

Corporate Governance Report 2008

The more effective and trustworthy our corporate governance and processes are, the more efficiently the Board can address business and strategy issues for sustainable shareholder value creation. Our reliance on the Company's corporate governance is dependent on a strong ethos of ethical business practices that starts at the top and permeates to all employees within the organization. Therefore, the Board is committed to high standards of corporate governance and we encourage all employees to follow our example by constantly seeking ways to make the internal controls and our oversight ever more effective and reliable.

Michael Treschow
Chairman of the Board of Directors

Corporate governance describes the ways in which rights and responsibilities are distributed among the various corporate bodies according to the rules, processes or laws to which they are subject. Corporate governance defines the decision-making systems and structure through which owners directly or indirectly control a company.

This Corporate Governance Report is rendered in accordance with the Swedish Code of Corporate Governance (the "Code"). The report has not been reviewed by Ericsson's auditor and does not constitute a part of the formal annual report.

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Highlights of 2008

- Roxanne S. Austin was elected new Board member at the Annual General Meeting (AGM) 2008.
- The AGM resolved that part of the fee to the Directors, in respect of the Board assignment, should be payable in the form of synthetic shares.
- Three new members joined the Group Management Team.
- The AGM resolved on a reverse split of shares 1:5.
- The Company's series B shares have been delisted from the London Stock Exchange.



Compliance with requirements

As a Swedish public limited-liability company with securities quoted on NASDAQ OMX Stockholm as well as on NASDAQ, Ericsson is subject to a variety of rules that affect its governance.

Major external regulations include:

- The Swedish Companies Act.
- Listing requirements of NASDAQ OMX Stockholm.
- NASDAQ Stock Market Rules – including applicable NASDAQ corporate governance requirements, subject to certain exemptions principally reflecting mandatory Swedish legal requirements, as explained in “NASDAQ Corporate Governance Exemptions”.
- Applicable requirements of the US Securities and Exchange Commission including the Sarbanes-Oxley Act.

In addition, to ensure compliance with legal and regulatory requirements and the high ethical standards that we set for ourselves, Ericsson has internal rules that include:

- Work procedure of the Board of Directors.
- Code of Business Ethics.
- Group Steering Documents including Group policies and directives, instructions and business processes for approval, control and risk management.
- Code of Conduct whose provisions shall be applied in the production, supply and support of Ericsson products and services worldwide.

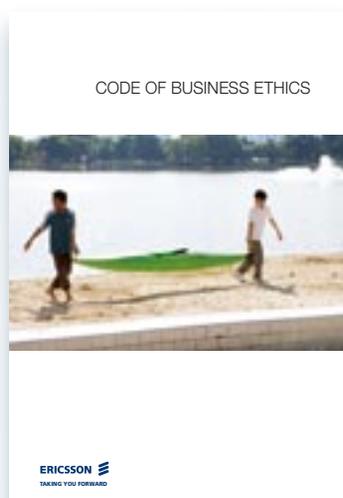
High standards in business ethics

Our Code of Business Ethics sets out how we work to achieve and maintain our high standards. It summarizes the Group’s fundamental policies and directives governing our relationships with each other and with our stakeholders. This document has been translated into more than 20 languages to ensure that everyone who works for Ericsson understands our policies and directives and the importance of conducting all business activities in an ethical manner. All employees must regularly review the Code of Business Ethics and, by signing a form as part of the recruitment and at regular intervals, acknowledge that they have understood its principles. Through this meticulous process, we strive to ensure that our high ethical standards are upheld by all employees in their daily work, and that employees make it their individual responsibility to ensure that business is conducted in accordance with the rules and guidelines set forth in this document. Our Code of Business Ethics satisfies the applicable requirements of the Sarbanes-Oxley Act of 2002 and NASDAQ.

Compliance with the Swedish Code of Corporate Governance

The Code has been applied by Ericsson since July 2005. We are committed to complying with best-practice corporate governance provisions on a global level wherever possible. This includes continued compliance with the corporate governance provisions expressed by the Code without deviations.

CODE OF BUSINESS ETHICS



The Code of Business Ethics has been translated into more than 20 languages.

The Code of Business Ethics can be found at:
www.ericsson.com/ericsson/corporate_responsibility/employees/code_businessethics.shtml

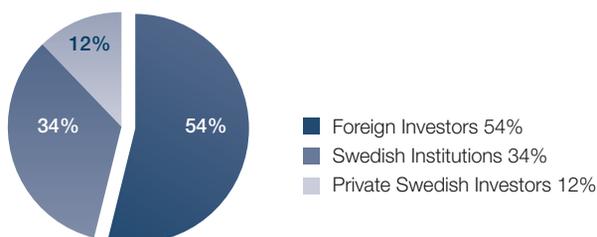
Information on our website does not form part of this document.

Ownership structure

As of December 31, 2008 Ericsson had, according to information from the share register kept by Euroclear Sweden AB (formerly VPC AB), a total of 728,333 shareholders. Almost 80 percent of the shares are owned by institutions, Swedish and international. Investor and Industrivärden, two Swedish industrial holding companies with long-term investment cycles, are the largest shareholders with 5.05 and 2.29 percent of the share capital and 19.42 and 13.28 percent of the voting rights, respectively.

A significant number of the shares held by foreign investors are held off record by banks, brokers and/or nominees on behalf of their customers. This means that the actual shareholder is not displayed in the share register and is not included in the shareholding statistics identifying the largest shareholders, e.g. for the purposes of appointing the members to the Nomination Committee.

OWNERSHIP PERCENTAGE (CAPITAL)



Share capital and voting rights

The share capital of Ericsson consists of three classes of shares; A, B and C shares. Each A share carries one vote, each B share one tenth of one vote and each C share one-thousandth of one vote. Class A and B shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. Class C shares are only used for issuance and buy-back to finance the Company's long-term variable remuneration program. When the Company has acquired the C shares, they are converted into B shares.

To increase transparency as to the pricing of the Company's Class B share and ADS (American Depositary Shares) respectively, and to obtain a number of shares more suitable for the Company, the Annual General Meeting of Shareholders 2008 resolved on a reverse split 1:5 of the Company's Class A and B shares. This implied that for five A shares and five B shares, shareholders received one A share and one B share, respectively. Apart from having a different quotient value, each new consolidated A and B share carries the same rights as those previously attached to the shares in the respective class of shares.

OUR GOVERNANCE STRUCTURE



Meetings with the shareholders

The Annual General Meeting is held in Stockholm. The date and the venue for the meeting are announced on our website, at the latest in conjunction with the release of the third-quarter report. Shareholders who cannot participate in person may be represented by proxy. Additional requirements for participation apply for shareholders who have their shares nominee-registered and the shares must be registered in the name of the owner by the record date for the General Meeting.

The Annual General Meeting is held in Swedish and simultaneously interpreted into English. All information is also available in English.

Resolutions at General Meetings of Shareholders are normally passed by a simple majority. However, the Swedish Companies Act requires special quorums and majorities in certain cases. For example, the resolution to transfer own shares to employees participating in Ericsson's Stock Purchase Plan must be approved by 90 percent of the votes cast and by 90 percent of the shares represented at the General Meeting of Shareholders.

The Annual General Meeting gives shareholders the opportunity to raise questions regarding the Company and the results of the year under review. The members of the Board of Directors, the Group Management Team and the external Auditors are normally present to answer such questions.

Shareholders and other interested parties may also correspond in writing with the Board of Directors or executive management at any time.

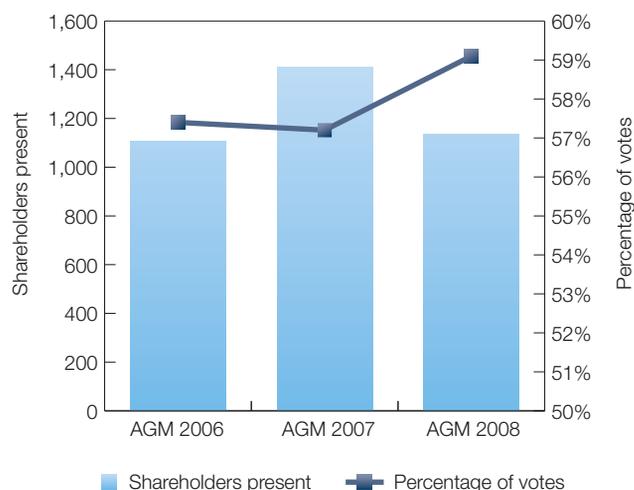
Ericsson's Annual General Meeting 2008

1,135 shareholders, representing 59 percent of the votes, attended the Annual General Meeting (AGM) held on April 9, 2008, at the Annex to the Globe Arena in Stockholm. Ericsson's Board of Directors, members of the Group Management Team and the external auditors were present at the meeting. Decisions of the AGM 2008 included:

- Payment of a dividend of SEK 0.50 per share for 2007.
- Re-election of Sir Peter L. Bonfield, Börje Ekholm, Ulf J. Johansson, Nancy McKinstry, Anders Nyrén and Carl-Henric Svanberg as members of the Board of Directors.
- Re-election of Michael Treschow as Chairman of the Board of Directors, re-election of Marcus Wallenberg and Sverker-Martin-Löf as Deputy Chairmen.
- Election of Roxanne S. Austin as a new Board member.
- Board of Directors' fees to remain unchanged i.e. Chairman SEK 3,750,000; other non-employed Board members SEK 750,000 each; in addition SEK 350,000 to the Chairman of the Audit Committee and SEK 250,000 each to the other two non-employed members of the Audit Committee; and SEK 125,000 each to the Chairmen and other non-employed members of the Finance and Remuneration committees. Additionally, part of the Directors' fees shall be paid in the form of synthetic shares.
- Approval of the principles on remuneration to the top executives.
- Implementation of Long-Term Variable Compensation Program.

The minutes of the AGM 2008 are available at www.ericsson.com/ericsson/investors/shareholders/agm

AGM ATTENDANCE AND PERCENTAGE OF VOTES 2006–2008



Annual General Meeting 2009

Ericsson's Annual General Meeting 2009 will take place on April 22, in Stockholm

Shareholders who wish to have a matter considered at the AGM 2009 shall make a written request to this effect to the Board of Directors no later than March 4, 2009.

How to contact the Board of Directors

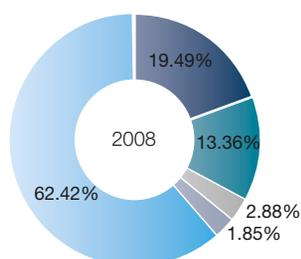
Telefonaktiebolaget LM Ericsson
The Board of Directors' Secretariat
SE-164 83 Stockholm, Sweden
boardsecretariat@ericsson.com

Nomination Committee

A Nomination Committee was elected by the Annual General Meeting for the first time in 2001. Since then, each Annual General Meeting has appointed a Nomination Committee, or resolved on the procedure for appointing the Nomination Committee. The Annual General Meeting of Shareholders 2008 resolved that the Nomination Committee shall consist of the Chairman of the Board of Directors and representatives of the four largest shareholders as per the end of the month in which the Annual General Meeting is held. However, as further described in the procedure for appointing members to the Nomination Committee, the Nomination Committee may comprise additional members pursuant to a request by a shareholder justified by changes in shareholder structure. Such requests shall be received by the Nomination Committee no later than December 31 in order to allow for continuity in the work of the Nomination Committee. The fundamental principles that characterize the procedure for appointing members to the Nomination Committee are:

- Transparency – clear rules and objective procedures shall determine the way the largest shareholders are appointed to the Nomination Committee.
- Continuity – there should at all times be a functioning Nomination Committee and its work should be allowed continuity to the fullest extent possible.
- Predictability – the time for the reading of the shareholding statistics in view of identifying the largest shareholder has to be predictable, not least in the interest of foreign shareholders.

SHARE OF VOTES AS OF APPOINTMENT – MEMBERS OF THE NOMINATION COMMITTEE



- Investor AB
- AB Industrivärden
- Livförsäkrings AB Skandia
- Swedbank Robur Fonder
- Other shareholders

Members of the Nomination Committee

The Nomination Committee, appointed on the basis of the procedure resolved by the Annual General Meeting of Shareholders 2008, consists of four representatives appointed by the four shareholders with the largest voting power as of April 30, 2008: Jacob Wallenberg (Investor AB, Chairman of the Nomination Committee), Carl-Olof By (AB Industrivärden), Caroline af Ugglas (Livförsäkringsaktiebolaget Skandia) and Mats Lagerqvist (Swedbank Robur Fonder) and further, Michael Treschow (Chairman of the Board of Directors). No changes in the composition of the Committee have occurred during the year.

The tasks of the Nomination Committee

The tasks of the Nomination Committee have evolved over the years to comply with the requirements of the Code and best-practice provisions. Since the inception of the Nomination Committee, its main task has been to propose candidates for election to the Board of Directors. The Nomination Committee must take into consideration all the various rules on independence of the Board applicable to the Company, which are further described later in this report.

The Nomination Committee also proposes a candidate for election of the Chairman of General Meetings of Shareholders. In addition, the Nomination Committee prepares proposals concerning the level of remuneration for Directors elected by the Annual General Meeting of Shareholders but not employed by Ericsson; to the auditors and members of the Nomination Committee for resolution by the Annual General Meeting. To date, the Nomination Committee has not proposed that it should be paid any fees. Moreover, in years in which auditors are elected, the Nomination Committee proposes candidates based on the preparations carried out by the Audit Committee of the Board.

Shareholders may submit recommendations to the Nomination Committee at any time. However, in order to be considered by the Nomination Committee, such recommendations should reach the Committee no later than March 4, 2009.

How to contact the Nomination Committee

Telefonaktiebolaget LM Ericsson
The Nomination Committee
c/o General Counsel's Office
SE-164 83 Stockholm, Sweden
nomination.committee@ericsson.com

Work of the Nomination Committee for the Annual General Meeting 2009

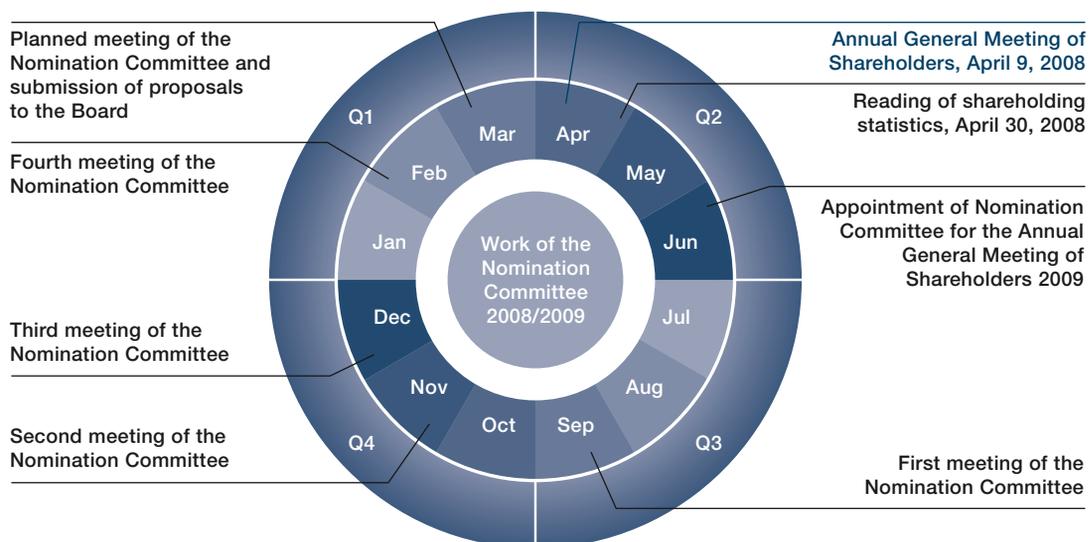
As of February 20, 2009, the Nomination Committee has held four meetings. At the first meeting, plans for the continued work of the Committee was discussed and the Committee was informed by the Chairman of the Board on how the Board work is functioning, as well as on the Company's strategy and future challenges, to be able to make assessments in terms of the competence and experience that is required by the Board members.

The Nomination Committee has also been informed of the results of the evaluation process for Board work and procedures, including the performance of the Chairman of the Board.

Further, the Nomination Committee has acquainted itself with the assessments made by the Company and the Audit Committee in terms of Auditor work, as well as the Audit Committee's recommendation in respect of Audit fees.

The work of the Nomination Committee is still in progress and more details on its work will be presented at the Annual General Meeting of Shareholders 2009.

WORK OF THE NOMINATION COMMITTEE



Board of Directors

The Board of Directors is ultimately responsible for the organization of the Company and the management of the Company's operations. It develops guidelines and instructions for the day-to-day management of the Company, conducted by the President and CEO who ensures that the Board of Directors receives regular reports regarding the Group's business development its results, financial position and liquidity and events of importance to the Group.

According to the Articles of Association, Ericsson's Board of Directors shall consist of a minimum of five directors and a maximum of 12 directors, with no more than six deputies. Directors are elected by the shareholders at the Annual General Meeting for the period from the close of the Annual General Meeting until the close of the following Annual General Meeting, but can serve any number of consecutive terms. In addition, under Swedish law, unions have the right to appoint three directors and their deputies to the Ericsson Board of Directors.

While the President and CEO of the Company may be elected as a director on the Board, the Swedish Companies Act prohibits the President of a public company from being elected Chairman of the Board.

Ericsson abides by strict rules and regulations regarding conflicts of interest. Directors and the President and CEO cannot participate in any decision regarding agreements between themselves and the Company, or between the Company and any third party or legal entity in which the individual has an interest.

In addition, in order to ensure independence, the Audit Committee has implemented a procedure for complying with NASDAQ's rules on related-party transactions and a pre-approval process for non-audit services carried out by the external auditors.

Members of the Board of Directors

Our Board of Directors consists of 10 Directors, including the Chairman of the Board, elected by the shareholders at the Annual General Meeting 2008, for the period until the close of the Annual General Meeting 2009, and three employee representatives, each with a deputy, appointed by the trade unions for the same period of time. The President and CEO, Carl-Henric Svanberg, is the only Board member who is a member of the Company's management.

Work procedure of the Board of Directors

Complementary to the provisions in the Swedish Companies Act and the Articles of Association of the Company, the Board of Directors has adopted a work procedure for its activities that outlines rules regarding the distribution of tasks between the Board and its Committees as well as between the Board, its Committees and the President and CEO. The work procedure is reviewed, evaluated and adopted by the Board as required, at least once a year.

Independence of the Directors

The composition of Ericsson's Board of Directors meets all independence criteria it is subject to, as described in more detail under "Independence requirements" later in the report. In connection with its proposal to the Annual General Meeting of Shareholders 2008, the Nomination Committee concluded that, for the purposes of the Swedish Code of Corporate Governance, at least the following persons that were proposed for election were independent of the Company, its senior management and the Company's major shareholders: Roxanne S. Austin, Sir Peter L. Bonfield, Ulf J. Johansson, Nancy McKinstry and Michael Treschow.

Work of the Board of Directors

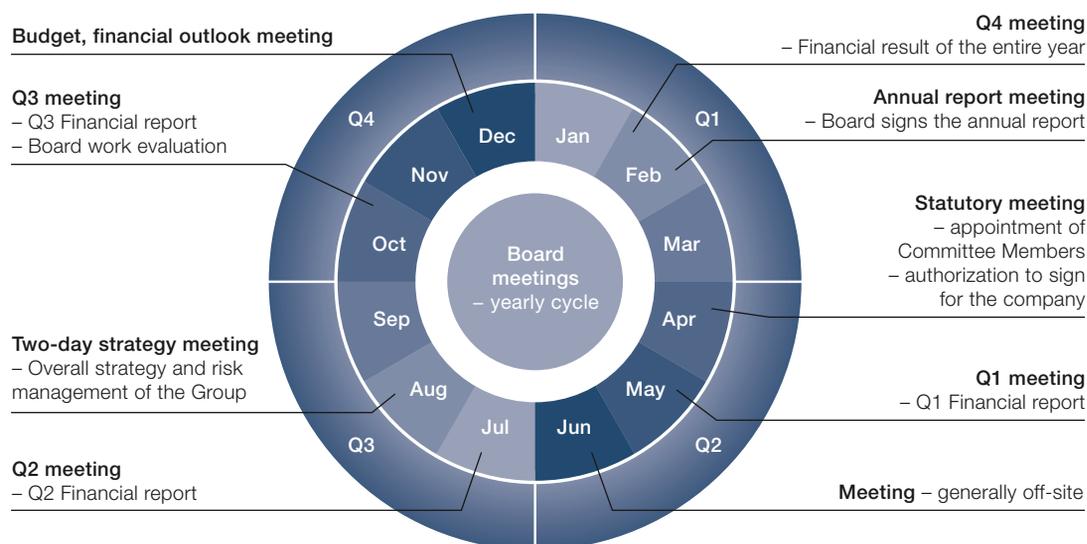
The work of the Board follows a yearly cycle, starting with the statutory Board meeting held in connection with the Annual General Meeting. Members of each of the three Committees of the Board are appointed at the statutory meeting, and the Board resolves on matters such as authorization to sign for the Company. At the next ordinary meeting, the Board handles the first interim report for the year along with the press release related to the report. In June, a Board meeting generally takes place away from Company headquarters, giving Directors a chance to visit major Company operations. Towards the end of July, the Board meets to handle the interim report for the second-quarter of the year. Strategy matters are frequently addressed at any appropriate Board meeting, but a two-day Board meeting in August is entirely devoted to the overall strategy of the Group. The August meeting also addresses the overall risk management of the Group. A third-quarter interim report Board meeting is held at the end of October. In order to allow for the Nomination Committee to be able to take into account the results of the Board work in due time, the Board thoroughly evaluates its own work and the results of this evaluation are presented and discussed at the October meeting. The last meeting of the calendar year addresses budget and financial outlook. At the first meeting of the calendar year, generally in the end of January, the Board focuses on the financial result of the entire year and also handles the fourth-quarter report. At the Board meeting in February, which closes the yearly cycle of work, the Board signs the annual report.

As the Board is responsible for financial oversight, financials are presented and evaluated at each Board meeting. Further, each Board meeting generally includes reports by the Chairman of each of the three Committees based on the minutes from the Committee meetings, which are distributed to all Directors prior

to the Board meeting. A Board meeting also typically includes the President and CEO's report on general business and market developments, including the performance of the Company. The Board is regularly informed of recent developments in legal and regulatory matters and addresses, whenever necessary, the adoption and implementation of various corporate governance rules. Material for each Board meeting is distributed by the Board of Directors' Secretariat according to a pre-established time plan. The time plan is established with due regard for corporate governance requirements, including prompt distribution of the minutes of Board meetings. Unless exceptional circumstances prevent them from doing so, all Directors participate in all Board meetings.

The Board meets with Ericsson's external auditors at least once a year to receive and consider the auditors' observations regarding the Annual Report and internal controls. The auditors also annually prepare reports for the management on the accounting and financial reporting practices of the Company and the Group. Moreover, the Audit Committee meets with the auditors to receive and consider the auditors' observations on the interim reports. The Audit Committee reports its findings to the Board. The auditors have been instructed to reflect in their reports whether the Company and Group are organized so that the accounts, the management of funds and the financial position of the Company and Group in other respects are up to a good standard and controlled in a prudent manner. The Board has reviewed and assessed the Company's process for financial reporting, as described later in "Internal control over financial reporting for year 2008". The Board's own review of interim and annual reports in combination with the Company's internal controls is deemed to give reasonable assurance regarding the quality of the financial reporting.

THE BOARD'S ANNUAL WORK CYCLE



Training of the Board of Directors

All new Directors receive comprehensive training tailored to their individual requirements. Introduction training includes meetings with the heads of the major businesses and functions and, if appropriate, training arranged by NASDAQ OMX to enhance knowledge regarding listing issues and insider rules. In addition, full-day training sessions are generally held twice a year for all Directors, to assist them in their work for Ericsson by enhancing their knowledge of Group operations and by covering specific issues, as appropriate.

Training sessions organized in 2008 have provided the Directors with an in-depth knowledge of markets, strategy and governance within the business area Global Services as well as its products and services. In addition, annual training has been conducted to advise the Board on material issues and key focus areas for the Company pertaining to corporate responsibility and sustainability. These include energy efficiency, climate change, supply chain management, human rights, and telecommunications for social and economic development.

Work of the Board of Directors in 2008

The work of the Board of Directors is continuously characterized by a high level of activity and 11 Board meetings were held in 2008. (For attendance at Board meetings see "Directors' Attendance 2008"). Two meetings were held away from the Company headquarters, one in San José, California, focusing on the acquired operations in Silicon Valley, and one in Lund, Sweden, with a focus on Sony Ericsson and Ericsson Mobile Platform strategies.

Maintaining technology leadership and profitability in an increasingly competitive landscape have been key strategic areas of focus during the year. A leading position and effectiveness in research and development is key in the rapid

technology evolution. An important part of the strategic work is to identify and assess various internal and external risk factors, a need that is intensified as a result of the financial turmoil that has characterized the year.

Apart from regular matters addressed in line with the annual Board work cycle, the Board addressed the future of Ericsson's mobile platform business (EMP), where Ericsson and STMicroelectronics plan to merge EMP and ST-NXP Wireless into a joint venture, and the divestment of the Enterprise business to Aastra Technologies. The Board also addressed other long and short-term strategies with regard to operator and vendor consolidation, increased data traffic in telecom networks, the effects of migration of networks towards IP technology with increased focus on content and multimedia and the changing competitive landscape among telecom operators, cable TV providers and other data-network operators.

The Heads of the three business units have provided the Board with thorough presentations of their respective areas of responsibility to further enhance the Directors' knowledge of business operations and the strategies of each of the three business units. The Board is also continuously reviewing the Management succession planning. In terms of remuneration, the Board put forward a proposal for a Long-Term Variable Compensation Program 2008 (LTV) to the Annual General Meeting of Shareholders 2008. For the purposes of financing the LTV, the Board also proposed a new directed issue and acquisition of C shares to be converted into B shares.

The Board is continuously working to improve its ways of working and procedures based on the Board evaluation along with discussions with the Chairman of the Board and the Committee Chairmen.

ORGANIZATION OF THE BOARD WORK



Board work evaluation

The objectives of the Board evaluation are to ensure that the Board is well-functioning, to gain an understanding of the type of issues that the Board considers should be afforded greater scope to determine the areas in which additional competence is needed within the Board. The evaluation also serves as guidance to the work of the Nomination Committee.

The Chairman of the Board initiates and leads the evaluation of Board and Committee work and procedures each year. The evaluation process includes detailed questionnaires as well as interviews and discussions. In 2008, the Chairman held individual meetings with all the Directors who responded to three separate written questionnaires; one that covered the Board work in general, one that covered the Chairman's performance, and one that covered the performance of the President and CEO. The Chairman and the President and CEO are neither involved in the development, compilation or evaluation of the questionnaires related to their respective performances, nor are they present when their respective performance is evaluated. The results of the evaluations were thoroughly discussed in order to further improve the work of the Board and the CEO.

Committees of the Board of Directors

The Board of Directors has established three Committees: Audit, Finance and Remuneration. Members of each Committee are appointed amongst the Board members. The work of the Committees is principally preparatory, they prepare matters for final resolution by the Board. However, the Board has authorized each Committee to determine certain issues in limited areas and may also provide extended authorization to a Committee to determine specific matters. The Board of Directors and each Committee have the right to engage external expertise, either in general or in respect to specific matters, if deemed appropriate.

Prior to each Board meeting, each Committee submits a report to the Board on the issues handled, resolved or referred to the Board since the previous ordinary Board meeting. The reporting by the Chairman of the Committee on the Committee work in addition to the written report is a recurring item at each Board meeting. The minutes of each Committee meeting are attached to the minutes of the Board meeting following each Committee meeting.

The Audit Committee

The Audit Committee, on behalf of the Board, monitors the integrity of the financial statements, compliance with legal and regulatory requirements and the effectiveness of the systems of internal control over financial reporting.

The Audit Committee is also primarily responsible for reviewing annual and interim financial reports and for overseeing the external audit process, including audit fees.

This involves:

- Reviewing, with management and the external auditors, the financial statements, including conformity with generally accepted accounting principles.
 - Reviewing, with management, the reasonableness of significant estimates and judgments made in preparing the financial statements, as well as the quality of the disclosures in the financial statements.
 - Reviewing matters arising from reviews and audits performed.
- The Audit Committee itself does not perform audit work. Ericsson has an internal audit function, which reports to the Audit Committee and performs independent audits.

The Audit Committee is also involved in the preparatory work of proposing candidates for the election of auditors, when applicable, and monitors their ongoing performance and independence, as well as Group transactions to avoid conflicts of interest. To achieve this, the Audit Committee has implemented approval procedures for audit and other services performed by the external auditors (see "Audit Committee pre-approval policies and procedures"); a pre-approval process for transactions with related parties and a "whistle-blower" procedure for the reporting of violations in relation to accounting, internal control and auditing matters.

Alleged violations are investigated by Ericsson's internal audit function in conjunction with the relevant Group Function. Information regarding any incidents, including measures taken, details of the responsible Group Function and the status of any investigation are reported to the Audit Committee.

Members of the Audit Committee

The Audit Committee consists of four members appointed by the Board from among its members. In 2008, the Audit Committee comprised Ulf J. Johansson (Chairman of the Committee), Sverker Martin-Löf, Sir Peter L. Bonfield, and Jan Hedlund. All members, except the employee representative, are independent from the Company and senior management. Each member is financially literate and familiar with the accounting practices of an international company comparable to Ericsson. At least one member must be an audit committee financial expert. The Board of Directors has determined that Ulf J. Johansson, Sverker Martin-Löf and Sir Peter L. Bonfield all satisfy these requirements.

The Audit Committee has appointed an external expert advisor, Peter Markborn, formerly authorized public accountant, to assist and advise the Committee.

Work of the Audit Committee

The Audit Committee held nine meetings in 2008 – attendance is reflected in the table “Directors’ Attendance 2008.” During the year, the Audit Committee reviewed the scope and results of external financial audits, the independence of the external auditors and monitored the external audit fees. In addition, certain services other than audits performed by the external auditors were approved by the Audit Committee under its pre-approval policies and procedures. The Audit Committee approved the annual audit plan for the internal audit function and reviewed its reports. The Audit Committee also reviewed and discussed with the external auditors each interim report prior to publishing. In addition, the Audit Committee monitored the continued compliance with the Sarbanes-Oxley Act and the internal control and risk management process. The Audit Committee also approved certain related-party transactions in accordance with its pre-approval process.

The Finance Committee

The Finance Committee is primarily responsible for:

- Handling matters regarding acquisitions and divestments.
- Capital contributions to companies inside and outside the Ericsson Group.
- Raising of loans, issuances of guarantees and similar undertakings, and approval of financial support to customers.
- Continually monitoring the Group’s financial risk exposure.

The Finance Committee is authorized to determine matters such as direct or indirect financing, provision of credits, granting of securities and guarantees and certain investments, divestments and financial commitments.

Members of the Finance Committee

The Finance Committee consists of four members appointed by the Board from among its members. In 2008, the Finance Committee comprised Marcus Wallenberg (Chairman of the Committee), Anna Guldstrand, Anders Nyrén and Michael Treschow.

Work of the Finance Committee

The Finance Committee held 13 meetings in 2008 – for attendance, see “Directors’ Attendance 2008”.

The Committee has devoted considerable time to the increasing uncertainty in the financial market and in view of the large exposure to the currently unstable financial sector, has executed its strategy to reduce the Company’s credit exposure by re-arranging the investment policy and procedures. During the year the Committee has also approved numerous customer finance and credit facility arrangements with a continued focus on capital structure, cash flow and cash generating ability.

MEMBERS OF THE COMMITTEES

Members of the Committees of the Board of Directors 2008		
Audit Committee <ul style="list-style-type: none">● Ulf J Johansson (Chairman)● Sverker Martin-Löf● Sir Peter L. Bonfield● Jan Hedlund	Finance Committee <ul style="list-style-type: none">● Marcus Wallenberg (Chairman)● Anna Guldstrand● Anders Nyrén● Michael Treschow	Remuneration Committee <ul style="list-style-type: none">● Michael Treschow (Chairman)● Nancy McKinstry● Monica Bergström● Börje Ekholm

The Remuneration Committee

The Remuneration Committee's main responsibility is to advise the Board of Directors regarding salary and other remuneration, including retirement compensation of the President and CEO, Executive Vice Presidents and other officers reporting directly to the President and CEO. Other responsibilities include:

- Developing and monitoring strategies and general guidelines for employee remuneration, including variable plans and retirement compensation.
- Approving variable pay under the previous year's plan (beginning of each year).
- Preparation of the long-term variable remuneration program for referral to the Board and subsequent resolution by the General Meeting of Shareholders.
- Preparation of the targets for variable pay for the following year for resolution by the Board.

To achieve this, the Committee holds annual strategic remuneration reviews with representatives of the Company to determine the direction to follow, allow program designs and pay policies to be aligned with the business situation. Consideration is given to trends in remuneration, legislative changes, disclosure rules and the general global environment surrounding executive pay. The Committee reviews salary survey data to approve any base pay increase for executives, effective from the following January.

Members of the Remuneration Committee

The Remuneration Committee consists of four members appointed by the Board from among its members. In 2008, the Remuneration Committee comprised Michael Treschow (Chairman of the Committee), Nancy McKinstry, Monica Bergström and Börje Ekholm.

The Remuneration Committee has appointed an independent expert advisor, Gerrit Aronson, to assist and advise the Committee, in particular with regard to international trends and developments.

Work of the Remuneration Committee

The Remuneration Committee held seven meetings in 2008 – attendance is reflected in the table "Directors' Attendance 2008". The Committee reviewed and prepared for the Board a proposal for a Long-term Variable Compensation Program 2008, which was approved by the Annual General Meeting of Shareholders in April. The Committee also prepared proposals for salaries and variable pay for 2008, including remuneration of the President and CEO. Towards the end of the year, the Committee concluded its analysis of the current Long-Term Variable Remuneration structure and remuneration policy to be referred to the Annual General Meeting of Shareholders 2009 for resolution. For further information on remuneration, fixed and variable pay, please see "Remuneration" in the Annual Report.

Members of the Board of Directors

Board members elected by the Annual General Meeting of Shareholders 2008

Michael Treschow (first elected 2002)

Chairman of the Board of Directors

Chairman of the Remuneration Committee

Member of the Finance Committee

Born 1943, Master of Science, Lund Institute of Technology.

Board Chairman: Unilever NV, and Unilever PLC.

Board member: ABB Ltd and the Knut and Alice Wallenberg

Foundation. **Holdings in Ericsson**¹: 164,000 Class B shares.

Principal work experience and other information: Board Chairman of the Confederation of Swedish Enterprise 2004–2007, President and CEO of AB Electrolux 1997–2002 and Chairman of its Board of Directors 2004–2007. Earlier positions mainly include positions in Atlas Copco, where he served as President and CEO 1991–1997. Member of the Royal Academy of Engineering Sciences.

Marcus Wallenberg (first elected 1996)

Deputy Chairman of the Board of Directors

Chairman of the Finance Committee

Born 1956, Bachelor of Science of Foreign Service, Georgetown University, USA. **Board Chairman:** Skandinaviska Enskilda Banken, Saab AB and AB Electrolux. **Honorary Chairman:** International Chamber of Commerce (ICC). **Board member:** AstraZeneca PLC, Stora Enso Oy, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. **Holdings in Ericsson**¹: 142,000 Class B shares.

Principal work experience and other information: Positions in Investor AB, where he served as President and CEO 1999–2005. Prior to this he was Executive Vice President at Investor. Previous employers include Stora Feldmühle AG, Citicorp, Citibank and Deutsche Bank.

Sverker Martin-Löf (first elected 1993)

Deputy Chairman of the Board of Directors

Member of the Audit Committee

Born 1943, Doctor of Technology and Master of Engineering, Royal Institute of Technology, Stockholm. **Board Chairman:** Skanska AB,

Svenska Cellulosa Aktiebolaget SCA and SSAB. **Deputy Chairman:** AB Industrivärden and the Confederation of Swedish Enterprise.

Board member: Svenska Handelsbanken.

Holdings in Ericsson¹: 10,400 Class B shares.

Principal work experience and other information: President and CEO of Svenska Cellulosa Aktiebolaget SCA 1990–2002, where he was employed 1977–1983 and 1986–2002. Previous positions at Sunds Defibrator and Mo och Domsjö AB.

Roxanne S. Austin (elected 2008)

Born 1961, B.B.A. in Accounting, University of Texas, San Antonio USA.

Board member: Abbott Laboratories, Teledyne Technologies Inc., Target Corporation. **Holdings in Ericsson:** None.

Principal work experience and other information: Since 2004, President of Austin Investment Advisors. President and CEO of DIRECTV 2001–2003. Corporate Senior Vice President and Chief Financial Officer of Hughes Electronics Corporation 1997–2000, which company she joined in 1993. Prior to joining Hughes, Roxanne Austin was a partner at Deloitte & Touche. Member of the board of trustees of the California Science Center, member of the California State Society of certified Public Accountants and the American Institute of Certified Public Accountants.

Sir Peter L. Bonfield (first elected 2002)

Member of the Audit Committee

Born 1944, Honors degree in Engineering, Loughborough University, Leicestershire, UK. **Board Chairman:** Supervisory Board of NXP.

Deputy Chairman: British Quality Foundation.

Board member: Mentor Graphics Inc., Sony Corporation, and TSMC.

Holdings in Ericsson¹: 4,400 Class B shares.

Principal work experience and other information: CEO and Chairman of the Executive Committee of British Telecommunications plc 1996–2002. Chairman and CEO of ICL PLC 1990–1996. Positions with STC PLC and Texas Instruments Inc. Member of the International Advisory Board of Citi. Member of the Advisory Boards of New Venture



Michael Treschow



Marcus Wallenberg



Sverker Martin-Löf



Roxanne S. Austin



Sir Peter L. Bonfield

Partners LLP, The Longreach Group and Apax Partners LLP. Non-executive Director of Actis Capital LLP and Dubai International Capital. Board Mentor of CMI.

Börje Ekholm (first elected 2006)

Member of the Remuneration Committee

Born 1963, Master of Science in Electrical Engineering, Royal Institute of Technology, Stockholm. Master of Business Administration, INSEAD, France. **Board member:** Investor AB, AB Chalmersinvest, Husqvarna AB, Scania, KTH Holding AB, Lindorff Group AB and the Royal Institute of Technology, Stockholm.

Holdings in Ericsson¹: 21,760 Class B shares.

Principal work experience and other information: President and CEO of Investor AB since 2005. Prior to this, Börje Ekholm was Head of Investor Growth Capital Inc and New Investments. Previous positions at Novare Kapital AB and McKinsey & Co Inc.

Ulf J. Johansson (first elected 2005)

Chairman of the Audit Committee

Born 1945, Doctor of Technology and Master of Science in Electrical Engineering, Royal Institute of Technology, Stockholm.

Board Chairman: Acando AB, Eurostep Group AB, Novo A/S, Novo Nordisk Foundation, and Trimble Navigation Ltd. **Board member:** Jump Tap Inc. **Holdings in Ericsson**¹: 6,435 Class B shares.

Principal work experience and other information: Founder of Europolitan Vodafone AB, where he was the Chairman of the Board 1990–2005. Previous positions at Spectra-Physics AB, where he was the President and CEO, Ericsson Radio Systems AB. Member of the Royal Academy of Engineering Sciences.

Nancy McKinstry (first elected 2004)

Member of the Remuneration Committee

Born 1959, Master of Business Administration in Finance and Marketing, Columbia University, USA. Bachelor of Arts in Economics, University of Rhode Island, USA. **Board Chairman:** CEO and Chairman of the Executive Board of Wolters Kluwer n.v. **Board member:** The American Chamber of Commerce, the Netherlands, and TiasNimbas Business School. **Holdings in Ericsson:** None.

Principal work experience and other information: CEO and Chairman

of the Executive Board of Wolters Kluwer n.v. President and CEO of CCH Legal Information Services 1996–1999. Previous positions at Booz, Allen & Hamilton, and New England Telephone Company. Member of the Advisory Board of the University of Rhode Island, the Advisory Council of the Amsterdam Institute of Finance, the Dutch Advisory Council of INSEAD, and the Board of Overseers of Columbia Business School.

Anders Nyrén (first elected 2006)

Member of the Finance Committee

Born 1954, Graduate of Stockholm School of Economics, Master of Business Administration from Anderson School of Management, UCLA, USA. **Board Chairman:** Association of Exchange Listed Companies and Association for Generally Accepted Principles in the Securities Market.

Deputy Chairman: Sandvik AB and Svenska Handelsbanken.

Board member: Svenska Cellulosa Aktiebolaget SCA, AB Industrivärden, Skanska AB, SSAB, and Ernströmgruppen.

Holdings in Ericsson¹: 6,686 Class B shares.

Principal work experience and other information: President and CEO of Industrivärden since 2001. CFO and EVP of Skanska AB 1997–2001. Director Capital Markets of Nordbanken 1996–1997. CFO and EVP of Securum AB 1992–1996. Managing Director of OM International AB 1987–1992. Earlier positions at STC Scandinavian Trading Co AB and AB Wilhelm Becker.

Carl-Henric Svanberg (first elected 2003)

Born 1952, Master of Science, Linköping Institute of Technology. Bachelor of Science in Business Administration, University of Uppsala.

Board Chairman: Sony Ericsson Mobile Communications AB.

Board member: The Confederation of Swedish Enterprise, Melker Schörling AB and Uppsala University.

Holdings in Ericsson¹: 3,202,528 Class B shares.

Principal work experience and other information: President and CEO of Telefonaktiebolaget LM Ericsson since 2003. Prior to this, Carl-Henric Svanberg was the President and CEO of Assa Abloy AB (1994–2003). Various positions within Securitas AB (1986–1994) and ABB Group (1977–1985). Carl-Henric Svanberg does not have material shareholdings or part ownerships in companies with which the Company has material business relationships.



Börje Ekholm



Ulf J. Johansson



Nancy McKinstry



Anders Nyrén



Carl-Henric Svanberg

Board members and deputies appointed by the unions

Monica Bergström (first appointed 1998)

Employee representative

Member of the Remuneration Committee

Born 1961. Appointed by the Unionen union.

Holdings in Ericsson¹⁾: 1,236 Class B shares.

Jan Hedlund (first appointed 1994)

Employee representative

Member of the Audit Committee

Born 1946. Appointed by the IF Metall union.

Holdings in Ericsson¹⁾: 566 Class B shares.

Anna Guldstrand (first appointed 2004)

Employee representative

Member of the Finance Committee

Born 1964. Appointed by the union The Swedish Association of Graduate Engineers.

Holdings in Ericsson¹⁾: 1,153 Class B shares.

Kristina Davidsson (first appointed 2006)

Deputy employee representative

Born 1955. Appointed by the IF Metall union.

Holdings in Ericsson¹⁾: 837 Class B shares.

Karin Åberg (first appointed 2007)

Deputy employee representative

Born 1959. Appointed by the Unionen union.

Holdings in Ericsson¹⁾: 1,292 Class B shares.

Pehr Claesson (appointed 2008)

Deputy employee representative

Born 1966. Appointed by the union The Swedish Association of Graduate Engineers.

Holdings in Ericsson¹⁾: 422 Class B shares

Carl-Henric Svanberg is the only Director who holds an operational management position at Ericsson. No Director has been elected pursuant to an arrangement or understanding with any major shareholder, customer, supplier or other person.

¹⁾ The number of Class B shares (and Class A shares, if applicable) includes holdings by related natural or legal persons. The number of Class B shares also includes American Depositary Receipts, where applicable.



Monica Bergström



Jan Hedlund



Anna Guldstrand



Kristina Davidsson



Karin Åberg



Pehr Claesson

Board of Directors' remuneration

Remuneration to Board members not employed by the Company is proposed by the Nomination Committee for resolution by the Annual General Meeting. Board members who are not employed by Ericsson are not invited to participate in the Group's share based long-term variable remuneration plans.

The Annual General Meeting 2008 approved the proposal by the Nomination Committee for yearly fees to the non-employed Board members for Board and Committee work. For information on Board of Directors' fees 2008, please refer to the table in Notes to the Consolidated Financial Statements – Note C29 "Remuneration to the Board of Directors" in the Annual Report. The Annual General Meeting 2008 also approved the Nomination Committee's proposal that it will be possible for non-employed

Board members to be paid part of the fee, in respect of the Board assignment, in the form of so-called synthetic shares. A synthetic share gives the right to receive a future payment of an amount which corresponds to the market value of a Class B share in the Company at the time of payment. The purpose of paying part of the Board of Director's fee in the form of synthetic shares is to further enhance the Directors' interest in Ericsson and its financial development and also provides an opportunity for the Directors to have a financial interest in the Company comparable with that of a shareholder. For more information on the terms and conditions of the synthetic shares, please refer to the notice convening the Annual General Meeting 2008 (www.ericsson.com/ericsson/investors/shareholders/aggm). Information on our website does not form part of this document.

DIRECTORS' ATTENDANCE 2008				
Board member	No of Board meetings	No of Audit Committee meetings	No of Finance Committee meetings	No of Remuneration Committee meetings
Michael Treschow	11		12	7
Sverker Martin-Löf	10	8		
Marcus Wallenberg	10		13	
Roxanne S. Austin ¹⁾	8			
Sir Peter L. Bonfield	11	9		
Börje Ekholm	11			7
Ulf J. Johansson	11	9		
Katherine Hudson ²⁾	3			
Nancy McKinstry	10			7
Anders Nyrén	11		12	
Carl-Henric Svanberg	11			
Monica Bergström	10			7
Jan Hedlund	11	9		
Torbjörn Nyman ²⁾	3		4	
Pehr Claesson ³⁾	8			
Anna Guldstrand ⁴⁾	10		9	
Kristina Davidsson	10			
Karin Åberg	11			
Total	11	9	13	7

¹⁾ Joined the Board of Directors as of April 9, 2008.
²⁾ Resigned from the Board of Directors as of April 9, 2008.
³⁾ Joined the Board of Directors as deputy employee representative as of April 9, 2008.
⁴⁾ Ordinary employee representative as of April 9, 2008.

Company structure and organization

The President and Chief Executive Officer – operational management

The Board of Directors appoints the President and CEO and the Executive Vice Presidents. Management of day-to-day operations is the responsibility of the President and CEO supported by the Group Management Team which, in addition to the President and CEO, consist of the Heads of Group Functions and the Heads of the business units.

The role of the Group Management Team is to:

- Establish long-term vision, Group objectives, strategies and policies.
- Maximize the Group's business.
- Secure operational excellence and realize global synergies.

The Group Management Team meets monthly to discuss business and decisions and to share information of common interest to Ericsson.

Organization and corporate culture

Corporate culture has long been acknowledged as a very important factor for driving behavior, not only for compliance with rules but also in communication, decision making, reaching of objectives and striving for efficiency. Respect, professionalism and perseverance are the values that are the foundation of the Ericsson culture, guiding us in our daily work, how we relate to people and how we do business. Consequently, executive management makes communication and development of the Ericsson culture a key task in the management of the Company.

The organization is operated in two dimensions:

- Legal entities: more than 200 companies in more than 100 countries.
- Operational units: Group Functions (7), business units (3) and market units (23).

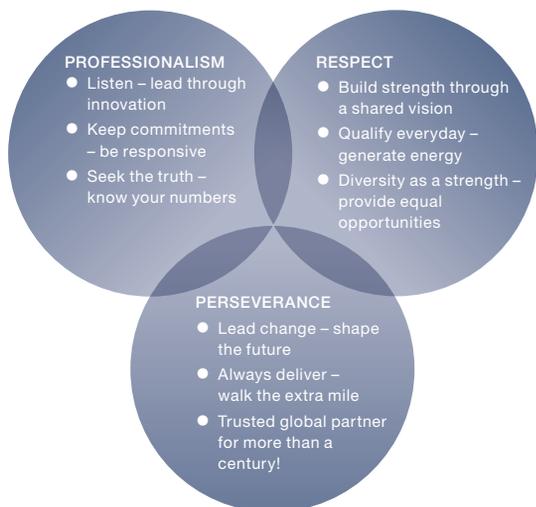
Group Functions

Group Functions coordinate the Company's strategies, operations and resource allocation and define the necessary directives, processes and organization for the effective governance of the Group. By optimizing common processes, tools and the organization, the Group Functions drive operational excellence across the Company. The Group Functions are: Communication, Finance, Human Resources & Organization, Legal Affairs, Sales & Marketing, Strategy & Operational Excellence and Technology. The Group Functions also manage common units like Ericsson Research, IT and Shared Service Centers. The heads of Group Functions report to the CEO.

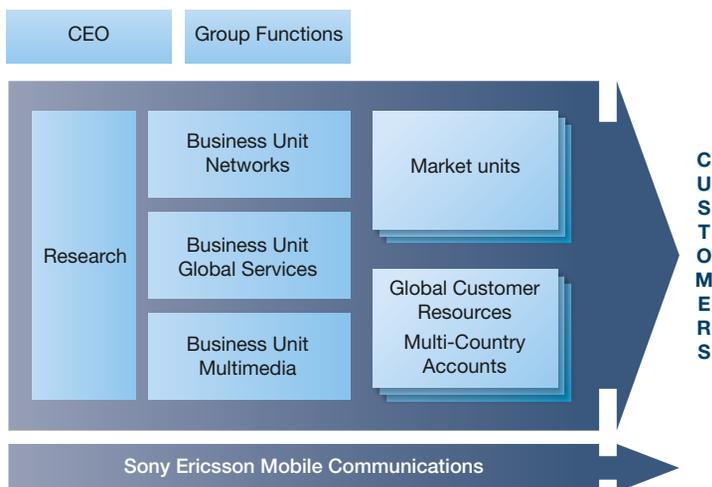
Business units

Business units are innovators, developers and suppliers of competitive, high-quality products, services and customer offerings. Business units define business and product strategies and, by optimizing the product development and supply operations, ensure high-quality and competitive solutions. Business units are responsible for the profitable growth and consolidated results within their respective areas. The business units reflect the product- and service structure of the business: Networks, Global Services and Multimedia. Business unit heads report to the CEO.

ERICSSON'S CORE VALUES



ERICSSON ORGANIZATION



Market units

Market units are marketing and sales channels and the Company's representatives in the local market environment. Market units define customer strategies and, by building excellent relations with customers and local authorities, drive business growth. They manage the complete customer relations ranging from marketing to after-sales and support activities. Heads of market units report to the CEO directly or via a selected member of the Group Management Team.

Efficiency and coordination

Each of the business and market units is supported by an internal steering group. A steering group is chaired by an appointed member of the Group Management Team who reports to the CEO. The chairman selects the participation in the internal steering group to best support the specific needs of the unit.

Joint ventures

In certain areas, the Company has chosen to work with joint venture partners. The mobile handset partnership with SONY Corporation in Sony Ericsson Mobile Communications has been in operation since 2001. During the year, the Company signed a joint venture agreement with STMicroelectronics for mobile platform technology and wireless semiconductors.

Company management

As defined in the Swedish Companies Act and outlined in further detail in the work procedure of the Board of Directors, the CEO is managing the Company's daily operations. The CEO and his appointed Group Function heads have implemented a management system to ensure that the business is managed:

- So that the objectives of Ericsson's major stakeholders (customers, shareholders, employees) are fulfilled.
- Within established risk limits and with good internal control.
- So that the Company is compliant with applicable laws, listing requirements and governance codes and fulfills its corporate social responsibilities.

The Ericsson Group Management System

The Ericsson Group Management System comprises three elements:

- Management and control elements, i.e. objective setting and strategy formulation, and steering documents, such as policies and directives.
- Operational processes and IT tools.
- Organization and corporate culture.

Ericsson is ISO 9001 certified. The management system is an important foundation and it is continuously evaluated and improved in accordance with the ISO requirements.

Management and control

Ericsson uses balanced scorecards as a tool for translating strategic objectives into a set of performance indicators for its operating units focusing primarily on: market and customer performance, competitive position, internal efficiency, financial performance and employee satisfaction and empowerment. Based on the Company's annual strategy work, these scorecards are updated with targets for each unit for the next year and communicated throughout the organization. The balanced scorecard is also used as a management tool to align operating unit goals and personal goals to Company goals, follow up progress towards goals and monitor identified risks.

Group-wide policies and directives govern how the organization works and include important areas, such as a code of business ethics, policies on roles and responsibilities, segregation of duties, capital expenditures, management of intellectual property rights, financial reporting, environmental matters, and risk management.

Processes and IT tools

As a leading vendor, Ericsson tries to utilize its possible competitive advantages through scale of operations and therefore has implemented common processes and IT tools across all its operating units. Through management and continuous improvement of these processes and IT tools, Ericsson reduces cost through standardized operational internal controls and performance indicators.

Risk management

We broadly categorize risks into operational and financial risks. Our risk management is based on the following principles, which apply universally across all business activities and risk types:

- Risk management is an integrated part of the Ericsson Group Management System.
- Each operational unit is accountable for owning and managing its risks according to policies, directives and process tools, with decisions made or escalated according to a well-defined delegation of authority. Financial risks are coordinated through our group function Finance.
- Risks are dealt with on three levels: in the strategy process, in the annual planning and target setting, and in the operational processes by transaction (customer bid/contract, acquisition, investment, product development project). They are subject to various process controls such as decision tollgates and approvals.

A central security unit coordinates management of certain risks, such as: business interruption, information security/IT and physical security. A Crisis Management Council deals with ad-hoc events of a serious nature.

Members of the Group Management Team

Carl-Henric Svanberg

President and CEO and member of the Board of Directors (since 2003)

Born 1952, Master of Science, Linköping Institute of Technology, Bachelor of Science in Business Administration, University of Uppsala. Carl-Henric Svanberg holds honorary doctorates at Luleå University of Technology, Sweden, and Linköping University of Technology, Sweden.

Chairman: Sony Ericsson Mobile Communications AB.

Board member: The Confederation of Swedish Enterprise, Melker Schörling AB and University of Uppsala.

Holdings in Ericsson ¹: 3,202,528 Class B shares.

Background: President and CEO of Assa Abloy AB (1994–2003). Various positions within Securitas AB (1986–1994) and ABB Group (1977–1985).

Hans Vestberg

First Executive Vice President and Chief Financial Officer and Head of Group Function Finance (since October 2007)

Born 1965, Bachelor in Business Administration, University of Uppsala.

Board member: Sony Ericsson Mobile Communications AB, Svenska Handbollsförbundet. **Holdings in Ericsson ¹:** 18,920 Class B shares.

Background: Prior to these positions Hans Vestberg was Executive Vice President and Head of Business Unit Global Services (up to December 31, 2007) Hans Vestberg has held various positions in the Company since 1988, including Vice President and Head of Market Unit Mexico and Head of Finance and Control in USA, Brazil and Chile.

Bert Nordberg

Executive Vice President and Chairman of Redback and Entrisphere (since 2008)

Born 1956, Degree in Electronic Engineering, Malmö, Engineer in the Marines, Berga, university courses in International Management, Marketing and Finance, INSEAD, France. **Board Chairman:** Litos Repro i Malmö AB. **Holdings in Ericsson ¹:** 22,482 Class B shares.

Background: Prior to assuming this position, Bert Nordberg was Executive Vice President and Head of Group Function Sales and Marketing (since 2004) and held other various positions within Ericsson.

Johan Wibergh

Senior Vice President and Head of Business Unit Networks (since 2008)

Born 1963. Master of Computer Science, Linköping Institute of Technology. **Holdings in Ericsson ¹:** 8,555 Class B shares.

Background: Prior to assuming this position, Johan Wibergh was President of Ericsson Brazil. Other former experience includes President of Market Unit Nordic and Baltics, Vice President and Head of Sales at Business Unit Global Services.

Jan Frykhammar

Senior Vice President and Head of Business Unit Global Services (since 2008)

Born 1965. Bachelor of Business Administration and Economics, University of Uppsala. **Holdings in Ericsson ¹:** 906 Class B shares.

Background: Prior to assuming this position, Jan Frykhammar was Head of Sales and Business Control in Business Unit Global Services, CFO in North America and Vice President, Finance and Commercial within the Global Customer Account Vodafone.

Jan Wäreby

Senior Vice President and Head of Business Unit Multimedia (since 2007)

Born 1956, Master of Science, Chalmers University, Göteborg.

Board member: Sony Ericsson Mobile Communications AB.

Holdings in Ericsson ¹: 37,698 Class B shares.

Background: From 2002 to 2006, Jan Wäreby was Executive Vice President and Head of Sales and Marketing for Sony Ericsson Mobile Communications.



Carl-Henric Svanberg



Hans Vestberg



Bert Nordberg



Johan Wibergh



Jan Frykhammar



Jan Wäreby

Carl Olof Blomqvist

Senior Vice President, General Counsel and Head of Group Function Legal Affairs (since 1999)

Born 1951, Master of Law, LL.M., University of Uppsala.

Holdings in Ericsson¹⁾: 1,216 Class A shares and 24,911 Class B shares.

Background: Prior to assuming this position, Carl Olof Blomqvist was a partner of Mannheimer Swartling law firm.

Håkan Eriksson

Senior Vice President, Chief Technology Officer and Head of Group Function Technology (since 2007)

Born 1961, Master of Science and Honorary Ph D, Linköping Institute of Technology. **Board member:** Linköping University and Anoto.

Holdings in Ericsson¹⁾: 18,618 Class B shares.

Background: Prior to assuming this position, Håkan Eriksson was Senior Vice President and Head of Research and Development. He has held various positions within Ericsson since 1986.

Marita Hellberg

Senior Vice President and Head of Group Function Human Resources and Organization (since 2003)

Born 1955, Bachelor of Human Resources Management, Stockholm University, Advanced Management Program, Cedep, France.

Board member: Utbildningsradion.

Holdings in Ericsson¹⁾: 23,325 Class B shares.

Background: Prior to assuming this position, Marita Hellberg was Senior Vice President of Human Resources of the NCC Group.

Torbjörn Possne

Senior Vice President and Head of Group Function Sales and Marketing (since 2008)

Born 1953. Master of Science, Royal Institute of Technology, Stockholm. **Holdings in Ericsson**¹⁾: 16,586 Class B shares.

Background: Prior to assuming this position, Torbjörn Possne was Head of Market Unit Northern Europe and Global Customer Account Deutsche Telekom and also held other various positions within Ericsson.

Henry Sténson

Senior Vice President and Head of Group Function Communications (since 2002)

Born 1955, Studied law, sociology and political science, Linköping University and at the Swedish War Academy, Karlberg, Stockholm.

Board member: Stronghold and the Stockholm Chamber of Commerce. **Holdings in Ericsson**¹⁾: 17,403 Class B shares.

Background: Prior to assuming this position, Henry Sténson was Head of SAS Group Communication.

Joakim Westh

Senior Vice President and Head of Group Function Strategy and Operational Excellence (since 2007)

Born 1961, Master of Science, Royal Institute of Technology, Stockholm, Master of Science within Aeronautics and Astronautics, MIT, Boston, USA. **Board chairman:** Absolent AB. **Board member:** VKR Holding A/S.

Holdings in Ericsson¹⁾: 35,646 Class B shares.

Background: Prior to assuming this position, Joakim Westh was Senior Vice President and Head of Group Function Operational Excellence. Member of Assa Abloy Executive Management Team. Before this, Joakim Westh was a partner with McKinsey & Co. Inc.

Up to June 30, 2008 Kurt Jofs, former Executive Vice President and Head of Business Unit Networks and Björn Olsson, former Executive Vice President and Deputy Head of Business Unit Networks were members of the Group Management Team of the Company.

¹⁾ The number of Class B shares (and Class A shares, if applicable) includes holdings by related natural or legal persons. Options and matching rights are reported in Notes to the Consolidated Financial Statements – Note C29, "Information Regarding Employees, Members of the Board of Directors and Management" in the Annual Report.



Carl Olof Blomqvist



Håkan Eriksson



Marita Hellberg



Torbjörn Possne



Henry Sténson



Joakim Westh

Auditors

Ericsson's external independent auditors are elected by the shareholders at the Annual General Meeting for a period of four years. The auditors report to the shareholders at Shareholders' Meetings.

The auditors:

- Update the Board of Directors regarding the planning, scope and content of the annual audit.
- Examine the year-end financial statements and report findings to assess accuracy and completeness of the accounts and adherence to accounting procedures and principles.
- Advise the Board of Directors of additional services performed (non-auditing), the consideration paid and other issues that are needed to determine the auditors' independence. For further information on the contacts between the Board and the auditors, please see "Work of the Board of Directors" earlier in the report.

All Ericsson's quarterly reports are reviewed by the auditors.

Statutory auditors

PricewaterhouseCoopers AB was elected at the Annual General Meeting 2007 for a period of four years until the close of the Annual General Meeting 2011.

PricewaterhouseCoopers AB has appointed Bo Hjalmarsson, Authorized Public Accountant, to serve as auditor in charge. Bo Hjalmarsson is also auditor in charge at other large companies such as Eniro, Sony Ericsson Mobile Communications, Lundin Petroleum, Vostok Nafta, Vostok Gas and Duni.

Fees paid to external auditors

Ericsson paid the fees (including expenses) listed in the table in Notes to the Consolidated Financial Statements – Note C31, "Fees to auditors" in the Annual Report for audit-related and other services.

The Audit Committee reviews and pre-approves any non-audit services to be performed by the external auditors to ensure the auditors' independence.

Audit Committee pre-approval policies and procedures

The Audit Committee makes recommendations to the Board of Directors regarding the auditors' performance and submits recommendations regarding auditor's fees to the Nomination Committee. It reviews the scope and execution of audits performed (external and internal) and analyzes the result and the cost.

The Audit Committee has established pre-approval policies and procedures for services other than audits performed by the external auditors. For other matters, an auditor submits an application to the CFO. If supported by the CFO, the application is presented to the Audit Committee for final approval.

Pre-approval authority may not be delegated to management. The policies and procedures include a list of prohibited services. Such services fall into two broad headings:

- General pre-approval services can be pre-approved by the Audit Committee without consideration to specific case-by-case service. Tax, transaction, risk management, corporate finance, attestation and accounting services and general services have received a general pre-approval of the Audit Committee, provided that the estimated fee level for the project does not exceed SEK 1 million. The external auditors must advise the Audit Committee of services rendered under the general pre-approval policy.
- Specific pre-approval – all other audit-related, tax and other services must receive specific pre-approval. The Audit Committee Chairman has the delegated authority for specific pre-approval, provided service fees do not exceed SEK 2.5 million. The Chairman reports any pre-approval decisions to the Audit Committee at its scheduled meetings.

Disclosure controls and procedures

Ericsson has controls and procedures in place to make sure that information to be disclosed under the Securities Exchange Act of 1934, and under Ericsson's agreements with NASDAQ OMX Stockholm and NASDAQ, is done so on time, and that such information is provided to management, including the CEO and CFO, so that timely decisions can be made regarding required disclosure.

To assist managers in fulfilling their responsibility with regard to disclosures made by the Company to its security holders and the investment community, a Disclosure Committee was established in 2003. One of the main tasks of the Disclosure Committee is to monitor the integrity and effectiveness of the Company's disclosure controls and procedures.

Ericsson also has investments in certain entities that we do not control or manage. Our disclosure controls and procedures with respect to such entities are substantially more limited than those

we maintain with respect to our subsidiaries.

During the year, management, with the participation of Ericsson's President and CEO and CFO, supervised and participated in an evaluation of the effectiveness of our disclosure controls and procedures. As a result, Ericsson's President and CEO and CFO concluded that the disclosure controls and procedures were effective at a reasonable assurance level.

There were no changes to our internal control over financial reporting during the period covered by the Annual Report 2008 that have materially affected, or are likely to materially affect, our internal control over financial reporting.

Ericsson's disclosure policies

Ericsson's financial disclosure policies are designed to facilitate transparent, informative and consistent communication with the investment community on a fair and equal basis, which will reflect in a fair market value for Ericsson shares. We want our shareholders and potential investors to have a good understanding of how our Company works, our operational performance, our prospects and the risks we face that jeopardize the fulfilment of our opportunities.

To achieve these goals, our financial reporting and disclosure must be:

- Transparent – our disclosure should enhance understanding of the economic drivers and operational performance of our business, hence building trust and credibility.
- Consistent – we aim for consistent and comparable disclosure within and between reporting periods.
- Simple – information should be provided in as simple a manner as possible, so readers gain the appropriate level of understanding of our business operations and performance.
- Relevant – we focus our disclosure on what is relevant to Ericsson's stakeholders or required by regulation or listing agreements, to avoid information overload.
- Timely – we utilize well-established disclosure controls and procedures to ensure that all disclosures are complete, accurate and performed on a timely basis.
- Fair and equal – we publish all material information via press releases to ensure everyone receives the information at the same time.
- A reflection of best practice – we strive to ensure that our disclosure is in line with industry norms.

Our website (www.ericsson.com/investors) includes comprehensive information on Ericsson, including an archive of our annual and interim reports, on-demand-access to recent news and copies of presentations given by senior management at industry conferences. Information on our website does not form part of this document.

Independence requirements

The Ericsson Board of Directors is subject to, and complies with, a variety of independence requirements. However, it has sought and received exemptions from certain Sarbanes-Oxley Act and NASDAQ requirements, including those that are contrary to Swedish Law, see "NASDAQ Corporate Governance Exemptions".

Listing requirements of NASDAQ OMX Stockholm

- No more than one member of the board elected by the shareholders may work as a senior executive in the company or its subsidiaries.
- The majority of the directors elected by the shareholders' meetings must be independent of the company and its management.
- At least two of the directors who are independent of the company and its management must also be independent of the company's major shareholders. One of these directors must be experienced in requirements placed on a listed company.

The Swedish Code of Corporate Governance

Independence requirements on the board of directors (excluding employee representatives):

- No more than one member of the board elected by the shareholders may work as a senior executive in the company or its subsidiaries.
- A majority of the directors elected by the shareholders' meetings must be independent of the company and its management.
- At least two of the directors who are independent of the company and its management must also be independent of the company's major shareholders.

Independence requirements on the Audit Committee:

- The majority of Audit Committee members must be independent of the company and senior management.
- At least one member of the committee must be independent of the company's major shareholders.
- A board member who is part of senior management may not be a member of the audit committee.

Independence requirements on the remuneration committee:

- Committee members must be independent of the company and the senior management.

The NASDAQ Marketplace Rules

Independence requirements on the board of directors:

- A majority of the members of the board of directors must be independent within the meaning of the NASDAQ rules.

Ericsson has obtained an exemption from NASDAQ allowing employee representative directors to be exempt from NASDAQ's independence requirements.

Sarbanes-Oxley Act of 2002 and corresponding NASDAQ rules

Independence requirements on the audit committee:

- All members of the audit committee must be independent within the meaning of the Sarbanes-Oxley Act of 2002.

The Sarbanes-Oxley Act of 2002 includes a specific exemption for non-executive employee representatives.

NASDAQ Corporate Governance Exemptions

Pursuant to a 2005 amendment to NASDAQ's Marketplace Rules, foreign private issuers such as Ericsson may follow home-country practice in lieu of certain NASDAQ corporate governance requirements.

Before the amendment was adopted, NASDAQ's Marketplace Rules provided that foreign private issuers could, upon application, be exempt from certain of its corporate governance requirements when these requirements were contrary to the laws, rules or regulations, or generally accepted business practices of the issuer's home jurisdiction.

Ericsson has received (and is entitled to continue to rely thereon under the 2005 amendment) exemptions from NASDAQ's corporate governance requirements under the Marketplace Rules in order to allow:

- Employee representatives to be elected to the Board of Directors and serve on its Committees (including the Audit Committee), in accordance with Swedish law.
- Shareholders to participate in the election of Directors and the Nomination Committee, in accordance with Swedish law and common market practice respectively.
- Employee representatives on the Board to attend all Board and all Committee meetings (including the Audit Committee), in accordance with Swedish laws concerning attendance and decision making processes.

In addition, Ericsson relies on the exemption provided by the 2005 amendment to overcome contradictions between NASDAQ and Swedish law requirements regarding quorums for its meetings of holders of common stock.

Internal control over financial reporting for the year 2008

This section has been prepared in accordance with the Swedish Code of Corporate Governance, section 10.5, and is thereby limited to internal control over financial reporting.

Since the Company is listed in the United States, the requirements for establishing and maintaining internal controls over financial reporting and for management to report on its assessment of the effectiveness of internal controls over financial reporting, outlined in the Sarbanes-Oxley Act (SOX) apply. The Company has implemented detailed controls, documentation and testing procedures in accordance with the COSO framework for internal control, issued by the Committee of Sponsoring Organizations of the Treadway Commission, to ensure compliance with SOX. Management's internal control report according to SOX will be included in Ericsson's Annual Report on Form 20-F, which will be filed with the SEC in the United States. During 2008, the Company has continued to work with the improvement in design and execution of its financial reporting controls.

Internal control over financial reporting

Ericsson has integrated risk management and internal control into its business processes. As defined in the COSO framework, components of internal control are a control environment, risk assessment, control activities, information and communication and monitoring.

Control environment

The Company's internal control structure is based on the division of labor between the Board of Directors and its Committees and the President and CEO and the Company has implemented a management system that is based on:

- The Company's organization and mode of operations, with well-defined roles and responsibilities and delegations of authority.
- Steering documents, such as policies and directives, and a Code of Business Ethics.
- Several well-defined processes for planning, operations and support.

The most essential parts of the control environment relative to financial reporting are included in steering documents and processes for accounting and financial reporting. These steering documents are updated regularly to include, among other things, changes to laws, financial reporting standards and listing requirements, such as IFRS and SOX. The processes include specific controls to be performed to ensure high-quality reports.

Risk assessment

Risks related to financial reporting include fraud and loss or embezzlement of assets, undue favorable treatment of counter-parties at the expense of the Company. Other risks of material misstatements in the financial statements can occur in relation to recognition and measurement of assets, liabilities, revenue and cost or insufficient disclosure. Identified types of risks are mitigated through segregation of duties in the Company's business processes and through appropriate delegation of authority, requiring specific approval of material transactions. Accounting and financial reporting policies and directives cover areas of particular significance to support correct accounting, reporting and disclosure.

Control activities

The Company's business processes include financial controls regarding the approval and accounting of business transactions. The financial closing and reporting process has controls for recognition, measurement and disclosure, including the application of critical accounting policies and estimates, for individual subsidiaries and in the consolidated accounts. All legal entities, business units and market units in Ericsson have their own dedicated controller functions which participate in the planning and evaluation of each unit's performance. Regular analysis of the financial results for their respective units cover the significant elements of assets, liabilities, revenues, costs and cash flow. Together with analysis of the consolidated financial statements performed at Group level, this important element of internal control ensures that the financial reports do not contain material errors.

For external financial reporting purposes, additional controls performed by a Disclosure Committee established by Company management ensure that all disclosure requirements are fulfilled.

The Company has implemented controls to ensure that the financial reports are prepared in accordance with its internal accounting and reporting policies and IFRS as well as with relevant listing regulations. To ensure that the Company's CEO and CFO can assess the effectiveness of the controls in a way that is compliant with SOX. The Company also maintains detailed documentation on internal controls related to accounting and financial reporting, as well as records on the monitoring of the execution and results of such controls. A review of materiality levels related to the financial reports has resulted in the implementation of detailed process controls and documentation in almost all subsidiaries. Ericsson has also implemented overall entity-wide controls in all subsidiaries related to the control environment and compliance with the policies and directives related to financial reporting. To ensure efficient and standardized accounting and reporting processes, the Company has established several shared services centers, performing accounting and financial reporting services for subsidiaries

based on a common IT platform with a common chart of account and common master data.

Information and communication

The Company's information and communication channels support completeness and correctness of financial reporting, by making internal process instructions and policies regarding accounting and financial reporting accessible to all employees concerned and through regular updates and briefing documents regarding changes in accounting policies and reporting and disclosure requirements.

Subsidiaries and operating units make regular financial and management reports to internal steering groups and Company management, including analysis and comments on financial performance and risks. The Board of Directors receives financial reports monthly. The Audit Committee of the Board has established a "whistle blower" procedure for reporting violations in accounting, internal controls and auditing matters.

Monitoring

The Company's financial performance is reviewed at each Board meeting. The committees of the Board fulfill important monitoring functions regarding remuneration, borrowing, investments, customer finance, cash management, financial reporting and internal control. The Audit Committee and the Board of Directors review all interim and annual financial reports before they are released to the market. The Audit Committee also receives regular reports from the external auditors. The Audit Committee follows up on any actions taken to improve or modify controls.

The Company's process for financial reporting is reviewed annually by management and forms a basis for evaluating the internal management system and internal steering documents to ensure that they cover all significant areas related to financial reporting. The shared service center management continuously monitors the accounting quality through a set of performance indicators. Compliance with policies and directives is monitored through annual self-assessments and representation letters from heads and controllers in all subsidiaries as well as from business units and market units. The Company's internal audit function, which reports to the Audit Committee, performs independent audits.