

Report of the Nomination Committee in Telefonaktiebolaget LM Ericsson in respect of its work under the period from the Annual General Meeting of Shareholders 2005 to the Annual General Meeting of Shareholders 2006

In accordance with the decision by the Annual General Meeting of Shareholders 2005, the Nomination Committee consists of Björn Svedberg, Investor, also Chairman of the Nomination Committee, Bengt Belfrage, Nordea Fonder, Christer Elmehagen, AMF Pension, Curt Källströmer, Handelsbankens Pensionsstiftelse, Pensionskassa och Personalstiftelse and the Chairman of the Board of Directors, Michael Treschow.

The Nomination Committee has held five meetings. In addition, there have been a number of telephone contacts among the members of the Nomination Committee as well as meetings and telephone contacts with potential candidates for membership of the Board. The Nomination Committee has engaged the international recruitment agency Egon Zender in order to find suitable candidates to the Board.

Information on the possibilities for shareholders to present a proposal for Board members has been presented on the Company's website, in accordance with the Swedish Code of Corporate Governance. The Nomination Committee has not received any proposals from shareholders other than those represented in the Nomination Committee.

The Nomination Committee has thoroughly familiarized itself on how the Board work is functioning and conducted and has made assessments in terms of the competence and experience that is required by the Board, which have served as guidance to the work of the Nomination Committee. In addition, the Nomination Committee has taken into consideration the importance of renewal among the Board members.

Except for a broad financial experience, the Nomination Committee considers that a familiarity with large companies with an extensive international activity as well as a technical comprehension and detailed knowledge and experience of other parts of the world, primarily America and Asia, are desirable competences among others.

The Nomination Committee deems the proposal to provide for the Board's requirements in terms of competence and experience, inter alia, within these areas. However, the Nomination Committee recommends the succeeding Nomination Committee, if deemed appropriate, to consolidate the Board's competence regarding intimate knowledge of the Asian markets.

The Nomination Committee proposes the fees to the Chairman of the Board and to the other Board members be raised. Board work has during the last years become far more demanding in terms of time spent as well as competence required. This is especially valid for companies subjected to foreign laws and in particular American regulations. In the light of the competence required by Board members, it is important that the fees are on a level enabling recruitment of persons of international top caliber to the Board. Moreover, the Nomination Committee fears that low fees may result in far too many Board assignments. It would be preferable to pay a high fee for the assignment and require Board members to actually spend the time and energy required in order to comply with the assignment. In appraising the fee level it shall be borne in mind that we speak about a group operating in 140 countries, where last year sales exceeded 150 BSEK and the income after financial items corresponded to 33 BSEK. Such profits could not have been achieved without the hard and genuine work of the Board. Against this background, the Nomination Committee considers the proposed raise of the Board fee from 7.2 MSEK to 9 MSEK be well justified.

The Nomination Committee proposes the fee in respect of work in the respective Committee to the Board be unchanged. Considering that the work in the Committees to the Board has become more and more extensive during the last years, the Nomination Committee would like to draw the succeeding Nomination Committee's attention to this fact and, based on the experiences which will be made during the following year, assess whether the fee in respect of work in the Committees to the Board correspond to a reasonable level in proportion to the amount of work required.

The members of the Nomination Committee have ordinarily been elected by the Annual General Meeting of Shareholders among the representatives of the largest shareholders. However, since shareholding may be subject to variations during the term of the office, the Nomination Committee has judged it be preferable that the Annual General Meeting of Shareholders resolves on a procedure on appointing the members of the Nomination Committee among the largest shareholders. Such a system is becoming customary among companies listed in Sweden and the Nomination Committee is therefore proposing to the Annual General Meeting of Shareholders to resolve on such a procedure in accordance with the proposal that will be set out in the notice to the Annual General Meeting of Shareholders.

According to the proposed procedure the Nomination Committee shall be appointed on the basis of statistics from VPC per the last bank day of the month in which the Annual General meeting is held. It is specifically time consuming to recruit persons of international top caliber to the Board and it is therefore important that the Nomination Committee commences its work in time. The procedure implies that a change of Board members as a result of alterations in shareholding may occur once during the term of the office, i.e. based on shareholding statistics as per the last bank day in September. The Nomination Committee does not recommend more frequent changes be possible since this may lead to a lack of continuity and competence in its work.

The Nomination Committee would like to make the following declaration of principle:

The Nomination Committee deems that it is of great importance that a Board member holds shares in the company. Consequently, the Nomination Committee requests the Board to decide on the principles for Board members' shareholding in the company and that the guidelines should be that:

- non-employed Board members elected by the Annual General Meeting of Shareholders shall, within a certain period of time, build up a shareholding in the company corresponding to at least the annual Board of Director's fee (after tax) for such Board member;
- such Board member shall keep a shareholding of such size as a minimum for the duration of the office; and that
- a part of the Board of Director's fee shall be paid early in the term of the office in order to enable a Board member to spend part of the Board of Director's fee on shares in the company as soon as reasonable possible after the appointment of the Board of Directors by the Annual General Meeting of Shareholders.