

## Item 18

### **The Board of Directors' proposal for resolution on transfer of treasury stock to employees in relation to the resolution on the Long-Term Variable Compensation Program 2018 ("LTV 2018")**

#### **Background**

The Annual General Meeting 2018 resolved to implement a Long-Term Variable Compensation Program ("**LTV 2018**"). The Board of Directors proposes the following method for securing the undertakings under the LTV 2018. After evaluating different options, the Board of Directors considers that transfer of treasury stock is the most cost efficient and flexible method to secure the undertakings under the LTV 2018.

#### **18.1 Transfer of treasury stock for the LTV 2018**

##### *a) Transfer of treasury stock under the LTV 2018*

To secure the delivery of Performance Shares in accordance with the terms of the LTV 2018, the Board of Directors proposes that the Annual General Meeting resolve that the Company shall have the right to transfer no more than 2.2 million shares of series B in the Company on the following terms and conditions.

- The right to acquire shares shall be granted to such persons within the Ericsson Group covered by the terms and conditions pursuant to the LTV 2018. Furthermore, subsidiaries within the Ericsson Group shall have the right to acquire shares, free of consideration, and such subsidiaries shall be obligated to immediately transfer, free of consideration, shares to employees covered by the terms and conditions of the LTV 2018.
- The employee shall have the right to receive shares during the period when the employee is entitled to receive shares pursuant to the terms and conditions of the LTV 2018, i.e. in 2021.
- Employees covered by the terms and conditions of the LTV 2018 shall receive shares of series B in the Company free of consideration.

##### *b) Transfer of treasury stock on an exchange*

The Company shall have the right to, prior to the Annual General Meeting in 2020, transfer no more than 800,000 shares of series B in the Company, in order to cover certain expenses, mainly social security payments. Transfer of the shares shall be effected on Nasdaq Stockholm at a price within the, at each time, prevailing price interval for the share as disseminated by Nasdaq Stockholm.

## **18.2 Equity Swap Agreement with third party in relation to the LTV 2018**

In the event that the required majority for approval is not reached under item 18.1 above, the financial exposure of the LTV 2018 shall be hedged by the Company entering into an equity swap agreement with a third party, under which the third party shall, in its own name, acquire and transfer shares of series B in the Company to employees covered by the LTV 2018.

### **Administration costs**

The administration cost for an equity swap agreement are estimated to approximately SEK 9.4 million.

### **Majority rules**

The Annual General Meeting's resolution on transfer of treasury stock according to item 18.1 a) above requires that shareholders representing at least nine-tenths of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal and the Annual General Meeting's resolution on transfer of treasury stock according to item 18.1 b) above requires that shareholders representing at least two-thirds of the votes cast as well as the shares represented at the Annual General Meeting approve the proposal. A valid resolution in accordance with the proposal for an equity swap agreement under item 18.2 above requires that more than half of the votes cast at the Annual General Meeting approve the proposal.

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**Stockholm, February 2019**  
**The Board of Directors**