

INFORMATION ON THE COMPANY

COMPANY HISTORY AND DEVELOPMENT

Innovating to empower people, business and society

Our origins date back to 1876 when Alexander Graham Bell filed a patent application in the United States for the telephone. The same year, Lars Magnus Ericsson opened a small workshop in Stockholm to repair telegraph instruments and sell his own telephone equipment.

Today, Ericsson is a leading provider of communications equipment, professional services and multimedia solutions. Our customers are operators of mobile and fixed networks worldwide. Over 1,000 networks in more than 175 countries utilize our equipment. More than 40 percent of all mobile traffic goes through Ericsson equipment.

We invest heavily in R&D and promote standardization and open systems. We have a long history of innovation and pioneering future telecommunications technologies. We have one of the industry's most comprehensive intellectual property portfolios with approximately 25,000 patents.

Ericsson's vision is "to be the prime driver in an all-communicating world" – a world in which any person can use voice, text, images and video to share ideas and access information whenever and wherever they want. Within a few years, we foresee communications extending beyond places and people to devices. Then everything that benefits from being connected will be. We strongly believe that affordable and generally available telecommunications are a prerequisite for social and economic development, and that the ICT industry is

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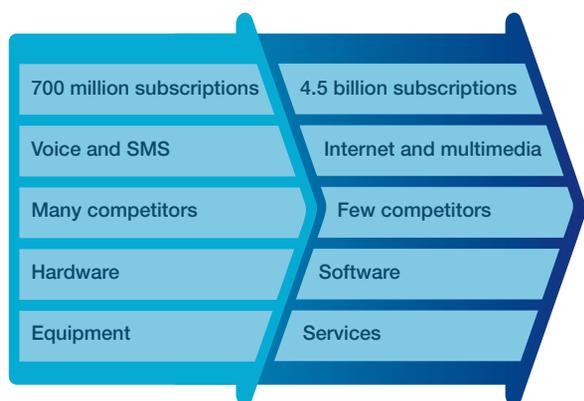
a key enabler for a sustainable and prosperous society and for bridging the digital divide.

Our strategy to realize our vision and reach our goals is to:

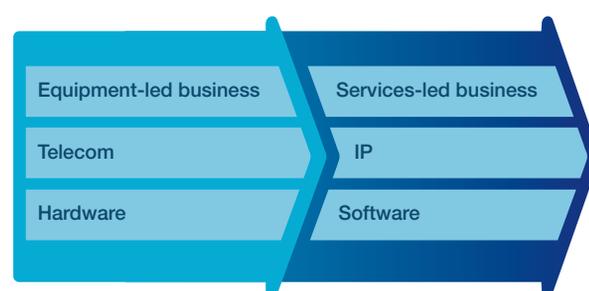
- > Excel with a leading portfolio in mobile and converged networks.
- > Expand in services by enabling world-class operations and network evolution.
- > Extend in multimedia, with leading applications and business support solutions.

Successful execution of the strategy is built on (1) close customer relations; (2) technology and services leadership and (3) operational excellence in all we do.

THE MOBILE INDUSTRY HAS EVOLVED (2000–2009)



ERICSSON HAS EVOLVED



CULTURE AND COMPETENCE REMAIN KEY

Close customer relations

The foundation for our business is our strong, long-term customer relationships. We have been present in most of our markets for more than 100 years. We work closely with the operators to understand their business, their objectives and technology needs.

We are a major supplier to most of the world's leading mobile operators and many leading wireline operators. We believe that our ability to offer superior end-to-end solutions and services makes us well positioned to assist operators with their network development and operations. With our significant scale advantage, custom-tailored end-to-end solutions and local presence, we are able to serve as a true partner – providing fast time-to-market and competitive total cost of ownership – helping our customers reach their business objectives.

Ericsson has 82,500 employees across the world, close to our customers. Local operations have strong technical, commercial and administrative support from specialist functions in R&D, supply, network operations centra and Group functions.

Technology and services leadership

Innovation is an important element of our corporate culture. It is key to our competitiveness and future success. We have a long tradition of developing innovative communication technologies. By early involvement in creating new standards we are often first to market with new solutions – a distinct competitive advantage.

We are a market leader in GSM, WCDMA/HSPA, LTE, packet core networks, microwave transmission, revenue management applications and managed services. We are growing in the area of wireline access, metro Ethernet solutions and optical transport, and we are a provider of multimedia solutions and brokering services for both wireless and wireline operators and

TV broadcasters. We have recently acquired Nortel's CDMA and LTE operations in North America.

Within our ambitious R&D program, we have approximately 18,300 (19,800) employees in 17 (17) countries worldwide and in 2009 we invested SEK 27 billion (excluding SEK 6 billion restructuring charges) or 13 percent of sales. Most of this is invested in product development, of which the greater part is in network infrastructure. We have continued to invest in strategically important areas of broadband access, converged core networks, IP technology and multimedia. Our ability to generate world-class innovations is enhanced through cooperation with a variety of partners, including customers, universities and research institutes.

Through many years of development of new technologies we have built up a considerable portfolio of intellectual property rights (IPR). As of December 31, 2009, we held approximately 25,000 (24,000) patents worldwide, including patents essential to the standards GSM, GPRS, EDGE, WCDMA, HSPA, MBMS, TD-SCDMA, cdma2000, WiMAX and LTE. We also hold essential patents for many other areas, e.g. IMS, Voice-over-IP, ATM, Messaging, WAP, Bluetooth, SDH/SONET, WDM and Carrier Ethernet.

Our intellectual property rights are valuable business assets. We license these rights to many other companies (infrastructure equipment suppliers, embedded module suppliers, handset suppliers and mobile application developers) in return for royalty payments and/or access to their intellectual property rights. We believe that we have access to all essential patents that are material to our business in part or in whole.

For more information, please see also Risk Factors, "Market, Technology and Business Risks".

GENERAL FACTS ON THE COMPANY

Legal name of the Parent Company: Telefonaktiebolaget LM Ericsson (publ)

Organization number: 556016-0680

Legal form of the Parent Company: A Swedish limited liability company, organized under the Swedish Companies Act. The terms "Ericsson", "the Company", "the Group", "us", "we", and "our" all refer to Telefonaktiebolaget LM Ericsson and its subsidiaries.

Country of incorporation: Sweden.

Date of incorporation: The Parent Company was incorporated on August 18, 1918, as a result of a merger between AB LM

Ericsson & Co. and Stockholms Allmänna Telefon AB.

Domicile: Our registered office is Telefonaktiebolaget LM Ericsson, SE-164 83 Stockholm, Sweden. Our headquarters are located at Torshamnsgatan 23, Kista, Sweden.

Telephone number: +46 10 719 0000

Website: www.ericsson.com

Agent in the US: Ericsson Inc., Vice President Legal Affairs, 6300 Legacy Drive, Plano, Texas 75024. Telephone number: +1 972 583 0000.

Shares: Ericsson's Class A and Class B shares are traded on NASDAQ OMX Stockholm. In the US, our American Depository Shares (ADS), each representing one underlying Class B share, are traded on NASDAQ.

Parent Company operations: The business of the Parent Company, Telefonaktiebolaget LM Ericsson, consists mainly

Operational excellence in all we do

Ericsson is focused mainly on infrastructure solutions and services for telecom operators. This focus enables us to have a functional organization and leverage our scale to gain competitive advantage. The Group is organized in some 200 legal entities, aligned to a common functional structure, using standardized processes.

- > Group functions coordinate the Company's strategies, operations and resource allocation and establish the necessary directives, processes and organization for the effective governance of the Group. They also manage support units, such as Ericsson Research, IT and shared service centers.

The main operational functions/processes are:

Business units:

- > product management
- > product/service and solution development
- > sourcing, manufacturing and supply of products
- > sales of spare parts and repair.

Market units:

- > marketing and sales
- > service delivery
- > customer support.

Operational excellence is an important competitive advantage, and we focus on three areas:

- > Speed – to reduce time to market and working capital and to increase flexibility and responsiveness.
- > Scale – to leverage our market-leading position, enabling us to afford developing best-in-class solutions.
- > Skills – to work according to standardized processes with highly educated employees and partners.

We continuously focus on improving processes, support systems and our ways of working. Our mission, to empower people, business and society, requires strong change capabilities and efficient and effective processes, delivering innovative, high-quality solutions with low cost of ownership.

The Company culture of innovation and competitiveness and continuous competence development of our employees are key enablers for success. Ericsson Academy is one of our vehicles to achieve this – a new, innovative forum for learning and sharing of ideas and knowledge, open to our employees and available to our customers during 2010. We believe this will sharpen our employees' skills, enhance performance for our customers, and give us a competitive edge in the new business and technology landscape.

To further increase flexibility and efficiency and reduce cost, we have several partnerships with strong players in outsourced manufacturing, IT services and certain areas of R&D and services. Examples are: Flextronics, HP, IBM and Tieto.

of corporate management, holding company functions and internal banking activities. Parent Company operations also include customer credit management activities performed by Ericsson Credit AB on a commission basis.

Subsidiaries and associated companies: For a listing of our significant subsidiaries, please see Notes to the Parent Company Financial Statements – Note P9, "Investments". In addition to our joint ventures Sony Ericsson and ST-Ericsson, we are engaged in a number of other minor joint ventures, cooperative arrangements and venture capital initiatives. For more information regarding risks associated with joint ventures, strategic alliances and third-party agreements please see Risk Factors, "Market, Technology and Business Risks".

Documents on display: We file annual reports and other information (normally in Swedish only) for certain domestic legal

entities with Bolagsverket (Swedish Companies Registration Office) pursuant to Swedish rules and regulations.

You may order any of these reports from their website www.bolagsverket.se. If you access these reports, please be aware that the information included may not be indicative of our published consolidated results in all aspects. Other than information related to the Parent Company, only consolidated numbers for the Group totals are included in our reports.

Filing in the US: Annual reports and other information are filed with the Securities and Exchange Commission (SEC) in the United States, pursuant to the rules and regulations that apply to foreign private issuers. Electronic access to these documents may be obtained from the SEC's website, www.sec.gov/edgar/searchedgar/webusers.htm, where they are stored in the EDGAR database.

MARKET ENVIRONMENT

Ericsson has evolved with the changes in the industry:

- > from equipment driven, to services driven, with close to 40 percent of sales and almost 50 percent of employees now related to services
- > from hardware to software, with more and more of the functionality in our solutions being software-based
- > from narrow-band voice to all-IP broadband, with strong focus on converged networks and services capabilities.

Customers

We supply equipment, integrated solutions, multimedia applications and services to almost all major operators globally. We derive most of our sales from large, multi-year agreements with a limited number of significant customers. Out of a customer base of more than 425 network operators, the 10 largest customers account for 42 (42) percent of our net sales and the 20 largest customers account for 57 (61) percent of our net sales. Our largest customer accounted for approximately 5 (6) percent of sales in 2009. For more information, see Risk Factors, "Market, Technology and Business Risks"

Our customers have different needs and demands when interacting with us:

- > Strategy and business model development in an increasingly complex environment.
- > Network expansion and evolution in response to subscriber and traffic growth and new technology.
- > Support, training and spare parts.
- > Efficient operations to keep operating expenses competitive.

Our own market units are our primary sales channel. They perform most of the sales where the customer is a fixed or mobile telecommunications operator.

For certain products or solutions we also use other channels:

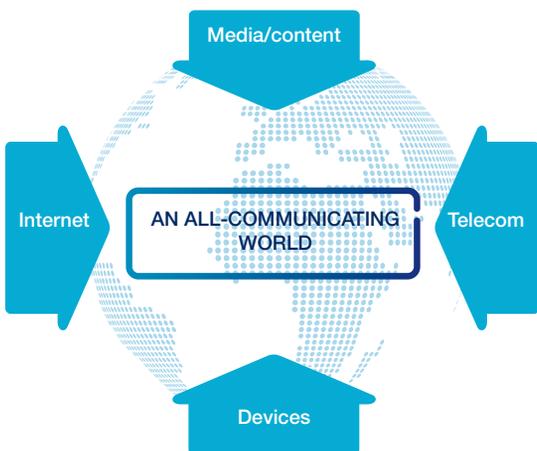
- > TV solutions are sold through other equipment vendors as resellers as well as directly by business unit Multimedia to cable-TV operators.
- > Mobile broadband modules are sold directly by business unit Networks to PC/netbook manufacturers.
- > For newly acquired entities, certain market channels normally prevail during a transition period, e.g. LHS has maintained its market channels for billing solutions until it is fully owned and integrated.
- > A central IPR unit is managing sales of licenses to equipment vendors or others who wish to use our patented technology.
- > Our two joint ventures are the channels to the handset and mobile platform/chipset markets.

Our sales to network operators is normally based on multi-year frame agreements after an initial tender with a system and supplier selection.

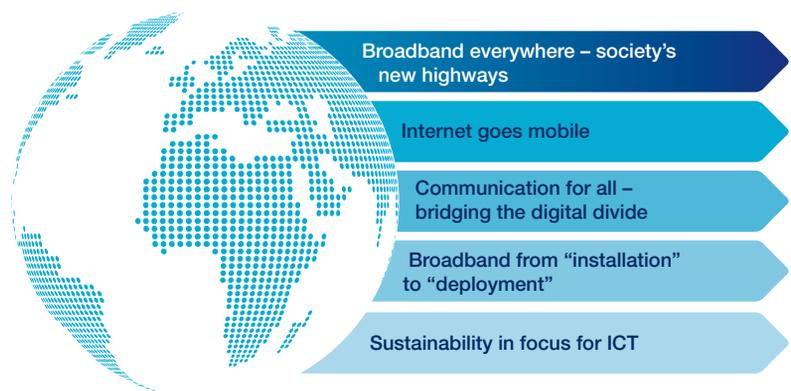
During the frame agreement, equipment, software, services and spare parts are called off according to price lists. On a highly selective basis we occasionally provide customer financing. The vast majority of customer financing is provided by third parties, often guaranteed by Swedish export credit agencies. Various types of services, such as training or consulting, are often ordered separately as needed. Managed services contracts are normally also multi-year contracts and negotiated separately as they require extensive scoping and planning for transfer of employees and operations.

We have implemented a strict trade compliance program throughout the Company in order to comply with foreign and domestic laws and regulations, trade embargoes and sanctions in force. Our business activities should not be construed as supporting a particular political agenda or regime in any way.

CONVERGING INDUSTRIES



TELECOM'S ROLE IN SOCIETY GROWS (2009–2050)



SEGMENT OVERVIEW

Operating segments

Ericsson is a vendor of solutions and services to telecom operators of fixed and mobile networks. We also provide TV solutions and managed services for television broadcast companies and mobile access modules to netbook manufacturers. Through two joint ventures we address the mobile handset and mobile platform/wireless chipset markets.

When determining our operating segments, we have looked at which markets and what type of customers our products and services aim to attract as well as what distribution channels they are sold through. We have also considered commonality regarding technology, research and development. To best reflect our business focus and to facilitate comparability with peers, we report five operating segments:

- > Networks
- > Professional Services
- > Multimedia
- > Sony Ericsson
- > ST-Ericsson

Segment Networks

Networks includes products/solutions for:

- > wireless and wireline access
- > IP core networks
- > transmission/backhaul
- > network management
- > network rollout services

In 2009, we acquired Nortel's CDMA and LTE operations. Services, other than network rollout, are reported under Professional Services. In 2009, segment Networks accounted for 66 percent of total sales.

Wireless and wireline access

Ericsson provides market-leading wireless access solutions to network operators for reliable, efficient and cost-effective mobile telephony networks. Ericsson also has a strong product portfolio for wireline access. Our leadership in GSM, WCDMA/HSPA and LTE technologies and now also CDMA enables us to offer tailored solutions regardless of the existing network standard used, delivering superior performance and consumer experience.

We provide wireline access solutions, for both fiber and copper, such as GPON and DSL. In 2009, AT&T appointed Ericsson as a domain vendor for wireline access solutions.

IP core network (switching, routing and control)

Our core network solutions include industry-leading softswitches, IP infrastructure for edge and core routing (Ericsson SmartEdge), IP-based Multimedia Subsystem (IMS) and gateways. GSM and WCDMA/HSPA share a common core network. Therefore operators' previous investments are preserved as they migrate from voice-centric to multimedia networks. Our switching products have industry-leading scalability and capacity.

Transmission/backhaul

Our MINI-LINK microwave system is one of the world's most widely deployed mobile backhaul solutions. Transport networks (e.g. MINI-LINK, metro optical networks) are essential elements of our end-to-end solutions.

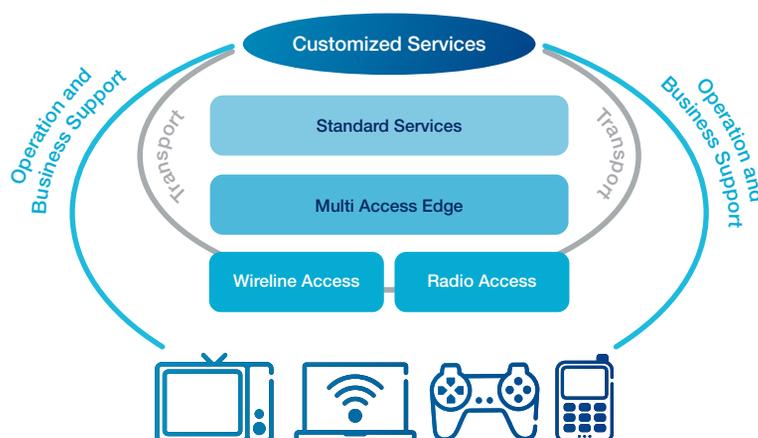
Network management

Ericsson offers a portfolio of network management tools, supporting vital operator activities for management of existing networks as well as for introduction of new network architectures, technologies and services, such as: configuration, performance monitoring, security management,

TECHNICAL MILESTONES

- > 1878 Telegraph to telephone
- > 1923 Manual switching to automatic switching
- > 1981 Fixed communications to mobile communications
- > 1998 Integration of voice and data in mobile networks
- > 2001 Launch of WCDMA/3G networks in Western Europe
- > 2006 Launch of HSPA mobile broadband networks globally
- > 2009 Mobile broadband traffic gains momentum and first LTE network launched

CONVERGED NETWORK ARCHITECTURE



inventory management and software upgrades. The tools are applicable for fixed and mobile access, transport and core. They are often capable of managing also multi-vendor networks.

Network rollout services

Fast rollout of large networks involves a heavy ramp-up of resources. Ericsson's Global Services organization uses a mix of local, in-house capabilities, authorized service providers and central specialist resources. We manage our capabilities in a way that has proven to be highly successful, resulting in successful projects and satisfied customers.

Sourcing, manufacturing and supply and availability of materials

Our hardware products largely consist of electronics, such as circuit boards, radio frequency (RF) modules, antennas etc. For manufacturing of products we purchase customized and standardized equipment, components and services from several global providers as well as from numerous local and regional suppliers. We produce certain types of components in-house, such as power modules and cables.

The production of electronic modules and sub-assemblies is mostly outsourced to manufacturing services companies (EMS), of which the vast majority is in low-cost countries. Node production, i.e. assembly, integration and testing of modules into complete radio base stations, mobile switching centers etc., is largely done in-house and on-demand.

Where possible, we rely on alternative supply sources for the purchased elements of our products. This avoids sole source situations and secures sufficient supply at competitive prices. When selecting a new supplier, we try to ensure that our technical standards and other requirements are met, including our supplier code of conduct. Assuming there will only be a moderate increase in near-term market demand, we

do not foresee any supply constraints to meet our expected production requirements during 2010. Variations in market prices for copper, aluminum, steel, precious metals, plastics and other raw materials generally have a limited effect on our total cost of goods sold. For more information related to sourcing, see Risk Factors, "Market, Technology and Business Risks".

We continuously adjust our production capacity to meet expected demand. At year-end 2009, our overall capacity utilization was close to 100 percent. The table "Primary manufacturing and assembly facilities" summarizes where we have major sites as well as the total floor space at year-end. In Sweden, the majority of the floor space within our production facilities is used for node assembly and verification.

Segment Professional Services

Ericsson's professional services capabilities include expertise in managed services, systems integration, consulting, education and customer support services.

Segment Professional Services accounted for 27 percent of total sales in 2009, up from 23 percent in 2008.

Managed services

We are the industry leader in managed services, managing networks with more than 370 million subscribers. We offer the most comprehensive managed services capabilities within the telecom industry:

- > Network design and planning.
- > Network operations; including networks without any Ericsson equipment installed, such as Sprint's fixed and mobile CDMA/IDEN networks in the US.
- > Field operations and maintenance of sites.
- > Shared solutions; e.g. managed backhaul or hosting of platforms like pre-paid or real time billing/charging.

PRIMARY MANUFACTURING AND ASSEMBLY FACILITIES

	2009		2008		2007	
	Sites	Thousands of sq meters	Sites	Thousands of sq meters	Sites	Thousands of sq meters
Sweden	8	224.7	8	226.0	8	244.3
China	4	46.4	4	38.5	4	33.9
Estonia	1	26.6	-	-	-	-
Italy	2	20.1	2	20.1	2	20.1
Brazil	1	23.3	1	18.0	1	25.9
India	1	13.6	1	9.0	1	6.4
USA	-	-	1	5.0	1	5.0
Other	-	-	1	0.3	1	0.3
Total	18	354.7	18	316.9	18	335.9

ERICSSON MANAGED SERVICES

	Strategy	Design	Plan	Build	Operate	
					Field Operations	Network Operations
Business Support System	●	●	●	●	●	●
Service Network	●	●	●	●	●	●
Core Network	●	●	●	●	●	●
Trans Network	●	●	●	●	●	●
Access Network	●	●	●	●	●	●

● Ericsson responsibility

○ Operator responsibility

Systems integration

Operators can minimize risk by engaging Ericsson to:

- > integrate equipment from multiple suppliers
- > manage technology change programs
- > design and integrate new solutions.

More and more operators who introduce multimedia services or face challenging technology transformations ask us to serve as prime integrator, ensuring successful deployment of the total solution.

Consulting

With expertise in business, strategy and technology, our consultants support customers in decision-making, planning and execution in order to improve and grow their business. Our Industry Programs package the expertise into end-to-end solutions in the key areas of multimedia, 3G rollout, broadband, value creation and revenue assurance.

Education

We provide our customers with tailored education programs to ensure their employees have the skills and competences necessary for managing today's and tomorrow's complex technologies.

Customer support

Having experienced professionals available around-the-clock to provide customer support is a crucial part of our service offering. We support operators across the world with over one billion customers in total.

Segment Multimedia

Sales in segment Multimedia were 6 of total sales excluding mobile platforms and PBX business.

Consumer and Business Applications

We provide our operator customers with multimedia solutions for the consumer and business markets. For the consumer segment, we offer Rich Communication Suite (RCS), mobile TV solutions, messaging, a social media portal, and location-based services. In the business communication segment, we provide converged, fixed-mobile, business communication solutions for enterprise needs. Ericsson Business Communication Suite (BCS) is a network operator application for business users.

Multimedia Brokering

Ericsson Multimedia Brokering offers a range of payment, messaging and location-based services solutions: e.g. IPX Payment, IPX Messaging and IPX Subscriber Information services. We offer multimedia brokering solutions, to help network operators monetize their network assets by facilitating payment and distribution of content through interconnection of network operators with content and media companies, information and search services, consumer brands and a variety of enterprises.

Service delivery and provisioning

Our service delivery platforms and provisioning solutions enable operators and service providers to create, sell, and manage multimedia services and multi-play offerings. By combining products, solutions, systems integration and business consulting into one offering, we create a multimedia marketplace for each customer's specific needs.



A NEW PLAYER

ST-Ericsson enters the arena as a powerful driving force in the wireless semiconductor industry.

Find out more at www.ericsson.com

Revenue management

We provide revenue management solutions, enabling new business models, utilizing our unique combined competence in prepaid and postpaid. Our convergent charging and billing offering helps operators reduce cost and increase revenues by creating one unified solution to manage all their customers and services.

TV

We have an industry-leading IMS-enabled middleware in the IPTV market, and also offer a full system integration and solutions delivery role. We have strengthened our compression market leadership through the launch of the next-generation encoding platforms. In the Video on Demand and Content Management area, we extended our product range.

Segment Sony Ericsson

Sony Ericsson delivers innovative and feature-rich mobile phones, and accessories, which allow us to provide end-to-end solutions to our customers. The joint venture, formed in October 2001, combines the mobile communications expertise of Ericsson with the consumer electronic devices and content expertise of SONY Corporation. It forms an essential part of our end-to-end capability for mobile multimedia services.

Sony Ericsson's results are reported according to the equity method under "Share in earnings of joint ventures and associated companies" in the income statement.

Please also see Notes to the Consolidated Financial Statements – Note C3, "Segment Information".

Segment ST-Ericsson

Ericsson and STMicroelectronics formed ST-Ericsson as a 50/50 joint venture in February 2009. The combined company has one of the industry's strongest product offerings in semiconductors and platforms for mobile devices for GSM/

EDGE, WCDMA/HSPA and TD-SCDMA as well as LTE.

ST-Ericsson is a leading supplier to the top handset vendors, and its products and technologies enable more than half of all handsets in use today.

ST-Ericsson's results are reported according to the equity method under "Share in earnings of joint ventures and associated companies" in the income statement.

Please see also Notes to the Consolidated Financial Statements – Note C3, "Segment Information".

Geographical areas

Sales are reported in five geographical areas; Western Europe, CEMA (Central and Eastern Europe, Middle East and Africa), Asia Pacific, Latin America and North America. The areas have different characteristics in terms of penetration of fixed and mobile telephony, network traffic, sophistication of services, average country GDP and other economic factors. The distribution of sales between the areas mitigates volatility, as a decrease in one area is often offset by an increase in another. No individual country accounts for more than 10 percent of sales. However, due to our improved market position there, the US is expected to account for between 10 and 15 percent of sales next year.

SALES PER REGION AND SEGMENT 2009				
SEK billion	Networks	Professional Services	Multi-media	Total
Western Europe	23.8	18.3	2.4	44.6
CEMA ¹⁾	32.7	12.9	5.1	50.7
Asia Pacific	50.5	12.2	3.1	65.8
Latin America	13.0	5.9	1.1	20.0
North America	17.1	6.7	1.6	25.4
Total	137.1	56.1	13.3	206.5

¹⁾ Central and Eastern Europe, Middle East and Africa.

IN TOUCH IN TUNE

China's largest social network, Kaixin001, goes mobile, connecting 50 million people anytime, anywhere.

Find out more at www.ericsson.com

