

Item 11

The Board of Director's proposal for principles for remuneration to top executives

The Board of Directors proposes the General Meeting of Shareholders to resolve on the following principles for remuneration and other employment terms for the top executives.

2007 Remuneration Policy for Top Executives

This policy covers the remuneration and other terms of employment for the Group Management Team, including the President and CEO, in the following referred to as the "Top Executives".

Remuneration of Top Executives in Ericsson is based on the principles of performance, competitiveness and fairness. Different remuneration elements are suited to various degrees to reflect these principles. Therefore a mix of several remuneration elements is applied in order to reflect the remuneration principles in a balanced way.

The Top Executives' total remuneration consists of fixed salary, variable components in the form of annual variable salary and long term variable compensation, pension and other benefits. Together these elements constitute an integral remuneration package. If the size of any of the elements should be increased or decreased, at least one other element has to be decreased or increased if the competitive position of the total package should remain unchanged.

The annual report 2006 sets out details on the total remuneration and benefits awarded to the Top Executives during 2006 including previously decided long term variable compensation that has not yet become due for payment.

1. Relative importance of and variable components of the remuneration of top executives and the linkage between performance and remuneration

Ericsson takes account of global remuneration practice together with the practice of the home country of each Top Executive.

Fixed salary is set to be competitive. Its absolute level is determined by the size and complexity of the job and year to year performance of the individual jobholder.

Performance is specifically reflected in the variable components - both in an annual variable salary and in a long-term variable portion. Although this may vary over time to take account of pay trends, currently the target level of the annual component for top executives is 30 - 40 percent of the fixed salary. The long-term component is set to achieve a target of around 30 percent of the fixed salary. In both cases the variable pay is measured against the achievement of specific business objectives, reflecting the judgment of the Board of Directors as to the right balance between fixed and variable pay and the market practice for compensation of executives.

The company's cost for the short-term variable and the long-term variable components for the top executive group can amount to 0 – 125 percent of the fixed salary cost, at constant share price.

2. The principal terms of variable schemes

The annual variable salary is a cash program based on specific business targets derived from the annual business plan approved by the Board of Directors. The exact nature of the targets will vary depending on the specific job but may include financial targets at either corporate level or at a specific business unit level, operational targets, employee motivation targets and customer satisfaction targets.

Share based long term variable plans are submitted each year for approval by the shareholders at the Annual General Meeting. The payout is determined by three specific variables, the individuals' own investment in shares, a long-term financial target at corporate level, and the share price development.

3. Pension

Pension benefits shall follow the competitive level in the home country. For Top Executives in Sweden, the company applies a defined contribution scheme for old age pension in addition to the basic pension plans on the Swedish labor market.

The retirement age is normally 60 years but can be different in individual cases.

4. Other benefits

The basic principle is that other benefits, such as company car and medical schemes, shall be competitive in the local market.

5. Additional remuneration arrangements

By way of exception, additional arrangements can be made when deemed required in order to attract or retain key competences or skills, or to make individuals move to new locations or positions. Such additional arrangement shall be limited in time and shall not exceed a period of 36 months and two times the compensation the individual concerned would have received had no additional arrangement been made.

6. Notice of termination and severance pay

For Top Executives in Sweden the mutual notice period is six months. Upon termination of employment by the company, severance pay amounting to a maximum of 18 months fixed salary is paid. Notice of termination given by the employee due to significant structural changes or other events occurred that, in a determining manner, affect the content of work or the condition for the position, is equated with notice of termination served by the company.

Stockholm, March, 2007
The Board of Directors