn Nyman and Michael Treschow.

Work of the Finance Committee

The Finance Committee held thirteen meetings during the year and the Directors' attendance at the meetings is reflected in the table "Directors' attendance." The Committee resolved issues regarding customer financing, guarantees, credit facility arrangements, conditional shareholders' contributions, acquisitions and divestments. After authorization from the Board, the Committee resolved to appoint Hans Ragnemalm member of the Board of Trustees of the Company's Pension Trust. The Finance Committee also monitored the financial risk exposure and risk limits and reviewed the reporting to the Committee in this respect.

The Remuneration Committee

General

The Remuneration Committee is primarily responsible for reviewing and preparing for resolution by the Board of Directors proposals on salary and other remuneration, including retirement compensation, to the President and CEO. The Remuneration Committee has been given authority to approve proposals on salary and other remuneration, including retirement compensation for the Executive Vice Presidents and other managers reporting directly to the President and CEO.

In addition, the Committee is responsible for strategies and general guidelines with respect to employee compensation, including incentive plans and retirement compensation.

At the beginning of each year, the Committee approves any variable pay to be made from the previous year's plan and prepares for resolution by the Board any long-term incentive plan prior to being presented at a meeting of shareholders.

During the year, the Committee meets for a strategic compensation review with representatives of the Company. The Committee members consider trends in compensation, legislative changes, disclosure rules and the general global environment surrounding executive pay. The outcome is to agree on the direction Ericsson will follow so that program designs and pay policies all align with the business situation.

The Committee schedules a meeting during the fall of each year entirely dedicated to long-term incentive plans to be presented to the shareholders the following year.

At the end of the year, the Committee reviews salary survey data to approve any increase of base pay for the following year for executives. Increases, if any, are effective from the following January. The Remuneration Committee also prepares for resolution by the Board the targets for variable pay for the following year.

Members of the Remuneration Committee

The Remuneration Committee consists of four members appointed by the Board from among its members. Membership during 2005 included Michael Treschow (Chairman of the Committee), Nancy McKinstry, Per Lindh, Lena Torell and Ulf J. Johansson. Ulf J. Johansson has been a member since the Annual General Meeting 2005 when he replaced Lena Torell, who was a member of the Remuneration Committee until the Annual General Meeting 2005.

Work of the Remuneration Committee

The Remuneration Committee held eight meetings during 2005 and the Directors' attendance at the meetings is reflected in the table "Directors' attendance." The Committee reviewed and prepared for the Board a proposal for a long-term incentive plan, which was resolved by the 2005 Annual General Meeting. The Committee approved a structure for variable pay for the Group Management Team and the Extended Management Team. The Committee has assigned an independent remuneration expert, Mr. Gerrit Aronson, to help in obtaining an independent opinion and advice on remuneration issues, including the pension benefits of the President and CEO. The Committee also approved proposals for salaries and incentive pay for 2005. For further information on compensation, fixed and variable pay, please see "Notes to the Consolidated Financial Statements – Note C29, Information Regarding Employees, Members of the Board of Directors and Management" in the Annual Report.

Remuneration of the Board

In accordance with the proposal of the Nomination Committee, the Annual General Meeting of shareholders resolved on April 6, 2005, that the directors' fees should total SEK 8.8 million and that the directors' fees should be distributed among the members of the Board elected by the Annual General Meeting who are not employees of the Company as follows:

- The Chairman SEK 3 million;
- The Deputy Chairmen and the other Directors SEK 600,000 each;
- The Chairman of the Audit Committee SEK 350,000 and the other Audit Committee members SEK 250,000 each;
- The members of the Finance Committee and the Remuneration Committee SEK 125,000 each.

Review/self-evaluation

The Chairman of the Board is responsible for annually initiating and leading a thorough evaluation of the Board work and the Board procedure. The evaluation process may include written questionnaires, as well as interviews and discussions. During 2005, the Chairman of the Board had individual discussions with each Member of the Board of Directors regarding the work procedure and the evaluation of the Board work. In addition, all Directors have answered a written questionnaire. The Chairman and the President and CEO are not present when their respective performance is evaluated.

MEMBERS OF THE BOARD

Our Board of Directors consists of nine Directors elected by the shareholders at the Annual General Meeting for the period until the close of the next Annual General Meeting, and three employee representatives, each with a deputy, appointed by the respective trade union. The Chairman of the Board is elected by the Annual General Meeting. The President and CEO of the Company may be elected director, as is the case at present. However, the Swedish Companies Act prohibits the President of a public company to be elected Chairman of the Board.

Michael Treschow, Director (since 2002)

Chairman of the Board of Directors. Chairman of the Remuneration Committee and member of the Finance Committee and the Nomination Committee.

Chairman of the Confederation of Swedish Enterprise and Chairman of the Board of Directors of AB Electrolux. Member of the Board of Directors of ABB Ltd and B-Business Partners. Member of the Royal Academy of Engineering Sciences.

Master of Science degree from the Institute of Technology in Lund, Sweden.

Prior to his position as Chairman of the Board of Directors, Michael Treschow was the President and CEO of the Electrolux Group, a position to which he was appointed in 1997. Before joining Electrolux, Michael Treschow was President and CEO of Atlas Copco AB. Earlier positions mainly include positions with Atlas Copco.

Arne Mårtensson, Director (since 2003)

Deputy Chairman of the Board of Directors and member of the Finance Committee.

Chairman of the Advisory Board of Stockholm School of Economics and Chairman of the Board of Directors of Svenska Handelsbanken. Member of the Board of Directors of Holmen, Industrivärden, Sandvik,

Skanska and V&S Vin & Sprit. Member of the International Business Council of the World Economic Forum.

Econ Dr. h.c. Graduate from Stockholm School of Economics and PMD, Harvard Business School, USA.

Arne Mårtensson has previously been President and Group Chief Executive of Svenska Handelsbanken and Executive Vice President and head of Svenska Handelsbanken, Regional Unit Western Sweden. Earlier positions include positions with Handelsbanken.

Arne Mårtensson has declined re-election at the Annual General Meeting 2006.

Marcus Wallenberg, Director (since 1996)

Deputy Chairman of the Board of Directors and Chairman of the Finance Committee.

Chairman of the Board of Directors of Skandinaviska Enskilda Banken. Deputy Chairman of the Board of ICC (International Chamber of Commerce) and Saab. Member of the Board of Directors of AstraZeneca PLC, AB Electrolux, Stora Enso Oy and the Knut and Alice Wallenberg Foundation.

Bachelor of Science of Foreign Service degree from Georgetown University, Washington D.C., USA.

In 1993 Marcus Wallenberg was employed by Investor AB as Executive Vice President and he was the President and CEO of the company between 1999 and 2005. Before joining Investor AB, Marcus Wallenberg was a Director of Stora Feldmühle AG. Earlier positions include positions with Skandinaviska Enskilda Banken, Citicorp and Citibank.

Sir Peter L. Bonfield, CBE, FREng, Director (since 2002)

Member of the Audit Committee.

Vice Chairman of the Board of the British Quality Foundation. Member of the Board of Directors of AstraZeneca PLC, Mentor Graphics

Inc., Sony Corporation and T.S.M.C. Member of the International Advisory Group of Citigroup and of the International Advisory Panel, University of London. Non-Executive Director of Actis Capital LLP and HMG Department for Constitutional Affairs. Senior Executive Advisor of Permira. Trustee of Cutty Sark Trust.

Honors degree in Engineering from Loughborough University, Leicestershire, UK.

From 1996 to 2002, Sir Peter L. Bonfield was CEO and Chairman of the Executive Committee of British Telecommunications plc. Before assuming this position, Sir Peter L. Bonfield was Chairman and CEO of ICL plc. Earlier positions include positions with STC plc and Texas Instruments Inc.

Sverker Martin-Löf, Director (since 1993)

Chairman of the Audit Committee.

Chairman of the Board of Directors of Skanska, Svenska Cellulosa Aktiebolaget SCA and SSAB. Vice Chairman of the Board of Directors of Industrivärden. Member of the Board of Directors of the Confederation of Swedish Enterprise and Svenska Handelsbanken.

Doctor of Technology and Master of Engineering degree from the Royal Institute of Technology, Stockholm, Sweden. Honorary Doctor at Mid-Sweden University, Sweden.

Sverker Martin-Löf was employed by Svenska Cellulosa Aktiebolaget SCA from 1977 to 1983 and again from 1986 to 2002. From 1990 to 2002, Sverker Martin-Löf was the President and CEO of Svenska Cellulosa Aktiebolaget SCA. Earlier positions include positions with Sunds Defibrator and Mo och Domsjö AB.

Eckhard Pfeiffer, Director (since 2000)

Member of the Audit Committee.

Chairman of the Board of Directors of Accoona Corporation. Member of the Board of Directors of General Motors Corporation and Syntek

BOARD OF DIRECTORS

Name	Member since	Age	Position	Number of Class A shares	Number of Class B shares²⁾	Options³⁾
Michael Treschow	2002	62	Chairman	–	820,000	–
Arne Mårtensson ¹⁾	2003	54	Deputy Chairman	–	13,400	–
Marcus Wallenberg	1996	49	Deputy Chairman	–	704,000	–
Peter L. Bonfield	2002	61	Director	–	–	–
Sverker Martin-Löf ¹⁾	1993	62	Director	–	52,000	–
Eckhard Pfeiffer	2000	64	Director	–	30,400	–
Nancy McKinstry	2004	46	Director	–	–	–
Carl-Henric Svanberg	2003	53	Director & CEO	–	15,635,599	–
Ulf J. Johansson	2005	60	Director	–	2,176	–
Jan Hedlund	1994	59	Employee Representative	–	1,497	–
Per Lindh	1995	48	Employee Representative	–	203	–
Torbjörn Nyman	2004	44	Employee Representative	–	7,612	–
Monica Bergström	1998	44	Deputy Employee Representative	–	2,848	–
Anna Guldstrand	2004	41	Deputy Employee Representative	–	3,986	900
Arne Löfving	2003	52	Deputy Employee Representative	–	6,031	–

¹⁾ Arne Mårtensson and Sverker Martin-Löf are also Directors of Industrivärden. Industrivärden is one of Ericsson's largest shareholders, based on voting rights.

²⁾ In accordance with the Code of Corporate Governance, the number of Class B shares includes holding by related natural and legal persons. Details available at www.fi.se.

³⁾ Number of Class B shares assuming full exercise of options under applicable plan (including holding of options by related natural and legal persons in accordance with the Code of Corporate Governance).

Capital AG. Board Advisor to Hitachi Data Systems. Member of the Advisory Board of Deutsche Bank and the Advisory Council of University of Houston College of Natural Sciences and Mathematics.

Master of Business Administration (MBA) degree from Southern Methodist University, Dallas, Texas, USA. Honorary Doctor of Engineering degree from the Stevens Institute of Technology, New Jersey, USA.

Eckhard Pfeiffer was President and CEO of Compaq Computer Corporation from 1991 to 1999. Prior to this, Eckhard Pfeiffer held other management positions with Compaq. Before joining Compaq in 1983 he spent nineteen years with Texas Instruments.

Nancy McKinstry, Director (since 2004)

Member of the Remuneration Committee.

CEO and Chairman of the Executive Board of Wolters Kluwer n.v. Member of the Board of Directors of MortgageIT, Inc. Member of the Advisory Council of ABN AMRO Holding n.v. and the Advisory Council of the University of Rhode Island. Member of the Board of Directors of the American Chamber of Commerce in the Netherlands and Tias Business School.

Master of Business Administration (MBA) degree in Finance and Marketing from Columbia University, New York, USA, and a bachelor's degree (BA) in Economics from the University of Rhode Island, Kingston, Rhode Island.

Currently Nancy McKinstry is CEO and Chairman of the Executive Board of Wolters Kluwer n.v. From 2000 to 2003, Nancy McKinstry was President and CEO of Legal, Tax and Business, North America, Wolters Kluwer n.v. and a member of the Executive Board. In 1999–2000 Nancy McKinstry was CEO and President of SCP Communications. Prior to this she was President and CEO of CCH Legal Information Services from 1996 to 1999. Earlier positions include positions with CCH Incorporated, Booz, Allen & Hamilton and New England Telephone Company.

Carl-Henric Svanberg, Director (since 2003)

President and CEO of Telefonaktiebolaget LM Ericsson and member of the Board of Directors.

Member of the Board of Directors of Assa Abloy, the Confederation of Swedish Enterprise and Hexagon.

Master of Science degree from Linköping Institute of Technology, Sweden, and Bachelor of Science degree in Business Administration from Uppsala University, Sweden.

Prior to assuming his position at Ericsson, Carl-Henric Svanberg was the President and CEO of the Assa Abloy Group.

Ulf J. Johansson, Director (since 2005)

Member of the Remuneration Committee.

Chairman of the Board of Directors of AcandoFrontec AB, Eurostep Group AB, Novo A/S and Novo Nordisk Foundation. Member of the Board of Directors of Trimble Navigation Ltd. Member of the Royal Swedish Academy of Engineering Sciences.

Doctor of Technology and Master of Science in Electrical Engineering from the Royal Institute of Technology, Stockholm, Sweden.

Ulf J. Johansson is a founder of Europolitan Vodafone AB where he was the Chairman of the Board between 1990 and 2005. Earlier positions include President and CEO of Spectra-Physics and Executive Vice President of Ericsson Radio System AB.

Jan Hedlund, Director (since 1994)

Member of the Audit Committee. Employee representative.

Appointed by the union Svenska Metallindustriarbetareförbundet.

Per Lindh, Director (since 1995)

Member of the Remuneration Committee. Employee representative.

Appointed by the union Sif.

Torbjörn Nyman, Director (since 2004)

Member of the Finance Committee. Employee representative.

Appointed by the union CF.

Monica Bergström, Deputy Director (since 1998)

Employee representative.

Appointed by the union Sif.

Anna Guldstrand, Deputy Director (since 2004)

Employee Representative

Appointed by the union CF.

Arne Löfving, Deputy Director (since 2003)

Employee representative.

Appointed by the union Svenska Metallindustriarbetareförbundet of which he is Deputy Chairman of the Gothenburg division. Arne Löfving is employee representative of the Board of Ericsson Microwave Systems.

At the Annual General Meeting on April 6, 2005, Ulf J. Johansson replaced Lena Torell as member of the Board. Lena Torell had been a member of the Board since 2002.

Carl-Henric Svanberg is the only Director who holds an operational management position at Ericsson. No Director has been elected pursuant to an arrangement or understanding with any major shareholder, customer, supplier or other person.

COMPANY MANAGEMENT

Operational Units

Our operations are carried out in three business segments; Systems, Phones and Other operations. The largest segment, Systems, is organized in business units that are responsible for the provision of products and services, and market units that are responsible for marketing, sales, and customer support. For more information regarding our business segments, please see "Information on the Company" in the Annual Report. A significant amount of authority and responsibility for tasks pertaining to daily operations is assigned to the management of our various operating units. Governance of our operating units is carried out by steering committees, with members who are representatives of the Group Management Team, the Extended Management Team and the management of the particular operating unit.

Group Functions

A number of Group Functions perform tasks pertaining to certain group-wide matters that are not naturally referable to a specific operational unit: Communications, Finance, Human Resources and Organization, Legal Affairs, Operational Excellence, Research & Development, Sales & Marketing and Strategy & Product Management.

Their responsibilities include the formulation of the Group's strategy, issuing of policies and directives, business control, resource allocation and risk management. In addition, Group Functions are responsible for the consolidation and reporting of financial performance, financing and cash management, legal issues, communication with various stakeholders including employees, investors, press and media as well as coordination and administration of a number of Group-wide issues. Other important Group-wide matters, such as Corporate Responsibility, are managed by Group Functions in conjunction with a network of experts from various parts of the Company.

The President and Chief Executive Officer – Operational Management

The Board of Directors appoints the President and CEO and the Executive Vice Presidents. Management of day-to-day operations is the responsibility of the President and CEO and the Group Management Team consisting of, apart from the President and CEO, the Chief Financial Officer, the Chief Technology Officer and head of Research & Development, the heads of Group Functions and the heads of Business Units Access, Systems, Global Services and Transmission and Transport Networks.

Compensation policies, other terms of employment for senior management and outstanding incentive schemes for senior management

are described in "Notes to the Consolidated Financial Statements – Note C29, Information Regarding Employees, Members of the Board of Directors and Management" in the Annual Report.

Carl-Henric Svanberg

President and CEO and member of the Board of Directors (since April 2003).

Member of the Board of Directors of Assa Abloy, the Confederation of Swedish Enterprise and Hexagon.

Master of Science degree from Linköping Institute of Technology, Sweden, and Bachelor of Science degree in Business Administration from Uppsala University, Sweden.

Prior to assuming his position at Ericsson, Carl-Henric Svanberg was the President and CEO of the Assa Abloy Group.

Karl-Henrik Sundström

Executive Vice President and Chief Financial Officer and head of Group Function Finance (since April 2003).

Bachelor degree in Finance from Uppsala University, Sweden, and Advanced Management Program, Harvard Business School, USA.

Prior to assuming his position as above, Karl-Henrik Sundström was head of Business Unit Global Services.

GROUP MANAGEMENT TEAM

Name	Appointed		Position	Number of Class A shares	Number of Class B shares
	year	Age			
Carl-Henric Svanberg	2003	53	President & CEO	–	15,635,599 ¹⁾
Karl-Henrik Sundström	2003	45	Executive Vice President & CFO and Head of Group Function Finance	–	20,472
Kurt Jofs	2004	47	Executive Vice President and Head of Business Unit Access	–	216,714
Bert Nordberg	2004	49	Executive Vice President and Head of Group Function Sales & Marketing	–	31,794
Björn Olsson	2004	49	Executive Vice President and Head of Business Unit Systems	–	24,298
Carl Olof Blomqvist	1999	54	General Counsel and Head of Group Function Legal Affairs	6,080	28,633
Joakim Westh	2004	44	Head of Group Function Operational Excellence	–	107,941
Marita Hellberg	2003	50	Head of Group Function Human Resources & Organization	–	35,755
Torbjörn Nilsson	1998	52	Head of Group Function Strategy & Product Management	–	62,127
Henry Sténson	2002	50	Head of Group Function Communications	–	19,533
Håkan Eriksson	2004	44	Chief Technology Officer and Head of Research & Development	–	11,313
Hans Vestberg	2005	40	Executive Vice President and Head of Business Unit Global Services	–	20,241
Sivert Bergman	2006	59	Head of Business Unit Transmission & Transport Networks	–	4,825

Options and matching rights are reported in Notes to the Consolidated Financial Statements – Note C29, Information Regarding Employees, Members of the Board of Directors and Management in the Annual Report.

¹⁾ In accordance with the Code of Corporate Governance, the number of Class B shares includes holding by related natural and legal persons. Details available at www.fi.se.

Kurt Jofs

Executive Vice President and head of Business Unit Access (since January 2004).

Board member of ATEA and Chairman of the Board of Peoples Travel Group.

Master of Science degree, Royal Institute of Technology in Stockholm, Sweden.

Prior to assuming his position as above, Kurt Jofs has held senior management positions in, among others, Linjebuss and ABB Ventilation Products.

Bert Nordberg

Executive Vice President and head of Group Function Sales & Marketing (since January 2004).

Bachelor degree in Electronic Engineering, Malmö, Sweden, and Engineer in the Marines, Berga, Sweden, and university courses in International Management, Marketing and Finance, Insead University, France.

Prior to assuming his position as above, Bert Nordberg was head of Business Unit Systems.

Björn Olsson

Executive Vice President and head of Business Unit Systems (since January 2004).

Master of Science degree in Industrial Engineering and Management, Linköping Institute of Technology, Sweden.

Prior to assuming his position as above, Björn Olsson was Chief Information Officer.

Carl Olof Blomqvist

Senior Vice President, general counsel and head of Group Function Legal Affairs (since May 1999).

Master of Laws, LL.M., University of Uppsala, Sweden.

Prior to assuming his position as above, Carl Olof Blomqvist was a partner of Mannheimer Swartling law firm.

Håkan Eriksson

Senior Vice President and Chief Technology Officer and head of Group Function Research & Development (since January 2004).

Master of Science degree in Electrical Engineering, Linköping Institute of Technology, Sweden.

Prior to assuming his position as above, Håkan Eriksson was Vice President and head of Research & Development.

Marita Hellberg

Senior Vice President and head of Group Function Human Resources & Organization (since September 2003).

Bachelor degree in Social Studies, University of Stockholm, Sweden, and Advanced Management Program, Cedep, France.

Prior to assuming her position as above, Marita Hellberg was Senior Vice President of Human Resources of NCC Group.

Torbjörn Nilsson

Senior Vice President (since October 1998) and head of Group Function Strategy & Product Management.

Master of Science degree, Lund's University, Sweden, and Master of Business Administration, University of Stockholm, Sweden.

Prior to assuming his position as above, Torbjörn Nilsson was head of Group Function Marketing & Strategic Business Development.

Henry Sténson

Senior Vice President and head of Group Function Communications (since May 2002).

Studied law, sociology and political science, Linköping University, Sweden, and at the Swedish War Academy, Karlberg, Stockholm, Sweden.

Prior to assuming his position as above, Henry Sténson was head of SAS Group Communication, SAS AB.

Hans Vestberg

Executive Vice President and head of Business Unit Global Services (since February 2005).

Bachelor of Business Administration degree, University of Uppsala, Sweden.

Prior to assuming his position as above, Hans Vestberg was Senior Vice President and head of Business Unit Global Services (since January 2004) and prior to assuming that position, Hans Vestberg was head of Market Unit Mexico.

Joakim Westh

Senior Vice President and head of Group Function Operational Excellence (since December 2004).

Chairman of the Board of Directors of Absolent AB and member of the Board of Directors of VKR Holding A/S.

Master of Science degree, Royal Institute of Technology, Stockholm, Sweden, and Master of Science degree within Aeronautics & Astronautics, MIT, Boston, USA.

Prior to assuming his position as above, Joakim Westh was head of J. Westh Företagsutveckling AB and before that, Joakim Westh held various senior management positions within Assa Abloy.

Sivert Bergman

Senior Vice President (since January 1, 2006) and head of Business Unit Transmission and Transport Networks (since 2002).

Bachelor degree of electric engineering complemented with studies in mathematics, Trollhättan, Sweden.

Prior to assuming his position in 2002, Sivert Bergman was Research and Development Manager for transmission activities and head of Business Unit Transmission Solutions.

During 2005, the officer below was also a member of the Group Management Team of the Company:

Mats Granryd

Former Senior Vice President and head of Business Unit Mobile Systems CDMA,

Since July 18, 2005 Vice President and head of Market Unit India & Sri Lanka and member of the Extended Management Team.

In addition to the Group Management Team, there is an Extended Management Team consisting of the officers of the Group Management Team and:

- Cesare Avenía, Vice President and head of Market Unit Italy and global customer account executive Telecom Italia;
- Rory Buckley, Vice President and head of Market Unit North East Asia;
- Ragnar Bäck, Chairman of the Market Units within the Central and Eastern Europe, Middle East & Africa (CEMA) regions;
- Jan Campbell, Vice President and head of Market Unit Central Europe;
- Sandeep Chennakeshu, President Ericsson Mobile Platforms AB;
- Mats Granryd, Vice President and head of Market Unit India & Sri Lanka;
- Jef Keustermans, Vice President and head of Market Unit Northern Europe;
- Kinson Loo, Vice President and global customer account executive Hutchison;
- Ingemar Naeve, Vice President and head of Market Unit Iberia and global customer account executive Telefónica;
- Anders Olin, Vice President and global customer account executive Vodafone;
- Mats Olsson, Vice President and head of Market Unit Greater China;
- Torbjörn Possne, Vice President and global customer account executive Deutsche Telekom;
- Angel Ruiz, Vice President and head of Market Unit North America;
- Jan Signell, Vice President and head of Market Unit South East Asia; and
- Gerhard Weise, Vice President and head of Market Unit Mexico.

During 2005, the officers below were also members of the Extended Management Team of the Company:

Kristian Teär

Former Vice President and head of Market Unit South East Asia.

Kristian Teär left the company on June 1, 2005.

Mats Dahlin

Former Vice President and head of Business Unit Enterprise.

Mats Dahlin left the company on April 30, 2005.

No member of the Extended Management Team has any business activities which compete with or in any other way negatively affect Ericsson's business, and no member of the Extended Management Team has been appointed on account of any arrangement or understanding with any major shareholder, customer, supplier or other person.

AUDITORS

In Swedish companies, the external, independent auditors are elected by the shareholders at the Annual General Meeting for a period of four years. The auditors report to the shareholders at Shareholders' Meetings.

To ensure that the Board of Directors' information and control requirements are fulfilled, the auditors report to the Board regarding the

planning, scope and content of the annual audit. The auditors then examine the year-end financial statements and report findings, including an assessment of the accuracy and completeness of the accounts as well as adherence to appropriate accounting procedures and principles. In addition, the auditors, at least annually, provide information to the Board about assignments performed in addition to auditing services, the consideration paid for such services and other circumstances of relevance for determining the auditor's independence. For further information on the contacts between the Board and the auditors, please see "Work of the Board of Directors" above.

All our quarterly reports are subject to review by our auditors.

Statutory auditors

Peter Clemedtson

Authorized Public Accountant, PricewaterhouseCoopers.

Elected 2004 (as successor for the remaining mandate period of Carl-Eric Bohlin) until 2007.

Audit services performed in other large companies such as: Electrolux, KMT, Medivir, OMX, SEB, SinterCast.

Bo Hjalmarsson

Authorized Public Accountant, PricewaterhouseCoopers.

Elected 2003 until 2007.

Audit services performed in other large companies such as: portfolio companies to EQT, OMX, Sony Ericsson.

Thomas Thiel

Authorized Public Accountant, KPMG.

Elected 2003 until 2007.

Audit services performed in other large companies such as: Folksam, Handelsbanken, Holmen, Peab, Ratos, SKF, Swedish Match.

Deputy auditors

Jeanette Skoglund

Authorized Public Accountant, PricewaterhouseCoopers.

Elected 2003 until 2007.

Audit services performed in several large subsidiaries of global companies such as TDC Song.

Robert Barnden

Authorized Public Accountant, PricewaterhouseCoopers.

Elected 2004 (as successor for the remaining mandate period of Peter Clemedtson) until 2007.

Audit services performed in other large companies such as: Acando-Frontec, Nobia, SCA, Seco Tools, VSM Group.

Stefan Holmström

Authorized Public Accountant, KPMG.

Elected 2003 until 2007.

Audit services performed in other large companies such as: Atlas Copco, Länsförsäkringar, Posten, Swedish Meat, V&S Vin & Sprit.

Fees paid to external auditors

Ericsson paid the fees (including expenses) listed in the table in "Notes to the Consolidated Financial Statements – Note C31, Fees to auditors" in the Annual Report for audit-related and other services.

The Audit Committee will review and pre-approve any services

other than audits to be performed by the external auditors, in order to assure that the provision of such services does not impair the auditors' independence. The scope of services other than audit services provided by the auditors during the period 2003 to 2005 is described in "Notes to the Consolidated Financial Statements – Note C31, Fees to auditors" in the Annual Report.

Audit Committee Pre-approval Policies and Procedures

The Audit Committee has particular responsibility for preparing recommendations or proposals for resolution on the performance of, and level of the audit fee payable to, the external auditors. The Audit Committee reviews the scope and execution of audits performed (external and internal) and analyzes the result of and the costs for such audits.

Our Audit Committee has established pre-approval policies and procedures for other services than audits performed by the external auditors. Under these policies and procedures, proposed such services either (i) may be pre-approved by the Audit Committee without consideration of specific case-by-case services ("general pre-approval"); or (ii) require the specific pre-approval of the Audit Committee ("specific pre-approval"). Tax, transaction, risk management, corporate finance, attestation and accounting services and general services have received a general pre-approval of the Audit Committee, provided that the estimated fee level for the project does not exceed SEK 1 million. The Audit Committee will be informed of services rendered in compliance with this general pre-approval policy. All other audit, audit-related, tax and other services must receive specific pre-approval. The Audit Committee has delegated specific pre-approval authority to the Audit Committee Chairman for proposed services with an estimated fee level not exceeding SEK 2.5 million per project. The Chairman reports any pre-approval decisions to the Audit Committee at its next scheduled meeting. Pre-approval authority may not be delegated to management. The policies and procedures also include a list of prohibited services.

Applications to provide services that require specific approval by the Audit Committee must be made by an auditor. Such an application shall be submitted to the CFO and, if supported by the CFO, submitted by the CFO to the Audit Committee for final approval.

Disclosure Controls and Procedures

Ericsson maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed pursuant to the Securities Exchange Act of 1934, its listing agreement with Stockholm Stock Exchange and the ongoing listing requirements of the London Stock Exchange and NASDAQ is recorded, processed, summarized and reported within the time periods specified, and that such information is accumulated and communicated to the management, including the CEO and CFO, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have investments in certain entities that we do not control or manage. Accordingly, our disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those we maintain with respect to our subsidiaries.

We have carried out an evaluation, under the supervision and with

the participation of management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this annual report. Based on the foregoing, our CEO and CFO concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in our internal control over financial reporting identified in connection with our evaluation thereof that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our Disclosure Policies

The purpose of our financial disclosure policies is to help achieve a fair market value for Ericsson shares through transparent, informative and consistent communications with the investment community on a fair and equal basis. Our aim is to communicate our strategy and results in such a way that shareholders and potential investors can gain sufficient understanding of how our Company works, our operational performance, what our prospects are and the risks we face that these opportunities may not be realized.

To continue to achieve these goals, we apply the following principles in our financial reporting and disclosure:

- **Transparency:** our disclosure is designed to enhance understanding of the economic drivers and operational performance of our business, in order to build trust and credibility
- **Consistency:** we aim to ensure that our disclosure is consistent and comparable within each reporting period and between reporting periods
- **Simplicity:** we try to disclose information in as simple a manner as possible, consistent with allowing readers to gain the appropriate level of understanding of our business operations and performance
- **Relevance:** we aim to avoid information overload by focusing our disclosure on what is relevant to Ericsson's stakeholders, or as required by regulation or listing agreements
- **Timely:** we utilize well established disclosure controls and procedures to ensure that all disclosures are complete, accurate and performed on a timely basis
- **Fair and equal:** we publish all material information via press releases to ensure simultaneous dissemination to all market participants
- **Best practice:** we strive to ensure that our disclosure is in line with industry norms, and, if possible, lead the way to improved best in class standards.

Our website (www.ericsson.com/investors) includes comprehensive information about Ericsson, including an archive of our annual and interim reports, on-demand-access to recent news and copies of presentations that senior management have given at industry conferences.

Independence requirements on the Board

The Ericsson Board of Directors is subject to a variety of independence requirements, summarized below. The Board complies with these requirements except for certain NASDAQ requirements which are contradictory to Swedish Law and for which exemption has been granted, see "NASDAQ Corporate Governance Exemptions" below.

The Stockholm Stock Exchange listing requirements

- Not more than one person from the senior management may be a member of the board (applies also to senior management in the company's subsidiaries).
- A majority of the directors elected by the shareholders' meetings (employee representatives not included) are to be independent of the company and its management. An overall assessment should be made in each case in order to consider whether a director is independent or not.
- At least two of the directors who are independent of the company and its management shall also be independent of the company's major shareholders and one of these directors should have experience in the requirements placed on a listed company.

The Swedish Code of Corporate Governance

Independence requirements on the board of directors (excluding employee representatives):

- Not more than one person from the senior management may be a member of the board.
- A majority of the directors elected by the shareholders' meetings are to be independent of the company and its management.
- At least two of the directors who are independent of the company and its management shall also be independent of the company's major shareholders.

Independence requirements on the audit committee:

- The majority of the audit committee members are to be independent of the company and senior management.
- At least one member of the committee is to be independent of the company's major shareholders.
- A board member who is part of senior management may not be a member of the committee.

Independence requirements on the remuneration committee:

- The members of the committee are to be independent of the company and the senior management.

The NASDAQ Market Place Rules

Independence requirements on the board of directors:

- A majority of the members of the board of directors must be independent within the meaning of the NASDAQ rules.

Ericsson has obtained an exemption from NASDAQ allowing for employee representative directors to be exempt from NASDAQ's independence requirements.

Sarbanes-Oxley Act of 2002 and corresponding NASDAQ rules

Independence requirements on the audit committee:

- All members of the audit committee must be independent within the meaning of the Sarbanes-Oxley Act of 2002.

The Sarbanes-Oxley Act of 2002 includes a specific exemption for non-executive employee representatives.

NASDAQ Corporate Governance Exemptions

Pursuant to an amendment to NASDAQ's Marketplace Rules adopted in 2005, foreign private issuers such as Ericsson may follow home country practice in lieu of certain of NASDAQ's corporate governance requirements.

Prior to the adoption of the 2005 amendment, NASDAQ's Marketplace Rules provided that foreign private issuers may, upon application, be exempt from certain of its corporate governance requirements when these requirements were contrary to the laws, rules or regulations, or generally accepted business practices of the issuer's home jurisdiction.

Ericsson has received (and is entitled to continue to rely thereon under the 2005 amendment) exemptions from NASDAQ's corporate governance requirements under the Marketplace Rules as follows:

- from the requirement that the majority of the board consist of, and that each of the audit and remuneration committees consist solely of, independent directors, in order to allow for the required participation of employee representatives on the board and each committee thereof as mandated by Swedish law;
- from the requirement that an issuer's director nominees be selected, or recommended for the board's selection, by either a majority of independent directors or a nomination committee comprised solely of independent directors, in order to allow for the fact that: (1) under Swedish law, shareholders (not the board) have the authority to nominate directors for election to the board; and (2) in line with common market practice among Swedish public companies, Ericsson's Nomination Committee is elected by shareholders; and
- from the requirement that the independent directors of the board have regularly scheduled meetings at which only independent directors are present ("executive sessions"), in order to allow for the fact that under Swedish law: (1) employee representatives on the board have the right to participate in all board and board committee meetings; and (2) decisions may not be made by the board unless, where possible, all of the directors have had the opportunity to participate and have received satisfactory information in order to reach a decision.

In addition, Ericsson relies on the exemption provided by the 2005 amendment with respect to the requirement of NASDAQ's Marketplace Rules relating to quorums. NASDAQ requires that an issuer provide, as specified in the issuer's bylaws, for a quorum for any meeting of the holders of its common stock, such quorum to be not less than 33.3 percent of the outstanding shares of the issuer's voting common stock. This is contrary to Swedish law followed by Ericsson under which: (1) meetings of shareholders are convened in accordance with the rules of the Swedish Company Act and the articles of association of the issuer; and (2) the quorum requirements for any specific meeting of shareholders differ based on the subject matter to be decided upon at the meeting.