

Annual Report 1992





The cordless
modem Mobidem
offers freedom of
motion in data
communications
via Mobitex
networks.

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The trend of the market in 1992 continued to be characterized by restraint as a consequence of the international recession. The rate of capital spending has not yet recovered in a number of Ericsson's important markets. At the same time, Ericsson, like other manufacturers of telecommunications equipment, has faced growing demands from the operators of telecom systems. As a result, competition among the manufacturers has intensified.

The operators, who themselves are working in an increasingly competitive environment, want to be able to adapt their telecommunications networks quickly and flexibly to the new demands users are imposing. What is demanded primarily is access to new services and the possibility of mobility for their customers.

We have continued to adapt our organization to current market conditions. In order to be able to serve new customer groups in the private market, we have formed the Business Communications and Network Business Area. New units have been added in other business areas.

We have continued to invest large resources in technical development. Despite a weak early part of the year, we elected not to make any reductions in these investments. One out of five employees in Ericsson has continued to work farsightedly on technical development and adaptation.

As I now summarize the year, I am indeed pleased to note that our strategy was correct and that our undiminished investments in technology were necessary. Without comprehensive new development programs, we would not have been able to report such strong order bookings. We can point to increasingly stronger demand for our newly developed systems. More than one third of the orders received in 1992 involved product areas that did not exist one or two years ago.

One such product area comprises our advanced transport network systems with digital cross-connect technology that offer greater capacity and flexibility in telecommunications networks. Another is broadband communications, where we received an important breakthrough order in Germany during 1992. Operating support systems, a field in which we formed a jointly owned company with Hewlett-Packard, also constitute an important area.

Orders for new products accounted for half of the bookings in Radio Communications. We have developed digital mobile telephony for the United States and Japan as well as for Europe, and this is now yielding substantial dividends. We have clearly strengthened our position as a world leader in systems for mobile telephony and we are also by far the dominant supplier of the new digital systems. During the year we introduced the first type-approved digital telephones, which were also the smallest in the world.

New, advanced technology is making it possible for us to produce more and more, in an increasingly more efficient manner, in fewer and fewer factories each year. Our restructuring program designed to reduce the number of factories by half, to 30, during the 1990-1995 period is proceeding according to plan.

Our TRIM program to improve the cost-effectiveness of our operations continued as planned during the year, and will be further implemented during 1993. We are investing substantial resources in a comprehensive Ericsson quality-improvement program designated TQM (Total Quality Management). TRIM and TQM are vital if we are to continue to be a world-leading, independent supplier of telecommunications equipment.

While 1992 as a whole was a weak year in terms of earnings, it is gratifying to note the strong improvement in income during the fourth quarter. The increased order bookings are now having an impact on invoicing and income. The decision to allow the Swedish krona to float will not have a favorable effect on our earnings until the latter part of 1993.

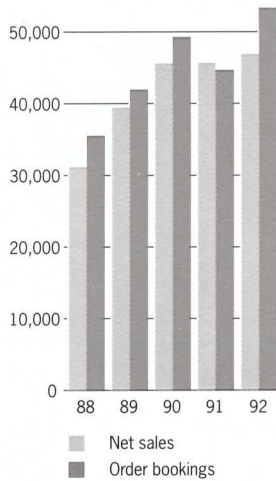
As regards the future, it is important to note that the trend of the market in telecommunications is distinctly in the direction of areas where we have our greatest strength. Our fastest-growing product and system areas are primarily the ones in which continuing expansion has occurred. Ericsson is on its way to a substantial rise in earnings in 1993, and I am therefore optimistic about the future.



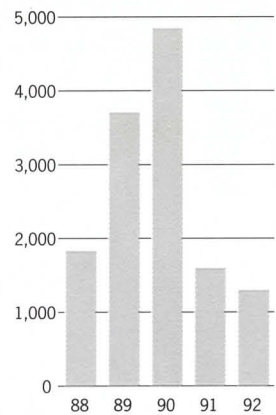
LARS RAMQVIST



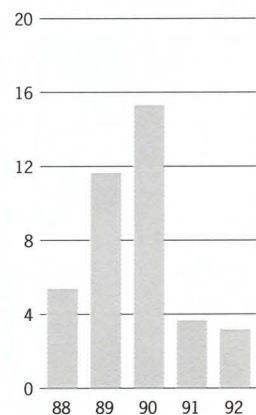
“I can say that our strategy was correct and that our undiminished investments in technology were necessary. Without comprehensive new development programs, we would not have been able to report such strong order bookings.”

**Net sales/
Order bookings, SEK m.**


Net sales increased by 3 percent during the year and order bookings by 19 percent.

**Income before taxes,
SEK m.**


Income declined to SEK 1,306 m. in 1992, a decrease of 19 percent compared with 1991.

**Adjusted net income per
share after actual taxes,
SEK.**


Income per share decreased to SEK 3.20, during the year, 13 percent lower than in 1991.

Ericsson, an international leader in telecommunications, is recognized for its advanced systems and products for wired and mobile telecommunications 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 66,000 employees and is active in 100 countries.

The share capital of the Parent Company at December 31, 1992 was SEK 2,061,894,790, represented by 206,189,479 shares, each with a par value of SEK 10. Shareholders outside Sweden own approximately 27 percent of the shares.

Expenditures for research and development (R&D) in 1992 amounted to SEK 7,377 million, equal to 16 percent of net sales. Total technical expenses in 1992, including costs of adapting products to local markets, amounted to SEK 10,300 million, equal to 22 percent of sales.

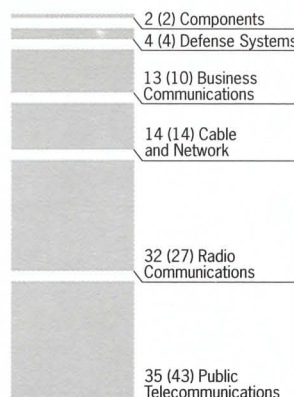
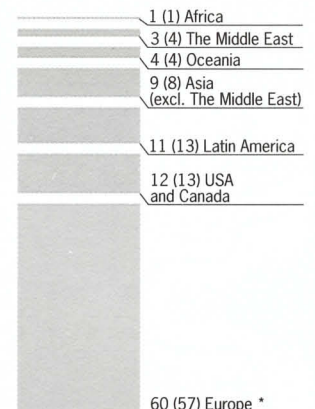
Highlights

Net sales
Order bookings
Order backlog at year-end
Income before taxes

Adjusted net income per share after taxes paid, SEK after full conversion
Adjusted net income per share after paid and estimated deferred taxes on timing differences, SEK after full conversion
Dividend per share, SEK

	1992 SEK m.	1991 SEK m.	Percent change
Net sales	47,020	45,793	3
Order bookings	53,427	44,758	19
Order backlog at year-end	38,050	28,777	32
Income before taxes	1,306	1,604	-19
Adjusted net income per share after taxes paid, SEK after full conversion	3.20	3.69	-13
Adjusted net income per share after paid and estimated deferred taxes on timing differences, SEK after full conversion	2.32	4.30	-46
Dividend per share, SEK	3.50*	3.50	-

* For 1992, proposed by the Board of Directors

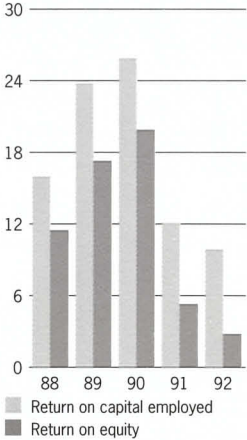
**Sales to external
customers, by Business
Area, %**

**Geographic
distribution of sales, %**


* of which Sweden 13 (13)



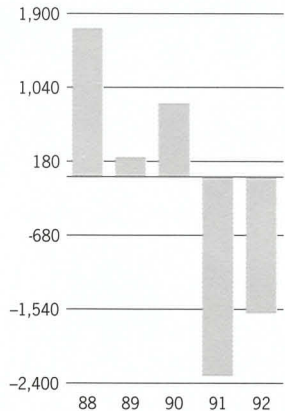
Ericsson's FMAS operating support system makes it possible for the telecom operator to quickly set up new connections and make greater use of network capacity.

Return on equity and capital employed, %



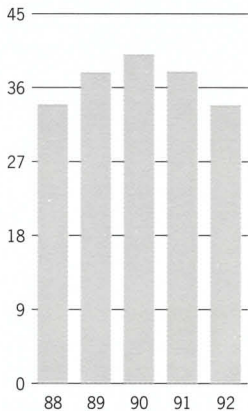
The return on shareholders' equity declined to 2.8 percent in 1992, and the return on capital employed fell to 9.9 percent during the same period.

Cash flow before external financing, SEK m.



Ericsson's cash flow was negative in the amount of SEK 1,593 m., but was much stronger than in the preceding year.

Equity ratio, %



Ericsson equity ratio decreased to 34.3 percent in 1992.

The international recession set its mark on many of Ericsson's principal markets again in 1992, with a resulting reduction in capital spending for public telecom networks in particular.

The telecommunications market has changed substantially in recent years. Emphasis is increasingly being shifted toward the areas in which Ericsson has a unique position and strength. One result of this shift in 1992 was a continuing increase in investments in mobile telephone systems despite the severe recession.

Development work today is driven by demands from telecom operators' customers – the users of telecommunications systems. These customers are increasingly demanding greater mobility and possibilities to choose to be accessible. To satisfy these demands, mobility and greater flexibility in networks is required. These concepts have long dominated Ericsson's substantial technical development programs.

Another important change in the telecommunications market is the rapid increase in investments in transport networks, the present designation for transmission systems. The breakthrough for Ericsson's new generation of transport network systems in Sweden and Denmark in 1992 is therefore of great strategic importance.

Increased operations

The trend of the market has meant that Ericsson has been able to expand its operations. This is reflected in the following review of major business developments in 1992. In addition to the transactions described, deliveries made within the framework of continuing agreements should be noted. Expansion and upgrading of systems delivered earlier accounts for a large part of Ericsson's sales. With its AXE exchange system installed in 101 countries, and with 40 percent of the world's mobile telephone subscribers linked to its systems, Ericsson has a very solid base for its operations.

Important business developments in 1992

Europe

The large deliveries of AXE equipment for use in both fixed and mobile networks continued in Sweden. At year-end, Swedish Telecom placed the first large order for ETNA (Ericsson Transport Network Architecture) equipment. It also signed an important agreement covering deliveries of cable during 1993 and 1994.

The Swedish defense authorities ordered Sub-series 2 of the JAS 39 Gripen multirole aircraft, which calls for deliveries of radar, special computers and display equipment totaling SEK 3 billion. The Defense Materiel Administration

approved an order, valued at SEK 1.2 billion for six PS 890 airborne early warning radar systems. Contracts were signed at the beginning of 1993.

In December, Danish telecom administrations also ordered transport network systems. Large deliveries of AXE equipment were made in Norway under framework agreements. Norwegian defense authorities also signed a contract, valued at SEK 1.4 billion, for field radio systems and, together with the Swedish defense authorities, approved continued development work on artillery-locating radar.

In Germany, Ericsson received a breakthrough order for a broadband system. It was the first contract for an ATM-based (Asynchronous Transfer Mode) exchange, to be used by Deutsche Bundespost Telekom in a pilot network. The first SDXC (Synchronous Digital Cross-Connect) systems were delivered to the same customer, which – like Mannesmann Mobilfunk, its competitor in mobile telephony – also placed large orders for Mini-Link microwave links.

Ericsson concluded a preliminary agreement covering volume deliveries of mobile telephones to Mannesmann and the third Ericsson GSM telephone – at the time the smallest digital pocket telephone on the world market – was type-approved in Germany in December.

Continuing successes for the MD110 system in the German market included an order from Audi for ISDN (Integrated Services Digital Network) networks employing fiber optics technology for high-speed transmission. Ericsson's new network company in Germany received a network construction order worth SEK 250 million.

AXE's share of the market in Great Britain rose sharply as the result of a SEK 2.5 billion order covering deliveries during the next three years. Supplementing this contract, a preliminary agreement, valued at one billion kronor, was reached with British Telecom (BT) covering systems development and software for new services. Vodafone ordered GSM equipment to expand the company's mobile telephone network. Equipment for a PCN (Personal Communications Network) was delivered to Mercury.

AXE systems with ISDN functions were delivered in France and Switzerland. GSM equipment was delivered in Switzerland and Ericsson's share of the French market for GSM increased.

SIP, the government-owned telecom operator in Italy, has cut back its investments in the public network, but there has been sharp expansion in the mobile telephone sector. The analog system, large parts of which were supplied by

Ericsson, now has more than 700,000 subscribers throughout the country. The Italian GSM system was placed in service in October. Ericsson delivered a large part of the system. At the end of the year a certain upturn in the economy could be detected in Spain. Ericsson has increased its share of the market for transmission products there. The country's largest private data communications network was ordered by MEFF, the Spanish financial futures market, which, like many other European stock exchanges, specified Ericsson's Eripax system.

Deliveries of AXE in the Netherlands continued within the existing general agreements. A contract was received covering expansion of the NMT network and the police department in The Hague ordered a large digital system for land mobile radio.

Ericsson received a contract to supply the first GSM system in Ireland, and Telecel, the private telecom operator in Portugal, ordered a national GSM network to serve 150,000 subscribers.

A number of contracts were signed with customers in new nations in Central and Eastern Europe. The telecom administration in Slovenia ordered an NMT system, and a contract for four international AXE exchanges was received in Croatia. In Rumania, Ericsson is supplying an NMT system to serve 3,000 subscribers.

In Hungary, early in the year, Ericsson handed over the first AXE exchanges covered by the framework agreement signed in 1990. Westel, the mobile telephone operator, ordered an expansion of the Hungarian mobile network to handle 20,000 subscribers.

A large digital land mobile radio system is to be delivered to the police and fire department authorities in Poland. Telbank AG, a Polish bank, ordered a private data network based on MD110 and Eripax.

North America

In Canada, Rogers Cantel placed in service the first digital mobile telephone system based on American standard. Ericsson also received an order for 20,000 mobile telephones for dual mode analog/digital operation.

AXE equipment for nearly one million local and trunk lines was delivered in the U.S. Contracts to upgrade AXE systems were signed with US West. A number of very large telephone exchanges were delivered to Nynex, including the world's largest AXE exchange – in Yonkers, north of New York City – with a capacity of more than 75,000 subscribers.

Ericsson continued to deliver analog and digital mobile telephone systems to large customers: McCaw, Southwestern Bell, Los Angeles Telephone Company, Ameritech, Bell South and Pacific Telesis. McCaw and Southwestern Bell signed volume orders for mobile telephones. Digital mobile telephone systems were placed in service in New York, Florida and on the U.S. West Coast, among other locations.

Latin America

Investments in telecommunications are increasing in a number of Latin American countries as a consequence of much improved economies as well as the deregulation and privatization of the market. For Ericsson, 1992 was a year of marketing successes for both fixed and mobile networks. Argentina, Chile, Ecuador, Peru and Venezuela are all countries in which orders for AXE systems have increased.



In Colombia, as a result of large AXE orders received in Bogota and Cali, among other cities, Ericsson made a strong comeback as a supplier of public telecommunications systems.

Mexico, where 1.2 million lines of AXE were installed, was Ericsson's largest market in 1992. Final negotiations of a contract for delivery of 780,000 lines in 1993 were completed. This was the third contract concluded in Mexico since privatization of Telmex, the telecom operator, which now has a total of 5.3 million lines of AXE in service or on order. The expansion of mobile telephone systems is also accelerating in Latin America. Ericsson is well established in this sector in Mexico, Argentina and Venezuela. New orders – all for analog systems – were received in these countries and in Brazil.

Asia

China is now the fastest-growing market for AXE, with a total of 1.7 million installed lines, of which 620,000 were installed during the year. A number of contracts were signed covering continuing deliveries to various provinces. Ericsson is ably defending its 20-percent share of a market where substantial investments will be made in telecommunications in coming years.

Many large contracts for analog mobile telephone systems were signed, including one in the Guangdong Province. An order for substantial expansion was placed early in 1993. The contracts, valued at close to SEK 2,000 million, comprising AXE exchanges and radio base stations.

China was also the largest market for MD110 in 1992. Of the total of 650,000 lines delivered, 150,000 were delivered during the year. They were largely manufactured within the country on license.

Three large orders for digital mobile telephone systems were signed in Japan. A jointly owned company was formed with Toshiba to carry out these contracts. In the initial phase, the orders are valued at nearly SEK 2 billion. Systems will be installed in Tokyo, in the Osaka-Kobe-Kyoto region and in Tokai. Orders for additional mobile telephone systems for Osaka were signed early in 1993.

In Taiwan, Ericsson will deliver equipment that will triple the capacity of the analog mobile telephone system. This order is worth SEK 640 million.

Ericsson delivered international AXE exchanges to a number of large cities in India. A plant to manufacture fiber optical cable was established jointly with an Indian company.

In Pakistan, Ericsson is handling a project totaling one billion kronor that comprises AXE exchanges, fiber optical transmission systems and network construction.

Orders for digital mobile telephone systems were received in Singapore and Hong Kong. Singapore also placed an order to expand its analog system.

An AXE order worth SEK 890 million was signed in Malaysia, which also ordered Sea Giraffe radar. In Laos, Ericsson was awarded a large network-construction order. A contract to expand the analog mobile telephone network in Kuwait was also received.

Saudi Arabia became a new market for MD110 finance systems.

Australia

Competition in the market for wired telecommunications networks has increased in Australia. Telecom Australia placed a SEK 150 million order for GSM equipment. In February, frequencies were allocated for cordless business communications, paving the way for a commercial launching of Ericsson's Freetel system.

Early in 1993 Ericsson concluded another contract, with the Arena operating company, for GSM systems. The total value of this contract is SEK 900 million.

Efficient financial management

For many European countries, 1992 was an extraordinary year as regards movements in exchange rates and interest rates. This was particularly true in Sweden where, on November 19, the krona was allowed to float against other currencies. As a result, the krona quickly declined about 20 percent in value. The policies applied by Ericsson and the work performed in its highly



Computer-based remote teaching is possible with the aid of broadband technology in the telecommunications network. Broadband with ATM technology is opening up many new application areas for telecom networks.



Ericsson's RAS1000 system makes it possible, through the use of radio technology, to build telecommunications networks in areas that lack a modern infrastructure.

centralized financial management limited the impact of the turmoil during the latter part of the year.

Exchange-rate impact

The effects of changes in exchange rates on a large international group can largely be classified in three areas:

- Transaction exposure
- Translation exposure
- Dynamic effects

Ericsson's policy is to limit transaction and translation exposure as much as possible. This can be done in various ways.

Transaction exposure

Swedish Ericsson companies account for the dominant portion of export operations within the Group. Ericsson therefore concentrates its transaction exposure in Sweden. When its Swedish companies export products and services, they invoice Ericsson companies outside Sweden in

the latter's local currencies. The Swedish companies then hedge their currency flows against changes in exchange rates by placing "internal" forward contracts with Ericsson's internal bank, Ericsson Treasury Services AB, which in turn insures the currency flows in an optimal manner in the external market. Such hedging can be applied both to invoices issued and orders registered but not yet invoiced.

As a result, transaction exposure was well covered in 1992. The fall in the krona exchange rate following the decision to let the Swedish currency float did not affect Ericsson appreciably. Because of the currency hedgings, the decline in value of the krona will not have an impact until the latter part of 1993.

Translation exposure

Ericsson's policy is that net assets in its foreign subsidiaries should be largely in balance with borrowing in the same currencies. The composition of Ericsson's loan portfolio, combined with currency exchange contracts, guarantees this balance. The decreased value of the krona thus had only a limited effect on consolidated earnings where loans in other currencies were involved.

In translating the income statements of foreign subsidiaries to Swedish kronor, the write-down of the krona means that foreign earnings are worth more. The reverse applies in the case of any foreign losses. Since the drop in the krona exchange rate began late in the year, the impact on 1992 earnings was marginal.

Dynamic effects

One positive effect of the lower krona exchange rate is the improved competitiveness of companies with large operations in Sweden and substantial exports from the country. One condition is that inflation remains low.

Ericsson has a substantial part of its operations in Sweden, with large exports of both hardware and software. But it also imports microelectronic components, among other items, notably from the U.S. and Japan. Long-term, the net effects should be positive, but in this case, too, the dynamic effects in 1992 were marginal, since the write-down occurred late in the year.

Ever since Bell invented the telephone in 1876, the development of telecommunications has kept pace with technological progress. New technologies have made new functions and services possible in telecommunications networks. Subscribers, private as well as corporate customers, accepted what technology was able to offer. That is how we got automatic telephone exchanges, and that is how we got our mobile telephones.

Today, technology is no longer the only driving force behind development programs. What is now the controlling factor are the needs of telecom operators' customers and, to an even greater degree, the finances of the operators themselves. Thus, it is primarily the market that will determine the nature of tomorrow's telecommunications. The task of technology will then be to eliminate all possible technical barriers in order to provide what the market demands from tomorrow's telecommunications.

Attention is increasingly being focused on the market to detect its signals as early as possible. By shifting our perspective several years forward in time, we can create a picture of what is guiding Ericsson's technicians as they now develop systems, products and services for the telecommunications of tomorrow.

In its development work, Ericsson has the advantage of its tradition of building products and systems containing a high degree of built-in flexibility. The success and long life of its AXE system is a good example.

With the speed of light

The growth of the information society has only just begun. Its most important resource is information in various forms: speech, data, images and video. It must be possible to communicate this information rapidly in all directions, throughout the world. This lies behind the market's interest in broadband technology, data networks and high transmission speeds. Transmission of moving images requires thousands of times the capacity in network connections, compared with what is needed for normal speech.

The global telecommunications of the future will certainly offer the capacities required for transmission of information. When one then

speaks of high transmission speeds, the Mbit/s (megabit per second) measurement will no longer be adequate; instead, the thousand-times-greater Gbit/s (gigabit) unit is being discussed. And not just one Gbit/s, but rather 10, 40 or 100.

These very high speeds are already being studied by Ericsson's engineers. Technologies offering transmission speeds of 10 Gbit/s are now in the laboratories. They employ so-called ATM (Asynchronous Mode Transfer) technology, a method of signal transmission already included in the investment plans of many large telecom operators. Studies covering signal transmission at even higher speeds – 40 Gbit/s – have already begun. Ericsson engineers are now working on the development of microcircuits for totally optical transmission of signals, where light replaces electrical impulses. Such circuits make possible much greater speeds and capacities than can be achieved with present technology.

Paying for what you need

Demands for high speeds and capacities are not the only motivating forces as the ATM technology is being developed. The need for flexibility is also a controlling factor. In this context, flexibility means that a broadband network is never broader than the customer requires. Bandwidth on demand is already available in Ericsson products in the lower-capacity areas but will be a standard feature in the future.

Here, the users' need for cost-effectiveness coincides with the telecom operators' interest in obtaining the highest-possible utilization of capacity in the telecommunications network. When a company requires temporary access to wide bandwidths, the connection is adapted to this need. During interim periods, the connection serves as an ordinary extension and is debited accordingly.

Personal telephony

Mobility is taken for granted in tomorrow's communications. Personal telephony and the need for increasingly "intelligent" services have driven developments in this field. Pocket telephones are becoming smaller and are offering a number of new functions such as built-in "mail boxes" and planning calendars.

Each subscriber will have one or more person-





EnergyMaster is a product for monitoring and controlling all types of energy equipment in telecommunications networks. Central monitoring leads to substantial cost savings for telecom operators.

al telephone numbers and will be able, by means of a code or identification card, to indicate where in the global telecommunications network he or she is located. Calls to and from the subscriber can then be connected to a pocket telephone or to a nearby fixed-wire telephone terminal.

The realization of personal telephony has been made possible by the technical progress in radio communications, intelligent networks and advanced operating support systems. Implementation of the global personal communications system will be deferred for some years, however, due to administrative and market-related factors.

Broad range of services

Users' telecommunications requirements vary. As a result, more and more companies and other groups of users are developing their own ability to determine how best to utilize the potentials in telecommunications networks. This further underscores the need for new – often specially adapted – services.

Telecom operators – both the traditional large operators who often operate nationally and internationally and the new “niche” operators – have recognized the commercial opportunities inherent in the concept of custom-tailored services. The ability to quickly create and provide new services will be decisive in determining the profitability of operators in the future.

Services created to meet a customer's specific requirements have a high value, since they can yield increased revenue in the customer's business. The ability and speed of telecom operators in developing and introducing a service demanded by customers will therefore be increasingly important factors in the customers' choice of telecommunications partners.

Partnership

The future will offer a very broad selection of telecommunications services and network solutions. Accordingly, large corporations will have to work closely with a number of different operators to solve their telecommunications needs. Small and medium-size companies generally lack the expertise to evaluate and define these needs. This creates opportunities for new types of tele-

com operators who specialize in developing unique telecommunications solutions suitable for these customers.

If both old and new operators are to succeed in their tasks, they will require an ample inventory of powerful operating support systems and systems for developing services. Ericsson can already offer products in this area. The TMOS (Telecommunications Management and Operations Support) family of systems for network monitoring is currently being refined in cooperation with Hewlett-Packard. Together, Ericsson and Hewlett-Packard offer unique expertise in supporting today's and tomorrow's telecom networks through a combination of computer and telecommunications technology.

Microelectronics offers new products

With the aid of advanced operating support systems, telecom operators can meet their customers' demands for flexibility and innovativeness. Demands for operating reliability and dependability rank next among requirements that affect the operators' potential for success in an increasingly competitive market. Technical developments have created favorable conditions for meeting these demands as well.

Developments in microelectronics and semiconductor technology have made it possible to design highly reliable products and systems. Microelectronic technology has been responsible for a continuing reduction in the size and cost of products. In the mobile telephone field, this is resulting in completely new products with higher capacity. In digital mobile telephony, there is a strong trend toward small radio base stations and pocket telephones.

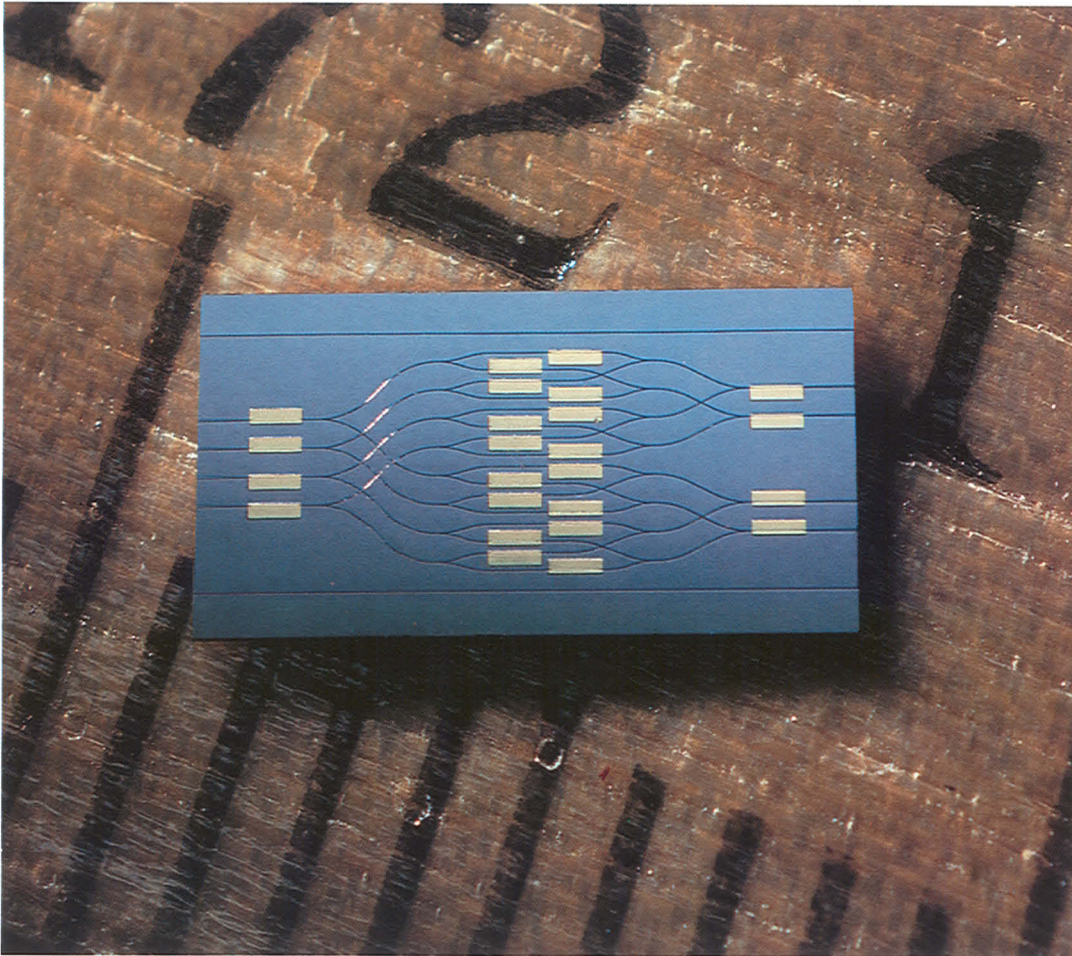
More efficient software

The computer software programs that control the performance of telecommunications equipment and the functions it can handle are becoming increasingly important. When the market demands increased mobility and flexibility in a network, new software in systems is the principal means by which the demands can be met.

Ericsson's development of software maintains high international standards. With the new object-oriented programming, it is possible to



Ericsson Components
has developed advanced
power transistors for
radio base stations.



An optical exchange placed on a ruler symbolizes telecommunications of the future. With systems made up of such micro-elements, it is possible to switch calls in optical high-speed networks.

design much more “robust” programs than before, while building a high degree of flexibility into systems.

Keeping pace with the market

The picture of the telecommunications market of the future that has been sketched here is based on reasonable evaluations of trends.

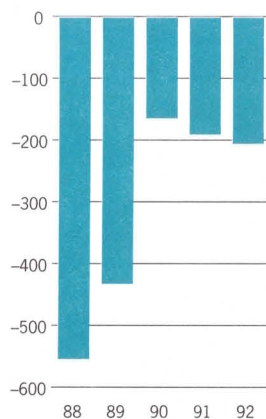
Much of this future scenario is already a reality for telecom operators, something that is part of their business planning. The trends described here coincide closely with the direction of Ericsson’s development programs.

To be a successful supplier of telecommunications systems, products and services, a company must be able to meet tomorrow’s demands today. Ericsson, with its comprehensive switching, radio and network competence, has the very best prospects for continuing to be a successful supplier in the future. This was strongly confirmed in 1992 when Ericsson became the first European company to receive the IEEE Corporate Innovation Award, presented by the Institute of Electrical and Electronic Engineers for “important contributions to the development of analog and digital cellular radio technology.”

Ericsson is positioning itself to be a leader in technology – through applied research in cooperation with universities and colleges, through alliances with strategic partners, and through projects under its own auspices. The program involving operating support systems in association with Hewlett-Packard, and the development of components in cooperation with Texas Instruments are two good examples of how Ericsson’s substantial expertise has made it possible to form strong alliances for work on telecommunications of the future.

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Financial Net, SEK m.

**Sales and order bookings**

Ericsson's consolidated net sales in 1992 amounted to SEK 47,020 m., an increase of 3 percent compared with SEK 45,793 m. a year earlier. Sales to customers outside Sweden accounted for 87 (87) percent of total sales, unchanged from 1991.

Order bookings increased 19 percent, to SEK 53,427 m. (44,758). The order backlog at year-end was SEK 38,050 m. (28,777).

Income

Consolidated income before taxes declined 19 percent, to SEK 1,306 m. (1,604). Of this amount, net capital gains after deduction for minority interest, accounted for SEK 57 m. (229).

Operating income after depreciation was SEK 1,819 m. (2,291). Total operating income in Ericsson's business areas for telecommunications systems – *Public Telecommunications*, *Radio Communications*, *Business Communications* and *Components* – weakened as a result of major technical development investments. *Cable and Network* reported improved income despite lower sales due to divestments. Operating income of the *Defense Systems* Business Area also improved. Ericsson's share in earnings of associated companies increased to SEK 230 m. (87), primarily due to continuing improvements in the Brazilian and French markets. General expenses declined as a result of extensive rationalization programs.

Depreciation increased due to heavy investments in equipment with increasingly shorter depreciation periods in recent years, related mainly to the comprehensive technical development programs.

Ericsson's net financial expenses rose slightly, to SEK 204 m. (189). Cash flow, SEK 1,593 m., was negative, but improved sharply, compared with a negative flow of SEK 2,322 m. in 1991. The write-down of the Swedish krona during the last quarter of the year had a negative impact on cash flow.

Minority interest in income, which decreased, amounted to SEK 309 m. (498). Ericsson's partly owned subsidiaries in Mexico and Italy reported decreases in income.

Public Telecommunications reported a decline in sales, due mainly to a much lower level of capital spending in the Spanish market and divestment of the telephone operating activities in an

Argentinian company. Gains were recorded notably in Norway and The Netherlands.

Radio Communications increased its sales sharply, mainly of digital mobile telephone systems to Germany and Great Britain as well as analog mobile telephone systems to China. Sales of mobile telephones also rose.

Sales of the *Business Communications* Business Area rose significantly. This was due primarily to the acquisition of the majority holding in the former affiliated Austrian company Schrack. For comparable units, the increase was 2 percent. Market successes were noted for the MD110 subscriber exchange systems and data networks. Sales in the German market rose sharply.

Sales in the *Components* Business Area were lower as a result of market declines in Spain and Mexico. Sales of power components decreased while microcircuit sales rose.

Cable and Network reported lower sales due to the divestment of two Latin American cable companies. For comparable units, sales rose 8 percent. The Italian market developed positively. Sales in Sweden declined as a consequence of the weak Swedish economy.

Defense Systems reported higher sales due mainly to successes in microwave link operations. Most of the Business Area's sales were to the Swedish market.

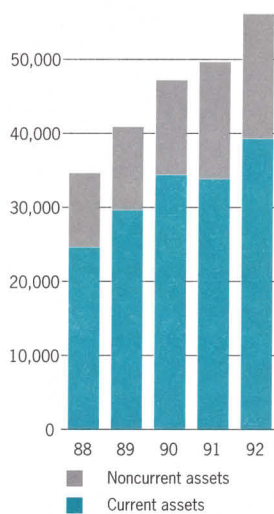
Financing

The rate of capital turnover declined to 0.89 (0.95), due mainly to the lower exchange rate for the Swedish krona. Accounts receivable increased to 34 (32) percent of sales. Inventories were higher, amounting to 22 (20) percent of net sales. The equity ratio declined to 34.3 (37.9) percent.

Conversions of debentures equal to 203,024 shares occurred during the year. During the period between January 1 and February 15, 1993 debentures equivalent to 108,317 shares were converted. These shares carry rights to dividends in 1993.

At year-end, SEK 579 m. of the SEK 626 m. debenture loan issued to employees in the autumn of 1987 and listed for trading on the Stockholm Stock Exchange in 1990, and CHF 0.8 million of the CHF debenture loan, had not been converted.

Assets, SEK m.



The Swedish convertible loan noted above matures on March 31, 1993. The debentures carry conversion rights through March 15, 1993.

The turbulence in the autumn in the European currency market had no significant effect on Ericsson's income for the year.

A significant share of Ericsson's cash and foreign exchange management as well as internal bank services are handled by Ericsson Treasury Services. Companies within this unit operate on behalf of Ericsson in the foreign exchange and money markets under a surety from the Parent Company. This surety is included in the Parent Company's contingent liabilities. The unit reported favorable results during the year, attributable mainly to interest and currency risk management.

The Parent Company arranged medium- and long-term borrowings during the year in the private and public markets, totalling SEK 1,706 m. The major public borrowing in 1992 was a Eurobond of USD 150 m., due in 1997. The loan is rated "A+" by Standard and Poors and "A1" by Moody's.

Export and project financing requirements remained high, particularly in the projects area where the need is rising due to the establishment of new private operators that offer new services.

Problems in the bank and insurance sectors in Sweden and other countries created difficulties in syndicating longer risks that are not covered by government guarantee institutions. Dependence on government guarantees is heavy for exports to certain of Ericsson's markets in developing countries, since there are no acceptable alternatives on the market. Ericsson's exposure for financing of customers rose somewhat during the year, which was also influenced by fluctuations in currency exchange rates.

The results of operations in Ericsson's various captive insurance companies continued to be satisfactory. These operations comprise direct underwriting and reinsurance in many areas.

Research and development

Ericsson's total expenditures for research and development, including costs related to customer orders, increased by 5 percent. As in the preceding year research and development costs were high as a result of heavy investment in new prod-

ucts. Costs amounted to SEK 7,377 m. (7,054), equal to 16 (15) percent of net sales. Total technical development costs, which also include costs of adapting systems and products to specific markets, amounted to SEK 10,300 m. (10,326), equal to 22 (23) percent of sales.

Capital expenditures

Capital expenditures for property, plant and equipment in 1992 totaled SEK 3,847 m. (3,583). Of this amount, SEK 1,248 m. (1,637) involved investments in Sweden.

Personnel

At year-end 1992, 66,232 (71,247) persons were employed within Ericsson. Of the decrease of 5,015 persons compared with the number a year earlier, units acquired and divested accounted for a net reduction of 1,262.

Wages, salaries and other remuneration amounted to SEK 13,158 m. (12,156). Sales per employee were equal to SEK 710,000 (643,000). Supplementary information on the average number of employees and on wages, salaries and other remuneration appears in a note to the financial statements.

Significant changes within Ericsson

In the beginning of 1992 Ericsson acquired from GE (General Electric) 20 percent of the shares of Ericsson GE Mobile Communications Holding Inc. in the U.S., a company owned jointly with GE. After the purchase, Ericsson holds an 80-percent interest.

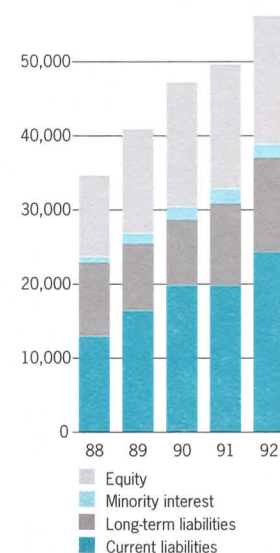
In accordance with an agreement signed during the autumn of 1991, Fuba Telekom GmbH, a German telecommunications company was formed. Ericsson holds a 51-percent interest.

In accordance with a prior agreement, Ascom AG, a Swiss telecommunications enterprise was also formed. Ericsson holds a 40-percent interest.

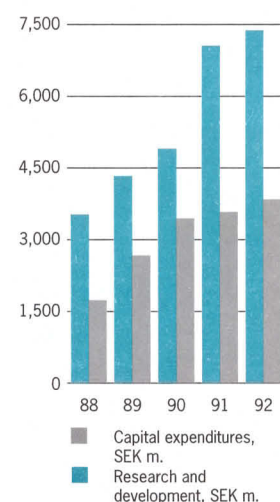
Jointly with the Japanese company Toshiba, Ericsson formed a company for installation and marketing of digital mobile telephone systems on the Japanese market. Ericsson holds a 60-percent interest.

Ericsson and Hewlett-Packard signed an agreement covering establishment of a jointly owned company, Ericsson Hewlett-Packard AB.

Liabilities and Equity,
SEK m.

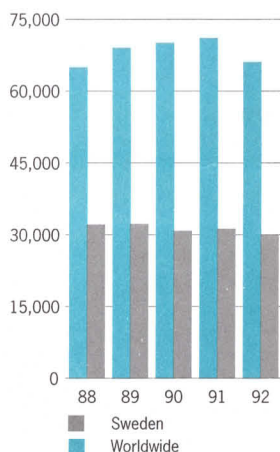


Research and Development, Capital Expenditures,
SEK m.



Board of Directors' Report

Number of Employees



Ericsson owns 60 percent of the new company.

Ericsson acquired an additional 16.5 percent of the shares of Schrack Telecom AG, an Austrian telecommunications company, thereby attaining a majority holding.

Early 1993 Ericsson made an offer on the remaining part of the shares in the Mexican subsidiary Teleindustria Ericsson S.A.

The two Latin America cable companies, Fios e Cabos Plasticos do Brazil SA and Fabricas Colombianas de Materiales Electricos SA, were divested during 1992.

The telephone operating activities in the Argentinean company Compania Argentina de Telefonos SA were divested during the year.

Ericsson's shares in the Korean company Oriental Telecommunication Company Ltd were sold during the year.

Effective January 1, 1993, a new business area, Business Networks, was formed through integrating the network operations within Cable and Network into Business Communications. At the same time, the cable operations in Cable and

Network were merged into the Components Business Area.

Outlook

As a result of the undiminishing strong investments for the future, a considerable improvement in earnings is expected in 1993.

Proposed disposition of earnings

The sum of SEK 3,305,419,143 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:

<i>That</i> a dividend of SEK 3.50 per share be paid to stockholders duly registered on the record date,	SEK	722,042,286
<i>That</i> the remainder be retained in the business,	SEK	2,583,376,857
	SEK	<u>3,305,419,143</u>

Stockholm, March 1993

Björn Svedberg
Chairman

Peter Wallenberg
Deputy Chairman

Tom Hedelius
Deputy Chairman

Sune Andersson

Carl-Erik Feinsilber

Georg Karnsund

Claes-Göran Larsson

Thomas Olsson

Sven Olving

Sven Ågrup

Lars Ramqvist
President

Consolidated Income Statement

Telefonaktiebolaget LM Ericsson and consolidated subsidiaries

Years ended December 31, SEK m.	1992	1991	1990
Operating revenues			
Net sales	47,020	45,793	45,702
Other operating revenues <i>note 1</i>	480	732	698
Share in earnings of associated companies	230	87	300
	<u>47,730</u>	<u>46,612</u>	<u>46,700</u>
Operating expenses			
Cost of sales	24,448	22,566	22,891
Selling, research and development, general and administrative expenses	19,270	19,892	16,543
Depreciation <i>note 2</i>	2,193	1,863	1,572
	<u>45,911</u>	<u>44,321</u>	<u>41,006</u>
Operating income after depreciation	1,819	2,291	5,694
Financial income <i>note 3</i>	1,484	1,299	1,063
Financial expenses <i>note 3</i>	1,688	1,488	1,226
Income after financial income and expenses	1,615	2,102	5,531
Minority interest in income before taxes	-309	-498	-676
Income before taxes	1,306	1,604	4,855
Taxes			
Tax expenses <i>note 4</i>	-796	-952	-1,966
Deferred taxes <i>note 18</i>	-236	104	227
Minority interest in taxes	205	130	334
Reported net income	<u>479</u>	<u>886</u>	<u>3,450</u>
Adjusted net income per share, SEK <i>note 6</i>			
– after actual taxes paid	3.20	3.69	15.33
– after full conversion	3.20	3.69	14.66
– after actual and estimated deferred taxes	2.32	4.30	14.89
– after full conversion	2.32	4.29	14.24

Consolidated Balance Sheet*Telefonaktiebolaget LM Ericsson and consolidated subsidiaries*

<i>December 31, SEK m.</i>	<i>1992</i>	<i>1991</i>
Assets		
Current Assets		
Cash, bank deposits and short-term cash investments <i>note 7</i>	9,227	7,812
Notes and accounts receivable – trade (less allowance for doubtful accounts, 465, 1992 and 462, 1991) <i>note 8</i>	15,789	13,489
Inventories (less advance and progress payments, 2,740, 1992 and 2,334, 1991)	10,267	9,164
Other current assets <i>note 9</i>	4,046	3,439
	39,329	33,904
Deposits related to untaxed reserves <i>note 10</i>	139	82
Investments and other noncurrent assets		
Notes and accounts receivable – trade <i>note 8</i>	496	1,314
Investments in associated companies, at equity <i>note 22</i>	1,887	1,630
Other investments	512	852
Other noncurrent assets <i>note 12</i>	2,662	1,366
	5,557	5,162
Property, plant and equipment <i>note 13</i>		
Cost	21,818	19,129
Accumulated standard depreciation	11,306	9,199
	10,512	9,930
Revaluation adjustments, net of accumulated standard depreciation	581	547
	11,093	10,477
	<i>1992</i>	<i>1991</i>
Assets pledged as collateral	1,421	855 <i>note 20</i>
Total assets	56,118	49,625

<i>December 31, SEK m.</i>	<i>1992</i>	<i>1991</i>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable – trade	4,367	3,690
Advances from customers	4,277	3,662
Accrued taxes	333	521
Short-term borrowings <i>note 14</i>	3,959	3,096
Current maturities of long-term debt <i>note 16</i>	1,095	285
Other current liabilities <i>note 15</i>	10,289	8,534
	<u>24,320</u>	<u>19,788</u>
Long-term liabilities		
Bond loans <i>note 16</i>	2,398	1,235
Convertible debentures <i>note 16</i>	4	595
Pension liabilities <i>note 17</i>	5,092	4,526
Deferred tax liabilities in timing differences <i>note 18</i>	1,529	1,679
Other long-term liabilities <i>note 16</i>	3,534	3,002
	<u>12,557</u>	<u>11,037</u>
Minority interest in equity of consolidated subsidiaries	1,801	2,031
Stockholders' equity <i>note 19</i>		
Capital stock	2,062	2,060
Reserves not available for distribution	9,569	9,256
	<u>11,631</u>	<u>11,316</u>
Retained earnings	5,330	4,567
Reported net income	479	886
	<u>17,440</u>	<u>16,769</u>
	<i>1992</i>	<i>1991</i>
Contingent liabilities	2,050	1,996 <i>note 21</i>
Total liabilities and stockholders' equity	56,118	49,625

Consolidated Statement of Changes in Financial Position

<i>Years ended December 31, SEK m.</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
Cash at January 1	7,812	6,767	5,120
Cash provided from operations			
Reported net income	479	886	3,450
Minority interest in net income	104	368	342
Depreciation	2,193	1,863	1,572
Losses on sale of property, plant and equipment	66	39	33
Increase (-)/decrease in bank deposits related to untaxed reserves	-57	-13	3
Increase/decrease (-) in deferred tax liability on timing differences	-150	-104	-227
	2,635	3,039	5,173
Translation adjustments not affecting income statement	980	-348	-212
Sale of property, plant and equipment	1,725	227	419
	2,705	-121	207
Changes in working capital (excl. cash)			
Notes and accounts receivable – trade	-2,300	2,019	-3,266
Inventories	-1,103	201	282
Other current assets	-607	-636	-197
Current liabilities, noninterest-bearing	2,859	-1,071	2,838
	-1,151	513	-343
Changes in other assets			
Additions to property, plant and equipment	-3,847	-3,583	-3,448
Translation adjustments in property, plant and equipment	-706	148	142
Investments, net	83	-945	-395
Other noncurrent assets	-478	-620	191
	-4,948	-5,000	-3,510
Dividends paid	-834	-753	-673
Cash flow	-1,593	-2,322	854
Cash provided from financing activities			
Changes in short-term liabilities	1,673	1,027	583
Changes in long-term liabilities	1,670	2,346	14
Conversion of debentures	12	15	48
Proceeds from unclaimed stock dividend shares	-	3	-
Net change in capital contributed by minority	-347	-24	148
	3,008	3,367	793
Cash at December 31	9,227	7,812	6,767

Parent Company Income Statement

Telefonaktiebolaget LM Ericsson

Years ended December 31, SEK m.	1992	1991	1990
Operating revenues			
Net sales	11,467	12,301	10,744
Other operating revenues <i>note 1</i>	1,603	1,323	1,229
	<u>13,070</u>	<u>13,624</u>	<u>11,973</u>
Operating expenses			
Cost of sales	5,300	5,518	4,860
Selling, research and development, general and administrative expenses	6,676	7,544	5,979
Depreciation <i>note 2</i>	422	366	333
	<u>12,398</u>	<u>13,428</u>	<u>11,172</u>
Operating income after depreciation	672	196	801
Financial income <i>note 3</i>	1,835	930	1,522
Financial expenses <i>note 3</i>	1,606	438	654
Income after financial income and expenses	901	688	1,669
Appropriations to (-)/from untaxed reserves			
Changes in depreciation in excess of standard depreciation <i>note 2</i>	-101	-141	-105
Changes in other untaxed reserves <i>note 18</i>	314	547	279
	<u>213</u>	<u>406</u>	<u>174</u>
Contributions from/to (-) subsidiary companies	653	-122	-566
Income before taxes	1,767	972	1,277
Income taxes <i>note 4</i>	-135	-142	-115
Reported net income	<u>1,632</u>	<u>830</u>	<u>1,162</u>

Parent Company Balance Sheet

Telefonaktiebolaget LM Ericsson

<i>December 31, SEK m.</i>	<i>1992</i>	<i>1991</i>
Assets		
Current assets		
Cash, bank deposits and short-term cash investments <i>note 7</i>	168	162
Notes and accounts receivable from subsidiary companies <i>note 8</i>	4,936	3,827
Notes and accounts receivable – trade (less allowance for doubtful accounts, 266, 1992 and 232, 1991) <i>note 8</i>	1,940	1,589
Inventories (less advance and progress payments, 72, 1992 and 26, 1991)	1,649	1,965
Other current assets <i>note 9</i>	577	863
	<u>9,270</u>	<u>8,406</u>
Investments and other noncurrent assets		
Notes and accounts receivable – trade <i>note 8</i>	130	175
Other accounts receivable from subsidiary companies	1,533	845
Investments <i>note 11</i>		
Subsidiary companies	9,190	7,343
Associated companies	499	426
Other investments	23	72
Other noncurrent assets	462	219
	<u>11,837</u>	<u>9,080</u>
Property, plant and equipment <i>note 13</i>		
Cost	4,802	4,550
Accumulated standard depreciation	2,217	2,017
	<u>2,585</u>	<u>2,533</u>
Revaluation adjustments, net of accumulated standard depreciation	202	218
	<u>2,787</u>	<u>2,751</u>
	<i>1992</i>	<i>1991</i>
Assets pledged as collateral	497	307 <i>note 20</i>
Total assets	23,894	20,237

<i>December 31, SEK m.</i>	<i>1992</i>	<i>1991</i>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable – trade	863	839
Advances from customers	122	139
Tax liability	–	4
Short-term borrowings	1	289
Current maturities of long-term debt <i>note 16</i>	657	110
Accounts payable to subsidiary companies	2,505	708
Other current liabilities <i>note 15</i>	2,088	1,547
	<u>6,236</u>	<u>3,636</u>
Long-term liabilities		
Bond loans <i>note 16</i>	2,398	1,235
Convertible debentures <i>note 16</i>	4	595
Pension liabilities <i>note 17</i>	2,050	1,817
Payables to subsidiary companies	576	1,334
Other long-term liabilities <i>note 16</i>	1,766	1,466
	<u>6,794</u>	<u>6,447</u>
Untaxed reserves		
Accumulated depreciation in excess of standard depreciation <i>note 13</i>	964	863
Other untaxed reserves <i>note 18</i>	1,394	1,708
	<u>2,358</u>	<u>2,571</u>
Stockholders' equity <i>note 19</i>		
Capital stock	2,062	2,060
Reserves not available for distribution	3,139	3,129
	<u>5,201</u>	<u>5,189</u>
General reserve	100	100
Retained earnings	1,573	1,464
Net income	1,632	830
	<u>8,506</u>	<u>7,583</u>
	<u>7,697</u>	<u>4,236</u>
Contingent liabilities	<i>1992</i>	<i>1991</i>
	<i>7,697</i>	<i>4,236</i>
		<i>note 21</i>
Total liabilities and stockholders' equity	23,894	20,237

Parent Company Statement of Changes in Financial Position

<i>Years ended December 31, SEK m.</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
Cash at January 1	162	79	380
Cash provided from operations			
Net income	1,632	830	1,162
Depreciation	422	366	333
Gains (-)/losses on sale of property, plant and equipment	-22	27	10
Decrease in bank deposits related to untaxed reserves	-	5	35
Appropriations to untaxed reserves and Parent Company contributions to subsidiary companies	-866	-284	392
	1,166	944	1,932
Sale of property, plant and equipment	112	39	23
Changes in working capital (excl. cash)			
Notes and accounts receivable – trade	-1,460	499	159
Inventories	316	279	87
Other current assets	286	-103	296
Current liabilities, noninterest-bearing	2,341	-358	-1,288
	1,483	317	-746
Changes in other assets			
Additions to property, plant and equipment	-548	-914	-585
Investments, net	-1,871	-914	-183
Other noncurrent assets	-886	122	202
	-3,305	-1,706	-566
Contributions from/to (-) subsidiary companies	653	-122	-566
Dividends paid	-721	-720	-574
Cash flow	-612	-1,248	-497
Cash provided from financing activities			
Changes in short-term liabilities	259	-329	6
Changes in long-term liabilities	347	1,642	142
Conversion of debentures	12	15	48
Proceeds from unclaimed stock dividend shares	-	3	-
	618	1,331	196
Cash at December 31	168	162	79

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.

Because Ericsson has operations in many countries throughout the world and currency transactions are made in many different currencies, great importance is attached to various measures designed to reduce currency exposure.

In principle, Ericsson is subject to two different types of exposure from an accounting point of view:

Transaction exposure: Exposure related to payment flows denominated in a currency other than the Company's own.

Translation exposure: Exposure related to monetary net assets in a foreign subsidiary (often termed balance sheet exposure).

Subsidiaries reduce transaction exposure through forward exchange contracts, mainly those issued by Ericsson's internal bank, covering anticipated flows in foreign currency. The internal bank then assumes responsibility for maintaining Ericsson's net currency exposure within the frameworks established in the form of a currency risk policy. Translation exposure arises when monetary net assets of subsidiaries are valued at year-end exchange rates. Translation exposure in independent consolidated companies consists in principle of stockholders equity in these companies, i.e. Ericsson's net investment. This exposure is reduced through borrowing and currency exchange contracts in amounts governed by a policy established by Corporate Management. Translation exposure in integrated consolidated companies is reduced mainly through continuous monitoring with the objective of balancing an individual company's shareholders' equity and its investment in fixed assets.

See also Accounting Policies, item (d).

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, as they are stated in the Swedish Financial Accounting Standards Council's Recommendation RR01. These accounting principles differ in certain 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 23.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and all of its sub-

sidary 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 22). 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 (see (b) below).

(b) Goodwill

Goodwill (excess of cost over net assets at market value of acquired companies) and negative goodwill (excess of net assets at market value 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, 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 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. Companies whose accounts are translated in accordance with this method are designated independent companies.

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. Companies whose accounts are translated in accordance with this method are designated integrated companies.

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 3).

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 shown as an appropriation, in accordance with the recommendation of the Swedish Accounting Standards Board.

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

The internal bank's forward exchange contracts pertaining to consolidated net currency exposure, have been valued at market.

(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. This also applies to associated companies.

(g) Timing Differences and Deferred Taxes

Appropriations and Untaxed reserves are not reported in the consolidated financial statements. Effective in 1990, 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 deferred tax expense for the period. Furthermore tax expense for the period is adjusted for taxes attributable to hedge of net investments in foreign subsidiaries. See also General.

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

(h) Leases

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

Statement No. 13 of the Financial Accounting Standards Board (SFAS 13) is applied in accounting for certain contracts in the consolidated accounts.

Accordingly, certain leasing contracts are capitalized and reported as an acquisition of an asset and as Other short-term liability and Other long-term liability. See also Note 5, Leasing.

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost except for revaluation adjustments. 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, 3 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, which is reported in the consolidated accounts in accordance with

SFAS 13. However, 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. See also paragraph (h) under Leases, above.

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 23.

(l) SFAS 106 and SFAS 109

Effective January 1, 1993, Ericsson will apply the American SFAS 106 and SFAS 109 accounting recommendations.

SFAS 106 means that Ericsson will make a provision, pertaining mainly to health care costs, for its commitments to employees following the date of their retirement. SFAS 109 means that the deferred tax liability will be calculated in accordance with the so-called liability method. Application of SFAS 109 means that the tax effect of losses will be recognized in the accounts if the likelihood that it will be utilized is greater than 50 percent.

Accounting for deferred tax in accordance with the liability method has been applied in Ericsson's accounts since 1990 with respect to reversal of appropriations and untaxed reserves. See Accounting policies (g). It is estimated that the introduction of SFAS 106 and SFAS 109 will make a positive contribution to consolidated stockholders' equity in 1993.

Note 1 Other Operating Revenues

<i>Consolidated</i>	1992	1991	1990
Losses on sale of property, plant and equipment	-66	-39	-33
Gains on sale of investments and operations	118	399	227
Commissions, license fees and other operating revenues	428	372	504
	480	732	698

<i>Parent Company</i>	1992	1991	1990
Gains/Losses (-) on sale of property, plant and equipment	22	-27	-10
Gains/Losses (-) on sale of investments	36	-21	151
Commissions, license fees and other operating revenues	1,545	1,371	1,088
	1,603	1,323	1,229

Note 2 Depreciation

<i>Consolidated</i>	1992	1991	1990
<i>Total depreciation</i>			
Land improvements	2	6	2
Buildings	123	185	66
Telephone plants	17	53	43
Machinery and equipment	2,215	1,798	1,693
Revaluation adjustments	25	25	25
Construction in progress	95	-	-
	2,477	2,067	1,829
Less - Depreciation in excess of standard depreciation related to assets sold	135	63	106
Total depreciation	2,342	2,004	1,723
<i>Standard depreciation</i>			
Land improvements	5	3	3
Buildings	100	98	71
Telephone plants	17	53	43
Machinery and equipment	2,046	1,684	1,430
Revaluation adjustments	25	25	25
Total standard depreciation	2,193	1,863	1,572
Depreciation in excess of standard depreciation	-149	-141	-151

<i>Parent Company</i>	1992	1991	1990
<i>Total depreciation</i>			
Land improvements	-	3	-
Buildings	9	63	20
Machinery and equipment	422	446	413
Revaluation adjustments	14	14	14
Construction in progress	95	-	-
	540	526	447
Less - Depreciation in excess of standard depreciation related to assets sold	17	19	9
Total depreciation	523	507	438

<i>Standard depreciation</i>			
Land improvements	1	1	1
Buildings	20	16	15
Machinery and equipment	387	335	303
Revaluation adjustments	14	14	14
Total standard depreciation	422	366	333
Depreciation in excess of standard depreciation	-101	-141	-105

Note 3 Financial Income and Expenses

<i>Consolidated</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
<i>Financial income</i>			
Interest income	1,474	1,299	1,041
Dividends	10	-	22
Total financial income	1,484	1,299	1,063
<i>Financial expenses</i>			
Interest expenses	1,645	1,493	1,240
Gains and losses on foreign exchange, net	33	-34	-16
Other financial expenses	10	29	2
Total financial expenses	1,688	1,488	1,226
Financial net	-204	-189	-163
<i>Parent Company</i>			
<i>1992 1991 1990</i>			
<i>Financial income</i>			
Interest income	485	339	713
Dividends from subsidiaries	1,260	529	763
Dividends from others	90	62	46
Total financial income	1,835	930	1,522
<i>Financial expenses</i>			
Interest expenses	674	548	776
Gains and losses on foreign exchange, net*	924	-119	-129
Other financial expenses	8	9	7
Total financial expenses	1,606	438	654
Financial net	229	492	868

* Of the total amount, SEK 898 m in 1992 (SEK -67 m in 1991) is attributable to hedge of net investments in foreign subsidiaries. In 1990, the hedge effect was shown in Ericsson Treasury Services AB, and amounted to SEK -56 m.

Swedish companies' interest expenses on the pension liabilities are 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 4 Tax Expenses

As explained under Notes to the Financial Statements (g), the Company, effective in 1990, reports deferred taxes in timing differences (see Note 18). 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 30 percent effective in 1991.

Ericsson, like many other large Swedish companies, has been the object of a scheduled examination of the tax authorities. This audit was completed during 1991. Reservations made earlier are deemed adequate to cover any additional tax liability.

Certain subsidiaries, mainly based in the United

States and Argentina, had at December 31, 1992 tax loss carry-forwards, that can be utilized to reduce future taxable income, amounting to approximately SEK 1,495 m. Such loss carry-forwards expire as follows (in millions):

<i>Year of expiration</i>	<i>Amount</i>
1993	31
1994	29
1995	77
1996	32
1997	730
1998	46
1999	94
2000	120
2001	128
2002 or later	208
	1,495

In addition, the Parent Company had at December 31, 1992 unutilized tax deduction benefits related to its dividend payments, which can be applied during the period through the year 2012. 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 1992 is applied to the unutilized tax deduction benefits for own dividend payments at December 31, 1992, an amount of SEK 1,720 m. could be deducted when calculating income tax during the period through the year 2012. The Parent Company also has unutilized tax deduction benefits of SEK 81 m. related to capital losses that can be utilized through 1994.

Note 5 Leasing Leasing obligations

At December 31, 1992, future payment obligations for Leases were distributed as follows:

	<i>Leases</i>
1993	873
1994	662
1995	503
1996	314
1997	246
1998 and later	735
	3,333

Expenses for the year for leasing of assets amounted to SEK 1,026 m. (SEK 937 m. in 1991 and SEK 762 m. in 1990).

Leasing income

Certain consolidated companies lease equipment, mainly telephone exchanges, to customers. These leasing contracts vary in length from 6 months and 14 years.

Net book value of assets reported as Operating leases, after accumulated standard depreciation, amounted to SEK 312 m. at December 31, 1992 (December 31, 1991: SEK 82 m.).

Net investment in Sales-type Leases and Financial Leases amounted to SEK 348 m. at December 31, 1992 (December 31, 1991: SEK 350 m.).

Anticipated future payments for leased equipment are distributed as follows:

	<i>Sales-type and Financial Leases</i>	<i>Operating Leases</i>
1993	78	181
1994	78	129
1995	181	93
1996	1	61
1997	1	38
1998 and later	88	34
	427	536
Less: Interest	79	
Net investment	348	

Note 6 Adjusted Net Income per Share

<i>Consolidated</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
Income before taxes	1,306	1,604	4,855
Actual income taxes paid as reported	-796	-952	-1,966
Minority interest in taxes paid	+149	+108	+260
Adjusted net income (after actual taxes paid)	659	760	3,149
Per share	3.20	3.69	15.33
Adjusted net income (after actual taxes paid)	659	760	3,149
Interest expenses on convertible debentures net of income taxes	+46	+46	+33
Foreign exchange differences on convertible debentures, net	-	-1	+1
Adjusted net income (after actual taxes paid) after full conversion	705	805	3,183
Per share	3.20 *	3.69 *	14.66
Adjusted net income (after actual taxes paid)	659	760	3,149
Estimated deferred taxes in timing differences	-236	104	227
Adjustment of deferred tax liabilities	-	-	-391
Minority interest in estimated deferred taxes	+56	+22	+74
Adjusted net income (after actual and estimated deferred taxes)	479	886	3,059
Per share	2.32	4.30	14.89
Adjusted net income (after actual and estimated deferred taxes)	479	886	3,059
Interest expenses on convertible debentures net of income taxes	+46	+46	+33
Foreign exchange differences on convertible debentures, net	-	-1	+1
Adjusted net income (after actual and estimated deferred taxes) after full conversion	525	931	3,093
Per share	2.32 *	4.29	14.24

* As adjusted net income per share after full conversion is higher than adjusted net income before full conversion, the lower amount is shown. This is also applicable on net income after actual and estimated deferred taxes after full conversion.

Weighted average number of shares outstanding:

1992 – 206,066,490
1991 – 205,874,050
1990 – 205,372,418

Weighted average number of shares outstanding after full conversion:

1992 – 217,171,976
1991 – 217,171,902
1990 – 217,171,902

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

	<i>Consolidated Parent Company</i>			
	<i>1992</i>	<i>1991</i>	<i>1992</i>	<i>1991</i>
Cash and bank deposits	4,431	3,398	168	162
Short-term cash investments	4,796	4,414	-	-
	9,227	7,812	168	162

Note 8 Notes and Accounts Receivable – Trade

	<i>Consolidated Parent Company</i>			
	<i>1992</i>	<i>1991</i>	<i>1992</i>	<i>1991</i>
<i>Due before 12 months</i>				
<i>Subsidiary companies</i>				
Accounts receivable	-	-	1,217	1,225
Financial receivables	-	-	3,706	2,595
Notes receivable	-	-	13	7
	-	-	4,936	3,827
<i>Other</i>				
Accounts receivable	15,704	13,419	1,796	1,538
Notes receivable	85	70	144	51
	15,789	13,489	1,940	1,589
<i>Due after 12 months</i>				
Accounts receivable	64	320	28	79
Notes receivable	432	994	102	96
	496	1,314	130	175

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 Parent Company</i>			
	<i>1992</i>	<i>1991</i>	<i>1992</i>	<i>1991</i>
Prepaid expenses and accrued revenues	964	928	220	211
Advances to suppliers	241	258	-	6
Other current assets	2,841	2,253	357	646
	4,046	3,439	577	863

Note 10 Deposits Related to Untaxed Reserves

	Consolidated Parent Company			
	1992	1991	1992	1991
Account for Development reserve	-	2	-	-
Other	139	80	-	-
	139	82	-	-

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.

Shares directly owned by the Parent Company			Percentage of ownership	Par value	Carrying value			
Subsidiaries Sweden	III	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	60	
	I	Ericsson Radar Electronics AB	Sweden	100	SEK	30	128	
	I	Ericsson Radio Systems AB	Sweden	100	SEK	50	252	
	I	Ericsson Network Engineering AB	Sweden	100	SEK	25	26	
	I	Ericsson Telecom AB	Sweden	100	SEK	-	-	
	I	Ericsson Radio Access AB	Sweden	100	SEK	20	27	
	II	LM Ericsson Fastigheter AB	Sweden	100	SEK	47	145	
	IV	Ericsson Treasury Services Aktiebolag	Sweden	100	SEK	-	2	
		Other		-	SEK	-	261	
	Europe (excluding Sweden)	I	Schrack Telecom AG	Austria	50	ATS	30	256
I		LM Ericsson A/S	Denmark	100	DKK	90	216	
I		Oy LM Ericsson AB	Finland	100	FIM	80	195	
II		Revox S.A.	France	100	FRF	20	91	
IV		Ericsson Treasury Services Ireland	Ireland	100	USD	147	901	
IV		Ericsson Treasury Ireland Ltd	Ireland	100	USD	81	508	
II		LM Ericsson Holdings Ltd	Ireland	100	IEP	2	14	
II		Ericsson S.p.A.	Italy	71	ITL	15,287	99	
II		Ericsson Holding International B.V.	The Netherlands	100	NLG	229	697	
I		Ericsson A/S	Norway	100	NOK	156	194	
II		Swedish Ericsson Company Ltd	United Kingdom	100	GBP	74	757	
III		Ericsson Eurolab Deutschland GmbH	Germany	100	DEM	-	2	
		Other		-	-	-	120	
U.S.A. and Canada	II	Ericsson North America Inc.	United States	100	USD	-	540	
	II	Ericsson GE Mobile Communications Holding Inc	United States	75	USD	-	1,992	
	II	Ericsson GE Mobile Communications Inc.	United States	20*	USD	62	362	
Latin America	I	Cía Ericsson S.A.C.I.	Argentina	100	ARA	5	3	
	I	Ericsson de Colombia S.A.	Colombia	92**	COP	221	27	
	I	Teleindustria Ericsson S.A.	Mexico	74	MXP	n.p.v.	302	
	I	Cía Anónima Ericsson	Venezuela	100	VEB	10	10	
		Other		-	-	-	19	
Other Countries	II	Teleric Pty. Ltd.	Australia	100	AUD	20	99	
	I	Ericsson Telecommunications Sdn Bhd	Malaysia	70	MYR	2	4	
		Other		-	-	-	207	
						Total	-	9,190
Associated Companies	I	Ascom Ericsson Transmission Ltd	Switzerland	40	CHF	4	278	
	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	Ericsson Taiwan Ltd	Taiwan	55	TWD	55	12	
	IV	AB LM Ericsson Finans	Sweden	90****	SEK	29	41	
	Other		-	-	-	28		
						Total	-	499
Other Companies	Other			-	-	-	23	
						Total	-	23

<i>Shares owned by the subsidiaries</i>		<i>Percentage of ownership</i>	
<i>Subsidiaries Sweden</i>	I Ericsson Radio Systems Sverige AB _____	Sweden	80
	I Svenska Elgrossist AB, SELGA _____	Sweden	67
	I Ericsson Mobile Communications AB _____	Sweden	80
<i>Europe (excluding Sweden)</i>	I Ericsson Business Communications NV/SA _____	Belgium	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
	I Ericsson Radio Systems B.V. _____	The Netherlands	100
	I Ericsson Telecomunicaciones S.A. _____	Spain	100
<i>U.S.A. and Canada</i>	I Ericsson Ltd _____	United Kingdom	100
	I Ericsson Communications Inc. _____	Canada	100
	I Ericsson GE Mobile Communications Inc. _____	USA	80
	II Ericsson GE Holding Inc. _____	USA	80
	I Ericsson Radio Systems Inc. _____	USA	80
	I Ericsson Business Communications Inc. _____	USA	100
<i>Latin America</i>	I Ericsson Network Systems Inc. _____	USA	100
	I Conductores Latincasa S.A. de C.V. _____	Mexico	50
<i>Other Countries</i>	I Ericsson Australia Pty. Ltd. _____	Australia	100
	I Ericsson Network Engineering Pte. Ltd. _____	Singapore	100
	I Ericsson Telekomunikasyon A.S. _____	Turkey	100

Key to functions of companies:

I Manufacturing and distributing companies	*	Through subsidiary holdings, total holdings amount to 80% of Ericsson GE Mobile Communications Inc.
II Holding companies	**	Through subsidiary holdings, total holdings amount to 100% of Ericsson de Colombia S.A.
III Development companies	***	The voting shares total 26%.
IV Finance companies	****	The voting shares total 40%.
	*****	Including holdings of associated companies, total holdings in MET S.A. amount to 50%.

Note 12 Other Noncurrent Assets

<i>Consolidated</i>	<i>1992</i>	<i>1991</i>
<i>Goodwill, net</i>		
Balance, January 1	337	258
Acquisitions/divestments	672	140
Amortization	-156	-61
Net carrying value, December 31	853	337
<i>Other noncurrent assets</i>	1,809	1,029
	2,662	1,366

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.

	<i>Consolidated Parent Company</i>			
	1992	1991	1992	1991
<i>Cost</i>				
Land	228	203	70	70
Land improvements	89	81	23	23
Buildings	3,577	3,223	800	813
Telephone plants	-	1,122	-	-
Machinery and equipment	17,072	13,784	3,578	3,431
Constructions in progress	852	716	331	213
	21,818	19,129	4,802	4,550
<i>Accumulated standard depreciation</i>				
Land improvements	38	33	12	11
Buildings	1,044	913	295	287
Telephone plants	-	473	-	-
Machinery and equipment	10,224	7,780	1,910	1,719
	11,306	9,199	2,217	2,017
<i>Net carrying value</i>	10,512	9,930	2,585	2,533
<i>Accumulated total depreciation</i>				
Land improvements	54	51	20	19
Buildings*	1,575	1,453	346	353
Telephone plants	-	473	-	-
Machinery and equipment	11,928	9,400	2,720	2,508
Construction in progress	95	-	95	-
	13,652	11,377	3,181	2,880
<i>Accumulated depreciation in excess of standard depreciation</i>				
	2,346	2,178	964	863
*) After transfer of accumulated depreciation in excess of standard depreciation to Revaluation reserve of				
	386	386	303	303
<i>Revaluation adjustments</i>				
Land	189	186	147	148
Buildings	783	734	325	336
Machinery and equipment	95	98	-	-
	1,067	1,018	472	484
<i>Accumulated depreciation</i>				
Land improvements	2	2	-	-
Buildings	398	383	270	266
Machinery and equipment	86	86	-	-
	486	471	270	266
<i>Net carrying value</i>	581	547	202	218
<i>Tax assessment values (Sweden)</i>				
Land and land improvements	483	483	328	330
Buildings	1,364	1,361	799	815

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 2,616 m. In addition, the Parent Company had unused long-term lines of credit amounting to SEK 353 m.

Note 15 Other Current Liabilities

	<i>Consolidated Parent Company</i>			
	1992	1991	1992	1991
Accrued expenses and prepaid revenues	6,082	5,149	1,314	1,359
Other	4,207	3,385	774	188
	10,289	8,534	2,088	1,547

Note 16 Bond loans, convertible debentures and Other Long-Term Liabilities

<i>Parent Company</i>	1992	1991
Debentures (maturing from 1993 to 1999)	2,414	1,297
Convertible debentures (maturing from 1993 to 2002)	583	595
Other long-term loans (maturing from 1993 to 2007)	1,827	1,400
Other long-term liabilities	1	114
	4,825	3,406
Less – Current maturities	657	110
Total Parent Company	4,168	3,296
<i>Subsidiaries</i>		
	1992	1991
<i>(excl. liabilities to subsidiary companies)</i>		
Mortgage and other collateralized loans (maturing from 1993 to 2007)	773	829
Other long-term loans (maturing from 1993 to 2015)	791	444
Other long-term liabilities	642	438
	2,206	1,711
Less – Current maturities	438	175
Total Subsidiaries	1,768	1,536
Total	5,936	4,832

Maturities of consolidated long-term debentures, other long-term loans and other long-term liabilities (excluding other long-term liabilities in subsidiaries with deduction of short-term portion of SEK 5 m.) were as follows:

1994	836
1995	233
1996	1,886
1997	1,155
1998	103
1999 and thereafter through 2015	1,086
	5,299

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 %. The debentures are convertible up to and including February 1, 2002 at a conversion price of SEK 65 per B share. During 1992 debentures in the amount of CHF 1.7 m. were converted to 107,326 B shares.

The second loan, offered exclusively to Ericsson employees, was in the amount of SEK 626.4 m., with interest of 11.25 %. The debentures are convertible

up to and including March 15, 1993 at a conversion price of SEK 53 per B share. During 1992 debentures amounting to SEK 5.1 m. were converted to 95,698 B shares.

In total, the increase in the number of shares through conversion in 1992 was 203,024. As a result, capital stock rose to SEK 2,062 m. and the number of shares to 206,189,479.

Upon conversion of all convertible debentures outstanding, the number of shares will be further increased by 10,982,497 B-shares.

During the period beginning January 1, 1993 through February 15, 1993, additional debentures were converted to 108,317 B shares; as a result the total number of shares carrying rights to dividends as of the record date is 206,297,796.

Note 17 Pension Liabilities

The pension liabilities, SEK 5,092 m., include the Parent Company's and the Swedish companies' obligations in the amount of SEK 3,867 m. in 1992 and SEK 3,527 m. in 1991 in accordance with an agreement with the Pension Registration Institute (PRI).

The Parent Company's pension liabilities, SEK 2,050 m., include an obligation in the amount of SEK 1,947 m. in 1992 and SEK 1,719 m. in 1991 in accordance with its agreement with PRI.

Note 18 Timing differences

Companies in certain 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.

Effective in 1991, the Inventory reserve, the Income equalization reserve and the Internal profit reserve were abolished in Sweden and appropriations made to them earlier were withdrawn. The reserves were replaced by a Tax equalization reserve calculated as either 30 percent of shareholders' equity or 15 percent of the company's annual payroll.

To reduce the tax impact, the difference between the liquidated reserves and allocations made to the Tax equalization reserve may be recovered over a period of four years. In the 1991 financial statements, a maximum of 75 percent of the difference was permitted to be allocated to a special reserve, Deferred amount for the inventory reserve, etc. In 1992 and 1993 the Deferred amount for the inventory reserve, etc. may not exceed 50 and 25 percent of the difference, respectively.

The Reserve for receivables is based on receivables from customers in economically or politically unstable countries.

The Foreign exchange reserve and Depreciation in excess of standard depreciation are described in paragraphs (d) and (j) under Accounting Policies.

Timing differences 1992

	Jan.1	Alloca- tions(+) With- drawals(-)	Ac- quired	Dec.31
Parent Company				
Deferred amount for inventory reserve, etc.	1,250	-826		424
Tax equalization reserve	0	953		953
Reserve for doubtful receivables	336	-319		17
Investment reserves	36	-36		0
Foreign exchange reserve	86	-86		0
	1,708	-314		1,394
Consolidated				
Inventory reserve and Reserve for internal profits *	-30	-601	2	-629
Deferred amount for inventory reserve, etc.	2,044	-1,208	0	836
Tax equalization reserve	12	1,431	35	1,478
Reserve for doubtful receivables	798	-622	55	231
Investment reserves	40	4	121	165
Foreign exchange reserve	86	-86	0	0
Accumulated depreciation in excess of standard depreciation	2,178	149	19	2,346
	5,128	-933	232	4,427
Deferred taxes in timing differences	-1,679	194	-44	-1,529
Other deferred taxes		-430		
Equity in timing differences before minority interest	3,449	-739	188	2,898
Minority interest	-213	-39	-34	-286
Equity in timing differences	3,236	-778	154	2,612

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

Changes in other untaxed reserves in the Parent Company in 1991 consisted of the following: Withdrawal from Inventory reserve, Income equalization reserve and Reserve for internal profits SEK 1,696 m. (75) SEK 1,250 m. allocation to the Deferred amount for the inventory reserve, withdrawal from the Reserve for doubtful receivables SEK 115 m. (171), withdrawal from Investment reserve SEK 65 m. (40) and allocation to Foreign exchange reserve, SEK 79 m. (7).

Note 19 Stockholders' Equity**Capital Stock**

Capital Stock at December 31, 1992 consisted of the following:

	<i>Number of shares out- standing</i>	<i>Aggregate par value</i>
A shares (par value sek 10)	18,642,575	186
B shares (par value sek 10)	187,546,904	1,876
	206,189,479	2,062

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 1/1000 th 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 are 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 1992 include earnings in associated companies amounting to SEK 150 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

<i>Consolidated</i>	<i>Capital stock</i>	<i>Reserves not avail- able for dis- tribution</i>	<i>Available retained earnings</i>	<i>Total</i>
Balance, January 1, 1992	2,060	9,256	5,453	16,769
Appropriations to legal reserves		338	-338	
Conversion of debentures	2	10		12
Dividends			-721	-721
Revaluation of fixed assets		47		47
Changes in timing differences		-778	748	-30*
Changes in cumulative translation adjustments		884		884
Translation at year-end exchange rates		-188	188	
Net income for 1992			479	479
Balance December 31, 1992	2,062	9,569	5,809	17,440

* Translation difference related to change in timing differences.

Of retained earnings, SEK 15 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.

Cumulative translation adjustments have been distributed among unrestricted and restricted stockholders' equity in accordance with this method.

Of the change in the above mentioned differences SEK +8 m. in 1992 was attributable to companies sold.

	Capital stock	Reserves not avail- able for dis- tribution	Available retained earnings	Total
<i>Parent Company</i>				
Balance, January 1, 1992	2,060	3,129	2,394	7,583
Conversion of debentures	2	10	-	12
Dividends	-	-	-721	-721
Net income for 1992	-	-	1,632	1,632
Balance, December 31, 1992	2,062	3,139	3,305	8,506

Note 20 Assets Pledged as Collateral

	<i>Consolidated Parent Company</i>			
	1992	1991	1992	1991
Real estate mortgages	679	414	152	147
Other mortgages	393	410	160	160
Bankdeposits	44	31	-	-
Shares	305	-	185	-
	1,421	855	497	307

At December 31, 1992, 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 21 Contingent Liabilities

	<i>Consolidated Parent Company</i>			
	1992	1991	1992	1991
Receivables sold with recourse	892	671	937	659
Unrecorded pension commitments	112	137	-	-
Other guarantees	1,046	1,188	6,760	3,577
	2,050	1,996	7,697	4,236

Of the guarantees assumed by the Parent Company, SEK 6,370 m. in 1992 and SEK 2,968 m. in 1991 related to subsidiary companies.

Note 22 Investments in Associated Companies

The Company has interests in associated companies which are accounted for under the equity method. Goodwill, net, constitutes of SEK 560 m. of the investments. 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 122 m. in 1992, SEK 57 m. in 1991 and SEK 43 m. in 1990.

Undistributed earnings of associated companies included in consolidated equity were SEK 710 m. in 1992, SEK 492 m. in 1991 and SEK 550 m. in 1990.

Note 23 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 18, 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 allocations to reserves in the consolidated accounts for deferred taxes are made on appropriations, inclusive taxes on intercompany profits paid by selling companies.

(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) Capitalization of Software Development Costs

In accordance with Swedish accounting principles, software development costs are charged against income in the year incurred. Under accounting principles generally accepted in the United States, these costs are capitalized after the product involved has reached a certain degree of technical completion. Capitalization ceases and depreciation begins when the product becomes available to customers. The depreciation period of these capitalized assets is from three to five years. Capitalization amounting to SEK 2,429 m. (SEK 1,663 m. in 1991) has increased income and depreciation amounting to SEK 1,356 m. (SEK 899 m. in 1991) was charged against income for the period when calculating income in accordance with US accounting principles.

These principles, which are set forth in the "Statement of Financial Accounting Standards No. 86, Accounting for the Cost of Computer Software to be Sold, Leased or Otherwise Marketed," have from 1991, due to their relative importance, affected

the calculation of income in accordance with generally accepted accounting principles in the United States.

(e) 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.

(f) 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.

(g) 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) receivables and liabilities in foreign currencies have been translated at year-end exchange rates.

(h) Sale of Property

In 1984, 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 is reduced by the present value of future rental payments, which are deferred and amortized over the remaining term of the contract. According to generally accepted accounting policies 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.

(i) 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 disclosure of all deferred tax allocations. As described above in (b), allocations were made in 1990, 1991 and 1992 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.

(j) 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 at introduction in 1989 is distributed over the estimated remaining service period.

(k) 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 generally 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.

	1992	1991	1990
Net income as reported in the consolidated income statements	479	886	3,450
Items increasing reported income:			
Depreciation on revaluation adjustments including effect on sale	23	34	28
Capitalization of development expenses	1,073	764	–
Capitalization of interest expenses	19	18	17
Sale of property	–	–	1
Pensions	6	116	173
	1,121	932	219
Items decreasing reported income:			
Deferred income taxes	264	257	321
Business combination adjustments	13	14	5
Income taxes on undistributed earnings of associated companies	27	–4	–35
	304	267	291
Net increase/decrease (–) in reported net income	817	665	–72
Approximate net income in accordance with accounting principles generally accepted in the United States	1,296	1,551	3,378
Approximate net income per share in accordance with accounting principles generally accepted in the United States	6.29	7.53	16.45
after full conversion	6.18	7.35	15.71

(I) Stockholders' Equity

Approximate stockholders' equity in accordance with accounting principles generally accepted in the United States	16,831	15,634	15,049
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Supplementary Information Required under the Swedish Companies Act

Average Number of Employees and Remuneration in 1992

	Average number of employees		Remuneration
	Men	Women	
<i>Consolidated</i>			
Sweden	19,157	8,461	5,569
Other countries	28,512	8,507	7,589
	47,669	16,968	13,158
<i>Parent Company</i>			
Sweden	8,043	4,084	2,156
Other countries	378	35	86
	8,421	4,119	2,242

Paid to Board of Directors, President and Corporate Executive Vice Presidents	14
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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 11 Swedish municipalities and has operations in 19 countries. On a consolidated basis there are 33 operational units in Sweden and operations in 54 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 11,467 m. (SEK 12,301 m.), of which exports accounted for 82 (79) percent. Consolidated companies were customers for 57 (58) percent of the Parent Company's sales, while 57 (57) percent of the Company's total purchases of goods and services were from such companies.

Loans totaling SEK 2 m. have been made to a total of 300 employees for the purchase of shares in LM Ericsson's Share Saving Fund.

Assets totaling SEK 6 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, 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 1992 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 1992.

Stockholm, March 12, 1993

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.	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Results for Year										
Net sales	47,020	45,793	45,702	39,549	31,297	32,400	31,644	32,496	29,378	25,244
Operating income	1,819	2,291	5,694	4,557	2,678	2,185	2,295	1,671	2,334	2,530
Financial net	-204	-189	-163	-431	-553	-895	-1,180	-952	-914	-802
Income before taxes	1,306	1,604	4,855	3,715	1,840	1,108	911	878	1,569	1,758
Year-end Position										
Total assets	56,118	49,625	47,167	40,856	34,625	33,282	34,232	37,122	37,632	30,606
Working capital	20,063	17,497	16,965	14,975	12,944	13,880	14,724	16,707	17,042	12,828
Property, plant and equipment, net	11,093	10,477	9,058	7,776	6,679	6,778	6,835	7,549	7,144	6,176
Long-term liabilities ¹⁾	12,557	11,037	8,795	9,008	9,945	10,864	11,163	8,566	7,658	6,673
Untaxed reserves								4,794	5,030	4,333
Stockholders' equity ^{1) 2)}	17,440	16,769	16,753	13,996	10,909	9,897	9,694	9,298	9,075	8,386
– after full conversion ^{1) 2)}	18,069	17,409	17,398	14,721	12,450	11,512	9,695	9,501	9,281	8,597
Other Information										
Adjusted net income per share, SEK ³⁾										
– after actual taxes paid	3.20	3.69	15.33	11.67	5.41	3.58	2.99	2.52	6.11	6.89
after full conversion	3.20	3.69	14.66	11.06	4.82	3.56	2.99	2.51	5.98	6.73
– after actual and estimated deferred taxes	2.32	4.30	14.89	10.76	6.26	3.85	3.44	3.03	4.00	4.41
after full conversion	2.32	4.29	14.24	10.24	5.56	3.82	3.43	3.00	3.94	4.33
Net income per share in accordance with U.S. GAAP, SEK ³⁾	6.29	7.53	16.45	10.54	6.43	3.44	3.44	3.98	3.90	4.95
after full conversion	6.18	7.35	15.71	9.99	5.81	3.36	3.44	3.79	3.90	4.90
Adjusted stockholders' equity per share, SEK ^{1) 2) 3)}	85	81	82	70	57	52	51	50	49	45
after full conversion	83	80	80	68	57	53	51	50	49	45
Cash dividends per share ³⁾	3.50*	3.50	3.50	2.80	2.10	1.80	1.80	1.80	1.80	1.80
Shares outstanding – average (in thousands) ³⁾	206,066	205,874	205,372	200,135	190,834	190,810	190,055	184,755	184,495	176,655
Additions to property, plant and equipment	3,847	3,583	3,448	2,672	1,739	1,592	1,643	2,677	2,192	1,645
Depreciation	2,193	1,863	1,572	1,294	971	1,213	1,133	1,308	1,039	945
Research and development – expenses	7,377	7,054	4,901	4,329	3,529	3,204	3,117	2,798	2,355	1,973
– in percent of net sales	15.7	15.4	10.7	10.9	11.3	9.9	9.9	8.6	8.0	7.8
Ratios										
Return on equity, percent ¹⁾	2.8	5.3	20.4	17.5	11.5	7.5	6.9	6.1	8.5	10.9
Return on capital employed, percent ¹⁾	9.9	12.1	25.9	23.7	16.0	13.1	13.1	11.3	13.6	17.8
Equity ratio, percent ¹⁾	34.3	37.9	39.3	37.8	33.9	32.0	30.5	26.5	27.0	31.4
Risk-bearing capital ratio, percent	37.0	41.3	43.1	42.7	40.2	38.9	37.5	32.9	33.7	38.5
Debt-equity ratio ¹⁾	0.8	0.7	0.5	0.6	0.8	1.0	1.1	1.5	1.5	1.1
Current ratio	1.6	1.7	1.7	1.8	1.9	2.0	1.9	1.6	1.6	1.8
Year-end Statistics										
Backlog of orders	38,050	28,777	30,415	29,426	26,876	24,171	23,625	23,055	25,161	21,565
Number of employees worldwide	66,232	71,247	70,238	69,229	65,138	70,893	72,575	78,159	75,116	70,783
Sweden	29,979	31,244	30,817	32,226	32,094	37,386	38,559	40,172	37,458	34,543

* For 1992, proposed by the Board of Directors

¹⁾ 1983–1989 adjusted for change in accounting policies

²⁾ 1983–1986, adjusted stockholders' equity as stated in prior annual reports

³⁾ 1983–1989 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.

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 1983–1986. 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 1983–1986, reduced by 50 percent on untaxed reserves. For the years 1983–1985, 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 1983–1986, 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 1983–1986, 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 1983–1986, 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.

Operating results

Combined operating results for the following business areas are shown under the heading Telecommunications Systems: Public Telecommunications, Radio Communications, Business Communications and Components. Operations in these business areas are to a large extent interrelated; as a result, combining their results gives a more accurate picture of the trend of income from these businesses.

Telecommunications Systems reported lower income from operations. The decrease was attributable primarily to operations in the Spanish and Mexican markets for public telecommunications. Improved operating income in public telecommunications was reported mainly in the Brazilian market. There was a substantial improvement in income from operations in the mobile telephone systems field, while operating income from the mobile telephone instrument business declined, due to the high costs in connection with the introduction of new products. Operations in Business Communications, notably the MD110 system, showed a sharp improvement in income. Consolidation of the Austrian company, Schrack Telecom AG, did not affect income substantially. The downturn in the Spanish and Mexican markets resulted in a decrease in operating income for Components.

Cable and Network reported higher operating income. Improved operating results were achieved in Mexico and Turkey and in the Far East, while the sale of two Latin American cable companies reduced income. The weak Swedish

economy had a negative impact on operating income.

Operating income in Defense Systems showed further improvement, due to the continued success of efficiency-improvement programs.

New business area

Effective in 1993, a new business area, Business Networks, is being created within Ericsson. The telecommunications market has changed considerably since Ericsson's business area organization was established in the early 1980s. Deregulation and privatization have attracted new telecom operators. Owners of large private communications networks constitute a new category of customers. This trend imposes new demands on the manner in which Ericsson operates in the market.

Now that Ericsson has continued to adapt its business area structure, the proper conditions are being created for cultivating the new customer segments successfully. The new business area, Business Networks, simply reflects Ericsson's adaptation to a very distinct change in the market. Lars Berg, former manager Cable and Network, has been named manager of the new unit. Business Networks is being formed through the merger of the former Business Communications Business Area and the network construction sector in Cable and Network. Ericsson's cable operations are being transferred to the Components Business Area.

	<i>Sales</i>			<i>Operating income</i>		
	<i>1992</i>	<i>1991</i>	<i>1990</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
Telecommunications Systems	38,681	37,498	37,348	974	1,963	5,020
Cable and Network	6,407	6,506	6,484	490	434	580
Defense Systems	1,659	1,611	1,758	152	118	35
Other operations, capital gains and general expenses	273	178	112	203	-224	59
Consolidated	47,020	45,793	45,702	1,819	2,291	5,694

	<i>Employees</i>		
	<i>1992</i>	<i>1991</i>	<i>1990</i>
Telecommunications Systems	51,498	55,114	54,780
Cable and Network	9,768	11,836	11,289
Defense Systems	2,696	2,815	2,843
Other operations	2,270	1,482	1,326
Consolidated	66,232	71,247	70,238

Ericsson's digital AXE switching system is one of the leading systems in the world. Its position was further strengthened in 1992, with the installation of 7.1 million local lines. However, the market for telecommunications exchanges is subject to severe price pressure; as a result, the Business Area's sales declined.

Nearly one million AXE lines were delivered in the U.S. Ericsson also received important contracts from US West to upgrade existing exchanges.

In Great Britain, a three-year agreement covering deliveries of AXE for the continuing digitalization of the telecommunications network was signed with British Telecom (BT) in the autumn. The agreement, valued at SEK 2.5 billion, means a sharp increase in market share for AXE. At the same time, BT signed a preliminary one-billion-kronor agreement with Ericsson covering systems development and software.

China is an increasingly important market for AXE. During 1992, with financing support from a number of countries where Ericsson produces AXE, 620,000 lines were installed there. Important contracts were also obtained in Malaysia and Mexico.

Orders from a number of Latin American countries increased, as a consequence of economic progress in the region. Deregulation and privatization have also had a favorable impact on these markets. In contrast, the level of investing in many European markets was lower than earlier.

Broader range of products

In recent years, in order to become a more complete telecommunications supplier, Ericsson has invested heavily to broaden the range of its products for public telecommunications. The expansion now under way focuses on three main areas:

- Further development of AXE to include such new applications as ISDN and IN (intelligent networks).
- A new generation of transport network products being marketed under the ETNA designation.
- Systems for operating support and maintenance (TMOS).

Enhanced AXE

As a result of deregulation and privatization of the telecommunications market in many countries, there are increasing demands for flexibility and the ability to rapidly introduce new services in networks. Ericsson is therefore concentrating on enhancing AXE to provide greater capacity through such new applications as ISDN and IN. The objective is to introduce new functions and increase the potential range of services in networks already installed.

AXE with ISDN and IN functions was delivered in France and Switzerland during 1992.

Important breakthroughs

Telecom operators are increasingly investing in transport networks. The Business Area's focus on ETNA, a complete portfolio of products for transport networks, is therefore of strategic importance.

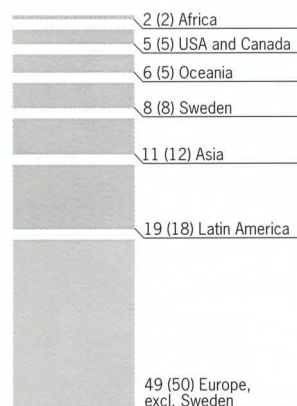
ETNA attracted substantial interest when it was introduced in 1991. The commercial breakthrough occurred in 1992 when telecom administrations in Sweden and Denmark placed the first orders for deliveries of ETNA with all its subsystems. In Germany, the first installations of SDXC (Synchronous Digital Cross-Connect) systems were carried out for Deutsche Bundespost Telekom on schedule during the year. Ericsson now has six SDXC installations in Germany.

Broadband communications

Ericsson has participated in European research projects in the field of broadband transmission in recent years. A strategic breakthrough occurred in November 1992 when Ericsson received an order for broadband equipment for a pilot network in Germany. Ericsson will install an ATM-based exchange that will be included in Deutsche Bundespost Telekom's pilot project in broadband communications.

ATM, a key technology for the next generation of telecommunications systems, is an international standard for broadband communications.

Geographic distribution of external sales, percent



The Business Area in brief

SEK m. and percentage of Ericsson totals

	1992		1991		1990	
Order bookings, external	18,404	34%	16,940	38%	21,571	44%
Net sales, external	16,702	35%	19,517	43%	20,414	45%
Net sales, internal	2,401	-	2,407	-	2,200	-



The market for computer-based operating support systems for telecommunications networks is growing strongly. Ericsson has developed a complete family of operating support systems under the TMOS name.

Strategic cooperation

Ericsson's family of TMOS (Telecommunications Management and Operations Support) systems used in various types of telecom networks has been highly successful and is now installed in 15 countries. To strengthen its position in the operating-support segment of the market, Ericsson in December signed an agreement with Hewlett-Packard to form a joint-venture company. Ericsson Hewlett-Packard Telecommunications AB, in which Ericsson holds a 60-percent interest, will develop network management systems for telecom networks and market them globally. The alliance with one of the world's leading computer companies will enable Ericsson to achieve a dominant position in a field in which increasingly large investments are being made.

Mobility is the key word

The telecommunications subscriber of the future will be connected to the telecom network largely without wires. AXE is an important element in

Ericsson's mobile telephone systems and has played a decisive role in the success recorded in this field. The fixed-wire networks, too, will be able to offer mobility between different types of connections in networks of various types via personal telephone numbers. Mobility is thus a key word in the further development of the AXE system.

As a world leading supplier of both cellular mobile telephone systems and systems for intelligent networks, Ericsson has a lead in developing new technologies for mobility in telecom networks. The principal competitors in public communications are Alcatel, AT&T, Fujitsu, NEC, Northern Telecom and Siemens.

Organizational change

A new organization for the Business Area was established in 1992. In connection with this, the unit for mobile exchanges was transferred to the Radio Communications Business Area.

Ericsson's digital pocket telephones are available for combined analog/digital operation in digital systems based on the American standard, and in GSM systems. When introduced, Ericsson's small GSM model was the smallest digital pocket telephone in the world market.



Geographic distribution of external sales, percent



The market for mobile telephony continued to be characterized by rapid growth during 1992. For the Radio Communications Business Area, this resulted in a 58-percent increase in order bookings for mobile telephone systems, compared with 1991. Ericsson, with 40 percent of the world market for these systems, was able to secure its leadership position.

Major successes were recorded for the new digital systems. Orders for GSM systems were received in a number of new countries: Ireland, Spain, Portugal, Australia, Hong Kong and Singapore. In Japan, three large contracts were signed covering digital systems based on the Japanese standard, and in North America Ericsson systems based on the American standard were placed in operation in Canada and the United States. GSM systems were started up in the Nordic countries as well as in France, Italy, Germany, Portugal and Great Britain.

Success for mobile telephones

A very favorable trend was also noted for Ericsson's mobile telephone instruments. The first type-approved GSM telephone – at the time also the world's smallest digital pocket telephone – was introduced during the year. Two other different instruments for digital systems were also approved; as a result, Ericsson can offer three models for GSM systems and one for the dual mode digital/analog technology in the American systems. Many large-volume orders were received during the year from operators in North America (McCaw, Southwestern Bell and Rogers Cantel), in Europe (Mannesmann), and in Asia (Pacific Link in Hong Kong). These operators are all anxious to equip their subscribers with mobile telephones since the scarcity of these instruments initially dampened the growth of digital systems. Even so, the influx of subscribers in such countries as Germany has exceeded forecasts. Mannesmann Mobilfunk had more than 100,000 subscribers at the end of the year, many more than expected.

The Business Area in brief

SEK m. and percentage of Ericsson totals

	1992		1991		1990	
Order bookings, external	17,280	32%	12,846	29%	13,335	27%
Net sales, external	14,962	32%	12,276	27%	11,564	25%
Net sales, internal	85	–	95	–	129	–

Continued market growth

The strong growth in digital systems has occurred parallel with a continuing favorable trend for analog mobile telephone systems. As a result, systems in many countries are now approaching capacity ceilings. This creates demand for new investments, which in turn augurs well for continuing very favorable growth of the market. At the same time, many countries – including India, China, Russia and a number in the Middle East – are in line to build digital systems. Ericsson's digital systems have fully met customers' expectations. Systems have been placed in commercial operation on scheduled dates. Alcatel, AT&T, Motorola, NEC, Nokia, Northern Telecom and Siemens are competitors in the mobile telephone market.

Debate over standards in the U.S.

As a result of its commercial success in the U.S. and Canada, TDMA (Time Division Multiple Access) has become a general standard. TDMA is the basic technology used in GSM mobile telephone systems and in the Japanese digital standard. DECT (Digital European Cordless Telecommunications), the European standard for cordless business systems, is also based on TDMA. Despite this, debates over alternative technology continued in the U.S. during the year. Ericsson is also studying CDMA, a potential future technology that differs from TDMA in a number of respects.

With TDMA, it is possible to convert from analog to digital technology without building a completely new infrastructure. Accordingly, the changeover from analog to digital can be made rapidly and in a cost-effective manner. Experience in Canada, in particular, has demonstrated this. There, Rogers Cantel is implementing a comprehensive conversion program, using Ericsson technology. Already last summer, it was possible to offer digital mobile telecommunications to the first subscribers in Toronto.

New life for NMT

Ericsson's technology for NMT was further refined during the year. An upgrading of the



The mobile telephone has become an indispensable worktool for many types of workers. Digital technology represents an important advance. Calls can no longer be intercepted since the transmission is encrypted.

NMT 450, which makes it possible to have new functions and better sound quality, was presented in the autumn. The system also makes it possible to build more compact radio base stations and to produce pocket telephones for NMT 450.

RAS 1000, a technology for radio-based connection to the fixed-wire network, is another interesting refinement of NMT. It is a system with great future potentials. RAS 1000 enables rapid and cost-effective expansion of local subscriber networks. It consists of a radio link that can be connected to all types of telecommunications exchanges and local receiving units placed on the subscriber's premises. Standard telephones are then connected to the receiving unit via ordinary telephone jacks.

Mobitex growing

There was strong growth for Mobitex, the Business Area's technology for mobile data communications, in 1992. Networks are now operating in the U.S., Canada, Great Britain, Australia, Sweden, Norway and Finland.

A new application for Mobitex involves use of the network for rapid transfer of data from portable computers to stationary computer systems. In January, Ericsson presented Mobidem, a wireless data modem compatible with all types of portable computers. Applications presented later in the year make it possible to use Mobidem with pen computers, the next generation of portables.

Radio for police and military

Sales of EDACS (Enhanced Digital Access Communications System), the digital system for land mobile radio, accelerated in 1992. Important orders were signed with law enforcement authorities in the Netherlands, the Republic of Korea, Norway, Poland and Sweden, among other countries. The Business Area's field radio unit received a large order from the Norwegian defense authorities. NFT-Ericsson, the joint venture company in Norway, will develop and deliver a new generation of field radio under a contract valued at SEK 1.4 billion.

Strong strategic position

The strong increase in Business Area order bookings in 1992 constitutes a solid base for future operations. A number of steps were also taken to improve profitability. Strong emphasis on scheduling and quality will ensure that all of the Business Area's operations match the performance of its products. The future offers many attractive commercial potentials in a world where mobility and freedom of action are key words when one speaks of telecommunications. Ericsson's switching, radio and network competence provide good prospects for capitalizing on the new potentials the future offers. For example, Radio Communications is participating in the preliminary work on PCS (Personal Communications System), the American concept for personal telephony that is now taking shape. Ericsson is a leading supplier of the European counterpart, PCN (Personal Communications Network) systems, that are now being built up, initially in Great Britain.

The Business Area continued to focus on the European market during 1992, while devoting increased attention to countries in the Pacific Rim region.

In heavy price competition, sales of the Business Area's MD110 subscriber exchange increased in several parts of the world, including Germany, the U.K., Italy and Australia.

The ability to construct private communications networks using Freetel, Ericsson's new cordless telephone system, was demonstrated during the Olympic Games in Barcelona and the World Fair in Seville. This system, the result of the Business Area's intensive efforts in the development of cordless technology for business communications, can be connected to MD110, BusinessPhone exchanges and other company exchanges.

In December, Ericsson increased its shareholding in Schrack Telecom AG to more than 50 percent of the voting rights.

DECT standard set

Freetel was launched on a small scale in Sweden and Brazil. Once the necessary frequencies had been assigned, marketing activities were also initiated in Hong Kong, Malaysia, Thailand and New Zealand. Volume deliveries to Australia began in early 1993.

The definitive European DECT standard was finally adopted in July 1992. System adaptations to the new standard have commenced. In Europe, Freetel will be launched not only by Ericsson but by Siemens, which has entered into an agreement with Ericsson covering the marketing of cordless telephone systems for business applications in Europe and the rest of the world.

Chinese manufacturing under license

In terms of volume, China is now the largest market for MD110 subscriber exchanges, with a total of more than 650,000 delivered lines. The

system, which accounts for 25 percent of the Chinese market, is manufactured under license by a Chinese company based in Beijing.

Establishing telephone services in rural areas is a high priority in China. DRX1, a special version of MD110, developed for use as a public exchange in a rural network, can be installed quickly when digital networks are being built. When the number of subscribers increases, the exchange can be replaced by a traditional public exchange and transferred to a different area.

Improved profitability

Continued efforts to rationalize and enhance the efficiency of the production and distribution of Ericsson's subscriber exchanges have resulted in distinctly improved profitability of the MD110 and the BusinessPhone series of small subscriber exchanges.

Several new versions of BusinessPhone have been launched, and a new generation is under development. BusinessPhone strengthened its market position during the year and successfully penetrated new markets.

Continuing expansion of data networks

The Business Area's data network product, Eripax, has secured additional shares of the European market. Ericsson is now the market leader in this segment, and totally dominates the market for communications systems for securities trading. Exchanges in Spain and Germany placed orders for Eripax, as did exchanges in Amsterdam and Chicago. In Poland, state-owned Telbank AG ordered a nationwide digital communications system, based on Eripax and MD110. This network will be the largest private data communications network in the country.

More than just products

Ericsson is now focusing on further increasing the know-how and services content in the com-

Geographic distribution of external sales, percent

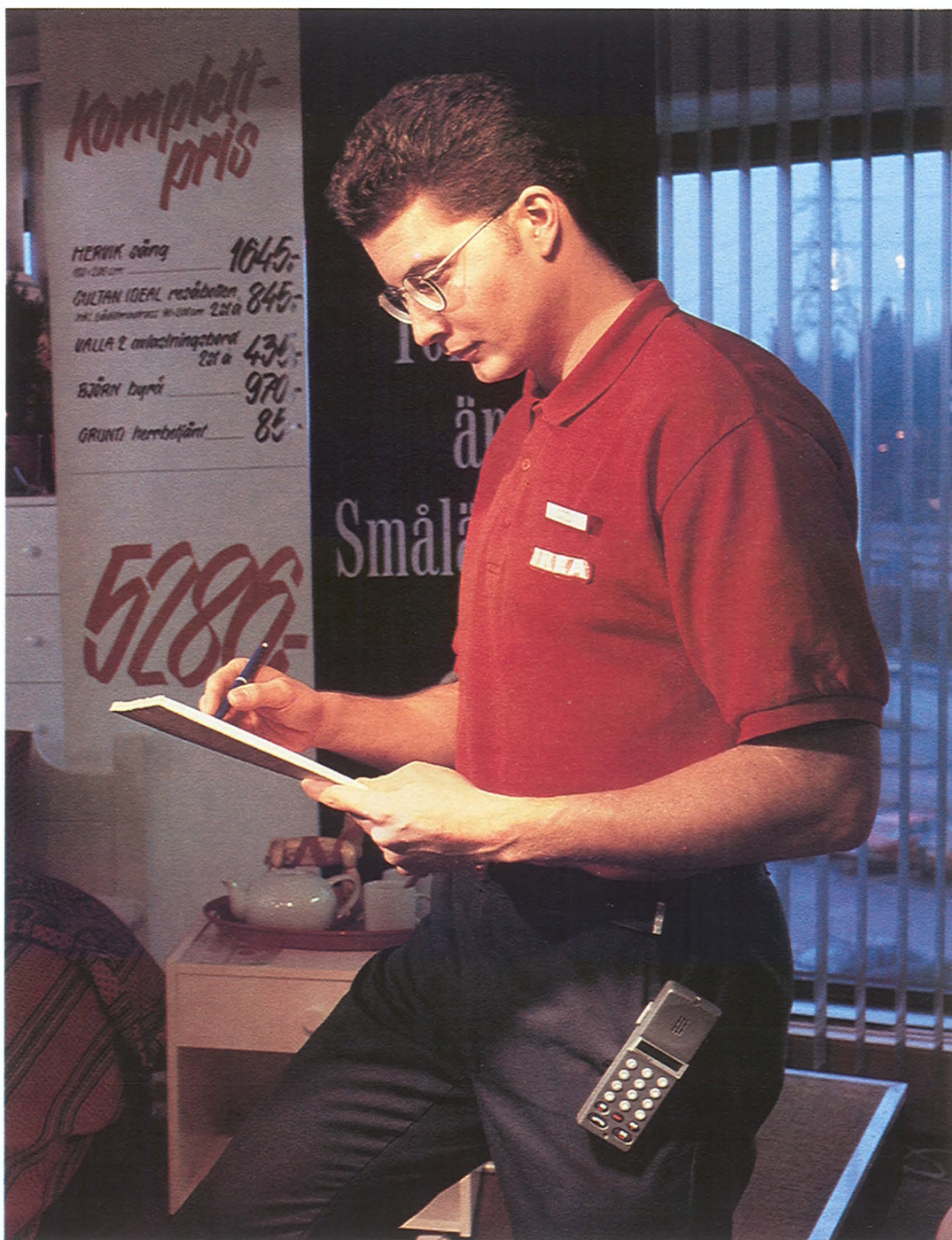


75 (69) Europe, excl. Sweden

The Business Area in brief

SEK m. and percentage of Ericsson totals

	1992		1991		1990	
Order bookings, external	6,865	13%	4,763	11%	4,669	10%
Net sales, external	6,175	13%	4,720	10%	4,781	11%
Net sales, internal	118	-	150	-	141	-



Freeset is a new telephone system for private communications networks. The cordless instruments are linked to a company's subscriber exchange via radio base stations.

munications solutions it offers customers. Business Communications has recognized the increasing importance of solving specific communication problems of companies using its systems. Such focus provides competitive benefits and enables the Business Area to maintain its levels of revenues and margins.

Mobility, ISDN and broadband are now being introduced in the subscriber network segment and Ericsson is well positioned to integrate these features in its subscriber exchanges and data networks. Ericsson's main competitors in the subscriber exchange market are Alcatel, AT&T, NEC, Northern Telecom and Siemens.

New cables

Ericsson Cables strengthened its share of its domestic market through an agreement with Swedish Telecom covering deliveries totaling SEK 170 million during 1993 and 1994.

During the year, Swedish Telecom also granted type approval for ribbon cable, Ericsson's new generation of optical cable. With this approval, Ericsson can now offer a complete range of fiber optical telecommunications cable.

Erica, a completely new application for fiber optical technology, was another cable innovation launched during 1992. This product consists of a sensor cable intended for installation in alarm systems – particularly fire systems – in such environments as tunnels, ships and buildings. A measurement unit is able to detect the changes in light conditions caused by the fire and can pinpoint the location within a few meters. This product has attracted considerable interest from both commercial customers and military authorities.

International projects

Network construction operations mainly consist of a large number of international projects undertaken by the Business Area's various network companies throughout the world. An obvious trend in recent years has been that network companies are becoming increasingly active outside their domestic markets. With the decline of investments in its domestic market, Ericsson Sielte in Italy, Ericsson's largest network company, is seeking markets outside the country. During the summer, the company received an order valued at SEK 225 m. for a major network construction project in Nigeria. Sielte has also signed a major contract with the Argentinian telecommunications administration.

Ericsson Thai Networks, in Thailand, is involved in a large project in Laos, pending new

assignments in its home market. During the year, the Turkish network construction company focused intensely on major new domestic projects for local communications and cable-TV networks ordered during the preceding year, and is also engaged in a large network construction project in Iran.

Cable manufacturing consolidated

Restructuring of the Business Area's cable operations continued during the year. With the aim of creating more efficient and leaner production, several cable plants were divested.

Facomec S.A., in Colombia, was sold in January, and Fios e Cabos Plásticos do Brasil S.A., in Brazil, in July. Operations of the Spanish cable company, Fibroco S.A., were discontinued during the autumn. The company's equipment was transferred to Birla Ericsson Optical Ltd, a new Indian cable company, owned jointly with the Indian industrial group Birla. In Sweden, the Special Cable Division's plant in Kungsbacka was closed in March. Swedish cable operations are now concentrated to Falun and Hudiksvall.

Implementation of this rationalization process has improved Ericsson's competitiveness in cable. As a result, Ericsson now has a cost-effective production of cable with a high portion of fiber optical cable. Optical cable currently accounts for more than 50 percent of the sales value of telecommunications cable.

New business opportunities

The liberalization and deregulation of telecommunications markets is providing Ericsson with new business opportunities, a trend that is particularly notable in the network construction segment. Operators are increasingly concentrating on their traditional business of operating telecommunications networks. At the same time, new operators are entering the market. These

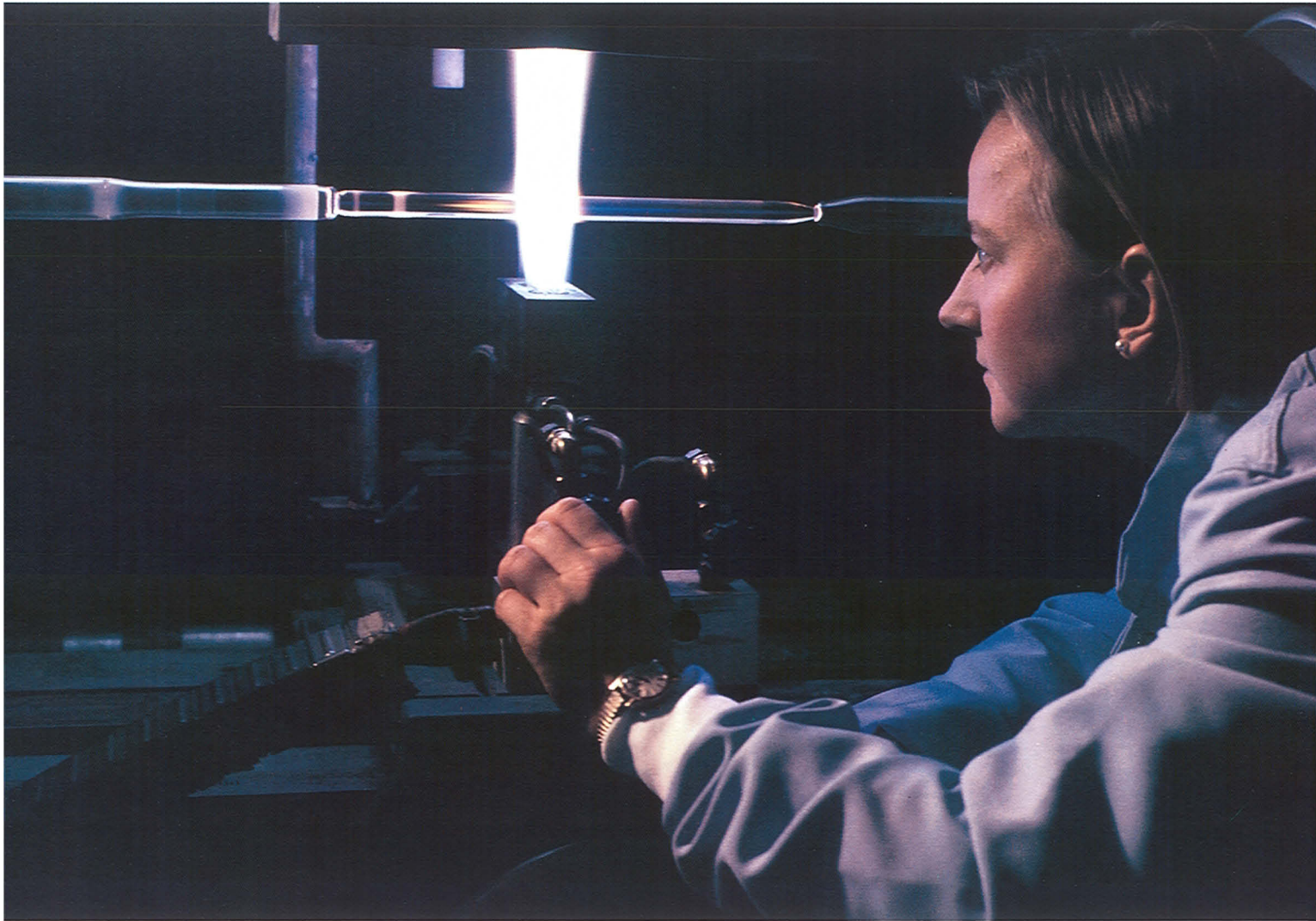
Geographic distribution of external sales, percent



The Business Area in brief

SEK m. and percentage of Ericsson totals

	1992		1991		1990	
Order bookings, external	6,150	12%	7,788	17%	7,619	15%
Nets sales, external	6,407	14%	6,506	14%	6,484	14%
Net sales, internal	393	–	516	–	311	–



new companies often lack network construction know-how and therefore seek partners able to offer complete network solutions.

Accordingly, the Cable and Network Business Area has been focusing on attaining the know-how and methods required for the development,

planning and implementation of major network construction projects. This is one of the main contributions being made by network construction operations to the new Business Networks Business Area that was formed in January 1993.

Optical fibers with a core that is treated with erbium, a basic element, can make weak light signals many thousand times stronger. With such fiber amplifiers in a fiber cable line, the length of the line can be virtually unlimited.

The year 1992 marked the fiftieth anniversary of the founding of Rifa. This company, which was taken over by Ericsson at an early stage, constituted the base for the Components Business Area when the latter was formed in 1983. Operations throughout this 50-year period have been keyed to the need for an in-house supply of strategic components. This need has become increasingly pronounced, in pace with developments in microelectronics. Since most functional design aspects of today's electronic products are integrated in the microcircuit, this stage of production accounts for much of the competitiveness of, for example, a telephone exchange or a mobile telephone.

Unique know-how

The Business Area possesses exceptional know-how in the development of advanced microcircuits and components. This unique expertise facilitated the extensive cooperation with U.S.-based Texas Instruments (TI), one of the world's leading semiconductor companies. Business Area designers assisted TI in developing a signal processor capable of both analog and digital signaling. This processor is used in Ericsson's new mobile telephones for the U.S. market.

During 1992, cooperation with TI was further enhanced through an agreement that safeguarded Ericsson's access to leading-edge semiconductor technology for many years to come. This technology involves miniaturization of silicon chips to a level where the smallest element is 0.35 thousandth of a millimeter wide. This is known as "sub-micron technology" in the industry. (1 micron = one thousandth of a millimeter).

Investments in mini-plant

In its cooperation with TI, Ericsson shares its microcircuit expertise in telecommunications.

In return, TI's semiconductor know-how and production resources are being made available to Ericsson. The investment costs for this type of production are enormous. However, as a result of the agreement with TI, Ericsson can concentrate its resources on development work and then transfer operations to TI when it is time for the large-scale production of new circuits.

Between the development stage and the time for large-scale production, resources are required for smaller-scale production of newly developed chips. Such a "mini-plant" will be constructed at Ericsson Components' Swedish plant in Kista, Stockholm. The investment is modest, compared with the amount that would be required if Ericsson was not cooperating with Texas Instruments.

Focus on energy systems

Except for microelectronics, power systems are the Business Area's most important area of operation. The Business Area offers the market cost-effective power supply and cooling solutions for such items as telecommunications equipment and computers, as well as systems for the surveillance and operational support of such equipment. Notable 1992 orders included power supply equipment for the U.S. Mobitex network and equipment delivered to Stratus, an American computer manufacturer.

Standard components in separate company

The Business Area's standard components operations were reorganized into a separate company, Ericsson Standard Components AB, while another Swedish company in this area, AB Gösta Bäckström, was acquired. With a complete range of electronic components from a selection of suppliers, these two companies give Ericsson a very strong position in the Nordic market.

Geographic distribution of external sales, percent



The Business Area in brief

SEK m. and percentage of Ericsson totals

	1992		1991		1990	
Order bookings, external	879	2%	700	2%	491	1%
Net sales, external	842	2%	985	2%	589	1%
Net sales, internal	1,201	-	1,229	-	1,316	-

During 1992, the market for defense materiel was characterized by cutbacks in defense spending being implemented or planned in many countries. At the same time, the electronics content in defense materiel is increasing substantially.

The Business Area's strategy is to focus on areas given high priority by defense authorities. These include sensors, electronic countermeasure equipment and communications.

Swedish five-year defense policy decision

The Swedish authorities' decision on defense policy for the next five-year period was positive for Ericsson in several respects.

In June, the second subseries of the Swedish JAS 35 Gripen multirole military aircraft was ordered. Ericsson's share of this project – radar, systems computers and display equipment – involves orders valued at nearly SEK 3 billion.

In December, the Swedish Defense Materiel Administration approved final development of the new PS890 airborne tracking radar system. Contracts were signed in February 1993. The approval covers six units, with a total order value of SEK 1.2 billion.

The Swedish government has also assigned high priority to the Arthur artillery-locating radar project, which is being undertaken in cooperation with the Norwegian Defense Forces. The two Nordic countries also signed a joint agreement on continued development work on this product, whose potential in markets outside Sweden and Norway is substantial.

In addition, major contracts were signed with defense authorities in such countries as Malaysia, Finland and Switzerland. A joint-venture agreement was signed with Matra of France covering development and production of equipment for the French Mica missile.

Successful microwave links

The Mini-Link microwave-link series, the Business Area's major commercial product, recorded considerable successes during 1992. As a result of large orders from Mannesman Mobilfunk, Germany instantly became the largest single market for this product.

Mini-Link traces its origins to radar technology.

The market for Mini-Link accelerated during the 1980s as a result of such factors as the expansion of cellular mobile telephony. The use of microwave links is a highly cost-effective and fast method of connecting radio base stations in cellular networks.

The pace of product development in the Mini-Link project is very high. Mini-Link designs are currently available for the 15, 23, 26 and 38 GHz wave bands and new variations are being developed.

Fiscal year 1992 was the last for volume production of the MF15 tactical radio link supplied to the U.S. Defense Department.

Today, production of Mini-Link is highly efficient and profitable. The Borås plant manufactured more than 3,000 units in 1992, one thousand more than in 1991.

Adding know-how

The Business Area is an important source of expertise for Ericsson in the areas of high-speed electronics and high-frequency radio technology. Defense Systems is involved in the development of digital mobile telephony for the Japanese market, where Business Area units are cooperating closely with the Radio Communications Business Area.

The Business Area also operates one of Ericsson's research centers, the High-Speed Electronic Research Center, based in Mölndal, Sweden, which focuses on highly advanced technology for broadband communications. This work is conducted in cooperation with several other business areas, external companies and universities in Sweden and abroad.

Space technology

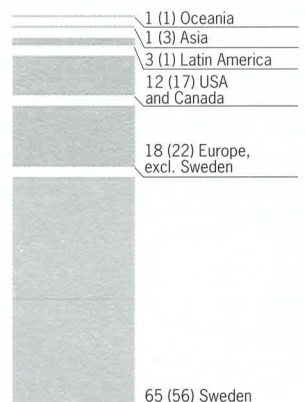
The Business Area is also a source of know-how in the field of space and satellite technology. During the year, Ericsson's and Saab's space operations were merged to form a jointly owned company, Saab Ericsson Space AB. The new company is participating in advanced European programs in the field of space technology, making notable contributions, particularly in the development of antenna technology for applications in space.

The Business Area in brief

SEK m. and percentage of Ericsson totals

	1992		1991		1990	
Order bookings, external	3,575	7%	1,545	3%	1,573	3%
Net sales, external	1,659	4%	1,611	4%	1,758	4%
Net sales, internal	291	–	214	–	132	–

Geographic distribution of external sales, percent



The share capital of the Parent Company, Telefonaktiebolaget LM Ericsson, amounted at December 31, 1992, to SEK 2,061,894,790, represented by 206,189,479 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 187,546,904 are restricted B shares, carrying one thousandth of a vote.

Up to December 31, 1992, the Articles of Association of the Parent Company stipulated that not more than 35 percent of the voting rights in the Company could be represented by unrestricted shares, which could be owned by foreign citizens as well as citizens of Sweden. At year-end 1992, 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 0.3 percent of the total. Due to a change in Swedish law, the restriction in the Articles of Association noted above ceased to be valid on January 1, 1993. Accordingly, all shares may now be owned by foreign citizens.

During 1992 the number of shares increased by 203,024 through conversion of debentures. During the period between January 1 and February 15, 1993, additional debentures were converted to 108,317 B shares, increasing to 206,297,796 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 6,800 employees have taken advantage of this opportunity, purchasing a total of approximately 2.5 million shares.

Ericsson's Share Savings Fund was started in

1981, and Ericsson's General Savings Fund in 1984. The Share Savings Fund was liquidated in 1992. The General Savings Fund, which has 2,200 participants, has invested in Ericsson shares and in Ericsson's convertible debenture certificates. At year-end 1992, the holding in this fund amounted to 97,500 shares plus convertible debenture certificates convertible to 359,125 shares.

The convertible debentures may be converted to B shares up to and including March 15, 1993. To date, SEK 52.8 million of the SEK 626.4 million loan has been converted to 997,439 B shares. Slightly more than 9,500 Ericsson employees held Company debentures at year-end.

Stock exchange trading

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

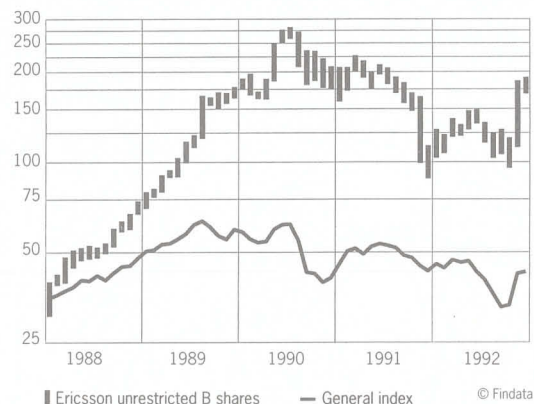
Each ADR represents one B share. The most active trading occurs in Stockholm, London and New York.

Approximately 294 million shares were traded during 1992. The turnover was distributed as follows (approximate percentages): 38 percent on the Stockholm Stock Exchange, 37 percent on the London Stock Exchange, 24 percent via NASDAQ, and one percent on other exchanges.

Stockholders

Approximately 75 percent of Ericsson's shares are owned by Swedish and international institutional investors. At year-end 1992, about 27 percent of the shares were held by stockholders outside Sweden.

Trading on the Stockholm Stock Exchange



<i>Share data</i>	1992	1991	1990 *	1989	1988
Exports of shares from Sweden (SEK m.)	4,245	2,310	777	499	585
Imports of shares to Sweden (SEK m.)	3,333	1,218	1,873	1,384	635
Net imports (-)/exports of shares to Sweden	912	1,092	-1,096	-885	-50
P/E ratio I, "B" shares ¹⁾	57.8	29.3	12.0	15.1	13.6
P/E ratio II, "B" shares ²⁾	79.7	25.1	12.4	16.4	11.8
Share prices, December 31, Stockholm Stock Exchange (SEK)					
– "A" restricted	195	140	245	1,000	470
– "A" unrestricted	195	145	245	950	470
– "B" unrestricted	185	108	184	880	368
– "B" unrestricted High for year	189	225	280	940	369
– "B" unrestricted Low for year	97.5	88.5	175	356	155

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		–
1991	Conversions	257,372		2,573,720
1992	Conversions	203,024		2,030,240
1992	December 31	206,189,479		2,061,894,790

<i>Distribution of shares, year-end 1992</i>	<i>Stockholders</i>		<i>Number of shares</i>		<i>Number of shares per stockholder</i>
	<i>Number</i>	<i>%</i>	<i>of shares</i>	<i>%</i>	
1 – 500	88,019	79.6	14,104,576	6.8	160
501 – 5,000	20,901	18.9	28,671,830	13.9	1,372
5,001 – 20,000	1,189	1.1	11,230,901	5.5	9,446
20,001 –	446	0.4	152,182,172	73.8	341,216
	110,555	100.0	206,189,479	100.0	1,865

<i>The largest stockholders, ranked by voting rights, were as follows at December 31, 1992</i>	<i>Number of shares</i>	<i>Voting rights percent</i>
AB Industrivärden	6,149,035	26.5
Investor AB	4,190,000	22.3
Knut och Alice Wallenbergs stiftelse	2,651,480	14.1
Svenska Handelsbankens Pensionsstiftelse	1,210,000	5.6
Pensionskassan SHB Försäkringsförening	900,000	4.8
Livförsäkrings AB Skandia	5,661,540	4.1
EB-stiftelsen, S-E-Bankens Pensionsstiftelse	531,640	2.6
Wallanders o Hedelius' stiftelse	450,000	2.4
Wallenbergs stiftelse, Marianne och Marcus	450,000	2.4
Oktogonen, Stiftelsen	600,000	1.6
Svenska Handelsbankens personalstiftelse	280,000	1.5
Trygg-Hansa SPP	11,796,817	0.6
Svenska Handelsbankens aktiefonder	3,457,720	0.4

Björn Svedberg
Peter Wallenberg
Tom Hedelius
Sverker Martin-Löf



Carl-Erik Feinsilber
Lars Ramqvist
Sven Olving
Jan Stenberg



Anders Olofsson
Georg Karnsund
Sven Ågrup
Thomas Olsson
Carl Wilhelm Ros



Claes-Göran Larsson
Sune Andersson
Göthe Söderkvist
Per Arne Ragnar
Jacob Wallenberg



Board of Directors Members

Björn Svedberg
 (1937*)
 Chairman, Honorary Doctor of Technology, President and member of the Board of Skandinaviska Enskilda Banken. Member of the Boards of ASEA, ABB ABA and SILA. Member since 1977. Shares held: B 18,795. Convertible debentures: 14,250.**

Peter Wallenberg
 (1926*)
 Deputy Chairman. Honorary Doctor of Economics, First Vice Chairman of the Board of Skandinaviska Enskilda Banken. Chairman of the Boards of ASEA, Atlas Copco, Investor and Knut och Alice Wallenbergs Stiftelse. Co-Chairman of ABB Ltd. Honorary Chairman of STORA. Member since 1972. Shares held: B 28,175.

Tom Hedelius
 (1939*)
 Deputy Chairman. Honorary Doctor of Economics. Chairman of the Board of Handelsbanken. Member of the Boards of AGA, Industrivärden and SCA. Member since 1991. Shares held: B 2,000.

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

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

Carl-Erik Feinsilber
 (1931*)
 President and CEO of Industrivärden. Vice Chairman of AGA. Member of the Boards of Handelsbanken and SCA. Member since 1990.

Georg Karnsund
 (1933*)
 Chairman of the Board of the Swedish Highways Administration. Member of the Boards of Saab-Scania and Atlas Copco. Member since 1987.

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

Thomas Olsson
 (1944*)
 Employee representative. Member since 1985. Shares held: B 380.

Sven Olving
 (1928*)
 Doctor of Science, Professor of Chalmers University of Technology. Chairman of the Board of Volvofinans. Member of the Boards of Electrolux, Celsius Industrier, Bofors, ABB Hafo and Trelleborg. Member since 1980.

Sven Ågrup
 (1930*)
 Chairman of the Board of AGA. Member of the Boards of Handelsbanken, Sandvik and Volvo. Member since 1983.

Sverker Martin-Löf
(1943*)
President and CEO of SCA. Member of the Board of AGA. Member since 1991.

Anders Olofsson
(1953*)
Employee representative. Member since 1990.

Per Arne Ragnar
(1935*)
Employee representative. Member since 1992. Convertible debentures: 625**.

Carl Wilhelm Ros
(1941*)
Executive Vice President. Member since 1986. Shares held: B 5,030. Convertible debentures: 5,000.**

Jan Stenberg
(1939*)
Executive Vice President. Member since 1982. Shares held: A 20, B 6,645.

Göthe Söderkvist
(1945*)
Employee representative. Member since 1989. Shares held: A 360, B 5. Convertible debentures: 375.**

Jacob Wallenberg
(1956*)
Executive Vice President of Investor. Chairman of the Board of Investor Group Finance. Vice Chairman of STORA. Member of the Boards of Atlas Copco, Investor and Knut och Alice Wallenbergs Stiftelse. Member since 1991. Shares held: A 750, B 1,000.

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.

Karl Alsmar
Senior Vice President, Corporate Product Management.

Erling Blommé
Senior Vice President and General Counsel, Corporate Legal Affairs.

Bo Hedfors
Senior Vice President, Corporate Systems and Technology.

Harry Johansson
Senior Vice President, Corporate Audit and Security.

Bo Landin
Senior Vice President, Corporate Markets.

Nils Ingvar Lundin
Senior Vice President, Corporate Relations.

Britt Reigo
Senior Vice President, Corporate Human Resources and Organization.

Johan Siberg
Senior Vice President, Corporate Supply and Distribution.

Åke Stavling
Senior Vice President, Corporate Financial Control.

Corporate Functions

Lars Berg
Senior Vice President, Business Networks. President, Ericsson Business Networks AB.

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

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

Håkan Jansson
Senior Vice President, Public Telecommunications. President, Ericsson Telecom AB.

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

Ronny Lejdemalm
Senior Vice President, Radio Communications. President, Ericsson GE Mobile Communications Inc.

Business Areas

Statutory Auditors

Olof Herolf
Authorized Public Accountant, Price Waterhouse.

Nils-Axel Frisk
Former Executive Vice President (Finance), Swedish Staff Pension Fund.

Carl-Eric Bohlin
Authorized Public Accountant, Price Waterhouse.

Deputy Auditors

Stephan Tolstoy
Authorized Public Accountant, Price Waterhouse.

Krister Hertzen
Vice Chairman Trygg-Hansa SPP Holding.

Lars Eklund
Authorized Public Accountant, Price Waterhouse.

Auditors

* Year of birth. ** Each debenture corresponds to one "B" share.

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

Telefonaktiebolaget
LM Ericsson
Bureaux Techniques
d'Algérie
El Djazair
Harald Oberbeck

SITEL – Société Industrielle
Algérienne
de Télécommunications
Tlemcen
Ibrahim Bensmail

Argentina

Compañía Ericsson S.A. C.I.
Buenos Aires
Eduardo Restuccia

Australia

LM Ericsson Pty. Ltd.
Broadmeadows
Kjell Sörme

Ericsson Defence
Systems Pty Ltd
Preston
Ivan Trayling

Nira Australia Pty. Ltd.
Sydney
Brian Fitzgerald

Austria

Schrack Telecom AG
Vienna
Lars G. Josefsson

Bahrain

Telefon AB LM Ericsson
Regional Representative
Office
Jidhafs
Anders Snare

Belgium

Ericsson Business
Communications NV/SA
Brussels
Göran Schlyter

Ericsson EC Affairs Office
Brussels
P-O Åkerberg

Nira Communication
Systems N.V.
Ternat

Brazil

Ericsson
Telecomunicações S.A.
São Paulo
Geraldo Cavalcanti

Ericsson Amazonia S.A.
Manáus
Geraldo Cavalcanti

Ericsson Sistemas de Energia
LTDA
São Paulo
Nilton Rojer T da Silva

Canada

Ericsson
Communications Inc.
Montreal
Lionel P. Hurtubise

Chile

Compañía Ericsson
de Chile S.A.
Santiago

**China,
People's Republic of**

Telefonaktiebolaget
LM Ericsson
Representative Office
Beijing
Hans Ekström

Guangdong Ericsson
Communication Co Ltd
Guangdong

Nanjing Ericsson Communi-
cations Company Ltd
Nanjing
P-O Kjellvard

Colombia

Ericsson de Colombia S.A.
Bogotá
Hector Perez

Costa Rica

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

Czech Republic

Schrack – Ericsson spol.s.r.o.
Prague
Vladimir Nemeč

Denmark

LM Ericsson A/S
Copenhagen
Kaj Juul-Pedersen

Cabelco Aps
Virum
Jørgen Dinesen

DIAX

Telecommunications A/S
Struer
Björn Olsson

Ecuador

Telefonos Ericsson C.A.
Quito
Björn Magnusson

Egypt

Telefonaktiebolaget
LM Ericsson
Egypt Branch
Cairo
Staffan Hult

El Salvador

Telefonaktiebolaget
LM Ericsson
Sucursal El Salvador
San Salvador
Jorge Guevara

Finland

Oy LM Ericsson Ab
Jorvas
Jan-Mikael von Schantz

Oy Ericsson
Radiopuhelin Ab
Helsinki
Robert Serén

Viikinkaapeli OY
Espoo
Kimmo Tarkkonen

France

Ericsson Components and
Business Communications
S.A.

Guyancourt
Gilles Pichon

MET S.A.

Massy
Jacques Payer/Lars Jarnryd

Nira S.A.
Nanterre
Jacques François

Germany

Ericsson Deutschland
GmbH
Düsseldorf
Manfred Buchmayer

Ericsson Netzbau GmbH
Greifswald
Jonas Ek

Ericsson Business
Communications GmbH
Düsseldorf
Heinrich Thanscheidt

Ericsson Eurolab
Deutschland GmbH
Herzogenrath
Jarl-Eric Nylund

Ericsson Mobilfunk GmbH
Düsseldorf
Hans Uhlemann

Ericsson Radio
Communications GmbH
Frankfurt
Manfred Wiegand

Ericsson Telekom GmbH
Neu-Isenburg
Kjell Nilsson

Nira Deutschland
Düsseldorf
Friedrich Schlichtenberger

Ericsson Fuba Telecom
GmbH
Hildesheim
Günther Begemann

Schrack Telecom GmbH
Karben
Manfred Völzke

Greece

Ericsson (Hellas)
Telecommunications
Equipment S.A.
Athens
Per Granqvist

Guatemala

Ericsson de Guatemala S.A.
Guatemala City
Ignacio Gonzales

Hong Kong

Ericsson Communications
(Hong Kong) Ltd.
Hong Kong
John Gilbertson

Hungary

Ericsson Technika K.f.t.
Budapest
Istvan Fodor

LM Ericsson
International AB
Budapest
Ulf Sandberg





Schrack Telecom RT
Budapest
László Jósa

India

Ericsson India Ltd
New Delhi
G.S. Bain

*Ericsson Telecommunications
Pvt Ltd*
New Delhi
Per Karlberg

Birla Ericsson Optical Ltd
Rewa
R.S. Shekhawat

Indonesia

Erindo Utama PT
Jakarta
F Siddik

Ireland

LM Ericsson Holdings Ltd.
Dublin
Vincent Daly

*Ericsson Business
Communications Ltd.*
Dublin
John L. Kennedy

*Ericsson Systems
Expertise Ltd.*
Athlone
Diarmuid O'Colmain

LM Ericsson Ltd.
Dublin
Ian Cahill

*Broadcom Eirann
Research Ltd.*
Dublin
Gerhard Cahill

Italy

Ericsson S.p.A.
Rome
Gian Luigi Tosato

Ericsson Fatme S.p.A.
Rome
Giovanni De Guzzis

Ericsson Sielte S.p.A.
Rome
Gianluigi Molinari

*Ericsson Business Network
S.p.A.*
Rome
Luigi Caruso

Japan

Nippon Ericsson KK
Tokyo
Morgan Bengtsson

*Ericsson Toshiba
Tsubin Systems K.K.*
Yokohama
Lars Edvardsson

Korea, Republic of

Ericsson Korea Ltd.
Seoul
Bengt Forss

Kuwait

*Telefonaktiebolaget
LM Ericsson*
Technical Office Kuwait
Bo Zaine

Libya

*Telefonaktiebolaget
LM Ericsson*
Libya Branch
Tripoli
Håkan Kastlander

Malaysia

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

Perwira Ericsson Sdn Bhd
Shah Alam, Selangor
Kamaludin Abdul Kadir



Mauritius

Ericsson Network Engineering AB
(Mauritius Branch)
Port Louis
Jan Eckerud

Mexico

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

Conductores Latincasa S.A. de C.V.
Mexico, D.F.
Gerhard Skladal

Empresa Tecnológica Ericsson S.A. de C.V.
Mexico, D.F.
Rolf Hansén

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

Telemontaje Ericsson S.A. de C.V.
Mexico, D.F.
Roberto Rosales

Morocco

Telefonaktiebolaget LM Ericsson
Délégation Technique du
Projet au Maroc
Rabat-Agdal
Gunnar Håkansson

Netherlands

Ericsson Telecommunicatie B.V.
Rijen
Ragnar Bäck

Ericsson Holding International B.V.
Rijen
Leo de Hoon

Ericsson Business Mobile Networks B.V.
Amsterdam
Albert Jokubaitis

Ericsson Radio Systems B.V.
Emmen
Gerrit Koning

Nira Nederland B.V.
Utrecht
Chris Berger

Nira International B.V.
Amsterdam
Dick Sougé

Netherlands Antilles

Telefonaktiebolaget LM Ericsson
Technical Office
Curaçao
Carlos Javier Cué

New Zealand

Ericsson Communications Ltd.
Wellington
Richard M Collishaw
Ericsson Cellular Ltd.
Auckland
Torbjörn Smith

Nigeria

LM Ericsson (Nigeria) Ltd.
Lagos
John Erik Vesterlund

Norway

Ericsson A/S
Nesbru
Steinar Tveit

NFT Ericsson Communications ANS
Nesbru
Per Skard

TBK Ericsson A/S
Nesbru
Hans Lillebye

Forslid A/S
Oslo
Torbjörn Sundkvist

Ericsson Radar A/S
Nesbru
Knut Trovaag

Oman

Telefonaktiebolaget LM Ericsson
Technical Office Oman
Muscat
Sune Larsson

Pakistan

Ericsson Telecom AB
Technical Office
Islamabad
Lars-Åke Andersson

Panama

Telefonaktiebolaget LM Ericsson
Technical Office
Panama
Daniel Holder

Peru

Compañía Ericsson S.A.
Lima
Julien Sideris

Philippines

Ericsson Networks (Philippines) Inc.
Manila
Per Pedersen
Philnet Ericsson Inc.
Manila
Per Pedersen

Poland

Schrack-Ericsson sp.oo.z
Warsaw
Ernst Brenner

Portugal

Sociedade Ericsson de Portugal Lda
Linda-a-Velha/Lisbon
Peter Källberg

Saudi Arabia

Telefonaktiebolaget LM Ericsson
Saudi Arabia Branch
Riyadh
Anders Töpffer

Singapore

Ericsson Network Engineering Pte. Ltd.
Singapore
Ulf H Johansson

Slovakia

Schrack – Ericsson spol.s.r.o.
Bratislava
Vladimir Kanick

Spain

Ericsson S.A.
Leganes Madrid
Raimo Lindgren
Ericsson Redes S.A.
Madrid
Carlos Alvaro
Ericsson Sistemas Avanzados S.A.
Madrid
Ingemar Naeve

Ericsson Terminales Moviles S.A.
Madrid
Fernando Carraminana

Constel S.A.
Burgos
Carlos Alvaro

Tenel S.A.
Madrid
Carlos Alvaro

Sweden
Telefonaktiebolaget LM Ericsson
Stockholm
Lars Ramqvist

Ericsson Telecom AB
Stockholm
Håkan Jansson

Ericsson Radio Systems AB
Stockholm
Kurt Hellström

Ericsson Business Networks AB
Stockholm
Lars Berg

Ericsson Components AB
Stockholm
Bert Jeppsson

Ericsson Radar Electronics AB
Mölnådal
Bengt Halse

ELLEMTEL Utvecklings AB
Stockholm
Örjan Mattsson

AB LM Ericsson Finans
Stockholm
Gösta Ståhlberg

AB Gösta Bäckström
Stockholm
Lennart Nyström

AU-System Radio AB
Lund
Anders Cedervall

E-P Data AB
Karlskrona
Jan-Åke Kark

Ericsson Cables AB
Hudiksvall
Janne Sjödén

*Ericsson Hewlett-Packard
Telecommunications AB*
Stockholm
Anders Engvall

*Ericsson Mobile Communi-
cations AB*
Stockholm
Sten Fornell

Ericsson Paging Systems
Stockholm
Lennart Nilsson

*Ericsson Programatic
Sweden AB*
Karlstad
Göran Frödin

Ericsson Radio Access AB
Stockholm
Ulf Mimer

*Ericsson Radio Systems,
Sverige AB*
Stockholm
Bengt Bergvall

*Ericsson Standard Compo-
nents AB*
Stockholm
Janåke Viklund

*Ericsson Treasury
Services AB*
Stockholm
Johan Fant

Ericsoft AB
Luleå
Sture Johansson

ERITEL AB
Göteborg
Åke Johansson

Forslid & Co AB
Stockholm
Torbjörn Lundkvist

Industrigruppen JAS AB
Stockholm

*John Mårtensson
Elmaterial AB*
Helsingborg
Christer Wahlberg

*LM Ericsson
Data AB*
Stockholm
Bengt Bolin

LM Ericsson Fastigheter AB
Stockholm
Per Palmberg

Magnetic AB
Stockholm
Rudi Omholt

*Mellansvenska
Elektriska AB*
Stockholm
Karl-Olov Melin

Objective Systems AB
Stockholm
Mark Broms

*Philipsons
Gräv & Schakt AB*
Stockholm
Bertil Strid

Scancables AB
Norrköping
Torbjörn Sundkvist

*Svenska Elgrossist AB
SELGA*
Stockholm
Göran Brodin

Zonex AB
Uppsala
Rolf Blom

Switzerland

Ericsson AG
Brüttisellen/Zürich
Peter Kunz

*Ascom Ericsson
Transmission AG*
Bern
Rudolf Fischer

Taiwan

Ericsson Taiwan Co. Ltd.
Taipei
Mats H Olsson

Thailand

*Ericsson Communications
(Thailand) Ltd.*
Bangkok
Rolf Granström

*Ericsson Telephone
Corporation Far East AB*
Bangkok
Rolf Granström

*Ericsson Thai Networks
Company Ltd.*
Bangkok
Bo Hildingsson

Tunisia

*Telefonaktiebolaget
LM Ericsson*
Bureaux Techniques
de Tunisie
Tunis
Lars Johansson

Ericsson Tunisie S.A.
Tunis Cedex
Lars Johansson

STITELE S.A.
Tunis
Mohamed Hachicha

Turkey

*Ericsson
Telekomünikasyon A.S.*
Istanbul
Johan Bruce

United Arab Emirates

*Telefonaktiebolaget
LM Ericsson*
Technical Office UAE
Abu Dhabi
Morgan Bergemar

United Kingdom

Ericsson Ltd.
Burgess Hill
Anders Igel

Camtec Electronics Ltd.
Leicester
John Pragnell

*Orbitel Mobile
Communications Ltd.*
Basinstoke
David Sims

Uruguay

Telefón AB LM Ericsson
Sucursal Uruguay
Montevideo
Lars Thomasson

USA

*Ericsson
North America Inc.*
Richardson, TX.
Leif Källén

*Ericsson Network
Systems Inc.*
Richardson, TX.
Björn Hemstad

Ericsson Radio Systems Inc.
Richardson, TX.
Tomas Isaksson

*Ericsson Business
Communications Inc.*
Cypress, CA.
Björn Lundgren

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

*Ericsson GE Mobile
Communications Inc.*
Raleigh, NC
Ronny Lejdemalm

*Ericsson Messaging
Systems Inc.*
Woodbury, N.Y.
Leif Holm

The Ericsson Corporation
Arlington, VA.
Torbjörn Ihre

Venezuela

*Compañía Anónima
Ericsson*
Caracas
Stig Johansson

Sistemas Ericsson C.A.
Caracas
Alvaro Cifuentes

Vietnam

*LM Ericsson
International AB*
Representative Office
Hanoi
Lars H. Christofferson



This glossary has been prepared to broaden the understanding of the terms used in this Annual Report. Brief definitions of such terms cannot, however, provide complete explanations.

ATM

Asynchronous Transfer Mode. A technology for broadband transmission (used in transmitting telecommunications signals with high capacities). ATM, in addition to enabling high capacities in signal transmission, is also a reliable index of flexibility since the capacity in a linked connection can be adapted to specific requirements.

CDMA

Code Division Multiple Access is a technique for transmitting digital radio signals between a mobile telephone and a radio base station. In CDMA, the signals are arranged within a frequency band by using a pattern (or code) making it possible to differentiate one specific conversation from others taking place at the same time.

Cellular mobile telephone system

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

DECT

Digital European Cordless Telecommunications. A common European standard for cordless personal telephony adopted by ETSI, a European standardization organization for telecommunications technology. The DECT standard has become the guiding norm for development of systems for cordless business communications.

Digital technology

Handling of information that has been converted to a digital code using the binary number notation system consisting solely of ones and zeros. Conversion to and from continuous signals takes place in special converter circuits. encoders and decoders.

ETNA

Ericsson Transport Network Architecture. A collection of systems and products used to build transport networks based on Ericsson's latest technology for fiber-optical transmission and signal handling. ETNA includes systems for supervision and operation of transport networks.

Fiber optics

A technique for transmitting light signals via glass or plastic fibers. 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.

Gigabit/s (Gbit/s)

A measurement of transmission capacity – in a transmission line, for example. A capacity of two Gbit/s is adequate to transmit more than 24,500 telephone calls simultaneously.

GSM

Global System for Mobile telecommunications. Developed initially as the pan-European standard for digital cellular mobile telephone systems, it has been accepted in many parts of the world, notably in Southeast Asia and Australia.

Intelligent network

A telecommunications network in which certain types of services can be introduced by the operating company and made quickly available to users.

ISDN

Integrated Services Digital Network. A digital communications network in which various types of information (speech, data, images) can be transmitted to the subscriber via a common local line.

Land-mobile radio

Traditional mobile radio communications used by trucking firms, police and rescue services, etc., in which each system has its own radio base station.

Megabits/s (Mbp/s)

A measurement of the transmission capacity of, for example, a transmission line. A capacity of two Mbp/s is adequate to transmit more than 30 calls simultaneously.

Microwave technology

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

Mobile data

Use of radio technology to communicate data between, for example, a company's data base and mobile terminals.

Mobitex

A system for mobile data communications developed by Ericsson for a broad range of applications. Mobitex uses a technology that facilitates transmission of large amounts of data in a short time and with high reliability. Public networks for Mobitex are being built up in many parts of the world.

PCN

Personal Communications Network. This is a service provided in the public telecommunications network for lightweight and inexpensive cordless telephones, so-called personal telephones.

PCS

Personal Communications System. An American system comparable to the European PCN. (See above.) The American licensing authorities are currently studying the conditions for possible construction of PCS networks in the U.S.

Semiconductor technology

The technology used in constructing electronic microcircuits on silicon chips. Semiconductor technology makes it possible to build in millions of transistors for computer memories on a chip the size of a thumbnail.

SDH

Synchronous Digital Hierarchy. A European standard for digital signal transmission in telecommunications networks. It was developed to meet demands for higher transmission speeds.

SDXC

Synchronous Digital Cross Connect (formerly DXC – Digital Cross Connect). A switch used in rerouting in fiber optical networks. An SDXC can automatically reroute telecommunications traffic during peak loads or isolate failures in parts of a network.

TDMA

Time Division Multiple Access. A technique typically used for digital transmission of radio signals between a mobile telephone and a radio base station. In TDMA, the frequency band is divided into a number of channels that, in turn, are broken up to form short time intervals in such a way that several calls can share a channel without interference.

TMOS

Telecommunications Management and Operating Support. TMOS comprises a family of products for computerized operation and supervision of public telecommunications networks.

Annual General Meeting

The Annual General Meeting will be held at the Victoriahallen, Stockholmsmässan, Stockholm, at 5 p.m. Tuesday, May 11, 1993.

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 30, 1993.

Shareholders, whose shares are registered in the name of an agent, must temporarily be entered in the share register not later than April 30, 1993, 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 8 719 3444 or +46 8 719 4498 between 10.00 a.m. and 4.00 p.m. daily, not later than May 6, 1993 at 4.00 p.m.

Proxy

In order to attend 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 14, 1993 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 24, 1993.

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 11, 1993
Interim report January–June	August 19, 1993
Interim report January–September	November 18, 1993
Preliminary results 1993	February 10, 1994
Results 1993	March 10, 1994
Annual report 1993	mid April, 1994

Financial reports are available from:
Telefonaktiebolaget LM Ericsson,
S-126 25 Stockholm, Sweden
(Tel: +46 8 719 0000)

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

Investor relations

Ann Westergren Ekstedt, Manager
Investor Relations, Corporate Relations,
Telefonaktiebolaget LM Ericsson,
S-126 25 Stockholm, Sweden
Tel: +46 8 719 0000,
Telefax: +46 8 719 1976

Lars Jonsteg, Vice President,
The Ericsson Corporation,
100 Park Avenue, Suite 2705,
New York, NY 10017, U.S.A.
Tel: +1 212 685 4030, Telefax: +1 212 213 0159

