

## Report of the Nomination Committee in Telefonaktiebolaget LM Ericsson in respect of its work for the Annual General Meeting of Shareholders 2007

### **Background**

In accordance with the decision by the Annual General Meeting of Shareholders 2006, the largest shareholders as per April 28, 2006 have each appointed a representative to, along with the Chairman of the Board of Directors, constitute the Nomination Committee. The names of the representatives were announced via press release on July 14, 2006.

The Nomination Committee for the Annual General Meeting of Shareholders 2007 has been composed of:

Carl-Olof By, Industrivärden, Chairman of the Nomination Committee,  
Jacob Wallenberg, Investor AB,  
Caroline af Ugglas, Livförsäkringsaktiebolaget Skandia,  
Tomas Nicolin, Alecta Pensionsförsäkring, and  
Michael Treschow, Chairman of the Board of Directors.

According to the resolution by the Annual General Meeting of Shareholders 2006, the mandate of the Nomination Committee shall run until the next Nomination Committee has been appointed and its mandate period starts.

In accordance with the resolution by the Annual General Meeting of Shareholders 2006, the assignment of Nomination Committee includes preparation of proposals to be put forward to the Annual General Meeting of Shareholders 2007 in respect of the following matters:

- Chairman at the Annual General Meeting of Shareholders;
- Chairman of the Board of Directors, Deputy Chairman and other members of the Board of Directors appointed by the Annual General Meeting of Shareholders;
- fees payable to non-employed members of the Board of Directors appointed by the Annual General Meeting of Shareholders;
- election of Auditors and fees payable to Auditors; and
- possible fees payable to the members of the Nomination Committee.

### **Work of the Nomination Committee**

The Nomination Committee has held five meetings and the members have, in addition thereto, had a number of telephone contacts.

In accordance with the Swedish Code of Corporate Governance, the Company has made available on its website information on how shareholders may submit proposals for the election of members of the Board of Directors. The Nomination Committee has received one proposal from a shareholder which proposal has been considered by the Nomination Committee.

The Nomination Committee has thoroughly familiarized itself on how the Board work is functioning and conducted, as well as on the Company's strategy and future challenges and has made assessments in terms of the competence and experience that is required by the Board members, which has served as guidance to the work of the Nomination Committee. In addition, the Nomination Committee has considered the importance of

## Exhibit 2 to exhibit B

both continuity and renewal among the Board members, and has also assessed the appropriate size of the Board.

The Nomination Committee is of the opinion that the current Board is well functioning and comes up to very high expectations with respect to its composition and competence. Against this background, and considering that three members were elected for the first time to the Board by the Annual General Meeting 2006, the Nomination Committee has assessed that changes to the Board within the coming mandate period may have a negative impact on the Board work.

Nomination Committee has further tried the matter regarding fees to non-employed Board members elected by the Annual General Meeting of Shareholders, and members of the Board's Committees. The Nomination Committee has made the assessment that the current Board of Director fees appears well-balanced and has found no reason for proposing any changes to the fees at present.

The Nomination Committee has further stated that its mandate does not include providing a proposal for fees and other compensation payable to union-appointed members of the Board of Directors.

As a basis for its proposals for election of Auditors and Auditor fees, the Nomination Committee has acquainted itself with the evaluation with respect to Auditor work during the last mandate period carried out by the Company and the Audit Committee. In connection hereto, the Chairman of the Audit Committee has accounted for this evaluation in detail to the Nomination Committee as well as for the Audit Committee's recommendation as regards election of Auditors and Auditor fees. Further, the Nomination Committee has met with the two Auditors from PricewaterhouseCoopers reviewing the Company, who have in detail accounted for the Auditor work.

The Nomination Committee has further thoroughly discussed the procedure for appointing members to the Nomination Committee in the light of certain fundamental criteria such as transparency of the set of rules and regulations, predictability and continuity. The Nomination Committee is of the opinion that the current procedure fulfils such fundamental criteria, but suggests that the procedure be amended for the purpose of attaining greater flexibility without having to renounce to a required continuity. Finally, the Nomination Committee has noted that it is of importance, especially for non-Swedish shareholders, that the Company makes information available on its website regarding the procedure for appointing the Nomination Committee.