

# Letter from the Chairman of the Board

## Dear shareholder,

While this year was a dynamic and eventful one for Ericsson, it was a disappointing time for you as an investor. Just as you suffered from the significant share price decline, so did many Ericsson employees and Board members. At least some part of this development reflects the general sentiment affecting most listed companies.

No doubt, Ericsson's third quarter result was a negative surprise to all of us, but the Company is stronger than ever, remains financially healthy and will pay a dividend the same as last year's. I am confident about Ericsson's longer-term prospects and believe the current strategy is effective and should not be changed.

When considering a more challenging market, Ericsson has a good geographic distribution and a diverse customer base, where no single country or customer represents more than 10 percent of sales. In addition, Ericsson has the operational flexibility and resources to adjust to the short-term challenges of a weaker network equipment market or increased competition, while at the same time is well positioned to continue to grow within services and multimedia.

The Company's position of strength is confirmed by independent perception studies, in which existing and potential customers consistently rank Ericsson well ahead of the competition. The same can be said of the internal perception, with the employee opinion survey showing that the Company has now achieved a level of excellence.

The success of any company depends on the leadership of its management and the quality of its workforce, which means that we must engage and retain the best talent at all levels of the

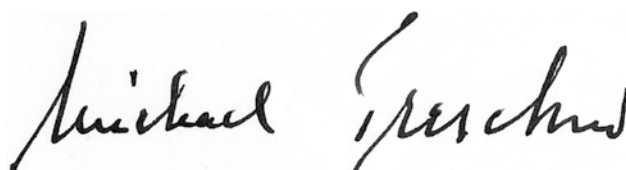
Company today and for the future. It is therefore essential that executive remuneration policies and practices are competitive and in line with industry norms. A thorough assessment of the current remuneration system by external experts shows that the Company's remuneration plan is appropriate and reasonable.

During 2007, in particular, I was able to visit many Ericsson facilities around the world. It was my pleasure to meet so many highly motivated and well-qualified employees who are totally dedicated to their roles in the Company's continued vitality.

I am honored to work for you as the chairman of Ericsson – a vibrant company that plays an important role in changing the world for the better.

Thank you for your continued support.

Sincerely,



Michael Treschow  
Chairman of the Board

