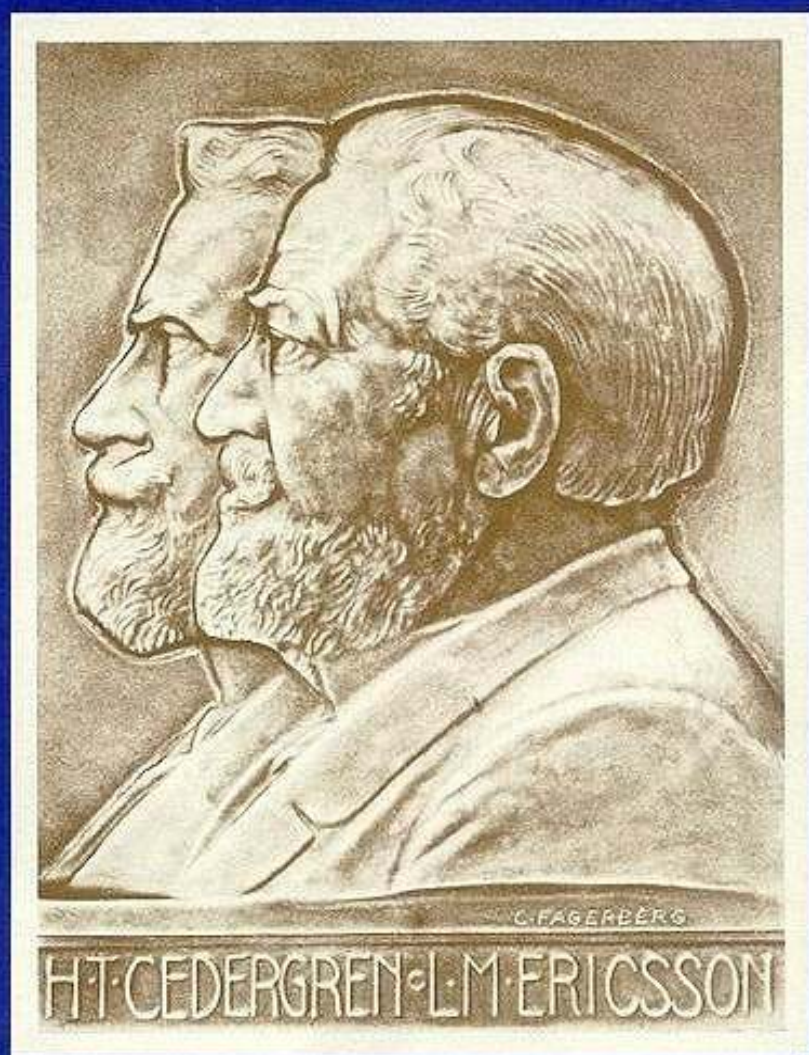


Ericsson
LM
1876-1976

The first 100 years



1876 On April 1 a 30-year-old mechanic, Lars Magnus Ericsson (1846–1926), opened a workshop for repair of telegraph instruments in a 13 m² room at Drottninggatan 15 in Stockholm. The only mechanical equipment was a foot lathe. An earlier work-mate, Carl Johan Andersson, entered into partnership with him a few weeks later. The workshop was soon found to be too small and at the end of the year the firm moved to Jakobsbergsgatan 23 B. In the same year Alexander Graham Bell filed his patent application for a telephone in the USA.

1877 The work grew, four workmen and an apprentice were taken on. The workshop had again become too small and was moved to Lästmakaregatan.



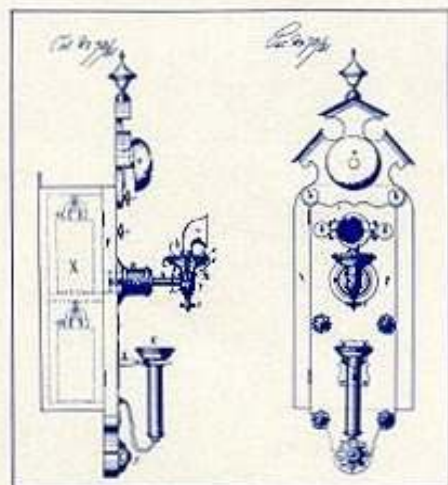
1878 The year when the word "telephone" first appeared in Ericsson's bookkeeping. Telephones of foreign manufacture were brought to him for repair. Ericsson began to contemplate making telephones himself. By the end of the year he had sold 22 pairs of "magnet telephones with signal trumpet". The price was 55 kr. per pair.



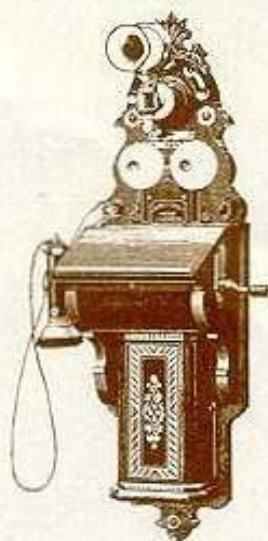
Lars Magnus Ericsson

1879 Seventy-four telephones were produced during the year. Other manufactures were also started: fire-telegraph and electrical instruments. The staff including the owners now numbered 10 persons.

1880 Larger accommodation became necessary and the firm moved to Norrmalmmsgatan (now Biblioteksgatan) 5. Ericsson produced his first wall set with DC signalling. Stockholms Bell Telefonaktiebolag opened the first telephone exchange in Sweden.



1881 Telegrafverket (the Swedish Telecommunications Administration) opened a telephone service with 32 lines between government departments and agencies. Ericsson applied for a patent for "improvements to telephones", in particular "the helical microphone". A tender for telephones for the town of Gävle was awarded to Ericsson. This led to a period of vigorous growth of the company. The first export order was received from Norway.



1882 Henrik Tore Torsten Cedergren (1853–1909) conceived the idea of forming a telephone operating company after he had acquired a connection to the Bell network in Stockholm.



1883 H.T. Cedergren founded *Stockholms Allmänna Telefonaktiebolag* (SAT). SAT concluded an agreement with Ericsson for the supply of telephone sets. Ericsson started to construct his first factory at Tulegatan. SAT ordered 1000 telephones and 22 switchboards. SAT's subscription fee, 100 kr., was less than half that of the Bell company. At the end of the year 785 subscribers were connected to SAT's network.



1884 Ericsson moved into his new factory. SAT bought a property in Malmskillnadsgatan for a large modern telephone exchange.



1885 Ericsson brought out his first handset, based on an idea of Anton Avén and Leonard Lundqvist.

1886 Stockholm now led the world in telephone density. At the beginning of the year SAT had 3,164 and the Bell company 1,655 subscribers.



1887 Ericsson completed his biggest contract up to that time: the equipment for Europe's largest telephone exchange, opened by SAT in Malmskillnads-gatan in Stockholm. The factory working hours were reduced from 62 to 57 per week.

1888 SAT constructed the first two-wire subscriber lines in Sweden for its subscribers in Västerås. SAT purchased the share majority in Stockholms Bell.

1889 The 20,000th telephone left Ericsson's factory. The *Ericsson Health Insurance and Funeral Expenses Fund* was formed. Ericsson donated 1000 kr. Telegrafverket opened a trunk service between Stockholm and Gothenburg and invited the public to apply for telephone service. Competition between Telegrafverket and SAT became keener.

1890 Ericsson added a new building to his factory. The number of employees had risen to 153.

1891 Telegrafverket opened a factory for manufacture of telephones and switchboards and started to buy up local telephone operating companies. Ericsson made good the loss by increasing his export business. The brothers Strowger in Chicago applied for a patent for their automatic switching device for telephone exchanges.



1892 The first desk telephone with handset. The first business relations with Dutch telephone operating companies.

1893 The annual production of telephones was 11,545, exceeding 10,000 for the first time.



1894 LME's trademark was registered. Its motif was the 1892 telephone.

1895 SAT laid the first underground cables in Stockholm.

1896 Ericsson's firm was converted into *Aktiebolaget L.M. Ericsson & Co.* (LME) with a share capital of 1 million kronor. SAT set up *Aktiebolaget Telefonfabriken* to manufacture telephone equipment for its requirements, thus in competition with Ericsson.

1897 Ericsson opened a factory in St. Petersburg (Leningrad), chiefly for assembly of telephones.

1898 *The L.M. Ericsson Shop Union* was founded.



MARKEN I DE TELEFONERNA SOM HILLERENSA & Co. I ST. PETERSBURG 1897

1899 Ericsson started to build a factory for manufacture in St. Petersburg.

1900 LM Ericsson resigned his post as President and was succeeded by Axel Boström.



The new, enlarged factory in Stockholm, 1900

1901 Lars Magnus Ericsson resigned his post as Chairman but retained his seat on the Board. Wilhelm Montelius was appointed Chairman. LME took over SAT's telephone factory. SAT and a Swedish-Danish bank consortium formed *Svensk-Dansk-Ryska Telefonaktiebolaget*, which acquired an 18-year franchise to operate a telephone service in Moscow. *Telefonaktiebolaget Cedergren*, formed at the same time, received a similar franchise in Warsaw.

1902 LME opened an office in New York. Membership of the Swedish Metal Trades Employers' Association. Office employees of the company were granted half a month's annual holiday.

The first 100 years



1903 Lars Magnus Ericsson retired from the Board. In Great Britain, the largest export market at the time, LME and National Telephone Co. formed *The British L.M. Ericsson Manufacturing Co. Ltd.* with factory at Beeston. LME refused to take part in the Metal Trades Employers' lockout and withdrew from the Association.

1904 A site for a factory for *L.M. Ericsson Telephone Manufacturing Co.* was purchased at Buffalo, USA.

1905 A consortium including LME, SAT and Marcus Wallenberg took over a franchise for operation of a telephone service in Mexico D.F.

1906 LME established at Mogetorp, Närke, its own sanatorium for consumptive employees, with free medical care.

1907 The year's production of telephone sets was 82,853. The telephone service in Mexico was put into operation.

1908 SAT's telephone operations were placed in the hands of its newly formed subsidiary *Aktiebolaget Stockholmstelefon*. LME was commissioned to modernize the telephone network in Bangkok. Carl Johan Andersson, Ericsson's partner in the foundation of the enterprise, retired.



1909 H.T. Cedergren died. The telephone operations of the Mexican consortium were taken over by the newly formed *Mexikanska Telefonaktiebolaget Ericsson*. Hemming Johansson was appointed President in succession to Axel Boström, who had died. The first telephone set with entirely metal casing was introduced.

1910 Gottlieb Piltz succeeded Cedergren as President of SAT. Record growth in number of subscribers in the telephone networks controlled by SAT inside and outside Sweden.

1911 *Société des Téléphones Ericsson* was formed in France and started to build a factory at Colombes, a suburb of Paris. *Ericsson Ungarische Elektrizitäts Aktiengesellschaft, vormals Deckert & Homolka*, with factory in Budapest, was formed with LM Ericsson as chief shareholder.

1912 LME took over all shares of the British manufacturing company *Ericsson Telephones Ltd.* at Beeston. In Austria Ericsson entered as majority shareholder in *Ericsson Oesterreichische Elektrizitäts Aktiengesellschaft, vormals Deckert & Homolka*, with factory in Vienna.

1913 LME renewed its membership of the Swedish Metal Trades Employers' Association. The new factory in Paris started production, chiefly for the French PTT.



1914 At the outbreak of war a newly constructed factory in Budapest was requisitioned as war hospital. Part of the shares in LME's company in St. Petersburg were sold to Russian interests. LME started manufacture of electricity meters.

1915 After the German entry into Warsaw the city telephone network belonging to *Telefonaktiebolaget Cedergren* was rendered inoperative. LME started manufacture of electrical switch-point and signalling equipment for railways.

1916 Despite increased turnover during the year the profit fell owing to the high prices of raw materials and to wage rises. Admiral Arvid Lindman became Chairman of the Board.

1917 The plant of *Svensk-Dansk-Ryska Telefonaktiebolaget* in Moscow was nationalized. The Staff Services Office and a medical department for employees and their families were established. The company leased land at Stocksund where workers could grow root-crops for their own needs free of charge. *Aktiebolaget Stockholmstelefon* built a cable works at Älvsjö.



1918 Merger of *Aktiebolaget L.M. Ericsson & Co.* and *Stockholms Allmänna Telefonaktiebolaget* to form *Allmänna Telefonaktiebolaget L.M. Ericsson* with a share capital of 73,800,000 kr. Presidents of the company were Hemming Johansson and Gottlieb Piltz. The company's Russian company was nationalized. *Aktiebolaget L.M. Ericsson i Finland* was formed as first Nordic subsidiary.

1919 An agreement was concluded between LME and Nya A.-B. Autotelefon Betulander (formed in 1911) for the manufacture of an automatic switching system, later known as the crossbar system.

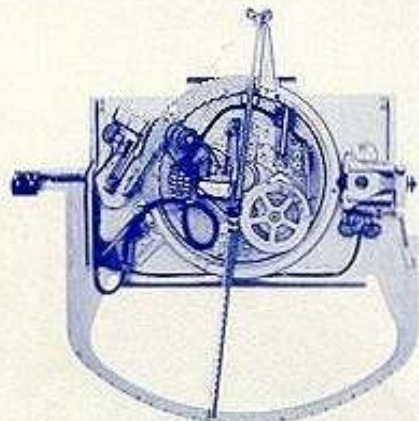
The first 100 years



1920 *Nederlandsche Ericsson Telefoonfabrieken* was formed in Holland. The statutory 48-hour week superseded the 52-hour week adopted by LME since 1903.

1921 The company's sanatorium at Mogetorp was closed down. The share capital was increased to 80,665,100 kr.

1922 The share capital was reduced to half, 40,332,550 kr., the liberated amount being used for depreciation of the company's losses of assets in Russia and Poland through nationalization. Together with the Polish State a telephone company, *Poliska A.S. Telefoniczna (PAST)*, was formed which took over LME's Polish plant during a 25-year period. G. Piltz resigned his post as one of the presidents of LME and was superseded by Karl Fredrik Wincrantz.



1923 Ericsson Mfg. Co in Buffalo was closed down. The first automatic exchanges based on LME's 500-switch system were installed in Stockholm, Rotterdam, Hamar and Kristiansund. The dial made its entry.

1924 A quotation for an automatic voting machine was delivered to the Finnish Parliament.

1925 In the new Södra Kungstornet building in Stockholm a head office was established to deal with matters common to the entire Group. LME acquired a 50-year franchise for telephone operation in southern Italy and Sicily. K.F. Wincrantz was appointed sole president. Hemming Johansson remained on the Board. A. Lindman retired from the chairmanship of the Board and was succeeded by Carl Ramström.

1926 Lars Magnus Ericsson died at 80 years of age at his Hågelby estate south of Stockholm. "Allmänna" was struck out of the company's name, which became *Telefonaktiebolaget LM Ericsson*.



1927 For effective follow-up of developments in the radio field LME took over the controlling interest in *Svenska Radioaktiebolaget* formed in 1919. LME entered as part-owner in Rumania's largest electricity company in order to participate in the major telephone undertakings planned in the Balkan States.

1928 LME took over all shares in *Sieverts Kabelverk* and a major interest in *A/S Elektrisk Bureau*, Oslo; also in manufacturing companies in Esthonia and Czechoslovakia. The share capital was increased through a new issue to 60,498,800 kr.

1929 An agreement was concluded with the Bell company in the USA for joint working with LME's Mexican telephone network. *A/B Alpha*, Sundbyberg, founded in 1888, manufacturer of materials testing machines, joined the Ericsson Group.

1930 The share capital was increased through a new issue to 100,831,300 kr. A/B Kreuger & Toll secured the controlling interest in LME. Walter Ahlström became Chairman of the Board and Johan Grönberg President.



1931 Kreuger & Toll sold their voting majority in LME to International Telephone & Telegraph Corporation (ITT). ITT's purchase was converted into a loan from ITT to Kreuger & Toll against security of LME shares. A new telephone, the first with plastic casing, was brought out.

1932 At Ivar Kreuger's death LME was hit by a serious liquidity crisis. A working committee was appointed which, in cooperation with the Board, negotiated with creditors and others. LME obtained prolonged credits both from Swedish and foreign banks. The loss for the year 1931 was 22.7 million kr.

1933 Waldemar Borgquist became Chairman of the Board and Marcus Wallenberg Vice Chairman. Hans Th. Holm, previously head of A/B Bofors, was appointed President. A reorganization was started to cut down costs. After an amendment of the Articles of Association, permitting an increased voting right for foreign shareholders, ITT held about 34 per cent of the voting rights in the company through the shares lodged as security by Ivar Kreuger. The Union of the Industrial Salaried Employees' Association was formed.

1934 Despite the growing extent of the business the year's expenditure was reduced by about 260,000 kr. as a result of the reorganization. Debts diminished by about 15.5 million kr. Televerket introduced LME's time announcing machine.

1935 The world economic situation improved. LME installed an electrical voting machine in the Swedish Parliament. The company joined the Staff Pension Society for pension insurance of its salaried staff.

1936 Intensified sales work brought an increase of turnover.



1937 The share capital was reduced by 30 per cent, the face value of the shares being lowered from 50 to 35 kr. The amount was set aside to a reserve fund. New factory and office building planned at Midsommarkransen on the outskirts of Stockholm.

1938 The first blast for the new building at Midsommarkransen. The probably largest "roof-rearing" festival in Sweden up to that time was held.

1939 The Second World War broke out. The Polish telephone operating company PAST could not pay interests and amortizations on its bond loans. LME had to take over these obligations. The net profit for the year was thus reduced to 202,000 kr.



1940 The move to Midsommarkransen started. LME formed a holding company *Teleric, Inc.* in Panama to watch over the Group's interests and administer its chief assets in the western hemisphere.

1941 Business operations continued comparatively undisturbed despite the war. Index increments on salaries were introduced.

1942 Hans Th. Holm resigned and Helge Ericson, Director General of Telegrafverket, was appointed President. Research work was stepped up.

1943 A/B Alpha's factory at Sundbyberg was extended to meet the growing need for plastic moulded products. A staff training department was formed.

1944 Owing to the blockade, business had to be concentrated increasingly to the domestic market. LME instituted a gold medal to be awarded with a monetary bonus for long and meritorious service. *LM Ericssons Mätinstrument A/B* was formed. Midsommarkgården — youth and cultural centre — was opened at LME's initiative.

1945 Södra Kungstornet was sold to ASEA. Metal workers' conflict February-June. LME bought shares in *Radioindustriens Fabriksaktieföretag (Rifa)*. A staff recreational area was completed at Midsommarkransen.

1946 Centenary of Lars Magnus Ericsson's birth. LME donated 500,000 kr. to foundations for travel and other educational grants. Record demand for telephone equipment, but shortage of labour and raw materials.

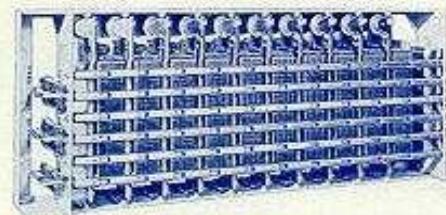


1947 LME started to transfer manufacture from Stockholm to the provinces. New factories were opened in Söderhamn, Karlskrona and Katrineholm. As remuneration for nationalized interests in the Polish telephone operating company PAST, LME was awarded 20 Mkr. The first "LM Day" was organized.

1948 The first labour-management councils entered into operation. The share capital was raised from 70,581,910 to 91,756,420 kr. through a new issue.



1949 A new office and laboratory wing, with radio tower for experiments particularly with microwaves, was added at Midsommarkransen. Manufacture of radar equipment started. In Swedish companies of the Group there were 14 labour-management councils with 335 members.



1950 The company sold most of its shareholding in Ericsson Telephones Ltd. in the UK. The first automatic exchange based on LME's crossbar system was delivered to Helsinki. The first automatic international call in the world was established between Copenhagen and Stockholm through a trial exchange delivered by LME.

1951 LME's 75-year jubilee was celebrated with an exhibition at Skansen and in other ways. In conjunction with the jubilee the company allocated 1 million kr. for purposes chiefly of benefit to the staff. The company acquired a substantial interest in *The North Electric Manufacturing Co.* at Galion, Ohio, USA.

1952 An agreement was concluded for exchange of patents with Western Electric Co., USA. LME's 5,000,000th telephone was made at the Karlskrona factory. Televerket's coaxial cable connection between Gothenburg and Stockholm was opened. The equipment, delivered by LME, permitted 960 simultaneous conversations on one coaxial pair.

1953 Waldemar Borgquist retired as Chairman. He was superseded by Helge Ericson who, on grounds of health resigned the post of President, in which he was succeeded by S.T. Åberg, previous Sales Director. After the death of Helge Ericson, Marcus Wallenberg was elected Chairman of the Board.

1954 Svenska Radioaktiebolaget started serial manufacture of TV sets. The first subsidiary in Australia was formed. R & D laboratory set up in Darmstadt.

1955 The share capital was raised through a new issue from 122.3 to 163.1 Mkr. Extensions of the factories in Söderhamn and Karlskrona were started. *Ericsson do Brasil Comércio e Indústria S.A.* opened its factory at São José dos Campos, Brazil. The Swedish companies of the Group had five free Saturdays in the summer, which were worked off during the remainder of the year.



1956 The 6,000,000th telephone had been manufactured at the Swedish company. The new "all-in-one-piece telephone", *Ericofon*, attracted great interest and came into serial production. LME concluded an agreement with the Board of Telecommunications for cooperation in R & D in the electronics field in view of the future significance of electronics for automatic switching.

1957 Svenska Radioaktiebolaget attained record sales owing to the keen demand for its TV sets. The Mölndal factory — the first telecommunications factory on the west coast — was opened.

1958 The crossbar system for automatic telephone exchanges won increasing ground. More space at Midsommarkransen was allocated to R & D. *Ericovox*, the loudspeaking telephone, was introduced. In the Swedish companies of the Group there were now 19 labour-management councils which held 82 meetings during the year.

1959 Televerket approved Ericofon as main station in automatic areas and for connection to large manual exchanges. Australian Post Office adopted LME's crossbar system as Australia's new standard automatic system.

1960 A Swedish consortium under the leadership of Dr Marcus Wallenberg repurchased ITT's entire holding of LME shares, representing about 34 per cent of the voting rights. The millionth 500-switch left the assembly line of the Söderhamn factory.



1961 A new switch, the code switch, was brought out for automatic public and private exchanges. The *Dialog* telephone set was designed in cooperation with Televerket. The Brazilian factory went over from assembly to manufacture of telephone equipment.

1962 Extension of the office block at Midsommarkransen and construction of factories in Visby and Ronneby. Sweden's first "language laboratory" in an industrial enterprise was opened at LME.

1963 Svenska Radioaktiebolaget sold the part of its business relating to radio and TV sets and concentrated on communication radio and commissions for the Swedish defence forces. A new factory was opened in Australia. Decision to raise the share capital through a stock dividend and new issue to 341.8 Mkr. The face value of the shares was raised to the original 50 kr. A new factory for plastic products was built in Kristianstad.

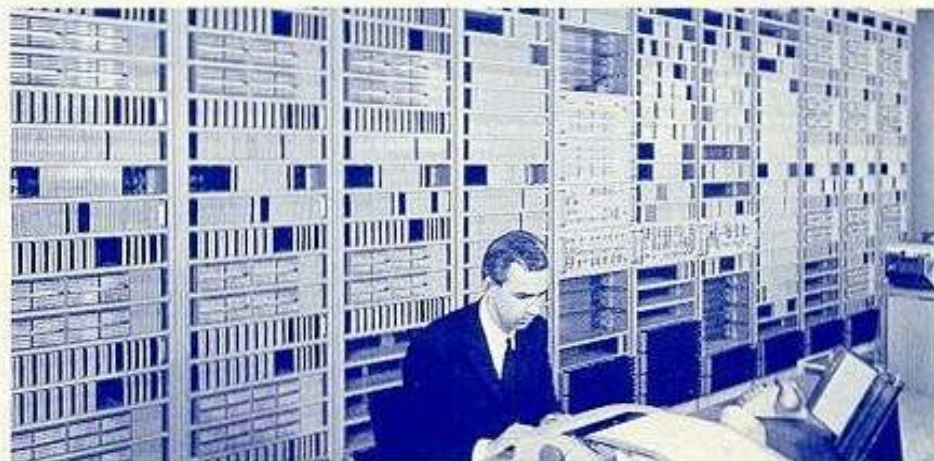
1964 Sven Ture Åberg resigned from the presidency and was succeeded by Björn Lundvall. AB Rifa's new capacitor factory at Kalmar was opened.

1965 The share capital was raised through a stock dividend to 427.2 Mkr. The sales company *LM Ericsson Telemateriel AB* was formed.



1966 The new factory at Östersund — the 23rd in Sweden outside the Stockholm area — was opened. The share majority in North Electric Co. was sold. The share capital of the French subsidiary was increased and its shares were introduced on the Paris stock exchange. Manufacture of the Dialog telephone with keyset started.

1967 Half a million crossbar switches had now been manufactured in Sweden, 60 per cent of which for export. Payment of salaries into cheque accounts started. The share capital was raised to 512.7 Mkr through a stock dividend.



1968 Sweden's first stored program controlled telephone exchange was opened at Tumba — a result of the cooperation with Televerket. Dr Marcus Wallenberg made a personal donation of 1 million kr. to a fund, the yield from which is to be used for promoting the welfare of LME's gold medallists and their spouses. LME's *International Guest Centre* was opened.

1969 The Swedish factories accounted for more than 60 per cent of total Group production. The share capital was raised through a stock dividend to 615.2 Mkr.

1970 LME and Televerket jointly formed *EL-LEMTEL Utvecklings AB* and concluded an agreement for coordination of their production. The Tellus building near Telefonplan at Midsommarkransen was opened.

1971 LME in Sweden manufactured its millionth crossbar switch. LME delivered to Rotterdam the first computer-controlled telephone exchange in the world for subscriber-dialled international and trunk traffic. First in the world for commercial operation were also the deliveries to Televerket of terminal equipments for carrier systems with a capacity of 10,800 telephony channels on one coaxial pair. Development work continued on picture telephony and LME's picture telephone system was used for the first transatlantic picture telephone conversation via satellite.

1972 The new plant of the Finnish subsidiary was opened at Jorvas outside Helsinki. A new factory and office building for *Teleindustria S.A.* in Mexico was completed. In Norway *A/S Elektrisk Bureau* moved into its new plant at Billingstad outside Oslo. Two representatives of the staff were elected members of the Board. At the end of the year a contract was signed for a site at Kungens Kurva for the company's continued expansion in the Stockholm area.

1973 The Group sales for the year exceeded 5,000 million kronor, a 100 per cent rise since 1968. The share capital was raised through a stock dividend to 769 Mkr.

1974 The first stage of the British Post Office Corporation's new international telephone exchange in London — one of the largest crossbar exchanges in the world — was put into service. During the year more than 500 Mkr. were invested in property, plant and equipment, the largest investments of this kind that have been made in any year in the company's history. An investment of 410 Mkr. was made in R & D, corresponding to 7 per cent of the Group sales. The floor area of the Group's production units amounted to 1.3 million m².

1975 LME's 39th production unit in the Nordic countries, the Finnish company's new factory at Brahestad in north Finland, was opened. LME had 10 computer-controlled telephone exchanges in operation in seven countries and another 18 such exchanges on order from eight countries. The new computer-controlled local exchange system AXE was introduced on the world market.

