

## Item 13

### **The Board of Directors' proposal for resolutions on transfer of treasury stock for the completion of the Long-Term Variable Compensation Program 2007**

#### **Background**

The Extraordinary General Meeting of Shareholders held on 28 June 2007 resolved on transfer from the Company's treasury stock of 35.1 million shares of series B to employees and 7.3 million shares of series B on a stock exchange in relation to the Long-Term Variable Compensation Program 2007 (LTV 2007).

The number of shares calculated for the LTV 2007 was based on an average share price at the participants' investment in own shares of SEK 26. Due to the decline in share price, the number of shares allocated for matching and to cover inter alia social security costs under the plan will not be sufficient to complete the twelve-month investment period. At the present share price level, another 17 million shares of series B are required to complete the plan.

#### **Dilution and effects on important key figures**

The Company has approximately 16 billion shares issued. As per 31 December 2007, the Company held 232 million of its own shares in treasury. The 17 million shares of series B required to complete the LTV 2007 correspond to approximately 0.10 percent of the total number of outstanding shares. The number of shares covered by existing variable remuneration programs as per 31 December 2007, including shares to cover social security payments, amounts to approximately 167 million shares, corresponding to approximately 1.05 percent of the number of outstanding shares.

Out of the 17 million shares of series B required for the LTV 2007, 13.6 million shares may be transferred to employees free of consideration, which could cause a dilutive effect of 0.09 percent on earnings per share. The dilutive effect of the matching shares, 0.09 percent, is not affected by the price for the shares at the time of matching since they are transferred free of consideration to the employee. There will, however, be no dilutive effect on earnings per share of the 3.4 million shares, which may be transferred on the OMX Nordic Exchange Stockholm in order to cover social security payments, as the shares are sold at market value.

#### **Costs**

The administration cost for the transfer of shares by way of an equity swap agreement is estimated to some SEK 30 million at a share price of SEK 14.

#### **Proposals**

The Board of Directors proposes that the Annual General Meeting of Shareholders resolve in accordance with the proposals set out below.

## **1. Transfer of treasury stock**

### **1.1 Transfer of treasury stock to employees**

Transfer of no more than 13 600 000 shares of series B in the Company may occur under the following terms and conditions.

- i. The right to acquire shares shall be granted to such persons within the Ericsson Group covered by the terms and conditions of the LTV 2007. Furthermore, subsidiaries within the Ericsson Group shall have the right to acquire shares, free of consideration, and such subsidiaries shall be obligated to immediately transfer, free of consideration, shares to their employees covered by the terms and conditions of the LTV 2007.
- ii. The employee shall have the right to receive shares during the period when the employee is entitled to receive shares pursuant to the terms and conditions of the LTV 2007, i.e. during the period from May 2008 up to and including November 2011.
- iii. Employees covered by the terms and conditions of the LTV 2007 shall receive shares of series B in the Company, free of consideration.

### **1.2 Transfer of treasury stock on an exchange**

The Company shall have the right to, prior to the Annual General Meeting in 2009, transfer no more than 3 400 000 shares of series B in the Company, in order to cover certain expenses, mainly social security payments. Transfer of the shares shall be effected on the OMX Nordic Exchange Stockholm at a price within the, at each time, prevailing price interval for the share.

## **2. Equity Swap Agreement with third party**

In the event that the required majority is not reached under item 1. above, the financial exposure of the LTV 2007 shall be hedged by the Company entering into an equity swap agreement with a third party, under which the third party shall, in its own name, acquire and transfer shares in the Company to employees covered by the LTV 2007.

### **Majority rules**

The resolution of the Annual General Meeting of Shareholders on the transfer of treasury stock to employees and on an exchange according to item 1. above shall be adopted as one resolution, whereby it is required that shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the General Meeting approve the proposal. A valid resolution in accordance with the proposal for an equity swap agreement under item 2. above requires that more than half of the votes cast at the General Meeting approve the proposal.

### **Recalculation following reverse split of shares**

The Board of Directors has also proposed that the Annual General Meeting resolve on a reverse split of shares 1:5. The number of shares set out above will be recalculated in connection with the execution of the reverse split.

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Stockholm, February 2008  
BOARD OF DIRECTORS