

Terms and Conditions for Board Fees in the form of allocation of Synthetic Shares in Telefonaktiebolaget LM Ericsson 2016

1. Definitions

- "the Company" Telefonaktiebolaget LM Ericsson, corporate registration number 556016-0680.
- "Synthetic Share" A right to receive a future payment of an amount which corresponds to the market value of a share of series B in the Company on Nasdaq Stockholm at the time of payment.

2. Synthetic Share Program for Non-employed Directors elected by the general meeting

A nominated director can choose to receive the fee in respect of his or her Board assignment (however, not in respect of committee work) as follows: i) 25 percent of the fee in cash and a number of Synthetic Shares, the value of which at the time of allocation corresponds to 75 percent of the fee, ii) 50 percent of the fee in cash and 50 percent in the form of Synthetic Shares, or iii) 75 percent of the fee in cash and 25 percent in the form of Synthetic Shares. Directors may also choose not to participate in the Synthetic Share Program.

The number of Synthetic Shares allocated to the director shall be based on a volume weighed average of the market price of shares of series B on Nasdaq Stockholm during the five trading days immediately following the publication of the Company's interim report for the first quarter of the year that the director was elected or re-elected director. The number of Synthetic Shares shall be rounded down to the nearest whole number of shares.

3. Vesting Period

The director's right to receive maximum allocation of Synthetic Shares is contingent on whether the director remains as a director during the whole or only part of the term of office. Vesting is granted with 25 percent per commenced quarter of the year as a director, the first quarter beginning 1 April.

4. Payment

The director's right to receive payment with regard to allocated Synthetic Shares occurs after the publication of the Company's year-end financial statement during the fifth year following the general meeting which resolved on the allocation of the Synthetic Shares. The amount payable shall be determined based on the volume weighed average price for shares of series B during the five trading days immediately following the publication of the year-end financial statement and payment shall be made ten banking days after the payable amount has been determined.

Dividend in respect of shares of series B, which the general meeting has resolved on during the holding period, shall be disbursed to the director on the same day as payment with regard to Synthetic Shares is made.

The Company is entitled to make deductions for applicable taxes in respect of amounts to be paid to the directors and to forward such deducted amounts to the tax authorities.

5. Recalculation

Should the share capital in the Company be increased or decreased, convertibles or warrants be issued or the Company be liquidated or merged or similar changes occur, the number of Synthetic Shares shall be recalculated to ensure the director economic rights corresponding to what would have been the case had the director been the holder of a corresponding number of shares of series B since the time of allocation. In connection herewith Swedish market praxis for recalculation of similar instruments shall, as far as possible, be applied. In the event that recalculation is not possible or a matter or transaction regarding the Company becomes more difficult due to the fact that Synthetic Shares are outstanding, payment may be made in advance with respect to outstanding Synthetic Shares based on the prevailing market price of the Company's shares of series B.

Each recalculation shall be made, with binding effect for the Company and the directors, by an accounting firm appointed by the Stockholm Chamber of Commerce, which firm shall be independent from the Company.

6. Advance Payment

In the event that the director's Board assignment comes to an end not later than during the third calendar year following the year during which the general meeting resolved on allocation of Synthetic Shares, the director has a right, within three months of the termination, to request that the time of payment be advanced, and instead occur, in relation to all allocated Synthetic Shares, after the publication of the year-end financial statement in the year following the year during which the assignment came to an end. The amount payable shall be calculated based on the volume weighed average price for shares of series B during the five trading days immediately following the publication of the year-end financial statement and payment shall be made ten banking days after the payable amount has been determined. The corresponding right to request advance payment shall apply for the surviving relatives of a deceased director.

7. Prohibition against Pledging or Transfer of Rights

The right that comes with the Synthetic Share cannot be borrowed on, pledged, transferred, or in any other way be disposed of. However, if the director deceases, the rights are transferred to the deceased's estate.

8. Amendments to the Terms and Conditions

Any amendments to these terms and conditions shall be approved by the general meeting of the Company.

9. Disputes

Disputes regarding the interpretation or application of these terms and conditions shall be settled in accordance with Swedish law regarding arbitrators in Stockholm whereby Swedish law shall be applicable. The costs for such arbitration proceeding shall be borne by the Company with the exception of arbitration proceedings that, according to the arbitral award, have been called for by the director without reasonable cause.
