

Annual Report 1990



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Chief Executive Officer's Comments

For Ericsson, the first fiscal year of the Nineties was its best ever, and I am naturally very pleased with the fine collective efforts of all our employees. It is also gratifying to note that all our Business Areas contributed to earnings.

The level of earnings in Public Telecommunications was again highly satisfactory in 1990. We continued to be successful in our major markets and we also broke into the markets in Germany, Hungary and Norway.

Radio Communications continues to have a high level of activity, notably in mobile telephone systems. The development of new digital systems for use in Europe, the United States and Japan is demanding substantial resources, while orders for analog systems are continuing to rise. This also positively affects Public Telecommunications, since the AXE exchange is an important part of these systems.

Business Communications faced an increasingly tough market in which profitability was lower. The international recession was especially apparent in the market for small subscriber exchanges. In contrast, sales of the larger subscriber exchange MD110 and ERIPAX data communications system continued to be strong in most markets.

Following its integration in 1989, Cable and Network has developed into a stable Business Area, with a strong earnings trend. The Italian operations, in particular, have developed very favorably.

The Components Business Area divested its distribution channels for standard components outside the Nordic countries and is concentrating operations on its own power supply equipment and microelectronics, including fiber optical components. This is one of the reasons for the Business Area's fine growth in earnings.

Operations within Defense Systems have been streamlined, including the sale of FIAR, the Italian company. Activities have been concentrated mainly in Mölndal, where the percentage of civilian projects is increasing. Very important know-how can be derived from the Business

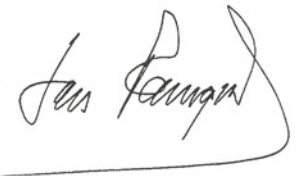
Area's research-intensive military projects. Increased cooperation among the business areas is an important feature of the organizational change now under way within Ericsson.

Ericsson today occupies a leading position in the telecommunications field. We are determined to strengthen it. That is why we are making even larger investments in research and development. At the same time, the costs of market adaptation of our products are increasing sharply.

Personal telephony is one of our new systems areas. Light, cordless telephones are being linked to a subscriber exchange, giving users greater freedom of movement. This miniature mobile telephone system for use in offices can then be expanded and connected to systems covering wider areas. This gives subscribers even greater freedom of choice in terms of mobility and accessibility.

The systems we are now developing will begin to penetrate the market this year but their full impact will not be felt until the mid-Nineties. This means that we are facing a demanding period with increased costs for technology. The current world political situation and the general recession also make it difficult to evaluate developments in the immediate future.

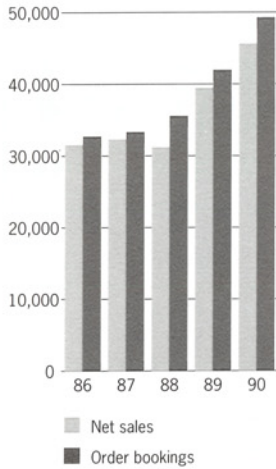
We in Ericsson are prepared to face a future that imposes increasingly greater demands upon us. We are well positioned with respect to development of tomorrow's systems and we are continuing our long-term marketing programs. At the same time we are adapting our organization in order to become even more market-oriented and thereby able to work more closely with our customers. Their requirements will guide our continuing operations during the Nineties.



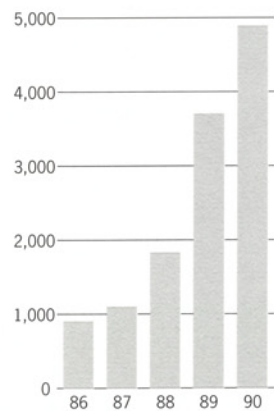
LARS RAMQVIST



We are firmly committed to maintaining a position of leadership in the telecommunications field and we therefore continue to increase our investments in research and development. The systems and products that we are now developing will give people greater mobility, as well as a choice between remaining home and travelling. Moving words and thoughts even more effectively – that's communications for the 90's.

**Net sales/
Order bookings, SEKm.**

Sales increased 16 percent. Order bookings increased 17 percent.

**Income before taxes,
SEKm.**

Income improved strongly during 1990, to SEK 4,855m., an increase of 31 percent compared with 1989.

Ericsson is an international leader in telecommunications, recognized for its advanced systems and products for wired and mobile communications in public and private networks. Ericsson is also a leading supplier of electronic defense systems.

The Parent Company, Telefonaktiebolaget LM Ericsson, and Ericsson's world headquarters are located in Stockholm, Sweden.

Ericsson has 70,000 employees and activities in 100 countries.

The share capital of the Parent Company at December 31, 1990 was SEK 2,057,290,830 represented by 205,729,083 shares, each with a par value of SEK 10. Shareholders outside Sweden own 24 percent of the shares.

Expenditures for research and development (R&D) during 1990 amounted to SEK 4.901 billion, equal to 11 percent of net sales. Total technical expenses, including costs of market adaptation of our products, were even higher, amounting to more than SEK 7.874 billion, or 17 percent of sales.

In Ericsson's new organization for the 1990's, customers are being served through stronger local companies that represent Ericsson as a whole. Corporate management is also being strengthened. Each of Ericsson's six Business Areas has global responsibility for developing and delivering its own systems and products.

Income rose 31 percent

Ericsson's income before taxes rose 31 percent in 1990, to SEK 4,855 m. (1989: SEK 3,715 m.). Of this amount, net capital gains on sales of shares and fixed assets accounted for SEK 194 m. (3).

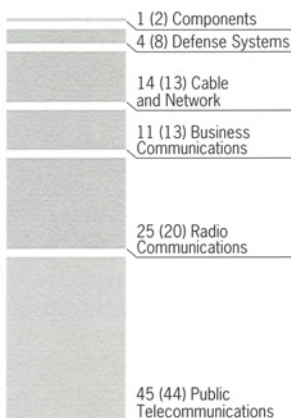
**Europe continues to be
Ericsson's domestic market**

Nearly two thirds of Ericsson's operations are in Europe. Large installed bases of the AXE switching system for public telecommunications, mobile telephone systems and the digital MD110

subscriber exchange are being expanded steadily and there are long-term general agreements covering future deliveries in many countries.

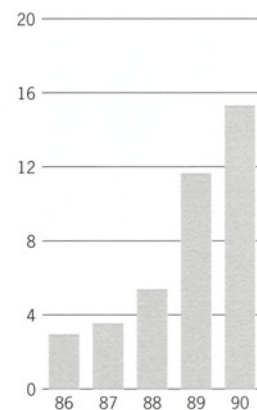
Italy, where the Cable and Network Business Area has recently experienced strong growth, is Ericsson's largest single European market. The most rapid growth in recent years has occurred in Spain.

Sales in Sweden in 1990 amounted to only 12 percent of total sales, compared with 16 percent a year earlier.

**Sales to external
customers,
by Business Area, %****Geographic
distribution of sales, %**

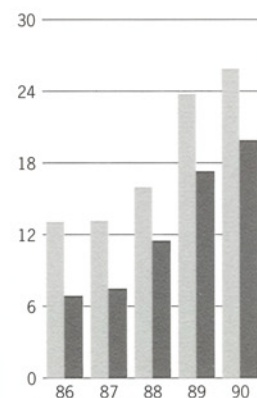
* of which Sweden 12 (16)

Adjusted net income per share after actual taxes, SEK.



Profit per share rose as a result of the improvement in income and a continued reduction in relative tax rates.

Return on equity and capital employed, %

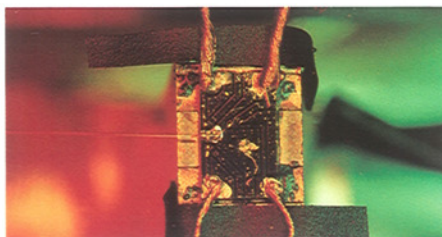


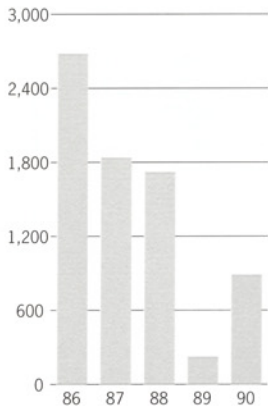
■ Return on capital employed
■ Return on equity

The return on equity improved sharply to 20.4 (17.5) percent. Return on capital employed increased from 23.7 percent in 1989 to 25.9 percent in 1990.

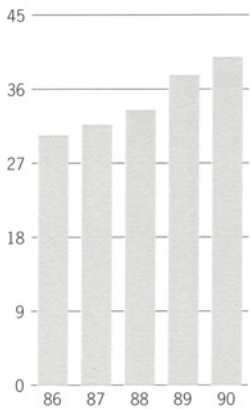
Research is being conducted in the field of optical technology for broadband networks in order to meet the demand for greater transmission speeds and bandwidth in telecommunications of the future.

Key components include tuned lasers and optical filters with amplifiers. Ericsson has reported the first experiments with 1 Gb/s per channel in a multichannel system employing these components.



Cash flow before external financing, SEKm.

Cash flow was positive and amounted to SEK 854 m.

Equity ratio, %

The improvement in Ericsson's equity ratio continued during 1990 and increased from 37.8 percent to 39.3 percent.

Strategic successes in Germany

Important for the continuing expansion in Europe were also the strategic successes recorded in Germany in 1990. Ericsson received an order from Mannesman Mobilfunk in the field of mobile telephone systems and was selected by Deutsche Bundespost Telekom as a supplier of digital transmission equipment. Construction of a new research center in Aachen is another major development.

Operation in all EC countries

Ericsson has for many years been active in all European Community (EC) countries and is thus well positioned for the opening of the Inner Market in 1993. Sweden's anticipated future membership in the EC can further strengthen this position. Ericsson will continue to have a strong role in European research projects, notably RACE (Research in Advanced

Communications for Europe), which is focusing on the development of broadband communications.

Strong growth in North America

The joint venture with General Electric has developed very favorably, creating a stronger base for mobile telephone and mobile radio operations. It has provided supplementary technology, production facilities for both the U.S. and export markets, and greater market presence in the U.S. Ericsson's share of the North American market for mobile telephone systems rose during 1990.

Ericsson has also recorded major successes in public telecommunications in the U.S. Orders on hand constitute a good base for achieving the 10-percent share of the market for local exchanges that has been set as the initial objective.

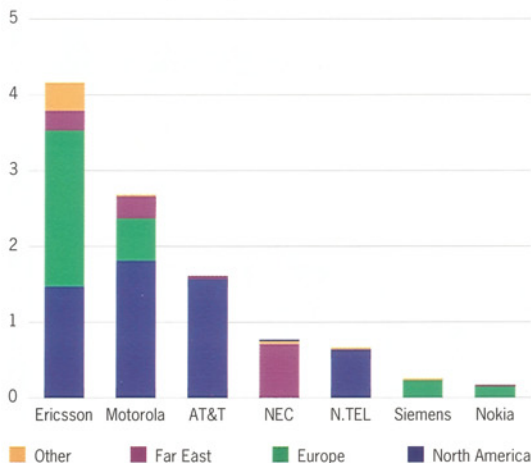
Highlights

	1990 SEK m.	1989 SEK m.	Percent change
Net sales	45,702	39,549	16
Order bookings	49,371	42,045	17
Order backlog at year-end	30,415	29,426	3
Income before taxes	4,855	3,715	31
Adjusted net income per share after taxes paid, SEK	15.33	11.67	31
after full conversion	14.66	11.06	33
Adjusted net income per share after paid and estimated deferred taxes on timing differences, SEK	14.89	10.76	38
After full conversion	14.24	10.24	39
Dividend per share, SEK	3.50 *	2.80	25

* For 1990, proposed by the Board of Directors

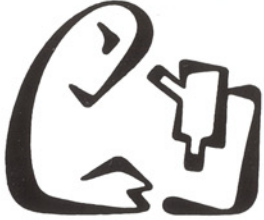
Mobile Systems Market Shares

Served Subscribers, January 1991



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Ericsson continues to play a significant role in European research projects, notably RACE



(Research in Advanced Communications for Europe), which involves the development of broadband communications.

Most analyses indicate strong growth in the market for telecommunications during the decade of the 1990's. Up to 1990, during the slightly more than 110 years of the telephone's existence, the global telecommunications network – the world's largest machine – grew to comprise 500,000,000 subscriber lines.

According to a forecast by the International Telecommunications Union (ITU), this number is expected almost to double, to nearly one billion, during the current decade.

Growth will depend, however, on a number of factors that are difficult to evaluate. These include fluctuations in economic conditions, the ability of countries to make payments, and purely political developments, among others. These factors can be of decisive importance in individual markets.

Ericsson today has activities in 100 countries throughout the world.

Europe

Nearly two thirds of Ericsson's operations are in Europe, which will also continue to be its principal market during the next few years. In this region, there is a substantial installed base of the AXE switching system used in public telecommunications networks and in cellular mobile telephone systems, and of the digital MD110 subscriber exchange system.

These systems are constantly being expanded and there are long-term general purchase agree-

ments covering continuing deliveries in many of the countries. One example is the agreement with British Telecom which contains an option to purchase AXE equipment between now and April 1992.

The strategic successes recorded in Germany – through the Mannesman Mobilfunk order for mobile telephone systems and the choice of Ericsson to supply digital transmission equipment (Digital Cross Connect, DXC) to Deutsche Bundespost Telekom – are naturally important cornerstones for continuing expansion. The establishment of a new research and development center in Aachen is also of major importance.

Italy is Ericsson's largest single market. The Cable and Network Business Area has also experienced strong growth there.

The market in which Ericsson has grown most rapidly in recent years is Spain. However, some leveling off in the rate of growth there is anticipated during the current year.

European Community

Ericsson has had operations in all countries within the European Community (EC) for many years. With this strong presence, it is well prepared for the opening of the Inner Market in 1993.

Sweden's anticipated future membership in the EC can further strengthen Ericsson's position, reducing the formal problems that can arise in connection with forms of affiliation

The global telecommunications network connecting 500,000,000 subscribers is the world's largest machine. Mobile telephony with progressively smaller terminals makes it possible for people to be reached, and to reach others, irrespective of time and space. The telecommunications network is always there.



Ericsson has operations in every country within the European Community. With this strong presence, Ericsson is well prepared for the opening of the Inner Market in 1993.



By combining the cordless personal telephone DCT900 with the MD110 digital subscriber exchange, Ericsson is able to offer cordless communications networks for use in corporate and institutional environments.

other than full membership.

Ericsson will continue to have a strong role in European research projects, most notably in RACE (Research in Advanced Communications for Europe), which is focused on the development of broadband communications.

Eastern Europe

Ericsson made breakthroughs into the Hungarian market with its mobile telephone systems as well as telephone exchanges during 1990. This choice of Ericsson systems offers potentials for continuing business and is also important in terms of activities in other parts of eastern Europe.

Growth in this region is highly dependent on economic developments and on the possibilities of obtaining financing. As a result, a number of Ericsson's European companies may

become suppliers to these markets, depending on the financial support available in each country.

The transfer of technology is also an important factor in these countries. In most cases, however, investments in the production of both hardware and software can be arranged through cooperation agreements.

Sweden

While a large part of Ericsson's production and most of its research and development takes place in Sweden, sales in the Swedish market amount to only 12 percent of the corporate total. Ericsson and the Swedish Telecommunications Administration have a jointly owned development company, Ellemtel. As a result, Sweden serves as an important test market for new systems and products.



North America

Ericsson has recorded major successes in the North American market in recent years. The joint venture with General Electric has developed favorably and has created improved prospects for Ericsson's mobile telephone and mobile radio systems operations. It has provided supplementary technology, an industrial base that permits production for both the U.S. and export markets, and an enhanced market presence in the U.S.

For Radio Communications these factors have resulted in a number of important contracts, one of the most notable of which involves modernization of the cellular mobile telephone system in the New York area. Ericsson's share of the market for mobile telephone systems in North America increased in 1990.

Ericsson was also highly successful in the public telecommunications field in the U.S. in 1990, as an approved supplier of local exchanges to three of the seven regional Bell operating companies. Orders on hand constitute a good base for gaining the 10-percent share of the market for local exchanges that has been established as an initial objective.

The Business Communications Business Area now has an established position in North America where large subscriber exchanges are concerned. This market is particularly competitive, which is affecting profitability adversely.

The introduction of cellular business communication based on CT-3 technology and Ericsson's DCT900 system has opened up an attractive future potential. When combined with MD110 digital subscriber exchanges, these technologies enable Ericsson to now offer cordless communications networks for compa-

nies and institutions. Ericsson has received licenses to conduct technical research involving cordless communication and field tests are now under way in Anaheim, California and Washington, D.C. Commercial tests of this technology will be carried out in a number of countries during 1991. Based on market forecasts published to date, strong growth is expected in this field.

Ericsson anticipates expansion of its operations in the U.S., with increasing independence for such activities as research and development, system design and manufacturing in this region.

The establishment of the new development center in Raleigh, North Carolina is one way in which Ericsson is strengthening its U.S. organization as a center of expertise for the corporation.

Latin America

Latin America has traditionally been an important market for Ericsson. The economic and political instability in many countries in the region must be weighed, however. According to some political observers, conditions in the 1990s may be more favorable than during the 1980s. Many of the countries have introduced comprehensive programs to strengthen their economies. They have begun to build up infrastructures, have privatized industry and commerce and have encouraged their citizens to engage in business by liberalizing tax laws, among other measures.

Mexico is a good example of a country that today is a strong growth market, for telecommunications in particular.

Ericsson has had a presence in many parts of Latin America since the beginning of the century and has long been the strongest telecommunications company operating there.



Ericsson has recorded major successes in the North American market in recent years. The modernization of the mobile telephone system in New York City offers one of the most notable examples. Ericsson's share of the market for mobile telephone systems in North America increased in 1990.

In South East Asia, where there is strong demand for mobile telephone service as well as fixed public telecommunications,



Ericsson sees opportunities for continuing favorable development of its marketing efforts. Ericsson is also very well positioned in the strong growth markets in Taiwan and Hong Kong.

With market shares averaging 40 percent, Ericsson will continue to focus on this region.

Australia

After having been in a monopoly position for nearly 30 years when it comes to systems for public telecommunications in Australia, Ericsson now has competition. Alcatel's 1240 exchange system has been accepted, with the result that this company's production of AXE equipment under license will gradually cease.

At the same time, the Australian government has decided to open the market for another operating company beside Telecom Australia. In the mobile telephony segment there may be three operating companies.

This means that Ericsson is facing a new, more competitive market situation in Australia. This is stimulating technical development while expanding the total market volume. Telecom Australia is a highly knowledgeable customer whose objective is the rapid modernization and expansion of the country's telecommunications network. This will also include the digitalization of small telephone exchanges. Ericsson's delivery of the greater part of the world's most advanced ISDN network has been a major success for this customer.

Ericsson also maintains a development center in Melbourne. This facility will be expanded to strengthen the international development resources available within Ericsson.

Asia

Japan is a new market for Ericsson. Activities there have been integrated in a subsidiary formed at year-end 1990. Important contacts have been established with NTT, the national

telecommunications administration, through Ericsson's participation in the development project for the future Japanese digital mobile telephone system.

In the People's Republic of China, studies indicate that demand for both mobile telephone and public telecommunications systems will continue to be strong. The country, however, is highly dependent on financing and industrial operations. Ericsson has begun production of the MD110 subscriber exchange in Beijing.

Ericsson has a very strong base for acquiring new business in the fast-growing markets in Taiwan and Hong Kong.

In the Republic of Korea, Ericsson has noted a decline in the sale of AXE exchanges, since the customer there is concentrating mainly on a locally developed system. A second operating company is being discussed in the mobile telephone sector, which may lead to increased opportunities for Ericsson in the market for both systems and terminals.

Vietnam, where Ericsson in 1990 delivered two international exchanges via Australia, is a new Asian market for Ericsson.

The markets in Southeast Asia as a whole offer a very large potential, and growth in all areas of telecommunications is expected to be substantial. Ericsson's strongest footholds are in Thailand and Malaysia. In Malaysia, where Ericsson has its own production facilities, 800,000 lines of AXE equipment were delivered during the 1980's and Ericsson expects to participate in the continuing expansion of telecommunications services. Ericsson is also the principal supplier of cellular mobile telephone systems in Malaysia.



In Singapore, Ericsson is a supplier of mobile telephone systems. This is where the regional center for the Cable and Network Business Area is based.

During 1990 Ericsson delivered four large international exchanges to customers in India. These deliveries are viewed as a strategic breakthrough into another attractive future market.

Ericsson's core business is based on the development, manufacture and sale of system products used in building and operating public and private networks for both fixed and mobile telecommunications.

Ericsson systems are complex. A system may consist of hundreds of parts combined to meet the precise requirements for each application in a network.

System architecture is the structure and framework enabling all parts of a system to interact in an optimal manner. The design of a system architecture defines its applicability and provides the foundation for its competitive characteristics. A well-structured architecture makes it easy for both Ericsson and its customers to handle systems in their operations.

A system architecture, together with related technology and design environments, documentation systems and other elements, constitutes the platform for a system. System products for different applications and different markets are based on this platform.

Ericsson's most important systems platforms today are AXE for fixed and mobile telecommunications, the digital MD110 subscriber exchange, the fiber optical access and transport network systems (SDH/SONET and DXC), and the TMOS operating support system.

Ericsson's platform strategy makes it possible, in line with the core business strategy, to concentrate development programs that are most critical from a competitive standpoint on a small number of systems of decisive importance to the Group's total operations.

Flexibility in various forms is an important characteristic sought when developing a system platform. An architecture should be viable for many years. During this period it should be possible to utilize new technology, create new applications and benefit from the use of new methods in systems. Completely new network and telecommunications services can be based on existing architectures.

Today two new telecommunications applications in particular – personal communications and broadband – are especially attractive. Expressed in popular terms, personal commu-

nications – also known as personal telephony – may be said to be the next phase in the development of mobile telephony. This involves wider use of the pocket telephone, with the additional advantage that a person can be reached at the same number, regardless of where he or she may be.

Broadband communications will be of major importance primarily in two areas: the creation of high-speed links for transmission of data over long distances, and the use of a single network for both ordinary telecom services and the advanced transmission of images.

The telecommunications industry

The profound impact of today's liberalization and privatization policies is creating a new environment for traditional telecom operators.

The telecommunications industry is currently undergoing a dramatic restructuring characterized by mergers and acquisition of companies. It is reasonable to assume that this process has not yet reached its peak.

Ericsson has succeeded well in international competition and in recent years has been clearly able to increase its market shares as viewed in a global perspective.

The following companies are among Ericsson's most important competitors:

Alcatel (France, includes ITT's former telecommunications operations).

Northern Telecom (Canada, whose main markets are in Canada and the U.S.).

AT&T (U.S., which has made certain breakthroughs in Europe and Asia).

Siemens (Germany, which now controls part of the British telecommunications industry through its acquisitions of GEC's business and Plessey, and Stromberg-Carlson in the U.S.).

NEC (Japan, which has a large domestic market, and activities in the Far East and Latin America).

Fujitsu (Japan, which is active primarily in its home market, with some thrusts in the Far East and the U.S.).

Ericsson continues to be the world leader in mobile telephone systems with a 40-percent share of the world market (calculated in



Ericsson, with a 40 percent share of the market, continues to be the world's leading supplier of mobile telephone systems.



number of subscribers connected to systems). Its largest competitors are two American companies, Motorola and AT&T, and NEC of Japan.

The traditional transmission field, in which the products were earlier more or less "independent" items, is undergoing change. Today, the trend is toward creation of systems based on fiber optical cable networks with global operating and administrative systems. Formerly independent transmission companies have found it difficult to survive on their own and have been bought by systems companies. Ericsson has traditionally ranked among the smaller companies in this field, but the distinct successes achieved with new products in 1990 confirms its determination and capacity to strengthen its position in the access and transport network business.

Looking ahead

Ericsson's leadership position today is the result of a purposefully implemented long-term

strategy. Ericsson possesses expertise in the key areas which will be decisive in the future: telecommunications network technology, operating and maintenance of systems, and radio technology applicable in present digital mobile telephone systems and in the future personal telephony.

The system platforms provide a good base for developing a long succession of new products and services. Ericsson's network expertise is well established and the company has for many years been recognized internationally as an authority on telecommunications network technology.

Ericsson today enjoys a broad presence in the world market. The installed base of the AXE system, in itself, constitutes a major asset for further development and for the sale of both hardware and software to expand and enhance existing installations.

To assure maximum freedom of choice in the selection of communications systems, both copper and fiber optical cables are installed during construction of modern office buildings.

The international telecommunications market is currently undergoing major changes. The ongoing liberalization, deregulation and privatization of the market will result in increased competition and a greater supply of new services. In Ericsson's case, this imposes demands for even stronger market orientation. In all its markets throughout the world, Ericsson must stand out, more distinctly than before, as a total service company with an optimized offering of products.

The new Ericsson organization is working with customers through strong, experienced local companies that represent the entire corporation with its full range of systems within switching – radio – networking.

Local Companies

Ericsson is broadening and strengthening the expertise available in its local companies, enabling them to measure up to their increased commercial responsibilities. The local company is normally a subsidiary or a company in which Ericsson has management responsibility.

Local companies can be engaged in sales, product development and manufacturing – with full responsibility for operating results. In some cases a company may export part of its production.

Business Areas

Ericsson's six Business Areas are strongly market oriented. They have global responsibility for developing and delivering their systems and products. Each Business Area comprises

a number of different business units.

The General Manager of each Business Area issues instructions dealing with strategies, pricing and other matters to all units within his organizational structure and is also responsible for the global operating results of the Business Area.

Strengthened Corporate Management

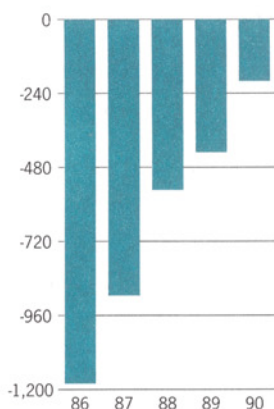
Business Areas and local companies are supported and supervised centrally, via Ericsson's Corporate Executive Committee. This consists of the President and two Executive Vice Presidents, each of whom has specific areas of responsibility. The Corporate Executive Committee is also responsible for planning, business development and the coordination of Ericsson's operations.

Ten Corporate Functions support the Corporate Executive Committee. They are: Audit and Security, Financial Control, Human Resources and Organization, Legal Affairs, Markets, Product Management (new), Relations, Supply and Distribution (new), Systems and Technology, and Treasury.

Ericsson's new organization does not impose boundaries between Business Areas, and between Business Areas and local companies. It is a market-driven organization that meets the requirements of the 1990's for greater flexibility and speed. The ultimate objective of the reorganization is to enable Ericsson to continue to set the pace in telecommunications in the future, consolidating and strengthening its presence in the world market.

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Financial Net, SEKm.

**Sales and order bookings**

Ericsson's consolidated net sales in 1990 amounted to SEK 45,702 m. (1989: 39,549 m.), an increase of 16 percent.

Various operations were acquired and others were divested during the year. Consolidated sales of comparable units rose 16 percent. Sales to customers outside Sweden accounted for 88 (84) percent of total sales.

Order bookings increased 17 percent, to SEK 49,371 m. (42,045). The increase for comparable units was 21 percent. The order backlog at year-end was SEK 30,415 m. (29,426).

Income

Consolidated income before taxes rose 31 percent, to SEK 4,855 m. (3,715). Of this amount, net capital gains on the sale of shares and fixed assets accounted for SEK 194 m. (3).

Operating income after depreciation was SEK 5,694 m. (4,557). Ericsson's share in earnings of associated companies decreased to SEK 300 m. (398) due to an earnings decline in the Brazilian operations and the fact that the former associated cable companies in Latin America are consolidated, effective in 1990. General expenses rose at a faster rate than net sales, due to substantial technical commitments, notably in the fields of mobile telephone systems and public telecommunications. Depreciation also increased more rapidly than net sales, as a consequence of higher capital expenditures and shorter depreciation periods.

Ericsson's net financial expense, SEK -163 m. (-431), declined for the fourth year in a row. The improvement is attributable primarily to a positive cash flow of SEK 854 m. (229) and further increases in yields on liquid funds.

Minority interest in income amounted to SEK 676 m. (411), due to strong gains in the earnings of Ericsson's partly owned subsidiaries in Italy and in part to the consolidation of the two Latin American cable companies. The companies in the Radio Communications Business

Area in which General Electric Company (GE) has a 40-percent interest, and which developed favorably during 1990, were not consolidated until July 1, 1989.

Public Telecommunications reported strikingly higher net sales. The increases were notably strong in Spain, Italy, Australia and Mexico. Income improved from an already very high level. Deliveries in the U.S. increased during the year. The market shares of the AXE system continued to rise.

Radio Communications reported strong growth in volume. The trend of business for mobile telephone systems was favorable, particularly in the U.S. and Western Europe. The market shares for mobile telephone systems were maintained at a very high level. Operating income improved significantly.

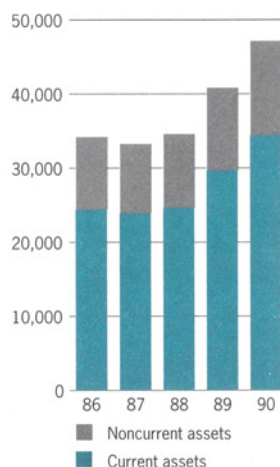
Net sales in the *Business Communications* sector declined slightly, reflecting the sale of the Business Area's Swedish marketing company to Televerket, the national telecommunications administration. Sales by comparable units was unchanged. Operating income declined due to the weaker economic conditions and severe price competition. Continued sales successes were noted for the MD110 subscriber exchange.

Cable and Network reported a strong increase in net sales and sharply improved operating income. Its Italian operations, in particular, developed favorably.

Operating income of the *Components Business Area* also improved markedly. The power supply components business again showed good earnings. Net sales were lower, due mainly to the divestment of sales companies in Italy, Germany and Australia.

Defense Systems divested its Command and Control Division within Ericsson Radar Electronics AB in Sweden, as well as the Italian company FIAR S.p.A. and its subsidiaries, during the year. This resulted in a sharp reduction in the Business Area's sales. Operating income was sharply higher, following target-

Assets, SEKm.



oriented restructuring designed to adapt activities to the shrinking Swedish market for defense materiel. Ericsson's participation in the Swedish JAS multirole military aircraft project is well under control.

Financing

The rate of capital turnover decreased to 1.04 (1.05), due mainly to an increase in accounts receivable to 35 (32) percent of sales. This was primarily as a consequence of the growth in sales in the Italian market with longer average credit periods.

Inventories declined to 20 (24) percent of net sales. The equity ratio continued to rise, to 39.3 (37.8) percent.

Ericsson was among the first group of companies whose shares and convertibles were transferred in October 1990 to Värdepapperscentralen's (Swedish Securities Register Center) paperless registration system. A 5-for-1 stock split, approved earlier by the Annual General Meeting, was effected later in the month.

Conversions of debentures equal to 854,413 shares, calculated after the split, occurred during the year. The debentures converted were those issued in connection with the Swiss franc convertible loan issued in 1987, which has now been virtually fully converted, as well as the debentures issued to employees in the same year. During the period between January 1 and February 15, 1991 debentures equivalent to 6,695 shares were converted. These shares carry rights to dividends in 1991.

The debentures issued to employees were listed for trading on the Stockholm Stock Exchange in February 1990. At year-end, SEK 597 m. of the SEK 626 m. loan had not been converted.

Parent Company operations involving cash management and currency transactions, internal banking services and other activities were established in a separate company, Ericsson Treasury Services AB, during the year. This

company operates on behalf of Ericsson in the currency and capital markets under a surety from the Parent Company. This surety is included in the Parent Company's contingent liabilities in the amount of SEK 400 m. pertaining to transactions which, prior to establishment of the separate company, would have been included in the Parent Company's balance sheet.

Ericsson's liquidity was strengthened during the year by doubling the size of its short-term commercial paper programs, which now amount to SEK 1,000 m. in Sweden and USD 200 m. in Europe. Following the close of the year a similar program in the amount of USD 100 m. was activated in the U.S. after having been dormant for several years.

Research and development

Ericsson's total expenditures for research and development in 1990, including costs related to customer orders, amounted to SEK 4,901 m. (4,329), equal to 11 (11) percent of sales.

Total technical development costs, which also include the cost of adapting systems and products to specific markets, rose even more sharply, amounting to SEK 7,874 m. (6,455), equal to 17 (16) percent of sales.

Capital expenditures

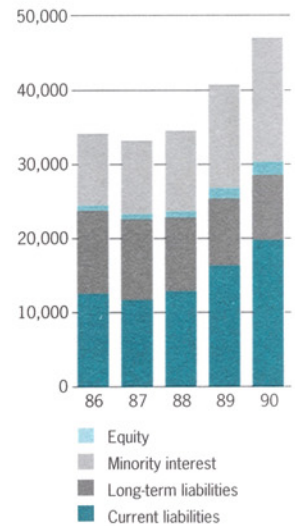
Capital expenditures for property, plant and equipment in 1990 totaled SEK 3,448 m. (2,672). Of this amount, SEK 1,314 m. (1,043) involved investments in Sweden.

Personnel

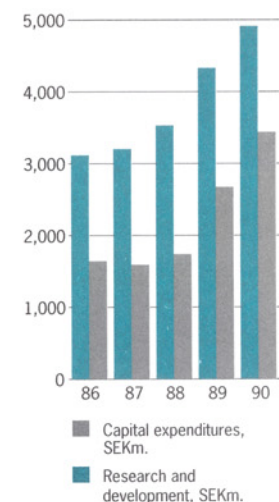
At year-end 1990, 70,238 persons were employed within Ericsson, 1,009 more than on the same date a year earlier. Units acquired and divested during the year accounted for a decline of 411.

Wages, salaries and other remuneration amounted to SEK 10,797 m. (9,499). Sales per employee were equal to SEK 650,000 (571,000). Supplementary information on the average number of employees and on wages, salaries

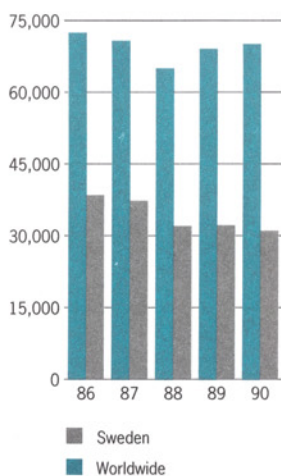
Liabilities and Equity,
SEKm.



Research and Development, Capital Expenditures,
SEKm.



Number of Employees



and other remuneration is presented in a note to the financial statements.

Significant changes within Ericsson

A new subsidiary, Ericsson Mobilfunk GmbH, was formed in Germany during the second quarter. In addition, a research center, Ericsson Eurolab Deutschland GmbH, was also established in Germany during the third quarter.

The shareholdings in two cable companies, Conductores Latincasa S.A. de C.V. in Mexico and Fios e Cabos Plásticos do Brasil S.A., were increased to more than 50 percent. As a result, effective January 1, 1990, these companies are consolidated. In addition, the Argentine cable company Industrias Eléctricas de Quilmes S.A. was divested during the third quarter.

During the same quarter an agreement was signed covering the sale, effective January 1, 1991, of Ericsson's majority interest in FIAR S.p.A., the Italian defense systems company and its subsidiaries. The accounts of this company were deconsolidated in 1990 since management responsibility was transferred to the new owners. However, the divestment did not affect net capital gains in 1990.

In accordance with an agreement in principle signed in October 1990, Ericsson acquired in February 1991 33.5 percent of the shares in Schrack, an Austrian electronics company.

At the beginning of 1991, Ericsson and Racal Telecom Plc. entered into an agreement through which each party owns half of the shares in Orbitel Mobile Communications Ltd.

A new organizational structure was adopted

for Ericsson, effective January 1, 1991. In the new organization, customers are being served by strong local companies that represent Ericsson as a whole. Each of the six Business Areas has global responsibility for its own systems and products. Ericsson's corporate management is being strengthened and is supported by ten corporate staff functions.

Outlook

Major uncertainty factors in evaluating the outlook for 1991 include the weakening of the international economy and the impact that political developments in certain regions may have on the procurement of telecommunications equipment throughout the world. It may therefore be difficult to exceed the results achieved in 1990.

Proposed disposition of earnings in the Parent Company

The sum of SEK 2,284,180,956, including unappropriated earnings, is available for disposition by the shareholders at the Annual General Meeting. The Board of Directors and the President propose that these earnings be distributed as follows:

That a dividend of SEK 3.50 per share be paid to stockholders duly registered on the record date, SEK 720,075,223

That the remainder be retained in the business, SEK 1,564,105,733
SEK 2,284,180,956

Stockholm, March 1991

Björn Svedberg <i>Chairman</i>	Jan Wallander <i>Deputy Chairman</i>	Peter Wallenberg <i>Deputy Chairman</i>
Sune Andersson	Carl-Erik Feinsilber	Georg Karnsund
Claes-Göran Larsson	Sven Olving	Stanley Oscarsson
Sten Wikander	Sven Ågrup	
	Lars Ramqvist <i>President</i>	

Consolidated Income Statement **Telefonaktiebolaget LM Ericsson and consolidated subsidiaries*

<i>Years ended December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>	<i>1988</i>
Operating revenues			
Net sales	45,702	39,549	31,297
Other operating revenues <i>note 1</i>	698	411	452
Share in earnings of associated companies	300	398	241
	46,700	40,358	31,990
Operating expenses			
Cost of sales	22,891	20,978	17,579
Selling, research and development, general and administrative expenses	16,543	13,529	10,762
Depreciation <i>note 2</i>	1,572	1,294	971
	41,006	35,801	29,312
Operating income after depreciation <i>note 3</i>	5,694	4,557	2,678
Financial income <i>note 4</i>	1,063	779	666
Financial expenses <i>note 4</i>	1,226	1,210	1,219
Income after financial income and expenses	5,531	4,126	2,125
Minority interest in income before taxes	-676	-411	-285
Income before taxes	4,855	3,715	1,840
Taxes			
Tax expenses <i>note 5</i>	-1,966	-1,546	-880
Deferred taxes <i>note 19</i>	227	195	111
Minority interest in taxes	334	164	95
Reported net income	3,450	2,528	1,166
Adjusted net income per share, SEK ** <i>note 6</i>			
– after actual taxes paid	15.33	11.67	5.41
– after full conversion	14.66	11.06	4.82
– after actual and estimated deferred taxes	14.89	10.76	6.26
– after full conversion	14.24	10.24	5.56

* Figures for prior years have been adjusted to take into account the change in accounting policies described in the Notes to the Financial Statements, point (g).

** Figures in prior years adjusted for the 5-for-1 stock split.

Consolidated Balance Sheet **Telefonaktiebolaget LM Ericsson and consolidated subsidiaries*

<i>December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>
Assets		
Current Assets		
Cash, bank deposits and short-term cash investments <i>note 7</i>	6,767	5,120
Notes and accounts receivable – trade (less allowance for doubtful accounts, 348 at December 31, 1990 and 239 at December 31, 1989) <i>note 8</i>	15,508	12,242
Inventories (less advance and progress payments, 2,014 at December 31, 1990 and 2,059 at December 31, 1989)	9,365	9,647
Other current assets <i>note 9</i>	2,803	2,606
	34,443	29,615
Deposits related to untaxed reserves <i>note 10</i>	69	72
Investments and other noncurrent assets		
Notes and accounts receivable – trade <i>note 8</i>	377	433
Investments in associated companies, at equity <i>note 23</i>	932	931
Other investments	605	211
Other noncurrent assets <i>note 12</i>	1,683	1,818
	3,597	3,393
Property, plant and equipment <i>note 13</i>		
Cost	16,799	14,811
Accumulated standard depreciation	8,200	7,528
	8,599	7,283
Revaluation adjustments, net of accumulated standard depreciation	459	493
	9,058	7,776
	1,122	1,148
Assets pledged as collateral		<i>note 21</i>
Total assets	47,167	40,856

* Figures for prior years have been adjusted to take into account the change in accounting policies described in the Notes to the Financial Statements, point (g).

<i>December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable – trade	3,797	3,513
Advances from customers	4,477	3,354
Accrued taxes	1,363	1,115
Short-term borrowings <i>note 14</i>	1,505	1,100
Current maturities of long-term debt <i>note 16</i>	849	671
Other current liabilities <i>note 15</i>	7,841	6,658
	19,832	16,411
Long-term liabilities		
Debentures <i>note 16</i>	464	1,467
Convertible debentures <i>note 17</i>	609	656
Pension liabilities <i>note 18</i>	4,081	3,729
Deferred tax liabilities in timing differences <i>note 19</i>	1,783	2,010
Other long-term liabilities <i>note 16</i>	1,858	1,146
	8,795	9,008
Minority interest in equity of consolidated subsidiaries	1,787	1,441
Stockholders' equity <i>note 20</i>		
Capital stock	2,057	2,049
Reserves not available for distribution	9,406	8,845
	11,463	10,894
Retained earnings and reported net income	5,290	3,102
	16,753	13,996
	1990	1989
Contingent liabilities	2,092	2,071 <i>note 22</i>
Total liabilities and stockholders' equity	47,167	40,856

Consolidated Statement of Changes in Financial Position *

<i>Years ended December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>	<i>1988</i>
Cash at January 1	5,120	3,780	3,391
Cash provided from operations			
Reported net income	3,450	2,528	1,166
Minority interest in net income	342	247	190
Depreciation	1,572	1,294	971
Losses on sale of property, plant and equipment	33	66	30
Increase (-) / decrease in bank deposits related to untaxed reserves	3	-15	21
Decrease in deferred tax liability on timing differences	-227	-195	-111
	5,173	3,925	2,267
Translation adjustments not affecting income statement	-212	82	84
Sale of property, plant and equipment	419	261	941
	207	343	1,025
Changes in working capital (excl. cash)			
Notes and accounts receivable – trade	-3,266	-2,083	76
Inventories	282	-1,476	184
Other current assets	-197	-119	-632
Current liabilities, noninterest-bearing	2,838	2,987	1,697
	-343	-691	1,325
Changes in other assets			
Additions to property, plant and equipment	-3,448	-2,672	-1,739
Translation adjustments in property, plant and equipment	142	-46	-47
Investments, net	-395	-12	-162
Other noncurrent assets	191	-89	-540
	-3,510	-2,819	-2,488
Dividends paid	-673	-529	-401
Cash flow	854	229	1,728
Cash provided from financial transactions			
Changes in short-term liabilities	583	476	-522
Changes in long-term liabilities	14	-742	-808
Conversion of debentures	48	899	19
Additional capital contributed by minority	148	478	-28
	793	1,111	-1,339
Cash at December 31	6,767	5,120	3,780

* Figures for prior years have been adjusted to take into account the change in accounting policies described in the Notes to the Financial Statements, point (g).

Parent Company Income Statement
Telefonaktiebolaget LM Ericsson

<i>Years ended December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>	<i>1988</i>
Operating revenues			
Net sales	10,744	11,041	9,211
Other operating revenues <i>note 1</i>	1,229	687	667
	11,973	11,728	9,878
Operating expenses			
Cost of sales	4,860	5,158	4,425
Selling, research and development, general and administrative expenses	5,979	5,055	4,051
Depreciation <i>note 2</i>	333	235	198
	11,172	10,448	8,674
Operating income after depreciation	801	1,280	1,204
Financial income <i>note 4</i>	1,522	1,154	699
Financial expenses <i>note 4</i>	654	819	755
Income after financial income and expenses	1,669	1,615	1,148
Appropriations to (-) / from untaxed reserves			
Changes in depreciation in excess of standard depreciation <i>note 2</i>	-105	-234	109
Changes in other untaxed reserves <i>note 19</i>	279	-748	113
	174	-982	222
Contributions from / to (-) subsidiary companies	-566	354	-733
Income before taxes	1,277	987	637
Income taxes	-115	-109	-59
Reported net income	1,162	878	578

Parent Company Balance Sheet

Telefonaktiebolaget LM Ericsson

<i>December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>
Assets		
Current assets		
Cash, bank deposits and short-term cash investments <i>note 7</i>	79	380
Notes and accounts receivable from subsidiary companies <i>note 8</i>	4,403	4,427
Notes and accounts receivable – trade (less allowance for doubtful accounts, 172 at December 31, 1990 and 68 at December 31, 1989) <i>note 8</i>	1,512	1,647
Inventories (less advance and progress payments, 67 at December 31, 1990 and 51 at December 31, 1989)	2,244	2,331
Other current assets <i>note 9</i>	760	1,056
	8,998	9,841
Deposits related to untaxed reserves <i>note 10</i>	5	40
Investments and other noncurrent assets		
Notes and accounts receivable – trade <i>note 8</i>	201	265
Other accounts receivable from subsidiary companies	845	823
Investments <i>note 11</i>		
Subsidiary companies	6,604	6,477
Associated companies	251	236
Other investments	72	31
Other noncurrent assets	315	475
	8,288	8,307
Property, plant and equipment <i>note 13</i>		
Cost	3,824	3,368
Accumulated standard depreciation	1,787	1,564
	2,037	1,804
Revaluation adjustments, net of accumulated standard depreciation	232	246
	2,269	2,050
	1990	1989
Assets pledged as collateral	270	270 <i>note 21</i>
Total assets	19,560	20,238

<i>December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable – trade	834	846
Advances from customers	192	121
Tax liability	53	-
Short-term borrowings	39	285
Current maturities of long-term debt <i>note 16</i>	689	437
Accounts payable to subsidiary companies	1,001	2,526
Other current liabilities <i>note 15</i>	1,515	1,390
	<u>4,323</u>	<u>5,605</u>
Long-term liabilities		
Debentures <i>note 16</i>	880	1,360
Convertible debentures <i>note 17</i>	609	657
Pension liabilities <i>note 18</i>	1,635	1,337
Payables to subsidiary companies	1,680	1,304
Other long-term liabilities <i>note 16</i>	1	5
	<u>4,805</u>	<u>4,663</u>
Untaxed reserves		
Accumulated depreciation in excess of standard depreciation <i>note 13</i>	722	617
Other untaxed reserves <i>note 19</i>	2,255	2,534
	<u>2,977</u>	<u>3,151</u>
Stockholders' equity <i>note 20</i>		
Capital stock	2,057	2,049
Reserves not available for distribution	3,114	3,074
	<u>5,171</u>	<u>5,123</u>
General reserve	100	100
Retained earnings	1,022	718
Net income	1,162	878
	<u>7,455</u>	<u>6,819</u>
	<i>1990</i>	<i>1989</i>
Contingent liabilities	2,873	2,547 <i>note 22</i>
Total liabilities and stockholders' equity	19,560	20,238

Parent Company Statement of Changes in Financial Position

<i>Years ended December 31, SEK m.</i>	<i>1990</i>	<i>1989</i>	<i>1988</i>
Cash at January 1	380	2,107	1,865
Cash provided from operations			
Net income	1,162	878	578
Depreciation	333	235	198
Gains (-) / losses on sale of property, plant and equipment	10	-94	69
Increase (-) / decrease in bank deposits related to untaxed reserves	35	-25	-2
Appropriations to untaxed reserves and Parent Company contributions to subsidiary companies	392	628	511
	1,932	1,622	1,354
Sale of property, plant and equipment	23	26	74
Changes in working capital (excl. cash)			
Notes and accounts receivable – trade	159	-3,018	713
Inventories	87	-435	359
Other current assets	296	144	-575
Current liabilities, noninterest-bearing	-1,288	1,205	170
	-746	-2,104	667
Changes in other assets			
Additions to property, plant and equipment	-585	-708	-233
Investments, net	-183	-1,420	-573
Other noncurrent assets	202	229	-474
	-566	-1,899	-1,280
Contributions from/to (-) subsidiary companies	-566	354	-733
Dividends paid	-574	-405	-344
Cash flow	-497	-2,406 *	-262
Cash provided from financial transactions			
Changes in short-term liabilities	6	289	367
Changes in long-term liabilities	142	-509	118
Conversion of debentures	48	899	19
	196	679	504
Cash at December 31	79	380	2,107

* Of this amount, SEK -2,478 m. represents a transfer of Parent Company holdings of securities to Ericsson Treasury Services AB, a subsidiary.

*In millions of Swedish kronor (except per share amounts)
Years ended December 31*

General

In the Annual Report, the Company has given due consideration to the recommendations given in the "Declaration and Decisions on International Investment and Multinational Enterprises" of the Organization for Economic Cooperation and Development (OECD). The Company also follows the guidelines relative to multinational companies and the labor market developed by the International Labor Organization (ILO), the United Nations organization dealing with labor matters.

Generally, the same prices established for sales to external customers are applied in intercompany sales, except that consideration is given to the absence of certain costs in intercompany transactions.

Accounting Policies

The consolidated financial statements of Telefonaktiebolaget LM Ericsson and its subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in Sweden. These accounting principles differ in certain important respects from accounting principles generally accepted in the United States. For a description of the differences and their approximate related effect on consolidated income and stockholders' equity, see Note 24.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and all of its subsidiary companies. All significant transactions between these companies have been eliminated.

The consolidated financial statements have been prepared in accordance with the purchase method, whereby consolidated stockholders' equity includes equity in subsidiary and associated companies arising following their acquisition only.

Material investments in associated companies in which the Company's voting stock interest is at least 20 percent but not over 50 percent are accounted for according to the equity method (see Note 23). Minor investments in associated companies and all other investments are accounted for as Other investments, and carried at the lower of cost or net realizable value.

Material investments in associated companies are shown at equity after adjustments for unrealized intercompany profits and unamortized goodwill or negative goodwill (see (b) below). In determining the equity of associated companies, untaxed reserves are added back to equity after provision for deferred taxes.

(b) Goodwill and Negative Goodwill

Goodwill (excess of cost over net assets of acquired companies) and negative goodwill (excess of net

assets acquired over cost) are normally amortized at a rate of 10 percent per year.

(c) Sales Recognition

Sales are recorded upon shipment of products and represent amounts realized, excluding value added tax, and are net of goods returned, trade discounts and allowances.

Income from large long-term contracts is accounted for in accordance with the percentage-of-completion method. If costs required to complete such contracts are estimated to exceed remaining revenues, a provision is made for estimated losses.

(d) Translation of Amounts in Foreign Currency

The Company applies the Statement of Financial Accounting Standards No. 52 issued by the Financial Accounting Standards Board of the United States (SFAS 52) for the translation to Swedish kronor of the financial statements of foreign subsidiaries and associated companies.

For many subsidiary and associated companies, generally those with manufacturing operations, which are located in Western Europe, the United States, Australia and Malaysia, the currency in which those companies primarily generate and expend cash is their functional (business) currency, in accordance with SFAS 52. Their balance sheet items (assets and liabilities) are translated to Swedish kronor at year-end exchange rates and their income statement items are translated at average rates of exchange during the year. The resulting translation adjustments are accumulated under stockholders' equity. When a company accounted for in accordance with these principles is sold, the accumulated translation adjustments are included in income.

The financial statements of subsidiary and associated companies, generally without manufacturing operations, having such close relations with the Swedish operations that their functional currency is considered to be the Swedish krona, have been included in the consolidated financial statements to give approximately the same results as if their activities had been carried out in a Swedish enterprise. The adjustments arising from the translation of these subsidiary and associated companies' financial statements are included in the consolidated income statement.

Effective January 1, 1986, the financial statements of all subsidiary and associated companies operating in countries with highly inflationary economies, and whose functional currency is considered to be the U.S. dollar, have been translated in two steps. In the first, the translation to dollars has been made to give approximately the same results in dollars as if the activities of the companies had been carried out in an American enterprise. The adjustments resulting from this translation are included in the consolidated income statement.

In the second step, from U.S. dollars to Swedish kronor, balance sheet items are translated at year-end exchange rates, and income statement items at the average rates of exchange during the year. The resulting translation adjustments are accumulated under stockholders' equity.

Gains and losses on foreign exchange include both translation adjustments and gains and losses on foreign currency transactions. These are divided into operational and financial gains and losses on foreign exchange.

Net operational gains and losses on foreign exchange, mainly related to accounts receivable and payable are included in Cost of sales.

Financial gains and losses on foreign exchange are mainly related to liquid funds and loans. Gains and losses attributable to liquid funds for subsidiaries operating in countries with highly inflationary economies, and whose functional currency is considered to be the U.S. dollar, are included in financial income whereas gains and losses attributable to loans are included in financial expenses.

Financial gains and losses on foreign exchange for other companies are included net in financial expenses (see Note 4).

In the consolidated financial statements, receivables and liabilities in foreign currencies have been translated at year-end exchange rates.

Unrealized exchange gains on long-term receivables and liabilities in foreign currency in Swedish companies are transferred to a Currency adjustment reserve and the transfer is treated as an appropriation, on which deferred tax is calculated in the consolidated accounts. The transfer, effective in 1990, is made in accordance with the recommendation of the Swedish Accounting Standards Board.

The appropriations for 1989 and 1988 are calculated based on valuation of receivables in accordance with the lowest-value principle, and of liabilities in accordance with the highest-value principle.

Effective in 1990, the same principles are applied in both the Parent Company and consolidated accounts. In earlier years the Parent Company's receivables in foreign currency were valued in accordance with the lowest-value principle and its liabilities in foreign currency were valued in accordance with the highest-value principle. If the method used in earlier years had been applied in 1990, income before appropriations and taxes would have been SEK 131 m. lower and income before taxes would have declined by SEK 12.4 m.

The rates of forward exchange contracts are used for valuing receivables and liabilities covered by such contracts.

Consolidated nonrestricted stockholders' equity has from 1989 been translated at year-end exchange rates.

(e) Research and Development Costs

Research and development costs are expensed as incurred. Costs based on orders from customers are included in Cost of sales.

(f) Inventories

Inventories are stated at standard cost, which approximates cost on a first-in, first-out (FIFO) basis. Cost includes materials, labor and manufacturing overhead. Write-downs have been made in cases where the sales value of goods, after deduction of estimated selling costs, is lower than historical cost.

Intercompany profits that were not realized through the sale of goods to customers have been eliminated, as has also been done in the case of associated companies which are accounted for by the equity method.

(g) Timing Differences and Deferred Taxes

Appropriations and Untaxed reserves are not reported in the consolidated accounts. Effective in 1990, with adjustments for 1989 and 1988, these items have been restated by applying the current tax rate applicable in each country. The deferred tax calculated in this connection has been shown in the consolidated income statement as Deferred taxes.

The capital portion is stated in the income statement as part of net income for the year, and in the balance sheet as restricted stockholders' equity. The accumulated deferred tax liability is adjusted each year by applying the current tax rate in each country and is stated in the consolidated balance sheet as Deferred tax in timing differences.

An adjustment of deferred tax liability attributable to changes in tax rates is shown in the consolidated income statement as a part of the tax charge.

The adjustment is treated as an extraordinary tax item and is eliminated in calculating profit per share after tax charges and estimated deferred taxes on timing differences.

(h) Leases

Leased property is normally expensed over the term of the lease.

Certain types of contracts are capitalized and reported as an acquisition of a fixed asset.

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost except for revaluation adjustments of certain land and buildings. The revaluation adjustments are allowed under certain circumstances in accordance with accounting principles generally accepted in Sweden and in certain other countries.

(j) Depreciation

The annual depreciation is reported as standard depreciation, generally on the straight-line method, using estimated useful lives of, in general, 40 years on buildings, 25 years on telephone plants, 20 years on land improvements, 5 to 10 years on machinery and equipment, and up to 5 years on rental equipment, which is reported as an operating expense. The Company normally claims the maximum depreciation deduction allowable for tax purposes.

The differences between depreciation deductions for tax purposes and standard depreciation, depreciation in excess of standard depreciation, is treated in the consolidated accounts in accordance with point (g) above. In the Parent Company, depreciation in excess of standard depreciation is reported as Appropriations.

During 1989 certain telephone exchange equipment was leased to customers; in this connection, the cost of the assets was shown in the consolidated accounts as Other long-term assets and Other short-term assets. Depreciation of these assets for tax purposes is shown as Depreciation in excess of standard depreciation. The assets are included in Machinery and equipment in the Parent Company accounts.

Depreciation in excess of standard depreciation also includes the share of excess depreciation attributable to partnerships partly owned by Ericsson.

(k) Adjusted Net Income per Share

Adjusted net income per share is based upon the average weighted number of common shares outstanding during each year as well as the average weighted number of common shares including the effect of the conversion of all convertible debentures.

The calculation of adjusted net income per share is based on income before taxes with deductions for either:

- (1) Actual taxes paid as reported, or
- (2) Actual taxes paid as reported and deferred taxes determined as a tax calculated on timing differences, adjusted for minority interests.

The effect of these methods is that two amounts of adjusted net income per share are shown before and after conversion, respectively:

- (1) Adjusted net income per share after actual taxes paid.
- (2) Adjusted net income per share after actual and estimated deferred taxes.

For reference to net income per share in accordance with accounting principles generally accepted in the United States, see Note 24.

Note 1 Other Operating Revenues

<i>Consolidated</i>	1990	1989	1988
Losses on sale of property, plant and equipment	-33	-66	-30
Gains on sale of investments and operations	227	69	25
Commissions, license fees and other operating revenues	504	408	457
	698	411	452

<i>Parent Company</i>	1990	1989	1988
Losses on sale of property, plant and equipment	-10	-11	-69
Gains on sale of investments	151	105	258
Commissions, license fees and other operating revenues	1,088	593	478
	1,229	687	667

Note 2 Depreciation

<i>Consolidated</i>	1990	1989	1988
<i>Total depreciation</i>			
Land improvements	2	3	-39
Buildings	66	154	46
Telephone plants	43	43	36
Machinery and equipment	1,693	1,396	993
Revaluation adjustments	25	21	25
	1,829	1,617	1,061
Less - Depreciation in excess of standard depreciation related to assets sold	106	25	66
Total depreciation	1,723	1,592	995
<i>Standard depreciation</i>			
Land improvements	3	2	-38
Buildings	71	85	64
Telephone plants	43	43	36
Machinery and equipment	1,430	1,143	884
Revaluation adjustments	25	21	25
Total standard depreciation	1,572	1,294	971
Depreciation in excess of standard depreciation	-151	-298	-24
<i>Parent Company</i>	1990	1989	1988
<i>Total depreciation</i>			
Land improvements	-	-	-
Buildings	20	6	6
Machinery and equipment	413	458	144
Revaluation adjustments	14	14	14
	447	478	164
Less - Depreciation in excess of standard depreciation related to assets sold	9	9	75
Total depreciation	438	469	89
<i>Standard depreciation</i>			
Land improvements	1	1	1
Buildings	15	15	15
Machinery and equipment	303	205	168
Revaluation adjustments	14	14	14
Total standard depreciation	333	235	198
Changes in depreciation in excess of standard depreciation	-105	-234	109

Note 3 Operating Income, by Business Area
(Not subject to audit)

	1990	1989	1988
Public Telecommunications	3,801	3,539	1,929
Radio Communications	886	692	264
Business Communications	148	252	155
Cable and Network	580	350	490
Components	250	142	113
Defense Systems	35	-46	-87
Other operations, capital gains and corporate expenses	-6	-372	-186
Ericsson, total	5,694	4,557	2,678

Note 4 Financial Income and Expenses

<i>Consolidated</i>	1990	1989	1988
<i>Financial income</i>			
Interest income	1,041	776	663
Dividends	22	3	3
Total financial income	1,063	779	666
<i>Financial expenses</i>			
Interest expenses	1,240	1,100	1,164
Gains and losses on foreign exchange, net	-16	71	40
Other financial expenses	2	39	15
Total financial expenses	1,226	1,210	1,219
Financial net	-163	-431	-553
<i>Parent Company</i>			
<i>Financial income</i>			
Interest income	713	662	488
Dividends from subsidiaries	763	448	183
Dividends from others	46	44	28
Total financial income	1,522	1,154	699
<i>Financial expenses</i>			
Interest expenses	776	844	671
Gains and losses on foreign exchange, net	-129	-47	80
Other financial expenses	7	22	4
Total financial expenses	654	819	755
Financial net	868	335	-56

Swedish companies' interest on the pension liabilities is included in the interest expenses shown above.

To achieve a relevant accounting of interest income and interest expenses for Latin American subsidiaries operating in countries with highly inflationary economies, interest income has been charged with foreign exchange adjustments attributable to financial assets, while financial expenses have been

credited with foreign exchange adjustments attributable to financial liabilities.

Note 5 Tax Expenses

As explained under Notes to the Financial Statements (g), the Company, effective in 1990, reports deferred taxes in timing differences (see Note 19). Under tax regulations in Sweden, companies are allowed to claim tax deductions by developing appropriations to certain reserves, and the provision for income taxes is determined by taking such tax relief into account.

The Swedish national tax rate is 40 percent for 1990 and 30 percent in 1991.

Profit-sharing tax is a corporate tax that was levied in Sweden for the first time in 1984, and was abolished effective in 1991.

Certain subsidiaries, mainly based in the United States and Argentina, had at December 31, 1990 tax loss carry-forwards, that can be utilized to reduce future taxable income, amounting to approximately SEK 791 m. Such loss carry-forwards expire as follows (in millions):

<i>Year of expiration</i>	<i>Amount</i>
1991	18
1992	5
1993	15
1994	2
1995	263
1996	0
1997	0
1998	0
1999	273
2000 or later	215
	791

In addition, the Parent Company had at December 31, 1990 unutilized tax deduction benefits related to its dividend payments, which can be applied during the period through the year 2010. In accordance with current Swedish law, these amounts are deductible in calculating income taxes, under the condition that a certain dividend level is achieved. If the proposed dividend for 1990 is applied to the unutilized tax deduction benefits for own dividend payments at December 31, 1990, an amount of SEK 1,984 m. could be deducted when calculating income tax during the period through the year 2010. The Parent Company also has unutilized tax deduction benefits of SEK 170 m. related to capital losses that can be utilized in determining tax payments through 1994.

Note 6 Adjusted Net Income per Share

<i>Consolidated</i>	<i>1990</i>	<i>1989**</i>	<i>1988**</i>
Income before taxes	4,855	3,715	1,840
Actual income taxes paid as reported*	-1,966	-1,546	-880
Minority interest in taxes paid	+260	+166	+73
Adjusted net income (after actual taxes paid)	3,149	2,335	1,033
Per share	15.33	11.67	5.41
Adjusted net income (after actual taxes paid)	3,149	2,335	1,033
Interest expenses on convertible debentures net of income taxes	+33	+44	+55
Foreign exchange differences on convertible debentures, net	+1	+25	-42
Adjusted net income (after actual taxes paid) after full conversion	3,183	2,404	1,046
Per share	14.66	11.06	4.82
Adjusted net income (after actual taxes paid)	3,149	2,335	1,033
Estimated deferred taxes in timing differences	227	195	111
Adjustment of deferred tax liabilities	-391	-374	+29
Minority interest in estimated deferred taxes	+74	-2	+22
Adjusted net income (after actual and estimated deferred taxes)	3,059	2,154	1,195
Per share	14.89	10.76	6.26
Adjusted net income (after actual and estimated deferred taxes)	3,059	2,154	1,195
Interest expenses on convertible debentures net of income taxes	+33	+44	+55
Foreign exchange differences on convertible debentures, net	+1	+25	-42
Adjusted net income (after actual and estimated deferred taxes) after full conversion	3,093	2,223	1,208
Per share	14.24	10.24	5.56

* Actual taxes paid in 1988 include estimated deferred taxes of SEK 115 m. attributable to timing differences in companies sold.

** Income per share and the average number of shares outstanding in 1989 and 1988 have been adjusted to reflect the 5-for-1 split.

Weighted average number of shares outstanding:

1990 – 205,372,418
1989 – 200,135,045
1988 – 190,833,730

Weighted average number of shares outstanding after full conversion:

1990 – 217,171,902
1989 – 217,172,365
1988 – 217,172,910

Note 7 Cash, Bank Deposits and Short-Term Cash Investments

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
Cash and bank deposits	3,135	2,158	79	380
Short-term cash investments	3,632	2,962	–	–
	6,767	5,120	79	380

Note 8 Notes and Accounts Receivable – Trade

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
<i>Due before 12 months</i>				
<i>Subsidiary companies</i>				
Accounts receivable	–	–	1,316	1,126
Financial receivables	–	–	2,909	3,221
Notes receivable	–	–	178	80
	–	–	4,403	4,427
<i>Other</i>				
Accounts receivable	15,334	12,196	1,456	1,599
Notes receivable	174	46	56	48
	15,508	12,242	1,512	1,647
<i>Due after 12 months</i>				
Accounts receivable	209	236	72	118
Notes receivable	168	197	129	147
	377	433	201	265

The allowance for doubtful accounts which has reduced the amounts shown above includes allowances for estimated losses based on commercial risk evaluations. The allowance does not include provisions for potential losses of a political nature.

Note 9 Other Current Assets

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
Prepaid expenses and accrued revenues	703	572	125	153
Advances to suppliers	292	224	–	–
Other current assets	1,808	1,810	635	903
	2,803	2,606	760	1,056

Note 10 Deposits Related to Untaxed Reserves

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
Account for General reserve for future capital expenditures	27	45	4	35
Account for Development reserve	11	27	1	5
Other	31	–	–	–
	69	72	5	40

Note 11 Investments

The following listing shows certain shareholdings owned directly and indirectly by the Parent Company. A complete listing of shareholdings, prepared in accordance with the Swedish Companies Act and

filed with the Swedish Patent and Registration Office, may be obtained upon request to Telefonaktiebolaget LM Ericsson, Corporate Financial Control, S-126 25 Stockholm, Sweden.

			Percentage of ownership		Par value	Carrying value
<i>Shares directly owned by the Parent Company</i>						
<i>Subsidiaries</i>						
<i>Sweden</i>	IV	ELLEMTTEL Utvecklings AB	Sweden	50	SEK	5 6
	I	Ericsson Business Communications AB	Sweden	100	SEK	360 335
	I	Ericsson Cables AB	Sweden	100	SEK	140 140
	I	Ericsson Components AB	Sweden	100	SEK	58 49
	I	Ericsson Radar Electronics AB	Sweden	100	SEK	30 128
	I	Ericsson Radio Systems AB	Sweden	100	SEK	50 52
	I	Ericsson Network Engineering AB	Sweden	100	SEK	25 26
	I	Ericsson Telecom AB	Sweden	100	SEK	– –
	I	Radiosystem Sweden AB	Sweden	100	SEK	20 20
		Other		–	SEK	– 212
<i>Europe (excluding Sweden)</i>	V	Ericsson Treasury Services	Ireland	100	IEP	– 607
	V	Ericsson Treasury Ireland Ltd	Ireland	100	USD	81 508
	III	LM Ericsson Holdings Ltd	Ireland	100	IEP	2 14
	III	Ericsson SETEMER S.p.A.	Italy	71	ITL	15,259 97
	III	Ericsson Holding International B.V.	The Netherlands	100	NLG	57 667
	III	Swedish Ericsson Company Ltd	United Kingdom	100	GBP	15 599
	IV	Ericsson Eurolab Deutschland GmbH	Germany	100	DEM	– 2
		Other		–		– 41
<i>U.S.A. and Canada</i>	I	Ericsson Communications Inc.	Canada	100	CAD	n.p.v. 0
	III	Ericsson North America Inc.	United States	100	USD	n.p.v. 540
	III	Ericsson GE Mobile Communications Holding Inc.	United States	60	USD	– 1,987
<i>Latin America</i>	II	Cía Argentina de Teléfonos S.A.	Argentina	78	ARA	59 24
	I	Cía Ericsson S.A.C.I.	Argentina	100	ARA	5 3
	I	Fios e Cabos Plásticos do Brasil S.A.	Brazil	21 *	NCZ	n.p.v. 55
	I	Ericsson de Colombia S.A.	Colombia	92 **	COP	221 27
	I	Teleindustria Ericsson S.A.	Mexico	72	MXP	n.p.v. 278
	I	Cía Anónima Ericsson	Venezuela	100	VEB	10 10
		Other		–		– 53
<i>Other Countries</i>	III	Teleric Pty. Ltd.	Australia	100	AUD	20 99
	I	Ericsson Telecommunications Sdn Bhd	Malaysia	70	MYR	2 4
		Other		–		– 21
					Total	– 6,604
<i>Associated Companies</i>	I	Ericsson do Brasil Comércio e Indústria S.A.	Brazil	51 ***	NCZ	24 82
	I	MET S.A.	France	20 *****	FRF	50 53
	I	Perwira Ericsson Sdn Bhd	Malaysia	40	MYR	2 5
	I	Oriental Telecommunication Company Ltd	Republic of Korea	50	KRW	3,000 31
	I	Ericsson Taiwan Ltd	Taiwan	55	TWD	55 12
	V	AB LM Ericsson Finans	Sweden	90 *****	SEK	29 41
		Other		–		– 27
					Total	– 251
<i>Other Companies</i>		Other		–		– 72
					Total	– 72

Key to functions of companies:

- | | |
|--|--|
| I Manufacturing and distributing companies | * Through subsidiary holdings, total holdings amount to 51% of Fios e Cabos Plásticos do Brasil S.A. |
| II Telephone operating companies | ** Through subsidiary holdings, total holdings amount to 100% of Ericsson de Colombia S.A. |
| III Holding companies | *** The voting shares total 26%. |
| IV Development companies | **** The voting shares total 40%. |
| V Finance companies | ***** Including holdings of associated companies, total holdings in MET S.A. amount to 26%. |

<i>Shares owned by the subsidiaries</i>		<i>Percentage of ownership</i>	
<i>Subsidiaries Sweden</i>	I Ericsson Radio Systems Sverige AB	Sweden	60
	I Svenska Elgrossist AB, SELGA	Sweden	67
	I Ericsson Mobile Communications AB	Sweden	60
<i>Europe (excluding Sweden)</i>	I Ericsson Business Communications NV/SA	Belgium	100
	I LM Ericsson A/S	Denmark	100
	I Oy LM Ericsson Ab	Finland	100
	I LM Ericsson Ltd	Ireland	100
	I Ericsson FATME S.p.A.	Italy	71
	I Ericsson SIELTE S.p.A.	Italy	71
	I Ericsson Telecommunicatie B.V.	The Netherlands	100
	III Ericsson Holding A/S	Norway	100
	I Industrias de Telecomunicación S.A. (Intelsa)	Spain	100
	I Ericsson Ltd	United Kingdom	100
	I Ericsson Telecom A/S	Norway	100
	I Ericsson Paging Systems B.V.	The Netherlands	100
	I Ericsson Mobilfunk GmbH	Germany	100
<i>U.S.A. and Canada</i>	I Ericsson GE Mobile Communications Inc.	Canada	60
	I Ericsson GE Mobile Communications Inc.	USA	60
	III Ericsson GE Holding Inc.	USA	60
	I Ericsson Radio Systems Inc.	USA	60
	I Ericsson Cables Inc.	USA	100
	I Ericsson Business Communications Inc.	USA	100
	I Ericsson Network Systems Inc.	USA	100
<i>Latin America</i>	I Fábricas Colombianas de Materiales Eléctricos Facomec S.A.	Colombia	100
	I Ericsson de Guatemala S.A.	Guatemala	71
	I Telecomponentes Ericsson S.A. de C.V.	Mexico	72
	I Conductores Latincasa S.A. de C.V.	Mexico	51
<i>Other Countries</i>	I LM Ericsson Pty. Ltd.	Australia	100
	I Ericsson Network Engineering Pte. Ltd.	Singapore	100
	I Ericsson Telekommunikasyon A.S.	Turkey	100

Key to functions of companies:

I Manufacturing and distributing companies	* Through subsidiary holdings, total holdings amount to 51% of Fios e Cabos Plásticos do Brasil S.A.
II Telephone operating companies	** Through subsidiary holdings, total holdings amount to 100% of Ericsson de Colombia S.A. *** The voting shares total 26%.
III Holding companies	**** The voting shares total 40%.
IV Development companies	***** Including holdings of associated companies, total holdings in MET S.A. amount to 26%.
V Finance companies	

Note 12 Other Noncurrent Assets

<i>Consolidated</i>	<i>1990</i>	<i>1989</i>
<i>Goodwill, net</i>		
Balance, January 1	409	475
Acquisitions/divestments	-103	-3
Amortization	-48	-63
Net carrying value, December 31	258	409
<i>Other noncurrent assets</i>	<u>1,425</u>	<u>1,409</u>
	1,683	1,818

Note 13 Property, Plant and Equipment

Property, plant and equipment is recorded at cost, including freight, customs duties and construction or installation costs (including labor and related overhead). However, certain assets have been revalued in accordance with accounting principles generally accepted in Sweden and in certain other countries.

Standard depreciation is based on historical cost and revaluation adjustments. Such depreciation is

based on the estimated useful lives of the assets and the accumulated amounts are deducted from the value of the assets.

Deferred taxes in total accumulated depreciation in excess of the accumulated standard depreciation is reported under Deferred taxes on timing differences in the balance sheet.

	Consolidated		Parent Company	
	1990	1989	1990	1989
<i>Cost</i>				
Land	160	123	31	31
Land improvements	75	23	19	19
Buildings	2,875	2,608	658	643
Telephone plants	1,033	1,055	-	-
Machinery and equipment	11,980	10,454	2,944	2,542
Constructions in progress	676	548	172	133
	16,799	14,811	3,824	3,368
<i>Accumulated standard depreciation</i>				
Land improvements	29	25	11	10
Buildings	857	854	276	260
Telephone plants	439	435	-	-
Machinery and equipment	6,875	6,214	1,500	1,294
	8,200	7,528	1,787	1,564
<i>Net carrying value</i>	8,599	7,283	2,037	1,804
<i>Accumulated total depreciation</i>				
Land improvements	44	44	16	16
Buildings*	1,318	1,335	300	280
Telephone plants	439	435	-	-
Machinery and equipment	8,436	7,600	2,193	1,885
	10,237	9,414	2,509	2,181
<i>Accumulated depreciation in excess of standard depreciation</i>				
	2,037	1,886	722	617
*) After transfer of accumulated depreciation in excess of standard depreciation to				
Revaluation reserve of	386	386	303	303
<i>Revaluation adjustments</i>				
Land	183	186	148	148
Buildings	583	594	336	336
Machinery and equipment	149	151	-	-
	915	931	484	484
<i>Less - Accumulated depreciation</i>				
Buildings	338	320	252	238
Machinery and equipment	118	118	-	-
	456	438	252	238
<i>Net carrying value</i>	459	493	232	246
<i>Tax assessment values (Sweden)</i>				
Land and land improvements	473	474	321	321
Buildings	1,319	1,323	792	791

Note 14 Short-Term Borrowings

Short-term borrowings consist of bank overdrafts, bank loans and other short-term financial loans. The unused portion of lines of credit for the Company amounted to SEK 1,394 m. In addition, the Parent Company had unused long-term lines of credit amounting to SEK 571 m.

Note 15 Other Current Liabilities

	Consolidated		Parent Company	
	1990	1989	1990	1989
Accrued expenses and prepaid revenues	4,547	3,930	1,284	1,060
Other	3,294	2,728	231	330
	7,841	6,658	1,515	1,390

Note 16 Debentures and Other Long-Term Liabilities

	Parent Company		1990	1989
	1990	1989		
Debentures (maturing from 1991 to 2004), bearing interest from 7.25% to 11.875% at December 31, 1990			1,108	1,590
Other long-term loans (maturing from 1991 to 2005), bearing interest from 9.2% to 16% at December 31, 1990			461	207
Other long-term liabilities			1	5
			1,570	1,802
Less - Current maturities			689	437
Total Parent Company			881	1,365
Remeasurement using year-end exchange rate			-	-66
<i>Subsidiaries</i>				
			1990	1989
<i>(excl. liabilities to subsidiary companies)</i>				
Mortgage and other collateralized loans (maturing from 1991 to 2005), at December 31, 1990			654	604
Other long-term loans (maturing from 1991 to 2013) at December 31, 1990			590	648
Other long-term liabilities			357	296
			1,601	1,548
Less - Current maturities			160	234
Total Subsidiaries			1,441	1,314
Total			2,322	2,613

Maturities of consolidated long-term debenture loans and other long-term loans (excluding other long-term liabilities in subsidiaries with deduction of short-term portion of SEK 10 m.) were as follows:

1992	236
1993	828
1994	262
1995	111
1996	75
1997 and thereafter through 2013	463
	1,975

Debentures and other long-term loans, excluding other long-term liabilities in subsidiaries, were repayable in the following currencies:

ESP	770
SEK	670
GBP	100
NOK	84
FIM	76
USD	66
AUD	58
ITL	23
CHF	3
Other currencies	125
	<hr/> 1,975

Note 17 Convertible Debentures

The Parent Company has two debenture loans outstanding. Both were issued during 1987. One is in the amount of CHF 135 m., with a maturity of 15 years and interest of 2.75 percent. The debentures are convertible up to and including February 1, 2002 at a conversion price, following the stock split, of SEK 65 per B share. During 1990 debentures in the amount of CHF 4.6 m. were converted to 292,756 B shares.

The second loan, offered exclusively to Ericsson employees, was in the amount of SEK 626.4 m., with interest of 11.25 percent, a maturity of 5 years and a conversion price after the split of SEK 53. During 1990, debentures in the amount of SEK 29.8 m. were converted to 561,657 B shares.

In total, the increase in the number of shares through conversion in 1990 was 854,413. As a result, capital stock rose to SEK 2,057 m. and the number of shares to 205,729,083.

Upon conversion of all convertible debentures outstanding, the number of shares will be further increased by 11,442,898.

During the period beginning January 1, 1991 through February 15, 1991, additional debentures were converted to 6,695 B shares; as a result the total number of shares carrying rights to dividends as of the record date is 205,735,778.

Note 18 Pension Liabilities

The pension liabilities, SEK 4,081 m., include the Parent Company's and the Swedish companies' obligations in the amount of SEK 3,195 m. in 1990 and SEK 2,772 m. in 1989 in accordance with an agreement with the Pension Registration Institute (PRI).

The Parent Company's pension liabilities, SEK 1,635 m., include an obligation in the amount of

SEK 1,543 m. in 1990 and SEK 1,239 m. in 1989 in accordance with its agreement with PRI.

Note 19 Timing differences

Companies in many countries are permitted to make allocations to reserves that are deductible for tax purposes but which otherwise are not warranted in terms of corporate accounting.

The Reserve for receivables and intercompany profits consists mainly of allocations based on the value of certain receivables and internal profits.

The Inventory reserve consists of an allocation in a maximum amount of 40 percent of the acquisition cost of inventory calculated in accordance with the "first-in/first-out" principle, except when the allocation is combined with an allocation to an Income equalization reserve, in which case the Inventory reserve may amount to a maximum of 30 percent of acquisition cost.

The reserve for internal profits in inventory related to internal sales is deducted from the Inventory reserve.

The Income equalization reserve consists of an allocation based on annual payroll and in 1990, in combination with the Inventory reserve, amounts to a maximum of 15 percent of the payroll.

The Foreign exchange reserve and Depreciation in excess of standard depreciation are described in paragraphs (d) and (g) under Notes to the Financial Statements.

Effective in 1991, all of the above reserves with the exception of the Foreign exchange reserve and Depreciation in excess of standard depreciation have been abolished. They have been replaced by a Tax equalization reserve calculated either as 30 percent of shareholders' equity or 15 percent of a company's annual payroll.

The abolished reserves are being recovered as taxable items over a maximum period of four years.

Timing differences 1990

	Jan. 1	Allo- cations (+) / Withdraw- als (-)	Dec. 31
<hr/> <i>Parent Company</i>			
Reserve for doubtful receivables and intercompany profits	1,445	-296	1,149
Inventory reserve	948	-275	673
Investment reserves	141	-40	101
Foreign exchange reserve	0	7	7
Income equalization reserve	0	325	325
	<hr/> 2,534	<hr/> -279	<hr/> 2,255

	Jan. 1	Alloca- tions (+) / Withdraw- als (-)	Dec. 31
<i>Consolidated</i>			
Reserve for doubtful receivables and intercompany profits	2,287	450	2,737
Inventory reserve	454	-522	-68
Investment reserves	266	-69	197
Foreign exchange reserve	102	-95	7
Income equalization reserve	0	516	516
Accumulated depreciation in excess of standard depreciation	1,886	151	2,037
	4,995	431	5,426
Deferred taxes	-2,010	227	-1,783
Equity in timing differences before minority interest	2,985	658	3,643
Minority interest	-18	-153	-171
Equity in timing differences	2,967	505	3,472

Changes in untaxed reserves in the Parent Company in 1989 consisted of the following: Withdrawal from Inventory reserve, SEK 0 (134 m.); Allocation to Reserve for doubtful receivables and internal profits, SEK 763 m. (1); and Withdrawal from Investment reserves, SEK 15 m. (Allocation: -20).

Note 20 Stockholders' Equity

Capital Stock

Capital Stock at December 31, 1990 consisted of the following:

	Number of shares out- standing	Aggregate par value
A shares (par value SEK 10)	18,642,575	186
B shares (par value SEK 10)	187,086,508	1,871
	205,729,083	2,057

The capital stock of the Company is divided into two classes: Class A shares (par value SEK 10) and Class B shares (par value SEK 10). Both classes have the same rights of participation in the net assets and earnings of the Company; however, Class A shares are entitled to one vote per share while Class B shares are entitled to 1/1000th of one vote per share.

Reserves not Available for Distribution

In accordance with statutory requirements in Sweden and certain other countries in which the Company is operating, reserves not available for distribution are reported.

Generally, investments in subsidiaries and associated companies and property, plant and equipment may be revalued in accordance with the Swedish Accounting Act. Revaluation adjustments to

property, plant and equipment must be depreciated when required under accounting principles generally accepted in Sweden. Land and buildings may be revalued up to a maximum of the tax assessed value of the assets if the value of the assets is considerably higher than their underlying carrying value.

The Swedish Companies Act requires that revaluations be credited to capital stock or to reserves not available for distribution and that they may be used for necessary write-downs of other items of property, plant and equipment and other noncurrent assets.

The appropriations of retained earnings to legal reserves in 1990 include earnings in associated companies amounting to SEK 198 m.

Increases or decreases in reserves not available for distribution have no effect on net income.

Cumulative Translation Adjustments

This item is included in stockholders' equity consisting of translation adjustments resulting from the translation to Swedish kronor of financial statements of subsidiaries and associated companies to the extent that the local currencies of such companies, or the United States dollar, are considered to be functional currencies in accordance with Statement No. 52 of the Financial Accounting Standards Board of the U.S.A. (SFAS 52), see (d) under Notes to the Financial Statements.

Changes in Stockholders' Equity

	Capital stock	Reserves not avail- able for dis- tribution	Equity in timing differ.	Available in retained earnings	Total
<i>Consolidated</i>					
Balance, January 1, 1990	2,049	5,878	2,967	3,102	13,996
Appropriations to legal reserves		275		-275	0
Conversion of debentures	8	40			48
Dividends				-574	-574
Changes in timing differences			114	-114	0
Changes in cumulative translation adjustments		-167			-167
Translation at year-end exchange rates		-92		92	0
Revaluation of deferred tax liability on timing differences			391	-391	0
Net income for 1990				3,450	3,450
Balance December 31, 1990	2,057	5,934	3,472	5,290	16,753

Effective 1989, cumulative translation adjustments have been included in restricted reserves. Of the change in cumulative translation adjustments, SEK +6 m. was attributable to companies sold.

Of the retained earnings, SEK 35 m. will be appropriated to reserves not available for distribution in accordance with the proposals of the respective companies' boards of directors. In evaluating the consolidated financial position, it should be noted that earnings in the foreign companies may in certain cases be subject to taxation when transferred to Sweden and that, in some instances, such transfers of earnings may be limited by currency restrictions.

Consolidated unrestricted retained earnings are translated at the year-end exchange rate.

Effective in 1989, Ericsson's share of uneliminated unrestricted reserves in foreign subsidiaries is translated at year-end exchange rates. The increase in unrestricted equity resulting from this revaluation has reduced Ericsson's restricted reserves.

	<i>Capital stock</i>	<i>Reserves not avail- able for dis- tribution</i>	<i>Available retained earnings</i>	<i>Total</i>
<i>Parent Company</i>				
Balance, January 1, 1990	2,049	3,074	1,696	6,819
Conversion of debentures	8	40	-	48
Dividends	-	-	-574	-574
Net income for 1990	-	-	1,162	1,162
Balance, December 31, 1990	2,057	3,114	2,284	7,455

Note 21 Assets Pledged as Collateral

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
Real estate mortgages	386	386	110	110
Other mortgages	483	682	160	160
Shares	251	78	-	-
Accounts receivable - trade	2	2	-	-
	1,122	1,148	270	270

At December 31, 1990, the Parent Company had pledged no assets in favor of subsidiaries. However, under certain conditions, it may pledge collateral for certain subsidiaries' pension obligations.

Note 22 Contingent Liabilities

	<i>Consolidated</i>		<i>Parent Company</i>	
	<i>1990</i>	<i>1989</i>	<i>1990</i>	<i>1989</i>
Discounted notes receivable	2	6	-	-
Receivables sold with recourse	678	765	609	541
Unrecorded pension commitments	69	65	-	-
Other guarantees	1,343	1,235	2,264	2,006
	2,092	2,071	2,873	2,547

Of the guarantees assumed by the Parent Company, SEK 1,782 m. in 1990 and SEK 1,306 m. in 1989 related to subsidiary companies.

Note 23 Investments in Associated Companies

The Company has interests in associated companies which are accounted for under the equity method. Details of such investments are given in Note 11.

Intercompany profits arising on transactions between the Company and associated companies have been eliminated in the consolidated financial statements.

Dividends received from companies accounted for under the equity method were SEK 43 m. in 1990, SEK 75 m. in 1989 and SEK 71 m. in 1988.

Undistributed earnings of associated companies included in consolidated equity were SEK 653 m. in 1990, SEK 641 m. in 1989 and SEK 602 m. in 1988.

Note 24 United States Generally Accepted Accounting Principles

Elements of the Company's accounting policies which differ significantly from generally accepted accounting principles in the United States (U.S. GAAP) are described below:

(a) Revaluation of Assets

Certain property, plant and equipment has been revalued at an amount in excess of cost. This procedure, under certain circumstances, is allowed under Swedish accounting practice. Accounting principles generally accepted in the United States do not permit the revaluation of assets in the primary financial statements.

(b) Appropriations and Untaxed Reserves

As described in Note 19, the Company is allowed to make appropriations to untaxed reserves which are used principally to defer income taxes. For financial reporting purposes, these appropriations are deducted in determining income before taxes. Effective in 1990 (with retroactive adjustment in 1989 and 1988) allocations to reserves in the con-

solidated accounts for deferred taxes are made on appropriations, inclusive taxes on intercompany profits paid by selling companies (previously separately reported in this note).

(c) Capitalization of Interest Expenses

In accordance with Swedish accounting practice, the Company has not capitalized interest costs incurred in connection with the financing of expenditures for the construction of property, plant and equipment. Such costs are required to be capitalized in accordance with accounting principles generally accepted in the United States.

(d) Business Combination Adjustments

In accordance with Swedish accounting practice, the Company shows negative goodwill as a deferred credit which is released as income over a period not exceeding ten years (also see Notes to the Financial Statements (b) and Note 12). Under accounting principles generally accepted in the United States, negative goodwill should be applied as a reduction of noncurrent assets acquired and be amortized over the economic life of each asset.

(e) Tax on retained earnings in associated companies

In accordance with Swedish accounting practice an allocation is not made for deferred taxes on undistributed profits of companies that are reported applying the equity accounting method. Under accounting principles generally accepted in the United States, the company holding shares should make allocations for deferred taxes on dividends paid from these earnings.

(f) Translation of Noncurrent Receivables and Long-Term Liabilities

Under accounting principles generally accepted in the United States, all assets and liabilities denominated in foreign currencies are translated at the current exchange rate. Under Swedish accounting practice, effective in 1990, exchange gains arising from noncurrent receivables and payables denominated in foreign currencies may not be recorded as income for individual legal entities until realized. As described under Notes to the Financial Statements (d), effective in 1988, receivables and liabilities in foreign currencies have been translated at year-end exchange rates and thereafter allocations to deferred taxes are made in the consolidated accounts for unrealized gains on foreign exchange.

(g) Sale of Property

In 1984, 1986 and 1987, Group Companies sold properties which are being leased to other subsidiaries under contracts which expire in 1997.

Under accounting principles generally accepted in the United States, the gain on sales during 1984 and 1986 is reduced by the present value of future

rental payments, which are deferred and amortized over the remaining term of the contract. The liability attributable to a 1986 sale has effected income in 1988 when the lease contract was transferred. The gain on the sale during 1987 is considered a financing arrangement and the proceeds are therefore treated as a liability. In accordance with Swedish accounting practice, no reduction in profit has to be made if the sale price does not exceed the market price and if leasing costs do not exceed normal market leasing rates.

(h) Deferred Income Taxes

There is no provision for deferred income taxes under Swedish accounting practice. Accounting principles generally accepted in the United States require full recording of all deferred tax allocations. As described above in (b), allocations were made in 1988, 1989 and 1990 to deferred taxes on timing differences in accordance with the liability method, and based on the applicable tax rates in the current year.

The "deferred method" has been used in calculating deferred tax when determining income and equity in accordance with U.S. GAAP. Accordingly, the liability is the sum of the various years' deferred taxes, calculated by applying the tax rate for each year.

(i) Pensions

The Company participates in several pension plans which cover substantially all employees of its Swedish operations as well as certain employees in foreign subsidiary companies. The Swedish plans are administered by an institution jointly established for Swedish industry (PRI) in which most companies in Sweden participate. The level of benefits and actuarial assumptions are established by this institution and, accordingly, the Company may not change these.

In December 1985 the Financial Accounting Standards Board issued a new recommendation on accounting for pensions, Statement No. 87, Employers' Accounting for Pensions. From 1989 this recommendation is used for determining income in accordance with generally accepted accounting principles in the United States.

The effects of using this recommendation for the Company principally relate to the actuarial assumptions, and that the calculation of the obligation should reflect future compensation levels. The difference relative to pension liabilities booked is distributed over the estimated remaining service period.

(j) Net Income per Share

Net income per share has been calculated on the annual weighted average number of shares outstanding as well as the annual weighted average number of shares after full conversion of outstanding convertible debentures (also see Note 6).

The application of accounting principles gener-

ally accepted in the United States, as described above, would have had the following approximate effect on consolidated net income and stockholders' equity. It should be noted that, in arriving at the individual items increasing or decreasing reported net income, consideration has been given to the effect of minority interests.

	1990	1989	1988
Net income as reported in the consolidated income statements	3,450	2,528	1,166
Items increasing reported income:			
Depreciation on revaluation adjustments including effect on sale	28	24	47
Capitalization of interest expenses	17	35	28
Sale of property	1	8	34
Pensions	173	18	—
	219	85	109
Items decreasing reported income:			
Deferred income taxes	321	473	98
Business combination adjustments	5	18	-65
Income taxes on undistributed earnings of associated companies	-35	12	14
	291	503	47
Net increase/decrease (-) in reported net income	-72	418	62
Approximate net income in accordance with accounting principles generally accepted in the United States	3,378	2,110	1,228
Approximate net income per share in accordance with accounting principles generally accepted in the United States	16.45	10.54	6.43
after full conversion	15.71	9.99	5.81

(k) Stockholders' Equity

Approximate stockholders' equity in accordance with accounting principles generally accepted in the United States	15,049	12,359	9,694
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Supplementary Information Required under the Swedish Companies Act

Average Number of Employees and Remuneration in 1990

	Average number of employees		Remuneration
	Men	Women	
<i>Consolidated</i>			
Sweden	18,021	8,534	4,740
Other countries	30,063	9,520	6,057
	48,084	18,054	10,797

	Average number of employees		Remuneration
	Men	Women	
<i>Parent Company</i>			
Sweden	7,620	3,962	2,252
Other countries	603	33	82
	8,223	3,995	2,334

Paid to Board of Directors, President and Corporate Executive Vice Presidents	12
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Remuneration in foreign currency has been translated to Swedish kronor at average exchange rates for the year.

The Parent Company has operational units with 20 or more employees in 10 Swedish municipalities and has operations in 18 countries. On a consolidated basis there are 29 operational units in Sweden and operations in 60 countries.

A detailed listing showing the average number of employees and the amounts of remuneration, prepared in accordance with the requirements of the Swedish Companies Act, is filed with the Swedish Patent and Registration Office. The list is available upon request to Telefonaktiebolaget LM Ericsson, Corporate Financial Control, S-126 25 Stockholm, Sweden.

Special Information Regarding the Parent Company

Sales of the Parent Company amounted to SEK 10,744 m. (SEK 11,041 m.), of which exports accounted for 83 (83) percent. Consolidated companies were customers for 65 (59) percent of the Parent Company's sales, while 45 (50) percent of the Company's total purchases of goods and services were from such companies.

Loans totaling SEK 5 m. have been made to a total of 800 employees for the purchase of shares in LM Ericsson's Share Saving Fund. Assets totaling SEK 7 m. have been pledged as collateral for loans obtained by employees for the purchase of housing and private vehicles.

Publications for Investors

Financial publications, including the annual report, interim reports and Form 20-F (filed with The Securities and Exchange Commission, U.S.A. no later than June 30 every year) may be obtained without charge upon request to: Telefonaktiebolaget LM Ericsson, Ericsson Media, S-126 25 Stockholm, Sweden.

Audit Report

Telefonaktiebolaget LM Ericsson

We have examined the annual report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President for the year 1990 in accordance with generally accepted auditing standards.

The annual report and the consolidated financial statements present the financial position, the results of operations and changes in financial position of the Parent Company and of the Parent Company and consolidated subsidiaries in accordance with good accounting practice in Sweden, as described in the notes to

the financial statements, and comply with the Swedish Companies Act.

We recommend

- that* the Company's statement of income and balance sheet be adopted,
- that* the consolidated statement of income and balance sheet be adopted,
- that* the unappropriated earnings be dealt with in accordance with the proposal in the administration report, and
- that* the Board of Directors and the President be discharged from responsibility for their administration in respect of the year 1990.

Stockholm, March 14, 1991

Carl-Eric Bohlin
*Swedish Authorized
Public Accountant
Price Waterhouse*

Nils-Axel Frisk

Olof Herolf
*Swedish Authorized
Public Accountant
Price Waterhouse*

Ten-Year Summary

SEK m	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Results for Year										
Net sales	45,702	39,549	31,297	32,400	31,644	32,496	29,378	25,244	19,470	16,194
Operating income	5,694	4,557	2,678	2,185	2,295	1,671	2,334	2,530	1,988	2,304
Financial net	-163	-431	-553	-895	-1,180	-952	-914	-802	-949	-1,134
Income before taxes	4,855	3,715	1,840	1,108	911	878	1,569	1,758	1,349	1,192
Year-End Position										
Total assets	47,167	40,856	34,625	33,282	34,232	37,122	37,632	30,606	25,737	21,896
Working capital	16,965	14,975	12,944	13,880	14,724	16,707	17,042	12,828	10,250	9,133
Property, plant and equipment, net	9,058	7,776	6,679	6,778	6,835	7,549	7,144	6,176	5,817	4,783
Long-term liabilities ¹⁾	8,795	9,008	9,945	10,864	11,163	8,566	7,658	6,673	7,230	6,383
Untaxed reserves						4,794	5,030	4,333	3,617	3,251
Stockholders' equity ¹⁾²⁾	16,753	13,996	10,909	9,897	9,694	9,298	9,075	8,386	5,965	5,280
– after full conversion ¹⁾²⁾	17,398	14,721 *	12,450	11,512	9,695	9,501	9,281	8,597	6,203	5,503
Other Information										
Adjusted net income per share, SEK ³⁾										
– after actual taxes paid	15.33	11.67	5.41	3.58	2.99	2.52	6.11	6.89	5.01	4.22
after full conversion	14.66	11.06	4.82	3.56	2.99	2.51	5.98	6.73	4.87	4.21
– after actual and estimated deferred taxes	14.89	10.76	6.26	3.85	3.44	3.03	4.00	4.41	3.43	3.35
after full conversion	14.24	10.24	5.56	3.82	3.43	3.00	3.94	4.33	3.36	3.34
Net income per share in accordance with U.S. GAAP, SEK ³⁾	16.45	10.54	6.43	3.44	3.44	3.98	3.90	4.95	3.22	–
after full conversion	15.71	9.99	5.81	3.36	3.44	3.79	3.90	4.90	3.22	–
Stockholders' equity per share, SEK ¹⁾²⁾³⁾	82	70	57	52	51	50	49	45	37	48
after full conversion	80	68	57	53	51	50	49	45	36	47
Cash dividends per share ³⁾	3.50*	2.80	2.10	1.80	1.80	1.80	1.80	1.80	1.50	1.30
Shares outstanding – average (in thousands) ³⁾	205,372	200,135	190,834	190,810	190,055	184,755	184,495	176,655	163,415	108,940
Additions to property, plant and equipment	3,448	2,672	1,739	1,592	1,643	2,677	2,192	1,645	1,662	1,275
Depreciation	1,572	1,294	971	1,213	1,133	1,308	1,039	945	774	621
Research and development – expenses	4,901	4,329	3,529	3,204	3,117	2,798	2,355	1,973	1,638	1,359
– in percent of net sales	10.7	10.9	11.3	9.9	9.9	8.6	8.0	7.8	8.4	8.4
Ratios										
Return on equity, percent ¹⁾	20.4	17.5	11.5	7.5	6.9	6.1	8.5	10.9	10.0	11.0
Return on capital employed, percent ¹⁾	25.9	23.7	16.0	13.1	13.1	11.3	13.6	17.8	16.5	18.8
Equity ratio, percent ¹⁾	39.3	37.8	33.9	32.0	30.5	26.5	27.0	31.4	26.9	28.4
Risk-bearing capital ratio, percent	43.1	42.7	40.2	38.9	37.5	32.9	33.7	38.5	33.9	35.8
Debt-equity ratio ¹⁾	0.5	0.6	0.8	1.0	1.1	1.5	1.5	1.1	1.5	1.4
Current ratio	1.7	1.8	1.9	2.0	1.9	1.6	1.6	1.8	1.7	1.9
Year-End Statistics										
Backlog of orders	30,415	29,426	26,876	24,171	23,625	23,055	25,161	21,565	20,991	17,701
Number of employees worldwide	70,238	69,229	65,138	70,893	72,575	78,159	75,116	70,783	66,300	69,860
Sweden	30,817	32,226	32,094	37,386	38,559	40,172	37,458	34,543	31,130	31,030

* For 1990, proposed by the Board of Directors

1) 1987-1989 adjusted for change in accounting policies

2) 1981-1986, adjusted stockholders' equity as stated in prior annual reports

3) Prior years adjusted for 5-for-1 stock split

Definitions of terms used above are given on next page.

Ten-Year Summary

Definitions of Terms Used on Previous Page

Operating income

Takes into account standard depreciation.

Financial net

Financial income less financial expenses. Financial expenses include both operational and financial gains and losses on foreign exchange in 1981. Financial expenses in 1982 through 1990 include only financial gains and losses on foreign exchange as explained in (d) under Accounting Policies.

Working capital

Current assets less non-interest-bearing current liabilities.

Property, plant and equipment

Stated net of accumulated standard depreciation.

Adjusted net income per share

See (k) under Accounting Policies, and Note 6.

Current ratio

Current assets divided by current liabilities.

Adjusted stockholders' equity

Only for the years 1981-1986. Defined as stockholders' equity as shown in the balance sheet (excluding minority interest in stockholders' equity) plus 50 percent of untaxed reserves (assuming 50 percent deferred taxes on untaxed reserves).

Return on equity

Defined as adjusted net income (after actual taxes paid and estimated deferred taxes) expressed as a percentage of average adjusted stockholders' equity (based on the amounts at January 1 and December 31), adjusted for increases resulting from a reduction in the tax rate on the equity portion of timing differences.

Return on capital employed

Defined as the total of operating income plus financial income as a percentage of average (based

on the amounts at January 1 and December 31) capital employed. Capital employed is defined as total assets less current noninterest-bearing debts and deferred taxes on timing differences. For the years 1981-1986, reduced by 50 percent on untaxed reserves. For the years 1980-1985, the return has been based on capital employed at year-end.

Equity ratio

Defined as the total of stockholders' equity and minority interest in equity of consolidated subsidiaries, expressed as a percentage of total assets.

In the years 1981-1986, defined as total of stockholders' equity, 50 percent of untaxed reserves and minority interest in equity of consolidated subsidiaries, expressed as a percent of total assets.

Risk-bearing capital ratio

Defined as the total of stockholders' equity, deferred taxes on timing differences and minority interest in equity of consolidated subsidiaries, expressed as a percentage of total assets. In the years 1981-1986, defined as total of stockholders' equity, untaxed reserves and minority interest in equity of consolidated subsidiaries, expressed as a percent of total assets.

Debt-equity ratio

Defined as full interest-bearing liabilities divided by the total of stockholders' equity and minority interest in equity of consolidated subsidiaries. In the years 1981-1986, defined as full interest-bearing liabilities divided by the total of stockholders' equity, 50 percent of untaxed reserves, and minority interest in equity of consolidated subsidiaries.

Net income per share after full conversion

If adjusted net income per share after full conversion is higher than adjusted net income per share before full conversion, the lower amount is shown.

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**Total sales in 1990
amounted to SEK
22,614 m.**

Operations are focused on the development, production and installation of telecommunications equipment for telecom operators. The Business Area comprises the following product areas:

Telephone exchanges

Transmission equipment

The year 1990 involved new marketing successes, with very good growth in many of the Business Area's most important markets, including the United States, Spain, Italy and Mexico. The AXE system for both fixed and mobile telephone networks is now in service or on order in 81 countries.

Successes in the U.S.

New volume-orders and general agreements were signed in the U.S. during the year and more than 400,000 lines were installed there. A very good base has been established for achieving during 1991 the 10-percent share of the market for local exchanges that is the initial target of Ericsson's program in the U.S. The AXE system is now in operation in four of the seven regional Bell operating companies.

Large order in Mexico

A contract was signed in April covering deliveries of AXE exchanges and power equipment to Telmex, the national telecommunications administration in Mexico.

The contract, which involved the largest single order for AXE equipment during the year, also comprises deliveries of transmission equipment.

Strong expansion in Australia

Telecom Australia is one of Ericsson's largest customers. Major new orders were received during the year for installation of local and

trunk exchanges as well as exchanges to expand the mobile telephone network.

A total of 2.4 million local AXE lines have been installed or are on order in Australia.

Great Britain is largest AXE market

Great Britain continues to be the largest single AXE market, with a total of 4.2 million lines installed or on order. Ericsson has installed 3.2 million lines in British Telecom's national networks since 1985. A new general agreement extending to April 1992 was signed during the year.

At the same time, an agreement was also reached covering further development of the AXE system for the British telecommunications network during the 1990's.

Strong year in Spain

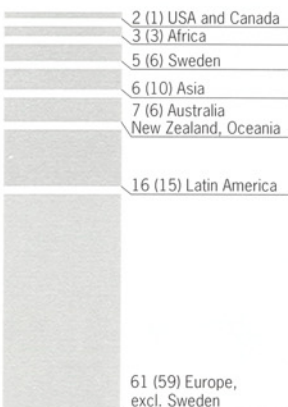
In Spain, the year ended on a strong note for Ericsson, making 1990 the Company's most successful year to date in this market. Telefonica, the government telecommunications authority, has purposefully made large investments in the country's telecommunications services in recent years. Capital expenditures in 1990 were the highest to date.

Ericsson strengthened its share of the market in Spain during the year.

Breakthrough in Hungary

A strategic breakthrough was recorded in Hungary, where Ericsson received an order for AXE exchanges and transmission equipment

**Geographic distribution
of external sales,
percent**



The Business Area in brief

SEK m. and percentage of Ericsson totals

	1990		1989		1988	
Order bookings, external	21,571	44%	17,438	42%	15,868	44%
Net sales, external	20,414	45%	17,280	44%	13,677	44%
Net sales, internal	2,200	—	1,934	—	1,302	—
Operating income after depreciation	3801	—	3,539	—	1,929	—
Employees	32,779	47%	33,289	48%	32,386	50%

for delivery during 1991. The order was the first within the framework of a five-year contract.

Principal supplier in Norway

In Norway, Ericsson was selected as a new principal supplier for planned expansion of the country's telecommunications network. A general agreement covering the period up to 1994 was signed. Orders received during 1990 include digital AXE exchanges with ISDN (Integrated Services Digital Network) capabilities, intelligent networks, and TMOS (Telecommunications Management and Operations Support) systems. Ericsson will also supply a digital GSM mobile telephone system.

Swedish-Finnish ISDN network

The first ISDN link between Sweden and Finland was inaugurated in June. The network comprises 200 ISDN lines for simultaneous transmission of voice and data.

During the year Ericsson signed a new general agreement with Televerket, the Swedish telecommunications administration, covering deliveries of AXE exchanges during the 1991-1993 period.

AXE in North Africa and the Middle East

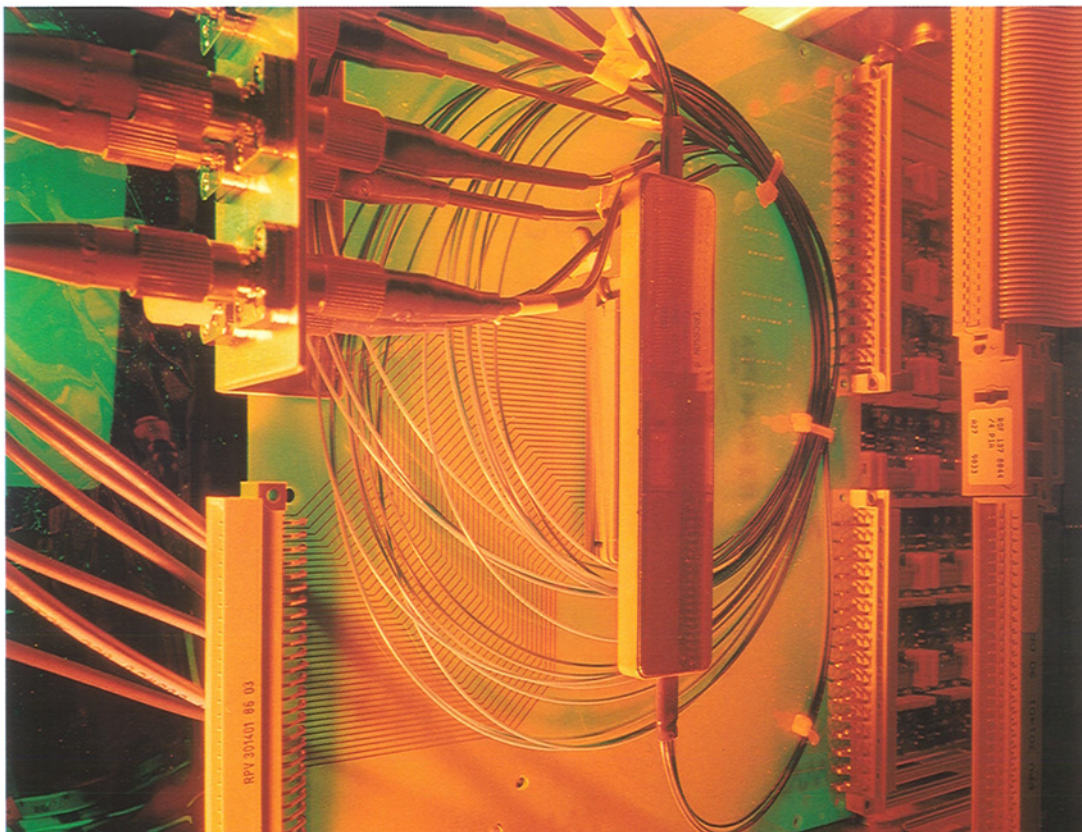
Ericsson received a succession of orders for public telecommunications equipment in the Middle East and North Africa during 1990. The contracts covered telephone exchanges as well as transmission equipment.

Transmission equipment for Germany

Deutsche Bundespost Telekom selected the Flexnode consortium as one of three suppliers of cross connect equipment for the German telecommunications network. Ericsson is one of three members of the consortium. The order is strategically important for Ericsson's growth in the field of public telecommunications in Germany, as well as for the continuing development of DXC.

New product area

TMOS (Telecommunications Management and Operations Support) is a new family of products for operation and maintenance of networks. Orders for the new system were received in Finland, the U.S. and Italy during the year. TMOS is expected to become one of the Business Area's more important products during the 1990's.



An important step towards the broadband network of the future was taken during the year when the first demonstrator for optical switching was displayed.

Total sales in 1990 amounted to SEK 11,693 m.

The Business Area comprises the following product areas:

Mobile telephone systems

Mobile telephones

Mobile radio

Mobile data systems

Personal paging systems

Defense communications

1990 was truly a record year, marked by very strong growth for the Business Area. The market for cellular mobile telephone systems continued to develop at a rapid pace and the number of subscribers passed the 10-million mark during the year. Of this number, slightly more than four million were linked to Ericsson systems, representing a continuing 40-percent share of the world market.

GSM system supplier in Germany

During the year, a succession of telecommunications network operators in Europe, including operators in Germany, Sweden, Norway and Finland, selected Ericsson to supply equipment for the new GSM (Groupe Speciale Mobile) digital cellular mobile telephone system. The European GSM consortium comprises a total of 18 countries; to date, Ericsson has received contracts for system deliveries from ten of them.

The largest commercial event of the year was the agreement with Mannesman Mobilfunk covering the supply and installation of part of the German D2 mobile telephone network that will be placed in service beginning in the second half of 1991. This project extends into 1992.

Expansion in Mexico – Singapore becomes new market

A number of important contracts were signed with Telmex, the Mexican telecommunications administration, during the year. Cellular mobile telephone systems were delivered to Mexico City, Guadalajara, Monterrey and Tijuana. Singapore Telecom placed an order for a new mobile telephone system.

First cellular mobile telephone system in eastern Europe

During the year Ericsson made a strategic breakthrough into Hungary, where eastern

Europe's first modern mobile telephone network was placed in service following a record-fast installation.

Ericsson GE system in New York area

1990 was the first full operating year for the U.S.-based company owned jointly by Ericsson and General Electric. This joint venture has created increased confidence in Ericsson in North America, which has contributed to continuing major successes in the market.

One of the largest and most significant agreements was the contract with McCaw Cellular Communications Inc. and LIN Broadcasting Corporation in the U.S. covering expansion and upgrading of mobile telephone systems in their most important markets. Systems to be replaced include one that is serving subscribers in New York and New Jersey. McCaw is also replacing its systems in the Pacific Northwest with Ericsson equipment. The aim of the agreement with McCaw is to create a nationwide mobile telephone system in the U.S.

Orders were received for exchanges and radio base stations to upgrade and enlarge existing systems in Los Angeles, Chicago, San Francisco, Sacramento, Las Vegas, the state of Florida and other locations.

New development center in the U.S.

Ericsson GE Mobile Communications opened its new development center in Research Triangle Park in Raleigh, North Carolina during the autumn. The new facility is an American center of expertise for development of digital mobile telephony and for land mobile radio.

Mobile telephones

The Hot Line Pocket telephone for the NMT 900 system was launched successfully in Europe during the year. Sales were especially

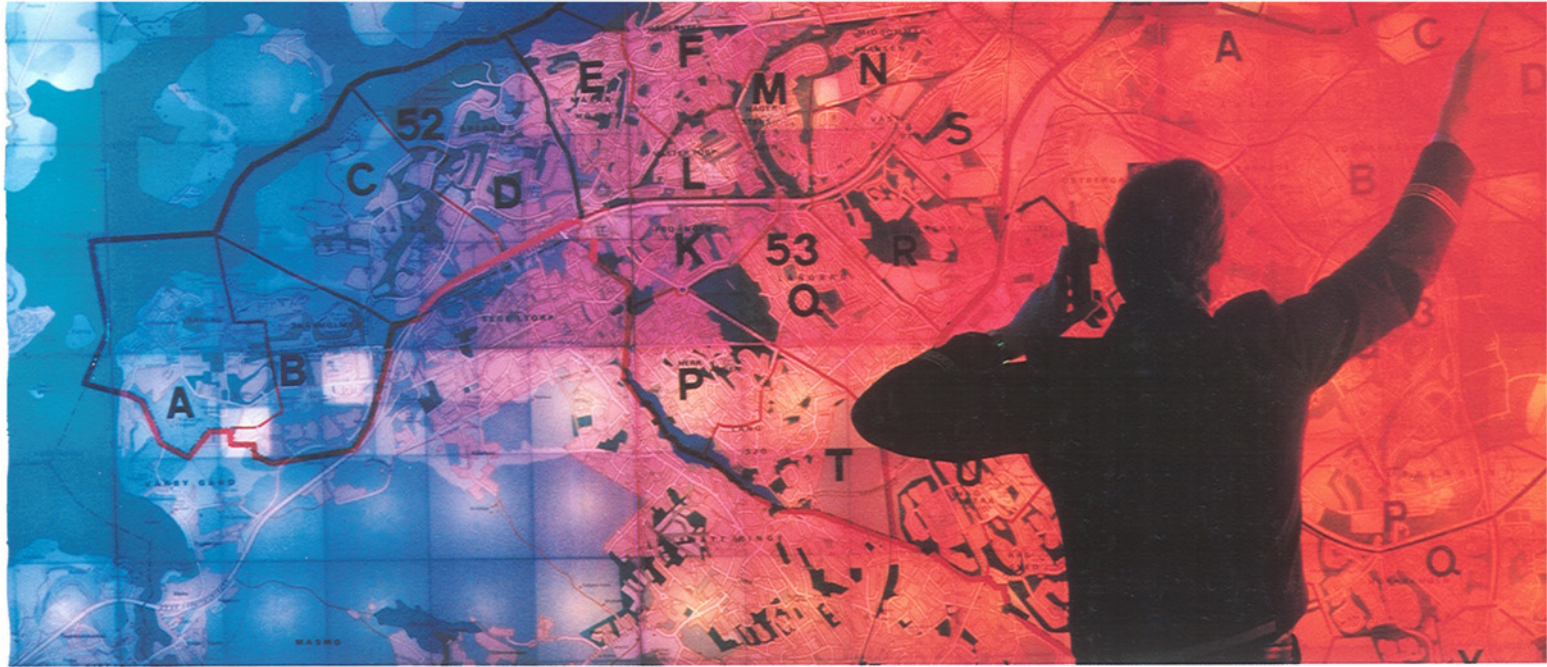
Geographic distribution of external sales, percent



The Business Area in brief

SEK m. and percentage of Ericsson totals

	1990		1989		1988	
Order bookings, external	13,335	27%	9,340	22%	5,107	14%
Net sales, external	11,564	25%	8,062	20%	4,745	15%
Net sales, internal	129	–	51	–	91	–
Operating income after depreciation	886	–	692	–	264	–
Employees	12,084	17%	10,142	15%	6,298	10%



strong in Sweden, Norway, Denmark, Finland and Switzerland. It was a good year for this product.

Mobile Radio and Mobile Data

The Mobile Radio and Mobile Data systems business units have been restructured, giving them more international profiles. The development of new products strengthened the units' positions for operations in 1991. Important mobile radio contracts were signed in New York, Texas, Missouri and Hong Kong.

Taiwan becomes a major customer

The world's largest Wide Area Paging (WAP) network for nationwide personal paging was placed in service in Taiwan. At year-end this Ericsson system had 650,000 subscribers.

Norway buys tactical radio

The Norwegian Armed Forces placed an important order for tactical radio systems. The contract, which is of strategic significance, represents a breakthrough into the NATO market.

Two important company acquisitions

Early in 1991 Ericsson and Racal Telecom Plc. concluded an agreement whereby each of the parties will control half of the shares of Orbitel Mobile Communications Ltd. The latter company was formerly wholly owned by Racal. The purpose of the agreement was to further broaden the range of Ericsson's expertise in the field of mobile telephony.

In December, Ericsson entered into an agreement with Switchco Inc. covering the purchase of all the shares of Spectrum Communications and Electronics Corp., an American company that develops and manufactures control equipment for Wide Area Paging, among other products.

The joint venture with General Electric within Ericsson GE Mobile Communications Inc. has strengthened Ericsson internationally in the field of mobile radio. Systems are being adapted for use by such customers as police departments, rescue services and transportation companies.

**Total sales in 1990
amounted to
SEK 4,922 m.**

*The Business Area is active
in the following product
areas:*

**MD110 subscriber
exchange**

**Other subscriber
exchanges**

Telephone instruments

Data networks

The Business Area strengthened its position in important markets for its principal products during the year. At the same time it was affected by the recession that is now a reality in large parts of the world.

Despite weakening economic conditions in such major markets as the United States, Australia, Great Britain and Sweden, demand for Business Communications' products was firm, with growing market shares for the MD110 and ERIPAX systems.

Notwithstanding these successes, earnings were lower than in 1989. The primary cause was a sharply competitive market in which prices were declining, combined with weaker economies in major markets.

100,000 more MD110 lines

In all, 900,000 MD110 lines were installed during 1990, compared with 800,000 in 1989. The Business Area has a total installed base of 4 million MD110 lines. During the past year 300,000 lines of equipment for small subscriber exchanges were also installed.

The total number of lines installed throughout the world in 1990 was 13 million giving Ericsson a market share amounting to slightly more than 9 percent, compared with 8.5 percent a year earlier.

Getting established in eastern Europe

Ericsson is continuing to cultivate the market in the eastern part of Europe and scored breakthroughs in such countries as Poland and the Soviet Union during the year.

There is a large potential for business in the

private-market segment in eastern Europe. The size will be determined by the manner in which the individual countries decide to expand their telecommunications.

Mobile business communications

During the next few years companies and organizations will have access to mobile technology in their private telecommunications networks. Ericsson began test installations during 1990 and formed a company in the Netherlands with global responsibility for developing and marketing mobile business communications networks employing the DCT900 personal telephone. The latter is based on CT-3 technology, a precursor of DECT (Digital European Cordless Telecommunications) technology, which is expected to become the European standard for mobile business communications in 1992. Ericsson will introduce its cordless system in the current year as an integral part of the MD110 subscriber exchange and the Business-Phone BCS 150 system.

Important orders covering delivery of mobile business communications networks were received from the operator of the Hanover Fair in Germany, among other customers.

Continued success in western Europe

In Germany, the University of Erlangen placed an order for 7,000 MD110 lines and Axel Springer Verlag, the large publishing group, awarded contracts covering installation of a private communications network with nodes in Hamburg and four other cities.

Ericsson has been named the official supplier

**Geographic distribution
of external sales,
percent**



The Business Area in brief
SEK m. and percentage of Ericsson totals

	1990		1989		1988	
Order bookings, external	4,669	10%	4,854	12%	4,113	12%
Net sales, external	4,781	11%	4,912	12%	3,540	11%
Net sales, internal	141	-	194	-	163	-
Operating income after depreciation	148	-	252	-	155	-
Employees	7,178	10%	8,066	12%	7,138	11%

of systems for telecommunications at the Summer Olympic Games in Barcelona in 1992. The contract comprises an advanced private telecom network based on the MD110 system, including cordless telephones.

SNAM, the Italian energy company, placed the largest single order received during the year, covering a total of 25,000 MD110 lines.

The latest version of Ericsson's advanced MD110/FS arbitrage communications system was installed at Unibank, the second largest bank in Denmark.

Higher market share for ERIPAX in Europe

The ERIPAX data communications system is now in service in more than 20 countries. During the year, the system was introduced in Spain, Switzerland, the United States and Australia, among other countries. Ericsson, with 12 percent of the market, has a leading position in Europe for data communications systems in the X.25 field.

During 1990, the Madrid Stock Exchange also signed a contract covering delivery of an ERIPAX system. This system is already being

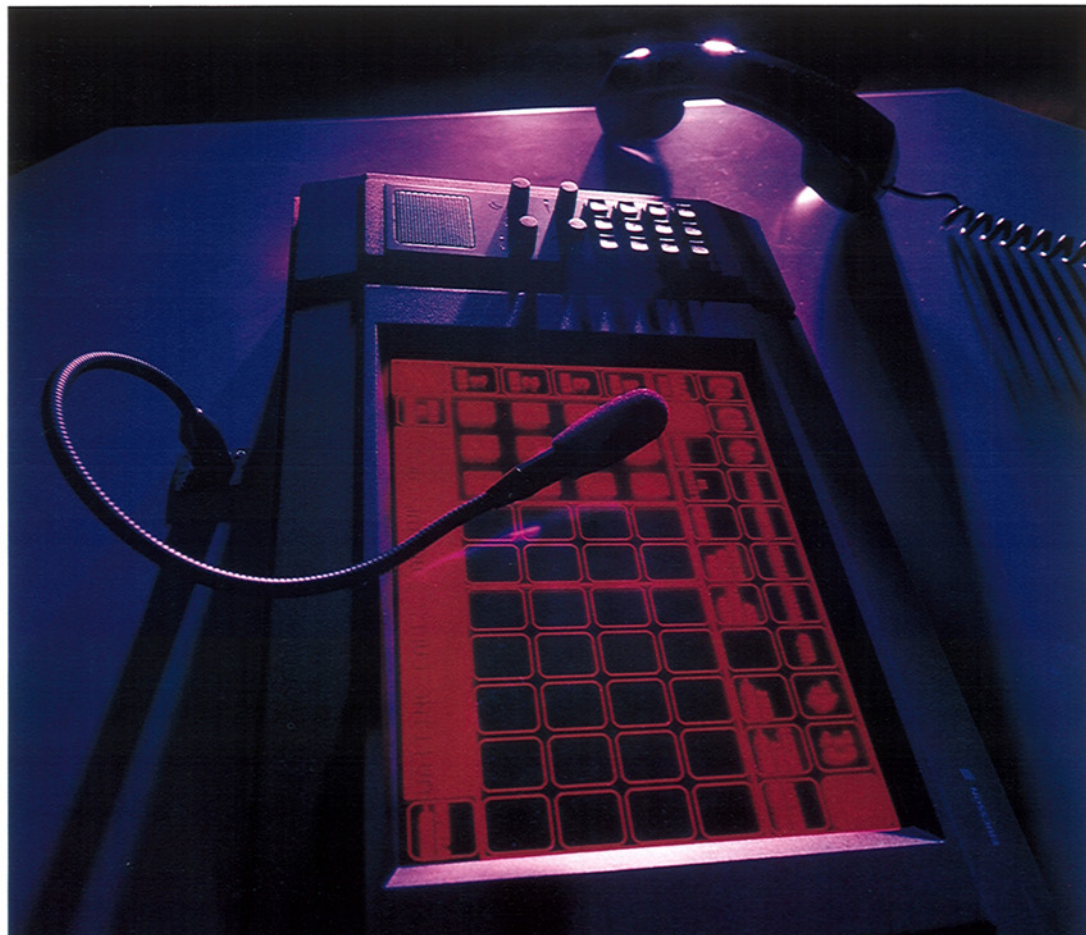
used in the stock exchanges in London, Stockholm, Milan, Helsinki and Frankfurt.

The Irish national power company, ESB, placed an order for a nationwide data communications network. Other major customers included the German Securities Register Center and Deutsche Sparkasse Mainz.

Ericsson purchases interest in Schrack

In October, 1990, an agreement in principle was reached with Schrack, the Austrian electronics company, and in February, 1991, the final agreement was signed whereby Ericsson acquired 33.5 percent of the company's shares. A consortium of Austrian banks headed by Creditanstalt Bankverein will obtain 49.5 percent. Schrack, which has a large customer base in the business communications field, has installed more than 10,000 subscriber exchanges.

Ericsson acquired all the shares of Camtec Electronics Ltd., a British company that manufactures and markets products for communication in the X.25 field. The purchase strengthens Ericsson's grip on the UK market for data networks as one of the country's three largest suppliers.



The MD110/FS is a communications system that fills the financial community's requirements of speed and flexibility. Traders can use many of the hundreds of preprogrammed direct lines simultaneously.

Total sales in 1990 amounted to SEK 6,795 m.

During 1990 the Business Area had operations in the following areas:

Cable
comprising power cable used for distribution of electricity, telecommunications cable used for the transmission of telecommunications, and special cable.

Network construction
including planning and installation of telecommunications and data networks, and telecom plants.

The Cable and Network Business Area is an important part of Ericsson's core business of implementing total network programs and other major telecommunications projects.

The Business Area experienced very strong growth in both Sweden and Italy. Majority interests in cable companies in Brazil and Mexico were acquired during the year.

Operations in the network sector have been regionalized as a means of strengthening the organization's competitiveness. The four regional centers are Italy, Sweden, Turkey and Singapore.

Strong growth in Sweden

The Telecommunications Cable Division received an order from the Swedish State Railways, to be filled during 1990 and 1991, for more than 2,000 kilometers of fiber optical cable for a national telecommunications network. A new contract was signed with the Swedish Telecommunications Administration covering continued large deliveries of optical cables. The market for power cable was again very strong in 1990, due in part to favorable economic conditions in the construction industry, but there were signs of slackening demand in this sector towards the end of the year.

Restructuring

The restructuring of the Special Cable Division in Kungsbacka that began in 1989 has yielded the desired results. Declining industrial activity is creating problems, however.

Following the concentration of its operations in the Nordic region, orders booked in Sweden by Ericsson Network Engineering, the

Swedish network construction company, have more than doubled. The acquisition of Philipssons Gräv & Schakt, a contracting company, has provided unique expertise in cable-laying along railway rights-of-way and in other environments.

Strong growth in Italy

The Business Area's largest network construction company, Ericsson Sielte, in Italy, continued its expansion. Large orders covering construction of both local networks and long-distance fiber optical networks were received from the national telecommunications administrations. Ericsson Sielte International S.p.A. was established during the year with headquarters in Rome. The new company will market public and private network construction projects in Africa and to certain customers in the Middle East.

Purchase of Spanish company

The Business Area's build-up of cable and network operations in Spain continued during 1990. A plant for the manufacture of optical cable is under construction in Barcelona and a network installation company, Constel S.A., was acquired in Burgos.

Consolidation of operations in Latin America

Ericsson's cable company in Argentina was sold to Madeco, a Chilean industrial group.

In Brazil, the Business Area acquired a majority interest in the Ficap cable company, which was then subjected to a major restructuring.

In Mexico, a majority interest was acquired

Geographic distribution of external sales, percent



The Business Area in brief
SEK m. and percentage of Ericsson totals

	1990		1989		1988	
Order bookings, external	7,619	15%	5,759	14%	6,218	18%
Nets sales, external	6,484	14%	5,220	13%	5,643	18%
Net sales, internal	311	—	245	—	426	—
Operating income after depreciation	580	—	350	—	490	—
Employees	11,289	16%	8,742	13%	9,846	15%

The use of fiber optical cable is continuing to increase. With advanced equipment, on-site precision splicing can be done in narrow culverts.



in the Latincasa cable company. A new network installation company, Telemontaje Ericsson S.A., was formed at the same time.

Interesting project in Mauritius

In February 1990 the Business Area received a large project order for expansion of the telecommunications network on the island of Mauritius in the Indian Ocean. In connection with this project, 15,000 telephone

poles, 5,000 manhole covers and one million meters of plastic tubing were shipped to the island. The project is to expand the network by more than 50,000 lines.

Expanded order in Great Britain

The network project now under way for British Telecom has been expanded to include Aberdeen and other locations in Scotland, as well as cities in the East Midlands.

Total sales in 1990 amounted to SEK 1,905 m.

The Business Area manufactures and markets electronic components, including fiber optical components, and power supply equipment, with emphasis on applications in telecommunications. Standard components are sold in certain markets on agency basis. Operations comprise the following product areas:

Microelectronics, including fiber optical components

Power supply equipment and cooling systems

Standard components

Development programs involving basic technology for Ericsson's systems areas increased substantially during the year. The Business Area supplies advanced electronic and fiber optical components and equipment for power supplies. While Ericsson is the largest customer, the Business Area also sells components and equipment to high-technology companies in Japan and the United States as well as in the important European Community market.

A new support and sales organization was formed during 1990 to further increase support to external customers. Via three regions – the Nordic area, Europe and North America – this unit will adapt development and production programs to the specific needs of customers. At the same time, operations are being focused exclusively on proprietary products. The sales companies handling standard components in Australia, Italy and Germany have therefore been divested.

Hong Kong – a new market

In 1990 power supply equipment was sold to customers in Hong Kong, which thereby became a new market for the Business Area.

Sales in Spain and Mexico were higher as a result of increased marketing programs.

New power supply products for base stations in the GSM (Groupe Speciale Mobile) cellular mobile telephone system were defined and production of the first products for a completely new generation of power equipment was begun.

Customer profile

In the microelectronics field, the largest portion of the Business Area's resources are being devoted to the development of production processes

and circuitry for Ericsson's exchanges, access and transport networks and terminal products. Based on products created for Ericsson's various systems, new components are being custom-designed to the requirements of external customers.

Line circuits for telephone exchanges constitute the largest product area. New manufacturing processes and products for the next generation of line cards were developed during the year.

Completely new product area

A completely new line of products comprising integrated circuits for analog and digital radio communications was introduced during the year. The development work, carried out in cooperation with Ericsson Radio Systems, has resulted in advanced components for both base stations and pocket telephones, among other products.

The Business Area's expertise was broadened during 1990 to include power transistor technology for radio communications. A special development center was created in Silicon Valley in the U.S. as part of the program to expand Ericsson's technical resources globally.

RACE project

The importance of fiber optical products in Ericsson systems is increasing. Development work in this field to achieve better performance and multiple functions continued to be successful. Within the framework of the RACE project (Research in Advanced Communications in Europe), the Business Area has demonstrated its expertise in the fields of optical exchanges and broadband technology, among others.

Geographic distribution of external sales, percent



The Business Area in brief

SEK m. and percentage of Ericsson totals

	1990		1989		1988	
Order bookings, external	491	1%	733	2%	676	2%
Net sales, external	589	1%	716	2%	707	2%
Net sales, internal	1,316	–	1,267	–	1,032	–
Operating income after depreciation	250	–	142	–	113	–
Employees	2,739	4%	2,218	3%	2,160	3%

A comprehensive rationalization program has been implemented within Ericsson Radar Electronics AB in recent years. During 1990 this resulted in a striking improvement in the profitability of ongoing projects. Following two years of negative operating results, the Business Area recorded a profit. The market for defense systems continued to be restrained during the year.

Over a period of two years, the number of employees has been reduced from 4,800 to 2,800 at year-end 1990. This is a consequence of the sale of the Command and Control Systems Division and the Italian FIAR Group combined with a reduction in the workforce through natural attrition and reassignment of personnel.

Operations of the Business Area have been concentrated within Sweden.

SeaGIRAFFE sold in Oceania

The Business Area consolidated its position in the field of naval air/surface search radar through receipt of an order for a SeaGIRAFFE system for use in a project operated jointly by Australia and New Zealand.

The GIRAFFE, now in service in 17 countries, is the Business Area's best-known product.

During 1990 the Swedish Defense Forces ordered continuing development work on the airborne PS 890 ERIEYE search radar system.

In the electro-optical field, important orders for range-finder lasers were received from Contraves in Switzerland.

JAS equipment thoroughly tested

As part of the JAS (multirole military aircraft) project, the Business Area conducted continuing intensive testing of the aircraft's electronic

system. Some of the tests were carried out in a Viggen aircraft converted for this purpose. In all, there have been more than 150 hours of airborne tests.

Flight testing of the JAS 39-4, the first JAS prototype aircraft equipped with Ericsson's EP 17 display system, was also begun at year-end. Ericsson's portions of this project are well under control and presently identifiable costs of pertinent contracts have been charged directly against income.

The display technology developed for the JAS project is currently being studied for use in other combat vehicles. The first delivery of prototype display systems for use in the Swedish Defense Force's Combat Vehicle 90 was made during the year.

Sales of radio link equipment rose sharply. Large additional orders were received from GTE, USA, for radio links used in mobile applications.

Cooperation spanning business units

Activities involving both cellular mobile telephone systems and terminals for high-speed fiber transmission were also begun in the Communications Division. These cooperative projects are examples of the increasing use in other Business Areas of the qualified microwave technology expertise and advanced signal processing developed within Defense Systems.

Ericsson in space

During the year Ericsson received a contract from the European Space Agency for antennas and microwave equipment for the new ERS 2 European satellite. This satellite will be used for remote analysis of the earth's various resources.

Total sales in 1990 amounted to SEK 1,890 m.

Operations of the Business Area were conducted in three different product areas during the year:

Avionics and airborne electronics

Mobile defense systems

Microwave and satellite communications

The Business Area in brief

SEK m. and percentage of Ericsson totals

	1990		1989		1988	
Order bookings, external	1,573	3%	3,814	9%	3,286	9%
Net sales, external	1,758	4%	3,252	8%	2,548	8%
Net sales, internal	132	-	142	-	280	-
Operating income after depreciation	35	-	-46	-	-87	-
Employees	2,843	4%	5,510	8%	6,070	9%

Geographic distribution of external sales, percent



Capital stock

The capital stock of the Parent Company, Telefonaktiebolaget LM Ericsson, amounted at December 31, 1990 to SEK 2,057,290,830, represented by 205,729,083 shares, each with a par value of SEK 10. Of the total number of shares outstanding, 12,398,420 are restricted "A" shares and 6,244,155 are unrestricted "A" shares, each carrying one vote, and 187,086,508 are unrestricted "B" shares, each carrying one thousandth of a vote.

The Articles of Association of the Parent Company stipulate that not more than 35 percent of the voting rights in the Company may be represented by unrestricted shares, which may be owned by foreign citizens as well as citizens of Sweden. At year-end 1990, the maximum voting rights accruing to unrestricted shares amounted to 34.2 percent of the total voting rights, and the actual voting rights of foreign-owned unrestricted shares represented 0.2 percent of the total.

During 1990 the number of shares increased by 854,413 through conversion of debentures. During the period between January 1 and February 15, 1991 additional debentures were converted to 6,695 "B" shares, increasing to 205,735,778 the total number of shares entitled to dividends as of the record date.

Employee ownership of Ericsson shares

Ericsson employees are able to purchase the Company's shares via bank loans arranged by the Company. Since 1973, slightly more than 6,500 employees have taken advantage of this opportunity, purchasing a total of approximately 2.3 million shares.

Ericsson's Share Savings Fund was started in 1981, and Ericsson's General Savings Fund in 1984. There are 1,435 participants in the Share Savings Fund and 2,726 in the General Savings Fund. The funds have invested in Ericsson shares and at year-end 1990 total holdings of the two funds amounted to 348,500 shares, or approximately 0.2 percent of the total number outstanding. During 1990, the General Savings Fund sold shares and acquired in their place convertible debentures issued to Ericsson employees in the autumn of 1987; this holding is in an amount equal to 489,250 shares.

The debenture certificates may be converted to "B" shares up to and including March 15, 1993. To date, SEK 30.2 m. of the SEK 626.4 million loan has been converted to 568,352 "B" shares. Slightly more than 11,000 Ericsson employees hold Company debentures.

Stock exchange trading

LM Ericsson "A" and "B" shares are listed on the Stockholm Stock Exchange. The "B" shares are also traded in the U.S. in the form of ADRs (American Depositary Receipts) via the NASDAQ electronic quotation system and are listed on the exchanges in Basel, Düsseldorf, Frankfurt am Main, Geneva, Hamburg, London, Oslo, Paris and Zurich.

Each ADR represents one "B" share. The most active trading occurs in Stockholm, London and New York.

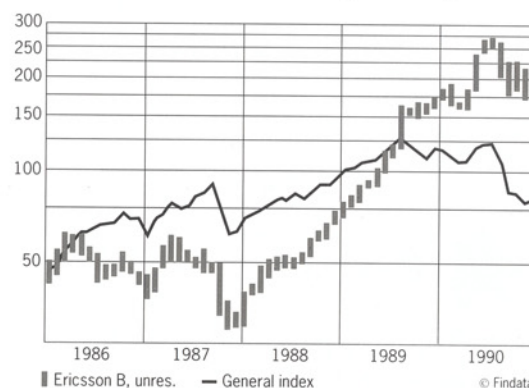
The Stockholm and New York markets each account for about 23 percent of the total turnover of Ericsson shares. Approximately 50 percent of the trading takes place on the London Stock Exchange.

Stockholders

The dominant influence is divided between the so-called Svenska Handelsbanken interests, with 42.1 percent of the voting rights, and the Wallenberg and Skandinaviska Enskilda Banken interests, with 41.0 percent.

Approximately 75 percent of Ericsson's shares are owned by institutions in Sweden and other countries.

At year-end 1990, about 24 percent of the Company's shares were held by stockholders outside Sweden. These shares carried approximately 0.2 percent of the voting rights.

The Stockholm Stock Exchange trading

<i>Share data</i>	<i>1990*</i>	<i>1989</i>	<i>1988</i>	<i>1987</i>	<i>1986</i>
Exports of shares from Sweden (SEK m.)	777	499	585	401	1,319
Imports of shares to Sweden (SEK m.)	1,873	1,384	635	1,233	1,398
Net imports of shares to Sweden	1,096	885	50	832	79
P/E ratio I, "B" shares ¹⁾	12.0	15.1	13.6	8.5	14.3
P/E ratio II, "B" shares ²⁾	12.4	16.4	11.8	7.9	12.4
Share prices, December 31, Stockholm Stock Exchange (SEK)					
– "A" restricted	245	1,000	470	300	325
– "A" unrestricted	245	950	470	300	325
– "B" unrestricted	184	880	368	153	214
High for year					
– "B" unrestricted	280	940	369	304	307
Low for year					
– "B" unrestricted	175	356	155	149	208

¹⁾ P/E ratio I = Price per share divided by profit per share after actual taxes paid.

²⁾ P/E ratio II = Price per share divided by profit per share after actual and estimated deferred taxes.

* After 5-for-1 stock split

<i>Changes in capital stock</i>		<i>Number of shares</i>	<i>Capital stock</i>
1976	January 1	15,380,117	769,005,850
	1-for-4 stock dividend	3,845,029	192,251,450
	1-for-6 new issue, SEK 75	2,563,352	128,167,600
1982	1-for-2 stock dividend	10,894,248	544,712,400
1983	Special new issue, USD 62.5	4,000,000	200,000,000
	Conversions	181,677	9,083,850
1984	Conversions	39,049	1,952,450
1985	Conversions	47,789	2,389,450
1986	Conversions	1,211,121	60,556,050
1988	Conversions	52,242	2,612,100
1989	Conversions	2,760,310	138,015,500
1990	Conversions	854,413	8,544,130
1990	5-for-1 stock split	163,899,736	–
1990	December 31	205,729,083	2,057,290,830

<i>The largest stockholders, ranked by voting rights, were as follows at December 31, 1990</i>	<i>Number of shares</i>	<i>Voting rights, percent</i>
AB Industrivärden	4,434,035	23.5
Knut och Alice Wallenbergs stiftelse	2,651,480	14.0
Förvaltnings AB Providentia	2,220,000	11.7
AB Investor	1,970,000	10.4
Svenska Handelsbankens Pensionsstiftelse	1,080,000	5.7
Pensionskassan SHB Försäkringsförening	940,000	4.9
Livförsäkrings AB Skandia	9,003,190	3.8
Förvaltnings AB Delus	550,000	2.9
Stockholms Enskilda Banks Pensionsstiftelse	475,800	2.5
Wallenbergs stiftelse, Marianne och Marcus	450,000	2.3
Jan Wallanders Stiftelse för Samhällsvetenskap	380,000	2.0
Oktogonen, Stiftelsen	300,000	1.5

*Björn Svedberg
Jan Wallander
Peter Wallenberg
Lars Ramqvist*



*Sune Andersson
Claes-Göran Larsson
Carl Wilhelm Ros
Sven Olving
Jan Stenberg*



*Georg Karnsund
Sven Ågrup
Thomas Olsson
Stanley Oscarsson
Anders Olofsson*



*Göthe Söderkvist
Per Lundberg
Carl-Erik Feinsilber
Sten Wikander*



Board of Directors Members

Björn Svedberg
(1937*)
Chairman, Honorary Doctor of Technology, Chairman of the Boards of Mo och Domsjö AB and Industrigruppen JAS AB. Member of the Boards of AGA AB, Atlas Copco AB, Saab-Scania AB and the Federation of Swedish Industry. Member since 1977.
Shares held: B 3,755.
Convertible debentures: 14,250.**

Jan Wallander
(1920*)
Deputy Chairman. Doctor of Philosophy, Chairman of the Boards of Svenska Handelsbanken, Investment AB Bahco and the Wennergren Center Foundation. Member since 1970.
Shares held: A 75, B 4,435.

Peter Wallenberg
(1926*)
Deputy Chairman. Honorary Doctor of Economics, First Vice Chairman of the Board of Skandinaviska Enskilda Banken, Chairman of the Boards of Atlas Copco AB, AB Investor, Förvaltnings AB Providentia, STORA, and President of the International Chamber of Commerce (ICC). Member since 1972.
Shares held: B 28,175.

Sune Andersson
(1936*)
Employee representative. Member since 1990.
Shares held: B 2,030.
Convertible debentures: 625.**

Carl-Erik Feinsilber
(1931*)
President of AB Industrivärden. Member since 1990.

Georg Karnsund
(1933*)
President and Chief Executive Officer of Saab-Scania AB. Member since 1987.

Claes-Göran Larsson
(1954*)
Employee representative. Member since 1988.

Sven Olving
(1928*)
Doctor of Science, Professor of Chalmers University of Technology, Chairman of the Royal Swedish Academy of Engineering Science. Chairman of the Board of AB Volvofinans. Member since 1980.

Stanley Oscarsson
(1927*)
Employee representative. Member since 1987.

Lars Ramqvist
(1938*)
President and Chief Executive Officer, Doctor of Philosophy, President and member since 1990.
Shares held: B 135.
Convertible debentures: 21,625.**

Sten Wikander
(1927*)
Chairman of the Boards of Hennes & Mauritz AB and the Swedish Export Credit Corporation. Member since 1987.

Sven Ågrup
(1930*)
Chairman of the Board of AGA AB. Member since 1983.

Per Lundberg
(1943*)

President of Förvaltnings AB Providentia, Chairman of the Boards of AB LM Ericsson Finans, GHM Grand Hôtels Management, Nordben Life and Pension Insurance Co. Ltd., Nordisk Television AB/TV4, Stockholm-Saltsjön AB, and AB Ångpanneföre-

ningen. Member since 1990. Shares held: B 1,000.

Anders Olofsson
(1953*)

Employee representative. Member since 1990.

Thomas Olsson
(1944*)

Employee representative. Member since 1985. Shares held: B 380.

Carl Wilhelm Ros
(1941*)

Executive Vice President. Member since 1986. Shares held: B 5,030. Convertible debentures: 17,250. **

Jan Stenberg
(1939*)

Executive Vice President. Member since 1982. Shares held: A 20, B 21,645.

Göthe Söderkvist
(1945*)

Employee representative. Member since 1989. Shares held: B 5. Convertible debentures: 375. **

**Board of Directors
Deputy Members****Lars Ramqvist**

President and Chief Executive Officer
Telefonaktiebolaget LM Ericsson

Carl Wilhelm Ros

Executive Vice President and Chief Financial Officer

Jan Stenberg

Executive Vice President

**Corporate Executive
Committee**

Jan Stenberg

Lars Ramqvist

Carl Wilhelm Ros

Stephan Almqvist

Senior Vice President,
Corporate Treasury

Bo Hedfors

Senior Vice President,
Corporate Systems and
Technology

Bo Landin

Senior Vice President,
Corporate Markets

Johan Siberg

Senior Vice President,
Corporate Supply and
Distribution

Corporate Functions**Karl Alsmar**

Senior Vice President,
Corporate Product
Management

Harry Johansson

Senior Vice President,
Corporate Audit and
Security

Nils Ingvar Lundin

Senior Vice President,
Corporate Relations

Åke Stavling

Senior Vice President,
Corporate Financial
Control

Erling Blommé

Senior Vice President
and General Counsel,
Corporate Legal Affairs

Britt Reigo

Senior Vice President,
Corporate Human Re-
sources and Organization

Lars Berg

Senior Vice President,
Cable and Network. Pre-
sident, Ericsson Cables
AB and Ericsson Net-
work Engineering AB.

Kurt Hellström

Senior Vice President,
Radio Communications.
President, Ericsson
Radio Systems AB.

Bert Jeppsson

Senior Vice President,
Components. President,
Ericsson Components AB.

Åke Lundqvist

Senior Vice President,
Radio Communica-
tions. President,
Ericsson GE Mobile
Communications
Holding Inc.

Business Areas**Bengt Halse**

Senior Vice President,
Defense Systems.
President, Ericsson
Radar Electronics AB.

Håkan Jansson

Senior Vice President,
Public Telecommunica-
tions. President,
Ericsson Telecom AB.

Ronny Lejdemalm

Senior Vice President,
Business Communica-
tions. President,
Ericsson Business
Communications AB.

Statutory Auditors**Olof Herolf**

Authorized Public Ac-
countant, Price Waterhouse

Deputy Auditors**Stephan Tolstoy**

Authorized Public Ac-
countant, Price Waterhouse

Auditors**Nils-Axel Frisk**

Former Executive Vice
President (Finance), Swe-
dish Staff Pension Fund

Krister Herten

President, Swedish Staff
Pension Fund

Carl-Eric Bohlin

Authorized Public Ac-
countant, Price Waterhouse

Lars Eklund

Authorized Public Ac-
countant, Price Waterhouse

*Parent Company, Subsidiaries, Associated Companies, Regional and Technical Offices***Algeria**

Telefonaktiebolaget
LM Ericsson
Bureaux Techniques
d'Algérie
El Djazair
Hugo Agnvall
SITEL – Société Industrielle
Algérienne de
Télécommunications
Tlemcen
Ibrahim Bensmail

Argentina

Compañía Argentina de
Teléfonos S.A.
Buenos Aires
Stig Johansson
Compañía Ericsson S.A.C.I.
Buenos Aires
Eduardo Restuccia

Australia

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Broadmeadows
Kjell Sörme

Ericsson Defense
Systems Pty. Ltd.
Preston
Ivan Trayling

Nira Australia Pty. Ltd.
Alexandria NSW
Brian Fitzgerald

Belgium

Ericsson Business
Communications NV/SA
Brussels
Göran Schlyter

Ericsson European Support
Centre SNC/VOF
Brussels
Kister Erlandsson

Nira Communication
Systems N.V.
Zaventem
Tony Weyns

Brazil

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Manáus
Sergio Monteiro
De Carvalho

Ericsson do Brasil
Comércio e Indústria S.A.
São Paulo
Sergio Monteiro
De Carvalho

Fios e Cabos Plásticos
do Brasil S.A.
Rio de Janeiro
Jan Erik Andersson

Brunei

Ericsson Network
Engineering Sdn Bhd
c/o Ericsson Network
Engineering Pte. Ltd.
Singapore
Ulf H Johansson

Canada

Ericsson GE Mobile Comm-
unications Canada Inc.
Quebec
Lionel P. Hurtubise
Ericsson
Communications Inc.
Quebec
Lionel P. Hurtubise

Chile

Compañía Ericsson
de Chile S.A.
Santiago
Nelson Sigueroa

China, People's Republic of

Telefonaktiebolaget
LM Ericsson
Representative Office
Beijing
Hans Ekström

Telefonaktiebolaget
LM Ericsson
Liaison Office
Dalian
Jan Praestkjaer

Telefonaktiebolaget
LM Ericsson
Representative Office
Shanghai
Jean Hultgren

Ericsson Telecom AB
Representative Office
Guangzhou
Per Sedhagen

Colombia

Ericsson de Colombia S.A.
Bogotá
Hector Perez

FACOMECA S.A.
Cali
Arvid Jauring

Costa Rica

Ericsson de Costa Rica S.A.
San José
Alejandro Guerrero

Denmark

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Brøndby
Kaj Juul Pedersen

Ericsson Radio Systems A/S
Taastrup
Henrik Abildtrup

DIAX Telekomm A/S
Struer
Bjoern Olsson

Ecuador

Teléfonos Ericsson C.A.
Quito
Bo Zaine

Egypt

Telefonaktiebolaget
LM Ericsson
Egypt Branch
Cairo
Staffan Hult

El Salvador

Telefonaktiebolaget
LM Ericsson
Sucursal El Salvador
San Salvador

Finland

Oy LM Ericsson Ab
Jorvas
Yngve Ollus

Oy Ericsson
Radiopuhelin Ab
Helsinki
Robert Serén

France

Ericsson Composants S.A.
Guyancourt
Gilles Pichon

MET S.A.
Massy
Lars Jarneryd/
Jacques Payer

Nira S.A.
Nanterre
Jacques François

Germany

Ericsson Business
Communications GmbH
Düsseldorf
Heinrich Thanscheidt

Ericsson Components
Europe GmbH
Frankfurt
Richard Allingham

Ericsson Eurolab
Deutschland GmbH
Herzogenrath
Jarl-Eric Nylund

Ericsson Mobilfunk GmbH
Düsseldorf
Clas Cederström

Ericsson Paging Systems
Zweigniederlassung,
Deutschland
Frankfurt
Manfred Wiegand

Ericsson Telekom GmbH
Neu-Isenburg
Kjell Nilsson

DPESA Deutsche Personen-
such-anlagen GmbH
Frankfurt
Colin Buckingham

Nira Deutschland
Zweigniederlassung
der Nira International BV
Frankfurt
Fritz Schlichtenberger

Greece

Ericsson (Hellas)
Telecommunications
Equipment S.A.
Athens
Willy Johansson

Guatemala

Ericsson de Guatemala S.A.
Guatemala City
Ignacio Gonzales

Hong Kong

Ericsson Communications
(Hong Kong) Ltd.
Hong Kong
Rolf Granström

India

Ericsson India Ltd.
New Delhi
Per Uddén

LM Ericsson
International AB
Liaison Office
New Delhi
Per Uddén

SAB Electronic Devices Ltd.
New Delhi
B.J. Katrak



**Iran**

*Simco Ericsson Ltd. (Private
Joint Stock Company)*
Tehran
Parviz Hourfar

Iraq

*Telefonaktiebolaget
LM Ericsson*
Iraq Branch
Baghdad
Christer Hedberg

Ireland

*Ericsson Business
Communications Ltd.*
Dublin
John L. Kennedy
*Ericsson Systems
Expertise Ltd.*
Glasthule, Dun Laoire,
Athlone
Diarmuid O'Colmain

Electra Insurance Ltd.

Dublin
John Ronaghan

*Ericsson Treasury
Ireland Ltd.*

Dublin
John Ronaghan

LM Ericsson Holdings Ltd.

Dublin
Vincent Daly

LM Ericsson Ltd.

Dublin
Ian Cahill

Italy

*CESI Centro
Elaborazioni e Studi
Informatici S.p.A.*
Rome
Maurizio Marcovaldi

Ericsson FATME S.p.A.

Rome
Giovanni De Guzzis

Ericsson SIELTE S.p.A.

Rome
Gianluigi Molinari

Ericsson-Società per Azioni

Rome
Gian Luigi Tosato

ERISUD S.p.A.

Pagani
Giovanni De Guzzis

*Ericsson Transmissioni
S.p.A.*

Sulmona
Franco Arzano

*Ericsson SIELTE
International S.p.A.*

Rome
Jan Sjöberg

*ERIFIN Servizi
Finanziari S.p.A.*

Rome
Aurelio Renna

*EL. TE Siciliana Electro-
nica & Telecomunicazioni
S.p.A.*

Palermo
Dominico Ferrara

SIELTE Data Net S.p.A

Trieste
Pierluigi Marzullo

*SIELTE Padana -
Elettronica e
Telecomunicazioni S.p.A.*

Torino
Ferdinando Raveggi

*Ericsson SIELTE
Engineering S.p.A.*
Rome
Giacomo Caruso

*TEL. CA. –
Telecomunicazioni
Calabrese S.p.A.*
Cosenza
Gianluigi Molinari

Unical S.p.A.
Cosenza
Orazio Magi

Japan

Nippon Ericsson KK
Tokyo
Morgan Bengtsson

Korea, Republic of

AB Erifon
Korea Branch
Seoul
Lennart Aldestam

*Oriental
Telecommunication
Company, Ltd.*
Seoul
Young Man Lee

Kuwait

*Telefonaktiebolaget
LM Ericsson*
Technical Office Kuwait
Safat
Anders Snare

Libya

*Telefonaktiebolaget
LM Ericsson*
Libya Branch
Tripoli
Stig Sandmark

Luxembourg

Ericsson Reinsurance S.A.
Luxembourg
Peter Flensburg

Malaysia

*Ericsson
Telecommunications
Sdn Bhd*
Shah Alam, Selangor
Bengt Linder

*Electroscon Network
Engineering Sdn Bhd*
Petaling Jaya,
Selangor
Dr Mohd Haneef Bin
Dato Mokhtar

Perwira Ericsson Sdn Bhd
Shah Alam, Selangor
Kamaludin bin Abdul
Kadir

Mexico

*Conductores Latincasa
S.A. de C.V.*
Mexico, D.F.
Bo Gustafsson

*Empresa Tecnológica
Ericsson S.A. de C.V.*
Mexico, D.F.
Gerhard Weise

Pardue via IPM
Tlalnepantla Edo
de Mexico
Gerhard Weise

Securitas ISM
Tlalnepantla Edo
de Mexico
Gerhard Weise

Sistemas Ericsson S.A.
Mexico, D.F.

*Telecomponentes
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Mexico, D.F.
Leif Johansson

Teleindustria Ericsson S.A.
Mexico D.F.
Gerhard Weise

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Ericsson*
Délégation Technique du
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Gunnar Håkansson

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*Ericsson Holding
International B.V.*
Rijen
Leo de Hoon

*Ericsson Holding
Netherland B.V.*
Rijen
Leo de Hoon

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Colin Buckingham

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Amsterdam
J. Korning

Nira Nederland B.V.
Utrecht
Chris Berger

Netherlands Antilles

*Telefonaktiebolaget
LM Ericsson*
Technical Office
Curaçao

New Zealand

Cellphone Sales Ltd
Auckland
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Communications Ltd.*
Napier
John Gilbertson

Nigeria

LM Ericsson (Nigeria) Ltd.
Lagos
Lars H. Christofferson

Norway

*NFT Ericsson
Communications ANS*
Billingstadsletta
Per Skard

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Communications A/S*
Nesbru
William Svedberg

Ericsson Components A/S
Oslo
Tor Jakob Høyem

Ericsson Holding A/S
Nesbru
Erik Dahl

Ericsson Radio Systemer A/S
Nesbru
Berndt Christiansen

Ericsson Telecom A/S
Billingstadsletta
Nils Grimsmo

*Nordic Electronic
Systems A/S*
Billingstadsletta
Knut Trovaag

Semafor A/S
Kolbjoernsvik
Knut Aulund

Oman

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LM Ericsson*
Technical Office Oman
Muscat
Sune Larsson

Panama

*Telefonaktiebolaget
LM Ericsson*
Technical Office
Panama
Daniel Holder

Peru

Compañía Ericsson S.A.
Lima
Julien Sideris

Portugal

*Sociedade Ericsson
de Portugal Lda*
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Bengt Fors

Ericsson GE Sistemas Lda
Linda-a-Velha/Lisbon
Bengt Fors

Saudi Arabia

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Saudi Arabia Branch
Riyadh
Anders Töpffer

Singapore

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Itisa, S.A.
Madrid
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Ericsson Redes S.A.
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Gerhard Skladal

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Madrid
Ingemar Naeve

*Ericsson Terminales
Moviles S.A.*
Madrid
Fernando Carraminana



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Stig Sandmark

Sweden

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AB Aulis
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E-P Data AB
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Jan-Åke Kark

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Ericsson Components AB
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Bert Jeppsson

*LM Ericsson Data
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Finans*
Stockholm
Gösta Ståhlberg

*Ericsson Mobile
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Stockholm
Sten Fornell

*Ericsson Network
Engineering AB*
Stockholm
Bertil Strid

*Ericsson Programatic
Sweden AB*
Karlstad
Göran Frödin

*Ericsson Radar
Electronics AB*
Mölnådal
Bengt Halse

Ericsson Radio Systems AB
Stockholm
Kurt Hellström

*Ericsson Radio Systems
Sverige AB*
Stockholm
Sven-Christer Nilsson

Ericsson Telecom AB
Stockholm
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Erisoft AB
Luleå
Sture Johansson

Industrigruppen JAS AB
Stockholm
Harald Schröder

Magnetic AB
Stockholm
Rudy Omholt

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Elektriska AB*
Stockholm
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*John Mårtensson
Elmaterial AB*
Helsingborg
Christer Wahlberg

Nira Sverige AB
Stockholm
Lennart Nilsson

Radiosystem Sweden AB
Stockholm
Kjell S. Andersson

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SELGA*
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Göran Brodin

LM Ericsson Fastigheter AB
Stockholm
Per Palmberg

*Ericsson Treasury
Services AB*
Stockholm
Johan Fant

Switzerland

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Brüttsellen/Zürich
Kurt Klöpfer

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Taipei
Arnfinn Röste

Thailand

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(Thailand) Ltd.*
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Rolf Bäckström

*Ericsson Telephone
Corporation Far East AB*
Bangkok
Rolf Bäckström

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Company Ltd.*
Bangkok
Bo Hildingsson

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Bangkok (Thailand Branch)
Ulf H Johansson/
Bo Hildingsson

Tunisia

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Bureaux Techniques de
Tunisie
Tunis
Lars Johansson

Turkey

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Telekomünikasyon A.S.*
Istanbul
Johan Bruce

United Arab Emirates

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LM Ericsson*
Technical Office UAE
Abu Dhabi
Robert Andersson

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Leicester
Terry Hansen

Ericsson Ltd.
Horsham
Anders Igel

*Ericsson Network
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London
Kaj Nielsen

*Orbitel Mobile Communi-
cations Ltd.*
Basingstoke
Hampshire
Mike Pinches

*Swedish Ericsson
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Horsham
Anders Igel

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Ericsson Components, Inc.
Richardson, Texas
John A. Davidson

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Paramus, New Jersey
Åke Lundqvist

*Ericsson GE Mobile
Communications Inc.*
Lynchburg, Virginia
John Kese

*Ericsson GE Mobile
Data Inc.*
Paramus, New Jersey
Leif Holm

*Ericsson Network
Systems, Inc.*
Richardson, Texas
Leif Källén

Ericsson Paging Systems, Inc.
Greenwich, Connecticut
Robert Pizzimenti

Ericsson Radio Systems Inc.
Richardson, Texas
Manfred Buchmayer

The Ericsson Corporation
Arlington,
Virginia
Torbjörn Ihre

Uruguay

Compañía Ericsson S.A.
Montevideo
Augusto D. Bazzi

Venezuela

*Compañía Anonima
Ericsson*
Caracas
Kjell Björk
Sistemas Ericsson C.A.
Caracas
Alvaro Cifuentes



This glossary of terms used in the Annual Report has been prepared for a large audience of readers, some of whom may not be technically oriented. However, readers should recognize that brief descriptions of the following type cannot provide complete explanations of complex subjects.

Bell companies

In 1984, the local telephone operations of AT&T (American Telephone & Telegraph) in the U.S. were divested and divided into seven regional Bell companies.

Broadband

When used to describe a system, "broadband" indicates that the system can handle signals requiring bandwidths greater than one megabit per second (1 Mbit/s).

Cellular mobile telephone system

A mobile telephone system consisting of radio base stations linked together by telephone exchanges. Each base station covers a geographical area, a "cell". When a subscriber moves within the area covered by a cellular mobile telephone system, the signal (telephone call) is transferred automatically from cell to cell.

CT 3

Ericsson's designation for its third generation of cordless telephone systems. The system is cellular and offers the facilities of the private or public switch, through which it communicates.

Digital technology

Handling of information that has been converted to a code that normally consists of a series of what is called ones and zeroes. This technology makes it possible to transfer voice, images and data over the same line.

DXC

(Digital Cross Connect) A system for automatic control of traffic in a telecommunications network.

Exchanges

Transit exchanges are used for connections between national and/or international switching centers. *International exchanges* switch calls between networks in different countries. A *local exchange* connects a terminal (telephone) with the national network.

Fiber optics

A technique for transmitting light signals via glass or plastic fibres. Fiber optical cables are used to transmit digital signals representing voice, images or data. The light source is often a laser. Fibers permit high transmission capacity.

Intelligent network

A telecommunications network in which certain types of service can be programmed by the telephone operating company and rapidly made available to subscribers.

ISDN

(Integrated Services Digital Network) A digital communications network in which various types of information (voice, data and images) can be transmitted to subscribers over a single subscriber line.

Local line/Subscriber line

The connection between the subscriber's terminal (a telephone, for example) and the exchange to which the subscriber is linked. A reference to "installation of 5.3 million local lines" means that local exchanges with a total connection capacity of 5.3 million local lines have been installed.

Megabit/s

A measurement of the transmission capacity of, for example, a transmission line. A capacity of 140 Mbit/s is adequate to transmit 1,980 voice channels simultaneously.

Microwave technology

The technology of generating, processing and transmitting signals by means of radio in the frequency range 1,000-25,000 MHz. The technology is applied in radar and in telecommunications via radio links and satellite systems.

TMOS

(Telecommunications Management and Operations Support) TMOS comprises a series of products for computerized operation and supervision of public telecommunications network.

Turnkey installation

An installation for which the supplier has assumed total responsibility and which is handed over to the customer ready to be placed in service.

Annual General Meeting

The Annual General Meeting will be held at the Concert Hall, Hötorget, Stockholm, at 5 p.m. Tuesday, May 7, 1991.

Shareholders intending to participate in the Annual General Meeting must be entered as shareholders in the share register kept by Värdepapperscentralen VPC AB (Swedish Securities Register Center) not later than April 26, 1991.

Shareholders, whose shares are registered in the name of an agent, must temporarily be entered in the share register not later than April 26, 1991, in order to participate in the Meeting.

In addition to the above-mentioned requirements, shareholders shall give notice of attendance to Telefonaktiebolaget LM Ericsson, Corporate Legal Affairs, S-126 25 Stockholm, tel nos: +46 (0)8 719 34 44 or +46 (0)8 719 44 98 between 10.00 a.m. and 4.00 p.m. daily, not later than May 2, 1991 at 4.00 p.m.

Proxy

In order to participate in and to vote as proxy on behalf of a shareholder at the Meeting, a power of attorney must be presented.

Dividend

The Board of Directors has proposed May 15, 1991 as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be paid by Värdepapperscentralen VPC AB on May 23, 1991.

Change of addresses

Shareholders who have changed their names or mailing addresses should as soon as possible notify Värdepapperscentralen VPC AB, S-171 18 Solna, Sweden.

Financial Information from Ericsson

Interim Report January–March	May 7, 1991
Interim Report January–June	August 22, 1991
Interim Report January–September	November 14, 1991
Preliminary results, 1991	February 11, 1992
Results, 1991	March 12, 1992
Annual Report 1991	Mid April, 1992

Financial reports are available from:
Ericsson Media
Telefonaktiebolaget LM Ericsson,
S-126 25 Stockholm, Sweden
(Tel: 08-719 00 00),

The Ericsson Corporation,
100 Park Avenue, Suite 2705,
New York, N.Y. 10017, U.S.A.
(Tel: +1 212 685 4030)

Investor relations

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