

Reverse split of Ericsson shares

Information to the shareholders in Telefonaktiebolaget LM Ericsson concerning reverse split of shares 1:5 and B share/ADS ratio change from 10:1 to 1:1

This document does not constitute an offer but is merely information on the Board of Directors' of Telefonaktiebolaget LM Ericsson ("Ericsson" or the "company") proposal on a reverse split of shares. The purpose of this document is to provide the shareholders in Ericsson with information for the Annual General Meeting on April 9, 2008, which is proposed to resolve on a reverse split of shares. The Board's complete proposal for a resolution, which includes changes in the articles of association, is available at the company and on the company's website, www.ericsson.com, from March 3, 2008 and will be sent to shareholders upon request.

This document is a translation of the Swedish version. In the event of any discrepancies between this translation and the Swedish version, the Swedish version shall prevail.

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Background and reasons

On February 22, 2008, the Board of Directors of Ericsson announced its proposal for a resolution on a reverse split of shares 1:5. As a result of the rights issue in 2002, the number of shares in the company increased from approximately 8 billion shares to more than 16 billion shares. In connection therewith the ratio between the B share and an American Depositary Share (ADS), traded on NASDAQ, was changed from 1:1 to 10:1. In connection with the reverse split, the ratio will be changed back to 1:1. These measures are intended to increase transparency as to the pricing of the company's B share and ADS respectively, and will at the same time result in a number of shares more suitable for the company. The record date is proposed to be June 4, 2008.

Pursuant to the proposal, shareholders will for five A shares and five B shares receive one A share and one B share, respectively. Following the reverse split of shares, the number of shares will be reduced from 16,132,258,678 shares to 3,226,451,735 shares, of which 261,755,983 are A shares and 2,964,695,752 B shares. For those shareholders who do not hold a number of shares in each respective class equally divisible by five, the surplus shares will be sold in the market at the company's expense and the proceeds of the sale will be distributed among those shareholders.

Information relating to the reverse split is set forth in this brochure, which has been prepared as information materials in advance of the Annual General Meeting 2008.

Stockholm in March 2008

Telefonaktiebolaget LM Ericsson

Description of the reverse split

Reverse split of shares

The Board of Directors' of Ericsson has proposed that the Annual General Meeting on April 9, 2008 resolve on a reverse split 1:5 of all the company's shares. The proposal implies that five shares in Ericsson, with an aggregate quotient value of SEK 5, will be consolidated into one share, with a quotient value of SEK 5. A shares will be consolidated with A shares and B shares will be consolidated with B shares.

Trade in the share

The last day of trade in the company's shares on the OMX Nordic Exchange Stockholm before the reverse split is May 30, 2008 and the first day of trade in the company's shares after the reverse split is June 2, 2008.

Record date

The record date with VPC AB for the reverse split of shares is June 4, 2008. The new number of shares will thereafter be booked onto each shareholder's securities account. A notice confirming the new number of shares on the securities account will be sent out shortly thereafter.

Sale of surplus shares

For those shareholders who, on the record date, do not hold a number of shares in each respective class equally divisible by five, the surplus shares will pass into the ownership of the company. The number of surplus shares for any shareholder will never exceed four A shares and four B shares respectively. The surplus shares will be sold at the company's expense through a securities institution on OMX Nordic Exchange Stockholm. It is estimated that the proceeds of the sale of the surplus shares will be distributed among the previous owners of these shares on June 19, 2008. The payment will be made to the yield account linked to the securities account of shareholders directly registered with VPC AB. A notice will be sent out as confirmation of payment.

Shares registered with nominees

For shareholders in Ericsson whose holdings are registered with a nominee, for example a bank or a securities company, the shareholding after the reverse split as well as possible payment of proceeds from the sale of surplus shares will be dealt with pursuant to each nominee's routines.

Information to ADS holders

Each ADS¹⁾ in the company, traded on NASDAQ, currently represents ten B shares in the company. In connection with the reverse split, the ratio will be changed so that each ADS will represent one B share, i.e. ratio 1:1.

The first day of trade with ADSs on NASDAQ with ratio 1:1 to the consolidated shares is estimated to be June 10, 2008.

Since one ADS currently represents ten B shares, which number is equally divisible by five, there will be no sale of surplus shares for ADS holders.

Example:

A holder of ten ADSs (representing in total 100 B shares) will after the reverse split and B share/ADS ratio change 1:1 hold 20 ADSs (representing in total 20 B shares).

The U.S. Depositary for the Ericsson ADS programme, Citibank, will waive ADS issuance and ADS cancellation fees for Ericsson ADS for the period May 1, 2008 through July 31, 2008.

Effects of the reverse split

As set out above, the reverse split will result in all shareholders holding fewer shares in the company. On the other hand, the quotient value of the share (the share's portion of the share capital) will be increased from SEK 1 to SEK 5. The aggregate quotient value of a shareholder's shares following the reverse split, i.e. the shareholder's portion of the company's share capital, will therefore remain unchanged, save for those shareholders who hold surplus shares. Apart from having a different quotient value, each new consolidated share will carry the same rights as those which currently attach to the existing shares in the respective class of shares. See further the examples under section "Schematic outline of reverse split and sale of surplus shares"

Precondition for the reverse split

The reverse split requires that the Annual General Meeting 2008 resolve on a reverse split of shares pursuant to the Board's proposal. The proposal also encompasses a resolution on a change in the articles of association as regards the highest and lowest total number of shares that may be issued, as well as the highest number of shares that may be issued in each class.

¹⁾ American Depositary Share, evidenced by American Depositary Receipt (ADR)

Schematic outline of reverse split and sale of surplus shares

Example 1

Shareholding as
per record date

102 B SHARES	
Quotient value	(SEK)
per share:	1
in total:	102

Reverse split 1:5



Shareholding and sales pro-
ceeds following reverse split

20 B SHARES	
Quotient value	(SEK)
per share:	5
in total:	100

**Proceeds from sale
of 2 B shares**

Example 2

Shareholding as
per record date

4 A SHARES	
Quotient value	(SEK)
per share:	1
in total:	4

Reverse split 1:5



Shareholding and sales pro-
ceeds following reverse split

0 A SHARES	
Proceeds from sale of 4 A shares	

120 B SHARES	
Quotient value	(SEK)
per share:	1
in total:	120

24 B SHARES	
Quotient value	(SEK)
per share:	5
in total:	120

Timetable for reverse split and sale of surplus shares

Activity	Date 2008	Please note that
Annual General Meeting in Ericsson. Resolution on reverse split and changes in the articles of association.	Wednesday April 9	For participation in the Annual General Meeting, please see the notice for the meeting.
Last day of trade in the company's shares before the reverse split.	Friday May 30	Last day with the possibility of obtaining a number of shares in Ericsson equally divisible by five.
First day of trade in the company's shares after the reverse split.	Monday June 2	As from this day the share will be traded with a new share price.
Record date for the reverse split. Record date for the B share/ADS ratio change	Wednesday June 4	For all shareholders who hold Ericsson shares on this day, five A shares and five B shares respectively will be consolidated into one A share and one B share respectively. A notice confirming the new shareholding will be sent out.
First day of trade in the company's ADS after the reverse split and B share/ADS ratio change to 1:1.	Tuesday June 10	As from this day the company's ADS will be traded with a new price. Each ADS will represent one B share.
Payment of proceeds from sale of surplus shares.	Around Thursday June 19	The payment will be made to the yield account linked to the securities account of shareholders directly registered with VPC AB. A notice will be sent out as confirmation of payment. Nominee registered shareholdings will be processed in accordance with each nominee's routines.

Tax issues in Sweden

The presentation below is a summary of certain tax issues that apply for private individuals and limited liability companies with an unlimited tax liability in Sweden unless otherwise stated. The summary is intended as general information only and does not cover situations in which shares are held as current assets in a business operation or as shares held for business purposes (Sw: näringsbetingade). For certain categories of corporate shareholders special tax provisions apply. All shareholders are urged to consult with a tax advisor for further information on their specific part.

Reverse split of shares

The reverse split of shares is not a taxable event since it merely implies that the aggregate quotient value of the shares is allocated on fewer shares. The aggregated average tax base²⁾ for all shares of the same class before the reverse split will therefore be the same also after the reverse split.³⁾ However, the average tax base per share will be different, see example 1 below. A sale of surplus shares is taxable and also affects the aggregated average tax base, see further below “Surplus shares” and example 2 on the following page.

Example 1:

A shareholder has 500 B shares with an aggregated average tax base before the reverse split of SEK 10,000 or SEK 20 per share.

After the reverse split, the shareholder has 100 B shares with an aggregated average tax base of SEK 10,000 SEK or SEK 100 per share.

²⁾ The tax base generally refers to the actual acquisition cost for the share. The tax base is however calculated on an aggregated basis for all shares of the same class in accordance with the average method and is therefore expressed as the aggregated average tax base.

³⁾ The same should apply for any deferred tax amount allocated to shares due to previous share exchanges, if any.

Surplus shares

When surplus shares are disposed of by means of the transfer of the title to the shares to the company and the subsequent sale at the company's expense, a capital gains taxation is triggered. A capital gain or capital loss respectively, is calculated on the difference between the sales proceeds and the average tax base of the shares of the same class sold. As an alternative the tax base for the shares sold may be determined according to the standard method. This implies that the deductible tax base when calculating the capital gain or loss may be determined as 20 per cent of the sales proceeds. If the standard method has been applied, the average tax base for the remaining shares of the same class will still be affected.

Example 2:

A shareholder has 504 B shares with an aggregated average tax base before the reverse split of SEK 10,080 or SEK 20 per share.

After the reverse split, the shareholder has 100 B shares with an aggregated average tax base of SEK 10,000 or SEK 100 per share.

4 surplus shares have been sold and the sale is taxed in accordance with the capital gains tax provisions. The sale has reduced the remaining average tax base for the remaining B shares with SEK 80 or SEK 20 per sold share.

Private individuals

For private individuals capital gains are taxed in the capital income category with a tax rate of 30 per cent. Should a capital loss arise, the loss is fully deductible against capital gains in the same year on shares and other quoted securities that are taxed as shares (except for units in Swedish investment funds that only contain Swedish receivables). Any surplus losses are 70 per cent deductible against other income from capital. If an overall capital deficit arises, a reduction from state and municipal income tax as well as real estate tax and municipal real estate charge is granted. A tax reduction of 30 per cent is provided for deficits that do not exceed SEK 100,000 and 21 per cent of any remaining deficit. Deficits cannot be carried forward to later fiscal years.

Limited liability companies

In the case of limited liability companies, capital gains are taxed as income from business operations at a tax rate of 28 per cent. Capital losses on shares may only be offset against taxable capital gains on shares and other such share related securities. In certain cases, capital losses may be offset against capital gains within a certain corporate group if the companies claim so in the same tax year and group contributions are permitted among the companies. Capital losses that cannot be utilized during a certain year may be carried forward and be utilized against eligible capital gains in subsequent fiscal years without any limitation in time.

Foreign shareholders

Shareholders with a limited tax liability in Sweden and who are not carrying on business operations from a permanent establishment in Sweden are generally exempt from capital gains taxation in Sweden on the disposal of shares. However, shareholders may be liable for tax in their country of residence. If a shareholder, being an individual, has been resident or lived permanently in Sweden at any time during the year of the sale or the ten calendar years immediately preceding the year of the sale of shares, Sweden has the right under a domestic rule to tax such a holder. This right to tax is, however, limited by several tax treaties that Sweden has concluded with other countries.

Questions regarding the reverse split of shares and the B share/ADS ratio change can be directed to Investor Relations at:

E-mail: investor.relations.se@ericsson.com

Phone: +46 8 719 0000 (shareholders in Europe, Asia & Oceania and Africa)

Phone: +1 212 685 4030 (shareholders in the Americas)

ADS holders may also direct questions relating to the B share/ADS ratio change to Citibank at

U.S. Phone: 1 877 881 5969

International Phone: +1 781 575 4555