



Telefonaktiebolaget LM Ericsson (publ)

(incorporated in the Kingdom of Sweden with limited liability)

U.S.\$5,000,000,000

Euro Medium Term Note Programme

Under this U.S.\$5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Telefonaktiebolaget LM Ericsson (publ) (“**Ericsson**” or the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$5,000,000,000 (or the equivalent in other currencies calculated as described in the Programme Agreement described herein) subject to increase as described herein.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “**UK Listing Authority**”) for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market (the “**Market**”). References in this Offering Circular to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in “*Terms and Conditions of the Notes*” below) of Notes will be set forth in a final terms document (the “**Final Terms**”) which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange, in each case on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This document is issued in replacement of an Offering Circular dated 19 May 2009 and issued by Ericsson and accordingly supersedes that earlier Offering Circular. This does not affect any Notes issued by Ericsson prior to the date of this Offering Circular.

Arranger

THE ROYAL BANK OF SCOTLAND

Dealers

**The Royal Bank of Scotland
Deutsche Bank
J.P. Morgan**

**Citi
HSBC
SEB**

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below). In addition, copies of each Final Terms relating to the Notes which are either admitted to trading on the London Stock Exchange’s regulated market or offered in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Directive will be available at the website of the Regulatory News Service operated by the London Stock Exchange. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be available for viewing in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

The Notes to be issued under the Programme may be issued on a continuing basis to one or more of the Dealers specified in “*Description of the Programme*” below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). References in this Offering Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Save for the Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers as the case may be.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of any Notes outside the UK or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Italy and the Netherlands and Sweden) and Japan (see “*Subscription and Sale*” below).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” below).

All references in this document to “U.S. dollars” and “U.S.\$” refer to the currency of the United States of America, those to “Japanese yen” and “yen” refer to the currency of Japan, those to “Sterling” and “£” refer to the currency of the United Kingdom, those to “Skr” and “kronor” refer to the currency of Sweden and those to “euro” and “€” refer to the lawful currency of the member states of the European Union that adopt the Single Currency in accordance with the Treaty on the Functioning of the European Union, as amended.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

| | |
|---|----|
| DESCRIPTION OF THE PROGRAMME | 5 |
| RISK FACTORS | 9 |
| DOCUMENTS INCORPORATED BY REFERENCE | 21 |
| FORM OF THE NOTES | 22 |
| APPLICABLE FINAL TERMS | 24 |
| TERMS AND CONDITIONS OF THE NOTES | 36 |
| USE OF PROCEEDS | 58 |
| DESCRIPTION OF THE ISSUER | 59 |
| TAXATION | 71 |
| SUBSCRIPTION AND SALE | 72 |
| GENERAL INFORMATION | 75 |

DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No.809/2004 implementing the Prospectus Directive.

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

| | |
|---|--|
| Issuer: | Telefonaktiebolaget LM Ericsson (publ) |
| Description: | Euro Medium Term Note Programme |
| Arranger: | The Royal Bank of Scotland plc |
| Dealers: | The Royal Bank of Scotland plc Citigroup Global Markets Limited Deutsche Bank AG, London Branch HSBC Bank plc J.P. Morgan Securities Ltd. Skandinaviska Enskilda Banken AB (publ) and any other Dealer(s) appointed in accordance with the Programme Agreement |
| Certain Restrictions: | Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ” below). |
| Notes having a maturity of less than one year: | Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see “ <i>Subscription and Sale</i> ” below). |
| Issuing and Principal Paying Agent: | Citibank, N.A., London Branch |
| Programme Size: | Up to U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may from time to time increase the amount of the Programme in accordance with the terms of the Programme Agreement. |
| Distribution: | Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. |
| Currencies: | Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese Yen, New Zealand |

dollars, Sterling, Swedish kronor, Swiss francs and United States dollars.

- Maturities:** Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
- Issue Price:** Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
- Form of Notes:** Each Tranche of Notes will initially be represented by a global Note which will be exchangeable as described therein for either a permanent global Note or definitive Notes upon certain conditions including, in the case of a temporary global Note when the issue is subject to TEFRA D selling restrictions, certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations.
- Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Final Terms.
- Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:
- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
 - (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
 - (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer,
- as indicated in the applicable Final Terms.
- The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
- Index Linked Notes:** Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
- Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:** Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.
- Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates

specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis of the relevant Day Count Fraction as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Redemption: The applicable Final Terms will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution (see "*Certain Restrictions*" and "*Notes with a maturity of less than one year*" above).

Denomination of Notes: Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that (i) the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions*" and "*Notes with a maturity of less than one year*" above) and (ii) the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue of such Notes).

Taxation: All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Sweden, subject as provided in Condition 8.

Negative Pledge: The terms of the Notes will contain a negative pledge provision as further described in Condition 3.

Cross Default: The terms of the Notes will contain a cross default provision as further described in Condition 10.

| | |
|--|---|
| Status of the Notes: | The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding. |
| Rating: | Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. |
| Listing and Admission to Trading: | <p>Application has been made to the UK Listing Authority for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted for trading on the Market. The Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer in relation to each Series.</p> <p>Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p> |
| Governing Law: | The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. |
| Selling Restrictions: | There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom, Italy and the Netherlands) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see “ <i>Subscription and Sale</i> ” below). |

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Risk associated with the industry and market conditions

The Ericsson Group conducts business throughout the world and is subject to the effects of general global economic conditions as well as conditions unique to a specific country and region. In particular, the Ericsson Group is affected most by the market conditions within the telecommunications industry.

Current adverse conditions in the financial markets and macro-economic downturn may have an impact on its business.

The extent of the current adverse conditions in the financial markets and the global economic downturn may exacerbate some of the risk factors the Ericsson Group is exposed to, although the Ericsson Group's customers are financially stable and have networks with good utilisation. However, some operators, in particular in markets with weak currencies, may incur borrowing difficulties and lower traffic than expected, which may affect their investment plans. The potential adverse effects of the economic downturn include:

- reduced demand for products and services, resulting in increased price competition or deferment of purchases, with lower revenues not being possible to compensate with reduced costs;
- risks of excess and obsolete inventories and excess manufacturing capacity and risk of financial difficulties or failures among suppliers;
- increased demand for customer finance, difficulties in collection of accounts receivable and increased risk of counterparty failures;
- decline in the value of the assets in its pension plans; and
- increased difficulties to forecast sales and financial results as well as increased volatility in its reported results.

The Ericsson Group is subject to political, economic and regulatory risks in the various countries in which it operates.

The Ericsson Group conducts business throughout the world and is subject to the effects of general global economic conditions as well as conditions unique to a specific country or region. The Ericsson Group conducts business in more than 170 countries, with a significant proportion of its sales to emerging markets in Asia Pacific, Latin America, Eastern Europe, the Middle East and Africa. The Ericsson Group expects that sales to such emerging markets will represent an increasing portion of total sales, as developing nations and regions around the world increase their investments in telecommunications. The Ericsson Group already has extensive operations in many of these countries, which involve certain risks, including volatility in gross

domestic product, civil disturbances, economic and political instability, nationalisation of private assets and the imposition of exchange controls.

Changes in regulatory requirements, tariffs and other trade barriers, price or exchange controls or other governmental policies in the countries in which the Ericsson Group conducts business could limit its operations and make the repatriation of profits difficult. In addition, the uncertainty of the legal environment in some regions could limit the Ericsson Group's ability to enforce its rights. The Ericsson Group also must comply with the export control regulations of the countries in which it operates and trade embargoes in force at the time of sale. Although it seeks to comply with all such regulations, even unintentional violations could have material adverse effects on the Ericsson Group's business, operational results and brand.

The Ericsson Group is subject to the market conditions affecting the capital and operating expenditures of its customers, making demand for its products and services highly unpredictable.

Adverse economic conditions could cause network operators to postpone investments or initiate other cost-cutting initiatives to improve their financial position, which could result in significantly reduced capital expenditures for network infrastructure and services, in which case the Ericsson Group's business and operating results would suffer. The Ericsson Group has established flexibility to cost effectively accommodate fluctuations in demand. However, if demand were to fall in the future, it may experience material adverse effects on its revenues, cash flow, capital employed and value of its assets and may even incur operating losses. If demand is significantly weaker or more volatile than expected, this may have a material adverse impact on the Ericsson Group's credit rating, borrowing opportunities and costs as well as on the trading price of the Ericsson Group's shares. When deemed necessary, the Ericsson Group undertakes specific restructuring or cost saving initiatives. However, there are no guarantees that such initiatives are sufficient, successful or executed in time to deliver necessary improvements in earnings.

Industry convergence between telecom, data and media represents opportunities but also risks.

The Ericsson Group is affected by market conditions within the telecommunications industry. The Ericsson Group is also affected by the convergence of the telecom, data and media industries, which is largely driven by technological development related to IP-based communications. This change impacts its addressable market, changes the competitive landscape, and its objective setting, risk assessment and strategies. Should the Ericsson Group not succeed in understanding the market development or acquire the necessary competence or develop and market products, services and solutions that are competitive in this changing market, its future results will suffer.

The Ericsson Group's business essentially depends upon the continued growth of mobile communications and the success of new types of services offered in broadband networks.

Most of the Ericsson Group's business depends on continued growth in mobile communications in terms of both the number of subscriptions and usage per subscriber, which in turn requires the continued deployment of the Ericsson Group's network systems by customers. If operators are not successful in their attempts to increase the number of subscribers and/or stimulate increased usage, the Ericsson Group's business and operational results could be materially adversely affected.

Fixed and mobile networks converge and new technologies, such as IP and broadband, enable operators to deliver a range of new types of services in both fixed and mobile networks. The Ericsson Group is dependent upon the market acceptance of such services, e.g. music, internet and navigation in the handset and on the outcome of regulatory and standardisation activities in this field, such as spectrum allocation. If delays in standardisation or market acceptance occur, this could adversely affect its business and operational results.

Changes in the regulatory environment for telecommunications systems and services could negatively impact the Ericsson Group's business.

Telecommunications is an industry subject to particular regulation and regulatory changes affect both its customers' and its own operations. For example, regulations imposing more stringent, time-consuming or

costly planning, zoning requirements or building approvals for radio base stations and other network infrastructure could adversely affect the timing and costs of network construction or expansion and ultimately the commercial launch and success of these networks. Similarly, tariff and roaming regulations or rules on network neutrality could also affect operators' ability or willingness to invest in network infrastructure, which in turn could affect the sales of the Ericsson Group's systems and services. Radio frequency spectrum allocation between different types of usage may affect operator spending adversely or force it to develop new products to be able to compete.

License fees, environmental, health and safety, privacy and other regulatory changes, in general or particular to our industry, may increase costs and restrict operations for network operators and service providers or the Ericsson Group. The indirect impact of such changes could affect the Ericsson Group's business adversely even though the specific regulations may not directly apply to its products or its business.

Consolidation among network operators may increase the Ericsson Group's dependence on a limited number of customers.

In recent years, network operators have undergone significant consolidation, resulting in a significant number of operators with activities in several countries. This trend is expected to continue, while intra-country consolidation is also likely to accelerate as a result of competitive pressure.

A market with fewer and larger operators will increase the Ericsson Group's reliance on key customers and may negatively impact the Ericsson Group's bargaining position and profit margins. Moreover, if the combined companies operate in the same geographic market, networks may be shared and less network equipment and associated services may be required. Another possible consequence of customer consolidation is that it could cause a delay in network investments pending negotiations of, for example, merger/acquisition agreements, securing necessary approvals, or integration of their businesses. A recent development is also that network operators, without legal consolidation but through cooperation agreements, share parts of their network infrastructure, which may adversely affect demand for network equipment.

Consolidation among equipment and services suppliers may lead to increased competition and a different competitive landscape.

Industry convergence and consolidation among equipment suppliers could potentially result in stronger competitors that are competing as end-to-end suppliers as well as competitors which are more specialised in particular areas. Consolidation may also result in competitors with greater resources than those of the Ericsson Group or reduce existing scale advantages for the Ericsson Group. This could have a material adverse effect on the Ericsson Group's business, operating results, and financial condition.

The Ericsson Group operates in a highly competitive industry, which is subject to competitive pricing and rapid technological change.

The markets which the Ericsson Group operates in are highly competitive in price, functionality and service quality, the timing of development and introduction of new products and services. The Ericsson Group faces intense competition from significant competitors and Chinese companies in particular have become relatively stronger in recent years. The Ericsson Group's competitors may implement new technologies before the Ericsson Group does, offer more attractively priced or enhanced products, services or solutions, or they may offer other incentives which the Ericsson Group does not provide. Some of the Ericsson Group's competitors may have greater resources in certain business segments or geographic markets than the Ericsson Group. The Ericsson Group may also encounter increased competition from new market entrants, alternative technologies or evolving industry standards. The rapid technological change also results in shorter life-cycles for products, increasing the risk in all product investments. The Ericsson Group's operating results depend largely on its ability to compete in this market environment, in particular on its ability to introduce new products to the market and to continuously enhance the functionality of, and reducing the cost of, new and existing products, in order to counteract the continuous price erosion that is a symptom of the rapid technological change.

The Ericsson Group's current and historical operations are subject to a wide range of environmental, health and safety regulations.

The Ericsson Group is subject to certain environmental, health and safety laws and regulations that affect its operations, facilities and products in each of the jurisdictions in which it operates. The Ericsson Group believes that it is in compliance with all material laws and regulations. However, there is a risk that the Ericsson Group may incur expenditures to cover environmental and health liabilities to maintain compliance with current or future laws and regulations or to undertake any necessary remediation. It is difficult to reasonably estimate the future impact of environmental matters, including potential liabilities due to a number of factors especially the length of time often involved in resolving them.

Liability claims related to and public perception of the potential health risks associated with electromagnetic fields could negatively affect the Ericsson Group's business.

The mobile telecommunications industry is subject to claims that mobile handsets and other devices that generate electromagnetic fields expose users to health risks. At present, a substantial number of scientific studies conducted by various independent research bodies have indicated that electromagnetic fields, at levels within the limits prescribed by public health authority safety standards and recommendations, cause no adverse effects to human health. However, any perceived risk or new scientific findings of adverse health effects of mobile communication devices and equipment could adversely affect the Ericsson Group through a reduction in sales or through liability claims. Although Ericsson's products are designed to comply with all current safety standards and recommendations regarding electromagnetic fields, there is no assurance that the Ericsson Group and/or the jointly owned Sony Ericsson Mobile Communications or ST-Ericsson will not become the subject of product liability claims or be held liable for such claims or be required to comply with future regulatory changes that may have an adverse effect on their respective businesses.

Strategic and Operational Risks

The Ericsson Group's business is subject to a wide variety of factors that impact its strategies and operating results. Any of these factors could have a material adverse impact on the Ericsson Group's operating results. Furthermore, results of operations for any period may not necessarily be indicative of results to be expected in future periods. Consequently, the Ericsson Group's operating results may fluctuate significantly from period to period and possibly more than they have historically which may lead the Ericsson Group to revise its estimates and/or strategies.

Short-term volatility in business mix may have impact on sales and gross margins.

The Ericsson Group's sales to network operators represent a mix of equipment, software and services, which normally generate different gross margins. Third party products normally have lower margins than own products. As a consequence, reported gross margin in a specific period will be affected by the overall mix of products and services as well as the relative content of third party products. Network expansions and upgrades have much shorter lead times for delivery than initial network buildouts. Such orders are normally placed with short notice by customers, i.e. less than a month, and consequently variations in demand are difficult to forecast. As a result, changes in the Ericsson Group's product and service mix may affect its ability to accurately forecast sales and margins or detect in advance whether actual results will deviate from market consensus.

Most of the Ericsson Group's business is derived from a limited number of customers.

The Ericsson Group derives most of its business from large, multi-year network build-out agreements with a limited number of significant customers. Although no single customer currently represents more than 5 per cent. of sales, a loss of, or a reduced role with, a key customer could have a significant adverse impact on sales, profit and market share for an extended period.

Some long-term frame agreements expose the Ericsson Group to risks related to agreed future price reductions or penalties.

Long-term agreements are typically awarded on a competitive bidding basis. In some cases, such agreements also include commitments to future price reductions. In order to maintain the gross margin with such price reductions, the Ericsson Group continuously strives to reduce the costs of its products. The Ericsson Group reduces costs through design improvements, negotiation of better purchase prices, allocation of more production to low-cost countries and increased productivity in its own production. However, there can be no assurance that the Ericsson Group's actions to reduce costs will be sufficient or quick enough to maintain its gross margin in such contracts.

The Ericsson Group is exposed to certain risks while it seeks to transform to a more service-based company.

Operators are increasingly outsourcing parts of their operations as a way to reduce cost and focus on new services. This has opened up a market which the Ericsson Group has addressed. The growth rate is difficult to forecast and each new contract carries a risk that transformation and integration of the operations is not as fast or smooth as planned. Early contract margins are generally lower and the mix of new/old contracts may affect reported results negatively in a given period. Contracts normally cover several years and revenues are of a recurring nature. However, sometimes contract scopes are reduced with negative impact on sales and earnings. The Ericsson Group is the market leader in managed services but competition in this area is increasing, which may have adverse effects on growth and profitability.

The Ericsson Group expends significant resources on product and technology R&D which may not be successful in the market.

To be a player in the industry in which the Ericsson Group operates requires large investments in technology and creates exposure to rapid technological and market changes. The Ericsson Group spends significant amounts and resources in innovation work for new technology, products and solutions. In order to be successful, those technologies, products and solutions must be accepted by relevant standardisation bodies and by the industry as a whole. The Ericsson Group's sales and earnings may suffer if it invests in the development of technologies and technology standards that do not function as expected, are not adopted in the industry, are not ready in time or are not successful in the marketplace.

The Ericsson Group makes strategic acquisitions to get access to technology, competence or new markets.

In addition to in-house innovation efforts, the Ericsson Group makes strategic acquisitions in order to obtain various benefits, e.g. to reduce time-to-market, to gain access to technology and/or competence, to increase its scale or to broaden its product portfolio or expand its customer base. From time to time it also divests parts of its operations to optimise its product portfolio or operations. There are no guarantees that such acquisitions or divestments are successful or that the Ericsson Group will succeed in integrating the acquired entities to gain the expected benefits in the timeframe it expects or at all.

The Ericsson Group enters into joint ventures, strategic alliances and third party agreements to offer complementary products and services.

If the Ericsson Group's partnering arrangements fail to perform as expected, whether as a result of having incorrectly assessed its needs or the capabilities or financial stability of its strategic partners, its ability to work with these partners or develop new products and solutions may be constrained and this may harm its competitive position in the market. Additionally, the Ericsson Group's share of any losses from, or commitments to contribute additional capital to, joint ventures may adversely affect its financial position or results of operations.

The Ericsson Group's solutions may also require it to license technologies from third parties. It may be necessary in the future to seek or renew licenses and there can be no assurance that they would be available on acceptable terms, or at all. Moreover, the inclusion in the Ericsson Group's products of software or other

intellectual property licensed from third parties on a non-exclusive basis could limit its ability to protect its proprietary rights in its products.

The Ericsson Group's products incorporate intellectual property rights (IPR) developed by it that may be difficult to protect or may be found to infringe on the rights of others.

While the Ericsson Group has a large number of patents, there can be no assurance that any of these patents will not be challenged, invalidated, or circumvented, or that any rights granted in relation to its patents will in fact provide competitive advantages to it.

In 2005, the European Union considered placing restrictions on the patentability of software. Although the European Union ultimately rejected this proposal, the Ericsson Group cannot guarantee that they will not revisit this issue in the future. The Ericsson Group relies on many software patents, and any limitations on the patentability of software may materially affect its business.

The Ericsson Group utilises a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements in addition to relying on patent, copyright and trademark laws to protect its intellectual property rights. However, these measures may not be adequate to prevent or deter infringement or other misappropriation. Moreover, the Ericsson Group may not be able to detect unauthorised use or take appropriate and timely steps to establish and enforce its proprietary rights. In fact, existing laws of some countries in which the Ericsson Group conducts business offer only limited protection of intellectual property rights, if at all.

Many key aspects of telecommunications and data network technology are governed by industry wide standards usable by all market participants. As the number of market entrants and the complexity of the technology increases, the possibility of functional overlap and inadvertent infringement of intellectual property rights also increases. Third parties have asserted, and may assert in the future, claims directly against the Ericsson Group or indirectly against its customers, alleging infringement of their intellectual property rights. Defending such claims may be expensive, time consuming and divert the efforts of the Ericsson Group's management and/or technical personnel. As a result of litigation, the Ericsson Group could be required to pay damages and other compensation, develop non-infringing products/technology or enter into royalty or licensing agreements. However, the Ericsson Group cannot be certain that any such licenses, if available at all, will be available to it on commercially reasonable terms.

Adverse resolution of litigation may harm the Ericsson Group's operating results or financial condition.

The Ericsson Group is involved in legal proceedings in the normal course of its business. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavorable resolution of a particular lawsuit could have a material adverse effect on the Ericsson Group's business, reputation, operating results, or financial condition.

As a publicly listed company, the Ericsson Group is exposed to lawsuits, in which plaintiffs allege that the Ericsson Group or its officers have failed to comply with securities laws, stock market regulation or any other laws, regulations or requirements.

Whether or not there is merit to such claims, the time and costs incurred to defend the Ericsson Group and its officers and the potential settlement or compensation to the plaintiffs may have significant impact on the Ericsson Group's reported results and reputation.

The Ericsson Group relies on a limited number of suppliers of components, production capacity and R&D and IT services.

The Ericsson Group's ability to deliver according to market demands and contractual commitments depends significantly on obtaining timely and adequate supply of materials, components and production capacity and other vital services on competitive terms. Although it strives to avoid single-source supplier solutions, this is not always possible. Failure by any of its suppliers could interrupt the product supply or operations and significantly limit the Ericsson Group's sales or increase its costs. To find an alternative supplier or re-design

products to replace components may take significant time. If the Ericsson Group fails to anticipate customer demand properly, an over/undersupply of components and production capacity could occur. In many cases, some of its competitors also utilise the same contract manufacturers, and the Ericsson Group could be blocked from acquiring the needed components if competitors have purchased capacity ahead of the Ericsson Group. This factor could limit the Ericsson Group's ability to supply its customers or could increase its costs. At the same time, the Ericsson Group commits to certain capacity levels or component quantities, which, if unused, will result in charges for unused capacity or scrapping costs. The Ericsson Group is also exposed to financial counterpart risks to suppliers where it pays in advance. It conducts regular supplier audits and evaluations to mitigate the risks mentioned as well as brand risks related to the suppliers' compliance with, for example, labour and environmental regulations.

The Ericsson Group is dependent upon hiring and retaining highly qualified employees.

The Ericsson Group believes that its future success depends largely on its continued ability to hire, develop, motivate and retain engineers and other qualified personnel needed to develop successful new products, support its existing product range and provide services to its customers. Competition for skilled personnel and highly qualified managers in the telecommunications industry remains intense. The Ericsson Group is continuously developing its corporate culture, remuneration, promotion and benefit policies as well as other measures aimed at empowering its employees and reducing employee turnover. However, there is no assurance that it will be successful at attracting and retaining employees with appropriate skills in the future.

The Ericsson Group is dependent on access to short-term and long-term capital.

If the Ericsson Group does not generate sufficient amounts of capital to support its operations, service its debt, continue its research and development and customer finance programs or it cannot raise sufficient amounts of capital at the times and on the terms required by it, the Ericsson Group's business will likely be adversely affected. Access to short-term funding may decrease or become more expensive as a result of the Ericsson Group's operational and financial condition and market conditions or due to deterioration in the Ericsson Group's credit rating. There is no assurance that additional sources of funds that it from time to time may need will be available or available on reasonable terms.

The results of the Ericsson Group may be negatively affected by product or service quality issues.

Sales contracts normally include warranty undertakings for faulty products and often also provisions regarding penalties and/or termination rights in the event of a failure to deliver ordered products or services on time or with required quality. Although the Ericsson Group undertakes a number of quality assurance measures to reduce such risks, product quality or service performance issues may affect its results negatively.

As a Swedish company operating globally, the Ericsson Group has substantial foreign exchange exposures.

With the majority of the Ericsson Group's cost base being Swedish krona (**SEK**) denominated and a very large share of sales in currencies other than SEK, and significant operations outside Sweden, the Ericsson Group's foreign exchange exposures are significant. Currency exchange rate fluctuations affect its consolidated balance sheet, cash flows and income statement when foreign currencies are exchanged or translated to SEK, which increases volatility in reported results. As market prices are predominantly established in USD or EUR, and with a net revenue exposure in foreign currencies, a stronger SEK exchange rate would generally have a negative effect on its reported results. Its attempts to reduce the effects of exchange rate fluctuations through a variety of hedging activities may not be sufficient or successful, resulting in an adverse impact on its results.

A significant interruption or other failure of the Ericsson Group's information technology (IT) operations or communications networks could have a material adverse effect on its operations and results.

The Ericsson Group's business operations rely on complex IT operations and communications networks which are vulnerable to damage or disturbance from a variety of sources. Having outsourced a significant portion of its IT operations, the Ericsson Group depends partly on security and reliability measures of

external companies. Regardless of protection measures, essentially all IT systems and communications networks are susceptible to disruption from equipment failure, vandalism, computer viruses, security breaches, natural disasters, power outages and other events. It also has a concentration of operations on certain sites, for example for production, R&D, network operation centres, logistic centres and shared services centres, where business interruptions could cause material damage and costs. Although the Ericsson Group has assessed these risks and implemented controls, performed business continuity planning and selected reputable companies for outsourced services, it cannot be sure that interruptions with material adverse effects will not occur.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an

effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Offering Circular:

- the auditors' report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008;
- the auditors' report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009, as set out on pages 117 and 34 to 91 respectively, of the Issuer's Annual Report 2009; and
- the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2010.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of each of the Agent and the other Paying Agents. In addition, copies of this Offering Circular and each document incorporated by reference herein are available on the London Stock Exchange's website.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

In addition to the above, the Terms and Conditions of the Notes set out on pages 20-40, 19-38, 32-52 and 35 to 55, respectively of the Offering Circulars dated 29 July 2003, 7 May 2004, 9 May 2007 and 19 May 2009, respectively, shall be incorporated by reference in, and form part of, this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes in compliance with section 87G of the Financial Services and Markets Act 2000.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially represented by a global Note, without receipts, interest coupons or talons, which will be delivered to a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

Whilst any Note is represented by a temporary global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of a temporary global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section “Form of the Notes” to Euroclear and or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Agent.

On and after the date (the “**Exchange Date**”) which is 40 days after the date on which any temporary global Note is issued, interests in such temporary global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a permanent global Note, without receipts, interest coupons or talons, or for definitive Notes with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification exchange of the temporary global Note is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer) after the completion of the distribution of the Notes of such Tranche.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the permanent global Note) without any requirement for certification. A permanent global Note will be exchangeable (free of charge) in whole but not in part for definitive Notes with, where applicable, receipts, interest coupons and talons attached either (i) upon not less than 60 days’ written notice to the Agent or (ii) only in certain limited circumstances, in each case as specified in the applicable Final Terms and as described in the permanent global Note. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all global Notes, definitive Notes, receipts and interest coupons which are subject to TEFRA D selling restrictions:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Terms and Conditions of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 14 days from the

giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 19 May 2009, executed by the Issuer.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

Telefonaktiebolaget LM Ericsson (publ)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$5,000,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 26 August 2010 which[, as modified by a supplement to the Offering Circular dated *[date of supplement]*,] constitutes a base prospectus for the purposes of the Directive 2003/71/EC (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular[and such supplement to the Offering Circular]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and/,] the Offering Circular[and the supplement to the Offering Circular dated *[date of supplement]*]. The Offering Circular [and such supplement] [is/are] available for viewing at and copies may be obtained during normal business hours from the registered office of the Issuer and from the specified office of each of the Agent and the other Paying Agents. Copies of the Offering Circular [and such supplement] are also available on the website of the London Stock Exchange.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Offering Circular dated *[original date]*. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Directive 2003/71/EC (the “**Prospectus Directive**”) and must be read in conjunction with the Offering Circular dated 26 August 2010 [as modified by the supplement to the Offering Circular dated *[date of supplement]*,] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Offering Circular dated *[original date]* and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and,] the Offering Circulars dated 26 August 2010 and *[original date]*[and the supplement to the Offering Circular dated *[date of supplement]*]. Copies of such Offering Circulars [and such supplement] are available for viewing at and copies may be obtained during normal business hours from the registered office of the Issuer and from the specified office of each of the Agent and the other Paying Agents. Copies of such Offering Circulars [and such supplement] are also available on the website of the London Stock Exchange.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

[If the Notes must be redeemed before the first anniversary of their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: Telefonaktiebolaget LM Ericsson (publ)
2. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
(i) Series: []
(ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
[]
(Note – where multiple denominations above €50,000 or equivalent are being used the following sample wording should be followed:

“€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Notes in definitive form will be issued with a denomination above €99,000.”)

(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required.)
- (b) Calculation Amount []
(If only one Specified Denomination, insert the Specified Denomination.

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: []
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]

- [Dual Currency Interest]
 [specify other]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
 [specify other]
 (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/ semi-annually/quarterly/other (specify)] in arrear]
 (If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
 (NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
 (Applicable to Notes in Definitive form)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
 (Applicable to Notes in Definitive form)
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (vi) [Determination Date(s): [] in each year
 (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
 NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration
 NB: Only relevant where Day Count Fraction is

- Actual/Actual (ICMA))]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
- 15. Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other- including fallback provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum

- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e) (iii) and 7(j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (v) Specified Period(s)/Specified Interest Payment Dates: []

- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
- 18. Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give or annex details*]
- (ii) Party, if any, responsible for calculating the principle and/or interest due (if not the Agent): []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

- 19. Issuer Call:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[] per Calculation Amount/*specify other*/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount of each Note: []
- (b) Maximum Redemption Amount of each Note: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to

consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub- paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
21. Final Redemption Amount of each Note: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
22. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only in limited circumstances]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only in limited circumstances]]
[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005¹.]

¹ Include for Notes that are to be offered in Belgium.

(Ensure that this is consistent with the wording in the “Form of the Notes” section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000.” Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global note exchangeable for Definitive Notes.)

24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraphs 15(iii) and 17(vii) relate)
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details] *NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]*
27. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
28. Redenomination applicable: Redenomination [not] applicable
(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
29. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)

DISTRIBUTION

30. (i) If syndicated, names of Managers: [Not Applicable/give names]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment

or on a “best efforts” basis if such entities are not the same as the Managers.)

- (ii) Date of Subscription Agreement: []
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
31. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
32. U.S. Selling Restrictions: [Reg S. Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
33. Additional selling restrictions: [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange’s regulated market and for listing on the Official List of the UK Listing Authority of the Notes described herein pursuant to the U.S.\$5,000,000,000 Euro Medium Term Note Programme of Telefonaktiebolaget LM Ericsson (publ).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospective Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: []]
[Moody's: []]
[[Other]: []]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer []

(See “Use of Proceeds” wording in the Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii) Estimated net proceeds: []

[(iii) Estimated total expenses: []

(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such

reasons are inserted in (i) disclosure of net proceeds and total expenses at (ii) and (iii) above is also required.])

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (subject to completion and amendment) will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to “Form of the Notes” above for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by the Issuer pursuant to the Agency Agreement (as defined below).

References herein to the “Notes” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency;
- (ii) definitive Notes issued in exchange for a global Note; and
- (iii) any global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 19 May 2009 (as further amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) and made, *inter alia*, between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the “**Conditions**”) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References herein to the “applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference herein to “Noteholders” shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “**Deed of Covenant**”) dated 19 May 2009 and executed by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent and the other Paying Agents. Copies of the applicable Final Terms are available for viewing at and copies may be obtained from the registered office of the Issuer and from the specified offices of each of the Agent and the other Paying Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note is an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) each person (other than Euroclear or Clearstream, Luxembourg), who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notes which are represented by a global Note

will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent.

2. STATUS OF THE NOTES

The Notes and the relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

The Issuer will not at any time while any of the Notes is outstanding give security or procure a guarantee of any kind for any Relevant Indebtedness of the Issuer unless the benefit of such security or guarantee (or of such other security or guarantee as shall be approved by an Extraordinary Resolution of Noteholders) is at the same time extended rateably (or, as the case may be, accorded) to the Notes.

“Relevant Indebtedness” means any loan or other indebtedness which is in the form of or represented or evidenced by, notes, bonds, debentures or other securities which are or are to be quoted or listed on any stock exchange or which are of a nature ordinarily dealt in on any over-the-counter market; and

- (a) which, for so long as the Swedish Kronor remains a currency in its own right, by its terms is payable, or may be required to be paid, in or by reference to any currency other than Swedish Kronor; or
- (b) which, for so long as the Swedish Kronor remains a currency in its own right, by its terms is payable, or may be required to be paid, in or by reference to Swedish Kronor and where more than 50 per cent. in aggregate principal amount of such indebtedness is initially offered outside the Kingdom of Sweden.

4. REDENOMINATION

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may without the consent of the Noteholders, the Receiptholders, and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the “**Exchange Notice**”) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the Notes represented by a global Note, by applying the Rate of Interest to the aggregate outstanding amount of the Notes represented by such Global Note; and
 - (ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount,
 and in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;
- (g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

In these Conditions, the following expressions have the following meanings:

“**Established Rate**” means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

“**Redenomination Date**” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to the provisions specified above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

“**Treaty**” means the Treaty establishing the European Community, as amended.

5. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 5(a), “**Day Count Fraction**” means:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (2) the

number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**Fixed Interest Period**” means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date; and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. In these Conditions, “**TARGET2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1) above, no such offered quotation appears or, in the case of Condition 5(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph the Agent shall request the principal London office of each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) ***Minimum and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) ***Determination of Rate of Interest and Calculation of Interest Amounts***

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (i) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(v) ***Notification of Rate of Interest and Interest Amounts***

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) ***Certificates to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Interest on Dual Currency Interest Notes***

In the case of Dual Currency Interest Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) ***Interest on Partly Paid Notes***

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof,

payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (1) the date on which all amounts due in respect of such Note have been paid; and (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 14 or individually.

6. PAYMENTS

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro, may be credited or transferred) specified by the payee or, at the option of the payee, by a euro, cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below), Dual Currency Notes or Index Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons failing to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Long Maturity Note, Floating Rate Note, Dual Currency Note or Index Linked Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note.

Notwithstanding the foregoing, if any amount of principal and or interest in respect of this Note is payable in U.S. dollars, such U.S. dollar payments of principal and or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer adverse tax consequences to the Issuer.

(c) **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London;
 - (C) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) *Interpretation of Principal and Interest*

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for Tax Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the

application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Each Note redeemed pursuant to this Condition 7(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the Option of the Issuer*

If the Issuer is specified in the applicable Final Terms as having an option to redeem, the Issuer shall, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

(d) *Redemption at the Option of the Noteholders ("Investor Put")*

If the Noteholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption

Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to their Nominal Amount, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than their Nominal Amount or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) Purchases

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant subsidiary, surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 14 or individually.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some

connection with the Kingdom of Sweden other than the mere holding of such Note, Receipt or Coupon; or

- (b) presented for payment where the Noteholder is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. EVENTS OF DEFAULT

If any one or more of the following events (each an “**Event of Default**”) shall occur:

- (i) default is made for more than 30 days in the payment of principal or interest due in respect of the Notes or any of them; or
- (ii) the Issuer is in default in the performance of any obligation of the Issuer in respect of the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and such default continues for a period of 30 days after notice thereof has been given to the Issuer at its principal office; or
- (iii) any other indebtedness for borrowed money of the Issuer shall become prematurely repayable following a default or the Issuer shall fail to repay any such indebtedness when due or within any permitted grace period or shall fail to perform its payment obligations under any guarantee of any indebtedness for borrowed money of any other person, unless liability under such indebtedness or under such guarantee shall be contested in good faith, provided that the aggregate principal amount of all such indebtedness for borrowed money which has become prematurely repayable or not been repaid or in respect of which the guarantee has not been performed is at least U.S.\$50,000,000 or its equivalent in any other currency or currencies; or
- (iv) the Issuer is wound up or dissolved or stops payment of its debts as and when they fall due or (otherwise than for the purpose of an amalgamation or merger the terms whereof have previously been approved by an Extraordinary Resolution of Noteholders) ceases or threatens to cease to carry on all or substantially all of its business; or

- (v) a decree or order by a court having jurisdiction in the premises shall have been entered and shall have continued undischarged and unstayed for 60 days, adjudging the Issuer bankrupt or insolvent under the applicable laws of the Kingdom of Sweden or any sub-division thereof, or appointing a liquidator, trustee or assignee (or similar official) in bankruptcy or insolvency of the Issuer or of any substantial part of its property; or
- (vi) any action is taken by the Issuer seeking or consenting to its adjudication as bankrupt or insolvent under the applicable laws of the Kingdom of Sweden or any sub-division thereof, or the appointment of a liquidator, trustee or assignee (or similar official) in bankruptcy or insolvency of the Issuer or of any substantial part of its property, or if the Issuer shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall take corporate action in furtherance of any such action;

then any Noteholder may, provided that at the time the notice is given the relevant Event of Default is continuing, by written notice to the Issuer at the principal office of the Issuer effective upon the date of receipt thereof by the Issuer declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENT AND PAYING AGENTS

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents outside Sweden and/or approve any change in the specified office outside Sweden through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent (which may be the Agent) outside Sweden with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority, as applicable;
- (ii) there will at all times be a Paying Agent outside Sweden with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent outside Sweden; and
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. EXCHANGE OF TALONS

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Notes shall be published in a leading English language daily newspaper of general circulation in London which is expected to be the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication.

Until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange or admitted to trading by another relevant authority, such stock exchange or other relevant authority permits), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened at any time by the Issuer or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or, altering the currency of payment of the Notes, Receipts or Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. THIRD PARTY RIGHTS

This Note confers no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Deed of Covenant, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law.

The Issuer agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual allegations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual allegations arising out of or in connection with any of them) may be brought in such courts.

The Issuer hereby irrevocably waive any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, if and to the extent permitted by applicable law.

The Issuer appoints Ericsson Ltd. at its registered office at Midleton Gate, Guildford Business Park, Guildford, Surrey, GU2 8SG as its agent for service of process, and undertakes that, in the event of Ericsson Ltd. ceasing so to act or ceasing to have a registered office in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used for general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation No.809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

The Issuer is the parent company of the “**Ericsson Group**”, a group comprising of approximately 200 wholly owned subsidiaries and a number of associated companies worldwide. The Issuer’s business consists mainly of corporate management, internal banking and holding company functions, and also customer credit management activities performed by Ericsson Credit AB.

The Issuer is dependent upon the performance of its operating subsidiaries and the payment of dividends by them.

The Issuer’s Class A and B shares are traded on Stockholmsbörsen (OMX Nordic Exchange Stockholm). In the United States, the Issuer’s American Depository Shares (ADS), each representing 1 underlying Class B shares, are traded on NASDAQ.

The Issuer’s registered address is Telefonaktiebolaget LM Ericsson, SE-164 83 Stockholm, Sweden, and its headquarters are located at Torshamnsgatan 23, Kista, Sweden. The Issuer’s telephone number in Sweden is +46 10 719 0000.

The Ericsson Group is a limited liability company organised under the Swedish Companies Act, incorporated on 18 August 1918 as a result of a merger between AB L M Ericsson & Co and Stockholms Allmänna Telefon AB, with registration number 556016-0680. The origins of the Ericsson Group date back to a manufacturing business for communications equipment founded in Stockholm in 1876.

The Ericsson Group is a leading international supplier in telecommunications, providing advanced systems and products for fixed and mobile networks to public and private operators. With its strong international presence, the Ericsson Group has an extensive knowledge of market conditions in all parts of the world. Over 1,000 networks in more than 175 countries utilise the Ericsson Group’s network with more than 40 per cent. of all mobile traffic going through Ericsson equipment and it is one of the few companies worldwide that can offer end-to-end solutions for all major mobile communication standards. The Ericsson Group invests heavily in R&D and actively promotes standardisation and open systems. The Ericsson Group has a long history of innovation and the pioneering of future technologies for more efficient and higher quality telecommunications. Also reflecting the Ericsson Group’s ongoing commitment to technology leadership, the Ericsson Group has one of the industry’s most comprehensive intellectual property portfolios containing as of 31 December 2009 approximately 25,000 patents.

BUSINESS OVERVIEW

Operating Segments

Ericsson is a vendor of solutions and services to telecom operators of fixed and mobile networks. The Ericsson Group also provides TV solutions and managed services for television broadcast companies and mobile access modules to notebook manufacturers. Through two joint ventures the Ericsson Group addresses the mobile handset and mobile platform/wireless chipset markets.

To best reflect its business focus and to facilitate comparability with peers, the Ericsson Group reports in five operating segments:

- Networks.
- Global Services.
- Multimedia.
- Sony Ericsson.
- ST-Ericsson

Networks segment

The Networks segment includes products and solutions for wireless and wireline access, IP core networks and transmission/backhaul as well as network management and network roll out services. In 2009, the Ericsson Group acquired Nortel's CDMA and LTE operations. Services, other than network rollout, are reported under Professional Services.

The Networks segment accounted for 66 per cent. of total sales in 2009.

Wireless and wireline access

The Ericsson Group provides wireless access solutions to network operators that enable reliable, efficient and cost effective mobile telephony networks. The Ericsson Group's leadership in GSM, WCDMA/HSPA, LTE and CDMA technologies allows it to offer tailored solutions, regardless of the existing network standard used.

The Ericsson Group's expansion of its wireline broadband access offering, has been an important step in reinforcing its ability to address network operators as they begin integrating their fixed and mobile networks. The Ericsson Group provides, wireline access solutions, based on both fiber and copper, which make it possible for operators to efficiently modernise or expand their fixed access network business and thereby enable them to offer attractive user services such as High Definition TV, Video on Demand and other IP-based services with high demand on bandwidth and cost-efficiency. In 2009, AT&T appointed Ericsson as a domain vendor for wireline access solutions.

IP core network (switching, routing and control)

The evolution to IP starts in the core network. The Ericsson Group's core network solutions include industry-leading softswitches, IP infrastructure for edge and core routing (Ericsson Smartedge), IP-based multimedia subsystem and gateways.

GSM and WCDMA/HSPA share a common core network, meaning that previous investments are preserved as operators migrate from voice-centric to multimedia networks. The Ericsson Group's switching products have industry leading scalability and capacity. Many of its core network switching systems are built upon common platforms.

Transmission

Microwave and optical transport solutions provide cost-effective management of voice and data traffic for both fixed and mobile networks. The Ericsson Group's MINI-LINK micro-wave radio system is one of the world's most widely deployed mobile backhaul solutions and, complemented with the wireline access and optical portfolio based on fiber and copper, operators are offered cost-efficient and scalable transport solutions supporting the increasing mobile broadband traffic. Transport networks (e.g. MINI-LINK and metro optical networks) are essential elements of the end-to-end solutions available from the Ericsson Group.

Network management

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

Global Services Segment

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

The Professional Services segment accounted for 27 per cent. of total sales in 2009 up from 23 per cent. in 2008.

Network rollout services

Fast rollout of large volumes involves a heavy ramp-up of resources. Ericsson's Global Services organisation uses a mix of local and in-house capabilities, subcontractors and central resources. The Ericsson Group manages its capabilities in a way that has proven to be highly successful, providing precise projects and satisfied customers.

Managed services

The Ericsson Group offers a comprehensive managed services within the telecom industry including:

- 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.

The Ericsson Group is an industry leader in managed services, managing networks with 400 million subscribers. Since managed services are often signed as multi-year agreements, a major part of managed services sales is of a recurring nature.

Systems integration

Operators can minimise risk by engaging the Ericsson Group to integrate equipment from multiple suppliers and handle technology change programs, as well as to design and integrate new solutions. More and more operators who introduce multimedia services or face challenging technology transformations are asking the Ericsson Group to serve as a prime integrator, i.e. acting as the primary interface and program manager, ensuring successful deployment of the total solution.

Consulting

The Ericsson Group's consultants have expertise in business and technology strategy and support the Ericsson Group's customers in decision making, planning and execution to improve and grow their business. The Ericsson Group's Industry Programs package the Ericsson Group's expertise into end-to-end solutions in the key areas of multimedia, rollout, broadband, value creation and revenue assurance.

Education

The Ericsson Group provides its customers with tailored education programs to ensure that their employees have the skills and competence necessary for managing both existing and new technologies.

Customer support services

The Ericsson Group provides experienced professionals who are available worldwide and around the clock to provide customer support which includes advice on how to maximise efficiency in day-to-day operations which ensures network uptime and lowers total cost of ownership for customers. The Ericsson Group supports networks that serve more than two billion subscribers.

Multimedia Segment

The Ericsson Group provides the enablers, applications operators and service providers required to deliver a richer user-experience. The Ericsson Group understands the new multimedia ecosystem and with the growing demand for enriched communication and personalised content, the mass market for multimedia services is rapidly increasing.

The Multimedia segment accounted for 6 per cent. of total sales in 2009 excluding platforms and PBX business.

TV solutions

The Ericsson Group has an IMS-enabled middleware in the IPTV market, and also offers a full system integration and solutions delivery role. The Ericsson Group has strengthened its compression market position through the launch of the next-generation encoding platforms. The Ericsson Group has extended its Video on Demand and Content Management area.

Consumer and business applications

The Ericsson Group provides its operator customers with multimedia solutions for both the consumer and the business communication market. For the consumer segment, Rich Communication Suite (RCS), mobile TV solutions, messaging, community communications and location-based services are offered. In the business communication segment network operators are provided with converged, fixed-mobile and other 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.

The Ericsson Group offers leading multimedia brokering solutions – facilitating payment and distribution of content by seamlessly interconnecting content and media companies, information and search services as well as consumer brands and a variety of enterprises with the network operators.

Service delivery and provisioning

The Ericsson Group's service delivery platforms and provisioning solutions enable operators and service providers to create, sell, and manage multimedia services and multi play offerings.

Due to the Ericsson Group's ability to combine products, solutions, systems integration and business consulting, it is able to create a multimedia marketplace according to each customer's specific needs.

Revenue management

The Ericsson Group provides revenue management solutions, enabling new business models, utilizing the Ericsson Group's unique combined competence in prepaid and postpaid. The Ericsson Group's convergent charging and billing offering helps operators reduce cost and increase revenues by creating one unified solution to manage all their customers and services.

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.

Segment Sony Ericsson

Sony Ericsson delivers innovative and feature-rich mobile phones and accessories allowing it to provide end-to-end solutions to the Ericsson Group's customers. The joint venture, formed in October 2001, combines the mobile communications expertise of the Ericsson Group with the consumer electronic devices and content expertise of SONY Corporation and forms an essential part of the Ericsson Group's 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.

Geographical segments

The Ericsson Group groups sales into ten geographical regions: North America, Latin America, Mediterranean, Western & Central Europe, Northern Europe & Central Asia, Middle East, Sub-Saharan Africa, India, South East Asia & Oceania and China & North East Asia.

There is a good distribution of sales between geographical segments, mitigating volatility, as a decrease in one area is often offset by an increase in another. In addition, no individual country accounts for more than 10 per cent. of sales. The segments have different characteristics in terms of penetration of fixed and mobile telephony, network traffic, sophistication of services and average country GDP and other economic factors.

Market environment

Long-term customer relationships and global scale

The Ericsson Group has been present in most of its markets for more than 100 years, building strong, long-term relationships with the world's leading operators. The Ericsson Group's scale advantage, end-to-end offerings, and local presence in every major market enables it to serve as a true partner for cost-effective delivery of solutions and support to a diverse base of customers. As operators are striving to reduce the number of different key suppliers they rely on, the responsiveness of the Ericsson Group's employees and the strength of its portfolio of products and services is key to its future success.

The Ericsson Group works closely with its customers to understand their businesses and technology needs and to provide tailored solutions to help them fulfill their business objectives. The Ericsson Group's expertise and experience in all major telecommunication standards along with its proven track record for quality and innovation has allowed the Ericsson Group to develop its business on a worldwide basis. The Ericsson Group believes that its widespread geographical presence and the economies of scale associated with market share leadership give it competitive advantages. Global presence is an important factor, particularly when working as a business partner to operators working in multiple markets or globally. The Ericsson Group is utilising its strong international reach and core competence in mobile and fixed communications to expand into growth areas such as systems integration, service applications and managed services, as well as to develop alliances with suppliers and manufacturers in many countries in order to increase the Ericsson Group's combined effectiveness.

Customers

The Ericsson Group supplies equipment, integrated solutions and services to almost all major operators globally. The Ericsson Group derives most of its 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 ten largest customers account for 42 per cent. of its net sales, while the 20 largest customers account for 57 per cent. of its net sales. The Ericsson Group's largest customer accounted for approximately 5 per cent. of sales during 2009.

The Ericsson Group's customers have different needs when interacting with it, ranging from support in identifying and capturing business opportunities to complex system deliveries including systems integration, or outsourced operation of the customer's network to simple add-on deliveries of equipment or spare parts to "do-it-yourself" fulfillment.

Seasonality

The Ericsson Group's quarterly sales, income and cash flow from operations are seasonal in nature and generally lowest in the first quarter of the year and highest in the fourth quarter. This is mainly a result of the seasonal purchase patterns of network operators.

Competitors

In its Networks segment, the Ericsson Group competes mainly with large and well-established communication equipment suppliers. Although competition varies depending on the products, services and geographical regions, the Ericsson Group's most significant competitors include Alcatel/Lucent, Huawei, Nokia/Siemens, ZTE and Juniper. The Ericsson Group also competes with numerous local and regional manufacturers and providers of communication equipment and services. The Ericsson Group believes the most important competitive factors in this industry include existing customer relationships, the ability to cost effectively upgrade or migrate an installed base, technological innovation, product design, compatibility of products with industry standards and the capability for end-to-end systems integration.

Competition in the Professional Services segment includes not only many of the traditional communication equipment suppliers mentioned above, but also a number of large companies from other industry sectors, such as Accenture, HP/EDS, IBM and several India-based off-shore companies, e.g. Tata Consultancy Services and tech Mahinda, as well as a large number of smaller but specialised companies operating on a local or regional basis.

As this segment grows, the Ericsson Group expects to see additional competitors emerge, as a result of network sharing or of network operators attempting to expand their business.

In the Multimedia segment, the Ericsson Group's competitors vary widely depending on the product or service being offered, and the Ericsson Group faces significant competition in substantially all of these products and services. Competitors include many of the traditional communication equipment suppliers mentioned above as well as companies from other industries, such as Acision, Amdocs, Comverse, Harmonic, Oracle and Thomson.

Within the handset segment, the primary competitors include Nokia, Motorola, Samsung, LG Electronics, NEC, Sharp, Apple, HTC and RIM for smartphones. The Ericsson Group believes that its mobile phone joint venture with SONY Corporation creates a distinctive competitive advantage.

The Ericsson Group now also competes in the mobile platform/wireless chipset market through the Group's joint venture ST-Ericsson. Here, the largest competitor is Qualcomm. This market is growing in complexity as several new software platforms for handsets and other devices are being launched, e.g. Google's Android, Microsoft's Windows and Samsung's Bada.

Supply

Manufacturing and assembly

Most of the Ericsson Group's node production, i.e. assembly, integration and testing of modular subsystems into complete system nodes such as radio base stations and mobile switching centers is done in-house. The major part of its module production, i.e. production of subsystems such as circuit boards, radio frequency (RF) modules and antennas is outsourced to a group of electronics manufacturing services companies (EMS), of which the vast majority is in low-cost countries.

The Ericsson Group also purchases customised and standardised equipment, components and services from several global providers as well as from numerous local and regional suppliers. A number of the Ericsson

Group's suppliers design and manufacture highly specialised and customised components for its end-to-end solutions as well as for individual nodes.

The Ericsson Group generally attempts to negotiate global supply agreements with its primary suppliers. While the Ericsson Group is not dependent on any one supplier for the provision of standardised equipment or components and seeks to avoid single source supply situations, a need to switch to an alternative supplier may require it to allocate additional resources to ensure that internal technical standards and other requirements are met. This process could take some time to complete. Accordingly, a need to switch to an alternative supplier could potentially have an adverse effect on its operations in the short term.

The Ericsson Group intends to continue to outsource module production where adequate manufacturing capacity and expertise are available on favorable terms. Such outsourcing of the major part of volume module manufacturing provides greater flexibility to adapt to economic and market changes. The timing and level of outsourcing is a balance between short-term demand and longer-term flexibility.

The Ericsson Group manages its own production capacity on a global basis by allocating production to sites where capacity is available and costs are competitive. The Ericsson Group shortens lead-times and regionalisation in order to reduce total distribution cost and CO2 emission. At year-end 2009, overall utilisation was close to 100 per cent. as the Ericsson Group continuously adjusted its production capacity to meet expected demand.

Sources and availability of materials

The Ericsson Group purchases components, ready-made products and services from a significant number of domestic and foreign suppliers. Variations in market prices for copper, aluminum, steel, precious metals, plastics and other raw materials have a limited effect on the total cost of goods sold. To a limited extent, the Ericsson Group is involved in the production of certain components such as power modules and cables, which are used in internal systems products as well as sold externally to other equipment manufacturers.

To the extent possible, the Ericsson Group relies on alternative supply sources for the purchased elements of its products to avoid sole source situations and to secure sufficient supply at competitive prices. Assuming there will only be a moderate increase in market demand, the Ericsson Group does not foresee any supply constraints in meeting expected production requirements during 2010.

Organisation

Company structure and organisation

The Ericsson Group is organised in Business Units, Regions and Group Functions. Business Units are innovators, developers and suppliers of high-quality products, services and customer offerings. Regions are marketing and sales channels and the Ericsson Group's representative in the local market environment. Group Functions coordinate the Ericsson Group's strategies, operations and resource allocation and define the necessary directives, processes and organisation for the effective governance of the Ericsson Group.

Changes in the Organisation and in the ELT, Executive Leadership Team (formerly Group Management Team)

- Up to 31 August 2009, Bert Nordberg was Executive Vice President and Chairman of Redback and Entrisphere, and also Head of Ericsson Silicon Valley and a member of the Group Management Team of the Company. On 1 September 2009, Bert Nordberg joined Sony Ericsson as Co-President and became its President on 15 October 2009.
- On 1 October 2009, Douglas L. Gilstrap was appointed Senior Vice President and Head of Strategy.
- On 9 November 2009, Cesare Aveinia was appointed Chief Brand Officer and member of the Executive Leadership Team
- On 1 November 2009 Jan Frykhammar was appointed Chief Financial Officer and Head of Group Function Finance. On 1 January 2010, Jan Frykhammar was also appointed Executive Vice President.

- On 1 January 2010 Hans Vestberg replaced Carl-Henric Svanberg as CEO.
- On 1 January 2010 Johan Wibergh was appointed Executive Vice President
- On 18 January 2010, Rima Qureshi was appointed Head of Business Unit CDMA and became a member of the Executive Leadership Team.
- On 18 January 2010, Magnus Mandersson was appointed Head of Business Unit Global Services and became a member of the Executive Leadership Team.
- On 8 February 2010, Ericsson announced the appointment of Mats H. Olsson and Angel Ruiz as members of the Executive Leadership Team as well as a reorganisation of its 23 Market Units into ten Regions.

MEMBERS OF THE BOARD

The Board of Directors is ultimately responsible for the organisation of Ericsson and the management of the operations. It develops guidelines and instructions for the day-to-day operations, managed by the President and CEO. In turn, the President and CEO ensure the Board is updated regularly on events of importance to the parent company, including business development, results, financial position and liquidity of the Group.

According to the Articles of Association, the Board of Directors shall consist of no less than five directors and no more than 12 directors, with no more than six deputies. Directors will serve from the close of the Annual General Meeting where they are elected to the close of the following Annual General Meeting, but can serve any number of consecutive terms. In addition, under Swedish law, trade unions have the right to appoint three directors and their deputies to the Board.

While the President and CEO may be elected as directors of the Board, the Swedish Companies Act prohibits the President of a public company from being elected Chairman of the Board. Ericsson strictly follows rules and regulations regarding conflicts of interest. Directors are disqualified to participate in any decision regarding agreements between themselves and Ericsson. The same applies for agreements between Ericsson and any third party or legal entity in which the Board member has an interest.

In order to ensure compliance with NASDAQ Stock Market Rules, the Audit Committee has implemented a procedure on related-party transactions. Further, the Audit Committee has established a pre-approval process for non-audit services carried out by the external auditor.

Members of the Board of Directors

The Board of Directors consists of 12 Directors, including the Chairman of the Board, elected by the shareholders at the Annual General Meeting 2010, for the period until the close of the Annual General Meeting 2011, and three employee representatives, each with a deputy, appointed by the trade unions for the same period of time. The President and CEO, Hans Vestberg, is the only Board member who is a member of Ericsson'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 and at least once a year.

Independence of the Directors

The composition of the Issuer's Board of Directors meets all independence criteria to which it is subject. In connection with its proposal to the Annual General Meeting of Shareholders 2010, 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 Ericsson and its senior management: Roxanne S. Austin, Sir Peter L. Bonfield, Börje Ekholm, Ulf J. Johansson, Nancy McKinstry, Michael Treschow, Michelangelo Volpi. From among the Board members reported above, the Nomination Committee considers the following, at the least, be independent of the Company's major shareholders: Roxanne S. Austin, Sir Peter L. Bonfield, Ulf J. Johansson, Nancy McKinstry, Michael Treschow, Michelangelo Volpi.

The Directors participate, with very few exceptions, in all of the Board of Directors' meetings and are, to the extent possible, also present at the General Meetings of Shareholders.

| | |
|---|---|
| Michael Treschow, Director (since 2002) | Chairman of the Board of Directors. Chairman of the Remuneration Committee. Member of the Finance Committee. Chairman of the Board of Unilever NV and Unilever PLC. Member of the Board of ABB Ltd and the Knut and Alice Wallenberg Foundation. |
| Marcus Wallenberg, Director (since 1996) | Deputy Chairman of the Board. Chairman of the Finance Committee. Chairman of the Board of Skandinaviska Enskilda Banken, Saab AB and AB Electrolux. Honorary chairman of the International Chamber of Commerce (ICC). Member of the Board of Astra Zeneca PLC, Stora Enso Oy, the Knut and Alice Wallenberg Foundation and Temasek Holdings Limited. |
| Sverker Martin-Löf, Director (since 1993) | Deputy Chairman of the Board of Directors. Chairman of the Board of Skanska AB, AB Industrivärden, Svenska Cellulosa Aktiebolaget SCA and SSAB. Member of the Board of Svenska Handelsbanken. |
| Roxanne S. Austin, Director (since 2008) | Member of the Audit Committee. Member of the Board of Move Networks, Inc., Abbott Laboratories, Teledyne Technologies Inc. and Target Corporation. |
| Sir Peter L. Bonfield, Director (since 2002) | Member of the Audit Committee. Chairman of the Board of Supervisory Board of NXP. Deputy Chairman of the British Quality Foundation. Board Member of Mentor Graphics Inc., Sony Corporation and TSMC. |
| Börje Ekholm, Director (since 2006) | Member of the Remuneration Committee. Member of the Board of Investor AB, AB Chalmersinvest, EQT Partners AS, Husqvarna AB, Scania, KTH Holding AB, Lindorff Group AB and the Royal Institute of Technology, Stockholm |
| Ulf J. Johansson, Director (since 2005) | Chairman of the Audit Committee. Chairman of the Board of Acando AB, Eurostep Group AB, Novo A/S, Novo Nordisk Foundation and Trimble Navigation Ltd. Member of the Board of Jump Tap Inc. |
| Nancy McKinstry, Director (since 2004) | Member of the Remuneration Committee. CEO and Chairman of the Executive Board of Wolters Kluwer n.v. Member of the Board of the American Chamber of Commerce, the Netherlands and TiasNimbas Business School. |
| Anders Nyrén, Director (since 2006) | Member of the Finance Committee. Chairman of the Board of Sandvik AB and of the Association of Exchange Listed Companies and Association for Generally Accepted Principles in the Securities Market. Deputy Chairman of the Board of Svenska Handelsbanken. Member of the Board of Svenska Cellulosa Aktiebolaget SCA, AB Industrivärden, SSAB, AB Volvo and Ernströmgruppen. |
| Carl-Henric Svanberg, Director (since 2003) | Chairman of the Board of BP PLC. Member of the Board of Melker Schörling AB and Uppsala University. |

| | |
|--|---|
| Hans Vestberg, Director (since 2010) | Chairman of the Board of ST-Ericsson and Svenska Handbollsförbundet. Member of the Board of Sony Ericsson Mobile Communications AB. |
| Michelangelo Volpi, Director (since 2010) | |
| Anna Guldstrand, Deputy Director (since 2004) | Employee Representative. Member of the Finance Committee. |
| Jan Hedlund, Director (since 1994) | Employee Representative. Member of the Audit Committee. |
| Karin Åberg, Deputy Director (since 2007) | Employee Representative. Member of the Remuneration Committee. |
| Pehr Claesson, Deputy Director (since 2008) | Deputy Employee Representative. |
| Kristina Davidsson, Deputy Director (since 2006) | Deputy Employee Representative. |
| Karin Lennartsson, Deputy Director (since 2010) | Deputy Employee Representative. |

Company Management

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 Executive Leadership Team which, in addition to the President and CEO, consist of the Heads of Group Functions, Heads of the business units and representatives of two of the Regions.

Hans Vestberg

President and CEO (since January 2010)

Born 1965, Bachelor's degree in Business Administration, University of Uppsala, Sweden. Board member: ST-Ericsson (Chairman), Sony Ericsson Mobile Communications AB and Svenska Handbollsförbundet.

Jan Frykhammar

Executive Vice President and Chief Financial Officer and Head of Group Function Finance (since November 2009)

Born 1965, Bachelor's degree in Business Administration and Economics, University of Uppsala, Sweden. Board member: ST-Ericsson, Sony Ericsson Mobile Communications AB.

Cesare Avenia

Chief Brand Officer (since November 2009)

Born 1950, Bachelor's degree of Science, Tele Communication, University of Naples, Italy. Board member: Member of the Steering Committee for Innovation and Technology Services within the Association of Telecom service providers within Confindustria, the National Association of Industrialists in Italy.

Rima Quereshi

Senior Vice President and Head of Business Unit CDMA Mobile Systems (since January 2010)

Born 1965, Bachelor's degree of Information Systems, Master's degree of administration, McGill University, Montreal, Canada.

Magnus Mandersson

Senior Vice President and Head of Business Unit Global Services (since January 2010)

Born 1959, Bachelor's degree of science in Business Administration, University of Lund, Sweden. Board member: Deputy board member for Sony Ericsson.

Jan Wäreby

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

Born 1956, Master of Science, Chalmers University, Gothenburg, Sweden. Board member: Sony Ericsson Mobile Communications AB, ST-Ericsson.

Johan Wibergh

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

Born 1963, Master's degree in Computer Science, Linköping Institute of Technology, Sweden. Board member: ST-Ericsson and Confederation of Swedish Enterprise.

Håkan Eriksson

Senior Vice President, Chief Technology Officer, Head of Group Function Technology & Portfolio Management (since 2003) and Head of Ericsson in Silicon Valley (since 2010)

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

Douglas L. Gilstrap

Senior Vice President and Head of Group Function Strategy (since 2009)

Born 1963, Bachelor's degree in Accounting from the University of Richmond, Master in Business Administration from Emory University in Atlanta, Executive Program at INSEAD, France.

Mats H Olsson

Head of Region Greater China and North East Asia (since 2010)

Born 1954, Master of Business Administration from the Stockholm School of Economics, Sweden.

Angel Ruiz

Head of Region North America (since 2010)

Born 1956, Bachelor's degree in Electrical Engineering, University of Central Florida, Master's degree in Management Science and Information Systems from John Hopkins University.

Marita Hellberg

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

Born 1955, Bachelor of Human Resource Management, Stockholm University, Sweden, Advanced Management Program, Cedep, France. Board member: Utbildningsradiopn.

Carl 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, Sweden.

Henry Sténson

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

Born 1955, Studies in Law, Sociology and Political Science, Linköping University and at the Swedish War Academy, Karlberg, Stockholm. Board member: Stronghold and the Stockholm Chamber of Commerce.

There are no potential conflicts of interest between the duties to the Issuer of the persons listed in this section and their private interests or other duties.

TAXATION

Sweden

The following summary outlines certain Swedish tax consequences to the holders of Notes who are not residents of the Kingdom of Sweden for income tax purposes. Purchasers are urged to consult their professional advisers as to the tax consequences of acquiring, holding or transferring Notes.

Under Swedish law as presently in effect, payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Note will not be subject to Swedish income tax, provided that such holder is neither resident in Sweden for tax purposes nor engaged in trade or business in Sweden through a permanent establishment to which the Notes are effectively connected. A person is resident for tax purposes in Sweden if he (i) is domiciled in Sweden or (ii) has his habitual abode in Sweden or (iii) is present in Sweden for six consecutive months, or (iv) earlier has been domiciled in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example is engaged in trade or business in Sweden).

Under Swedish tax law as presently in effect (which is, however, limited by the applicable tax treaty for the avoidance of double taxation for a large number of jurisdictions when it comes to this particular rule), a holder of Notes who is a private individual not resident for tax purposes in Sweden but who has been domiciled in Sweden or has had a habitual abode in Sweden at any time during the calendar year of disposal or redemption or during the preceding ten calendar years, is subject to capital gains taxation in Sweden upon disposal or redemption of certain Notes that are deemed equity-related for Swedish tax purposes.

Swedish law, as presently in effect, does not provide for deduction or withholding for or on account of taxes on payments of any principal or interest to the holder of any Notes, except on payment of interest to a holder who is a private individual or an estate of a deceased individual with tax residence in Sweden.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 26 August 2010 (as further amended and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any update of the Programme and the issue of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate such the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each issue of Index linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each relevant Dealer will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or in Sweden, its last two) annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands

Each Dealer has represented and agreed that any Notes with a maturity of less than 12 months and a denomination of less than €50,000 will only be offered in The Netherlands to professional market parties as defined in the Financial Supervision Act (*Wet op het financieel toezicht*) and the decrees issued pursuant thereto.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each of the Dealers has represented and agreed and each further Dealer will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Each of the Dealers has represented and agreed and each further Dealer will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 15 August 1996. The current update of the Programme was authorised by a resolution of the Finance Committee of the Issuer dated 20 April 2009.

At the date hereof the power to issue Notes under the Programme has been delegated by the Issuer to the Chief Financial Officer of the Issuer. Such delegation instructions may be amended or revoked at any time. Each issue of Notes must be authorised pursuant to such delegated authority.

Notes admitted to the Official List and traded on the London Stock Exchange

Notes admitted to the Official List and traded on the Market will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and traded on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent global Note initially representing the Notes of such Tranche. The renewed listing of the Programme in respect of Notes is expected to be granted on or around 31 August 2010.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Agent in London:

- (i) the constitutional documents (with an English translation thereof) of the Issuer;
- (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2008 and 2009 (with an English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (iii) the most recently published consolidated audited annual financial statements of the Issuer and the most recently published consolidated interim financial statements (if any) of the Issuer (with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Programme Agreement, the Agency Agreement, the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons, the Talons and the Deeds of Covenant;
- (v) a copy of this Offering Circular;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements (including Final Terms, save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Agent as to the identity of such holder) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of Notes admitted to trading on the Market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of

Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Ericsson Group since 30 June 2010 and there has been no material adverse change in the financial position or prospects of the Ericsson Group since 31 December 2009.

Litigation

Neither the Issuer nor any other member of the Ericsson Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Ericsson Group.

Auditors

The auditors of the Issuer are Peter Clemedtson and Bo Hjalmarsson, Authorised Public Accountants, PricewaterhouseCoopers who have together audited the accounts of the Issuer without qualification, in accordance with generally accepted auditing standards in the Kingdom of Sweden for the years ending 31 December 2008 and 31 December 2009.

The auditors of the Issuer have no material interest in the Issuer.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

THE ISSUER

Telefonaktiebolaget LM Ericsson (publ)
SE-164 83 Stockholm
Sweden

DEALERS

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

HSBC Bank plc
8 Canada Square
London E14 5HQ

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
106 40 Stockholm
Sweden

AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canary Wharf
London E14 5LB

PAYING AGENT

**Dexia Banque
Internationale à Luxembourg, société anonyme**
69 route d'Esch
L-2953 Luxembourg

LEGAL ADVISERS

To the Issuer as to Swedish law
Wistrand Advokatbyrå Stockholm KB
Regeringsgatan 65
P.O. Box 7543
SE-103 93 Stockholm
Sweden

To the Dealers as to English law
Allen & Overy LLP
One Bishops Square
London E1 6AD

AUDITORS

Peter Clemedtson
PricewaterhouseCoopers
Box 1702
SE-11187 Stockholm
Sweden

Bo Hjalmarsson
PricewaterhouseCoopers
Box 1702
SE-111 87 Stockholm
Sweden

