



## Telefonaktiebolaget LM Ericsson (publ)

(incorporated in the Kingdom of Sweden with limited liability)

**U.S.\$5,000,000,000**

### **Euro Medium Term Note Programme**

Under this U.S.\$5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Telefonaktiebolaget LM Ericsson (publ) (“**Ericsson**” or the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$5,000,000,000 (or the equivalent in other currencies calculated as described in the Programme Agreement described herein) subject to increase as described herein.

**An investment in Notes issued under the Programme involves certain risks.** For a discussion of these risks see “*Risk Factors*”.

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the “**UK Listing Authority**”) for Notes (other than Exempt Notes (as defined below)) issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market (the “**Market**”). References in this Offering Circular to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). The requirement to publish a prospectus under the Prospectus Directive (as defined under “*Important Information*” below) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the “**EEA**”) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Offering Circular to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined in “*Terms and Conditions of the Notes*” below) of Notes will (other than in the case of Exempt Notes) be set forth in a final terms document (the “**Final Terms**”) which will be delivered to the UK Listing Authority and the London Stock Exchange, in each case on or before the date of issue of the Notes of such Tranche. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set forth in a pricing supplement document (the “**Pricing Supplement**”).

The Issuer has a long-term rating of Ba1 (stable outlook) by Moody’s Investors Service Limited (“**Moody’s**”) and BBB– (negative outlook) by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) and a short-term rating of A-3 by S&P. The Programme has been rated Ba1 by Moody’s and BBB– by S&P. Each of Moody’s and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”).

Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to “*Credit ratings may not reflect all risks*” in the “*Risk Factors*” section of this Offering Circular.

This document is issued in replacement of an Offering Circular dated 11 May 2016 and issued by Ericsson and accordingly supersedes that earlier Offering Circular. This does not affect any Notes issued by Ericsson prior to the date of this Offering Circular.

**Arranger**

**NATWEST MARKETS**

**Dealers**

**Citigroup  
Deutsche Bank  
J.P. Morgan**

**Crédit Agricole CIB  
HSBC  
NatWest Markets**

**SEB**

## IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Offering Circular, the Final Terms and, in the case of Exempt Notes, the Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

The Notes to be issued under the Programme may be issued on a continuing basis to one or more of the Dealers specified in “*Description of the Programme*” below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). References in this Offering Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Save for the Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

**IMPORTANT – EEA RETAIL INVESTORS –** If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes, from 1 January 2018 are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); (ii) a customer within the meaning of Directive 2002/92/EC (“IMD”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR  
AND OFFERS OF NOTES GENERALLY**

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of any Notes outside the UK or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom and Italy) and Japan (see “*Subscription and Sale*” below).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” below).

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor’s currency;

- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### PRESENTATION OF INFORMATION

All references in this document to “U.S. dollars” and “U.S.\$” refer to the currency of the United States of America, those to “Japanese yen” and “yen” refer to the currency of Japan, those to “Sterling” and “£” refer to the currency of the United Kingdom, those to “SEK” and “Swedish Kronor” refer to the currency of Sweden, those to “RMB” or “Renminbi” are to the lawful currency of the People’s Republic of China (the “PRC”) that is deliverable offshore and those to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. For the purposes of this Offering Circular, references to “PRC” exclude the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan.

#### STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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## DESCRIPTION OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).*

*This Description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No.809/2004 implementing the Prospectus Directive (the “**Prospectus Regulation**”).*

*Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.*

<b>Issuer:</b>	Telefonaktiebolaget LM Ericsson (publ)
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	The Royal Bank of Scotland plc (trading as NatWest Markets)
<b>Dealers:</b>	Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Deutsche Bank AG, London Branch HSBC Bank plc J.P. Morgan Securities plc Skandinaviska Enskilda Banken AB (publ) The Royal Bank of Scotland plc (trading as NatWest Markets) and any other Dealer(s) appointed in accordance with the Programme Agreement.
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ” below).
<b>Notes having a maturity of less than one year:</b>	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see “ <i>Subscription and Sale</i> ” below).
<b>Issuing and Principal Paying Agent:</b>	Citibank, N.A., London Branch
<b>Programme Size:</b>	Up to U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may from time to time increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:** Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, Japanese Yen, New Zealand dollars, Renminbi, Sterling, Swedish kronor, Swiss francs and United States dollars.

**Maturities:** Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

**Issue Price:** Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** Each Tranche of Notes will initially be represented by a global Note which will be exchangeable as described therein for either a permanent global Note or definitive Notes upon certain conditions including, in the case of a temporary global Note when the issue is subject to TEFRA D selling restrictions, certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes)) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes).

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates and will be calculated on the basis of the relevant Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

<b>Zero Coupon Notes:</b>	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.
<b>Exempt Notes:</b>	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
<b>Redemption:</b>	<p>The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes).</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution (see “<i>Certain Restrictions</i>” and “<i>Notes with a maturity of less than one year</i>” above).</p>
<b>Denomination of Notes:</b>	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) save that (i) the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see “ <i>Certain Restrictions</i> ” and “ <i>Notes with a maturity of less than one year</i> ” above) and (ii) the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue of such Notes).
<b>Taxation:</b>	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the Kingdom of Sweden, subject as provided in Condition 8.
<b>Negative Pledge:</b>	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
<b>Cross Default:</b>	The terms of the Notes will contain a cross default provision as further described in Condition 10.
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.
<b>Rating:</b>	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation

to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing:**

Application has been made for Notes (other than Exempt Notes) issued under the Programme during the period of twelve months from the date of this Offering Circular to be listed on the Market.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Selling Restrictions:**

There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom and Italy), Japan, the People's Republic of China and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*" below).

## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Offering Circular a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### ***Market, Technology and Business Risks***

*Challenging global economic conditions and political unrest and uncertainty as well as geopolitical risks may adversely impact the demand and pricing for the Ericsson Group's products and services as well as limit its ability to grow.*

Challenging global economic conditions and political unrest and uncertainty as well as geopolitical risks could have adverse, wide ranging effects on demand for the Ericsson Group's products and for the products of its customers. Adverse global economic conditions and political unrest and uncertainty as well as geopolitical risks could cause operators and other customers to postpone investments or initiate other cost-cutting initiatives to improve their financial position. This could result in significantly reduced expenditures for the Ericsson Group's products and services including network infrastructure, in which case the Ericsson Group's operating results would suffer. If demand for its products and services were to fall in the future, the Ericsson Group could experience material adverse effects on its revenues, cash flow, capital employed and value of its assets and it could incur operating losses. Furthermore, if demand is significantly weaker or more volatile than expected, the Ericsson Group's credit rating, borrowing opportunities and costs as well as the trading price of its shares could be adversely impacted.

Should global economic conditions fail to improve or worsen or should political unrest and uncertainty or geopolitical problems fail to improve, or worsen, other business risks the Ericsson Group faces could intensify and could also negatively impact the business prospects of operators and other customers. Some operators and other customers, in particular in markets with weak currencies, may incur borrowing difficulties and slower traffic development, which may negatively affect their investment plans and cause them to purchase less of the Ericsson Group's products and services.

The potential adverse effects of an economic downturn include:

- reduced demand for products and services, resulting in increased price competition or deferrals of purchases, with lower revenues not being fully compensated through reduced costs;
- risks of excess and obsolete inventories and excess manufacturing capacity;
- risk of financial difficulties or failures among suppliers;

- increased demand for customer finance, difficulties in collection of accounts receivable and increased risk of counterparty failures;
- risk of further impairment losses related to intangible assets as a result of lower forecasted sales of certain products;
- increased difficulties in forecasting sales and financial results as well as increased volatility in reported results;
- changes in the value in the Ericsson Group's pension plan assets resulting from for example, adverse equity and credit market developments and/or increased pension liabilities resulting from, for example, lower discount rates. Such development may trigger additional pension trust capitalisation needs affecting the Ericsson Group's cash balance negatively;
- end-user demand could also be adversely affected by reduced consumer spending on technology, changed operator pricing, security breaches and trust issues;
- on June 23, 2016, the UK held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit". As a result of the referendum the British government will begin negotiating the terms of the UK's withdrawal from the European Union. The long-term effects of Brexit will depend on any agreements the UK makes to retain access to European markets either during a transitional period or permanently as well as on the agreements the UK makes with other trading partners. Any of the potential effects of Brexit could have unpredictable consequences for credit markets and adversely affect the Ericsson Group's business, results of operations and financial performance; and
- the recent change in political leadership in the U.S. has led to uncertainty about the U.S.' position in a number of areas such as foreign policy, international trade, customs and taxation, which could adversely affect the Ericsson Group's business, results of operations and financial performance.

*The Ericsson Group may not be successful in implementing its strategy or in achieving improvements in its earnings or in estimating addressable markets or market Compound Aggregate Growth Rate ("CAGR") in the markets where the company operates.*

There can be no assurance that the Ericsson Group will be able to successfully implement its strategy to achieve future earnings, growth or create shareholder value. When deemed necessary, the Ericsson Group undertakes specific restructuring or cost-saving initiatives; however, there are no guarantees that such initiatives will be sufficient, successful or executed in time to deliver any improvements in its earnings. If the underlying assumptions, on which the Ericsson Group's addressable markets and CAGR estimates are based, prove not to be accurate, the actual addressable markets and CAGR may be materially different from the Ericsson Group's addressable markets and CAGR estimates.

*The telecommunications industry fluctuates and is affected by many factors, including the economic environment and decisions made by operators and other customers regarding their deployment of technology and their timing of purchases.*

The telecommunications industry has experienced downturns in the past in which operators substantially reduced their capital spending on new equipment. While the Ericsson Group expects the network service provider equipment market and telecommunications services market and Information Communication Technology ("ICT") market to grow in the coming years, the uncertainty surrounding the global economic recovery and the geopolitical situation may materially harm actual market conditions. Moreover, market conditions are subject to substantial fluctuation, and could vary geographically and across technologies. Even if global conditions improve, conditions in the specific industry segments in which the Ericsson Group participates may be weaker than in other segments. In that case, its revenue and the results of its operations may be adversely affected.

If capital expenditures by operators and other customers are weaker than the Ericsson Group anticipates, the Ericsson Group's revenues, operating result and profitability may be adversely affected. The level of demand

from operators and other customers who buy the Ericsson Group's products and services can change quickly and can vary over short periods of time, including from month to month. Due to the uncertainty and variations in the telecommunications industry as well as in the ICT industry, accurately forecasting revenues, results and cash flow remains difficult.

*Sales volumes and gross margin levels are affected by the mix and order time of the Ericsson Group's products and services.*

The Ericsson Group's sales to operators and other customers represent a mix of equipment, software and services, which normally generate different gross margins. The Ericsson Group sells its own products as well as third party products, which normally have lower margins than the Ericsson Group's own products. As a consequence, reported gross margin in a specific period will be affected by the overall mix of products and services as well as the relative content of third party products. In the areas IT and Cloud, Media and Industry and Society, third-party products and services represent a larger portion of the Ericsson Group's business than its traditional sales, which challenge its business models including terms and conditions. Further, network expansions and upgrades have much shorter lead times for delivery than initial network build outs. Orders for such network expansions and upgrades are normally placed at short notice by customers, often less than a month in advance, and consequently variations in demand are difficult to forecast. As a result, changes in the Ericsson Group's product and service mix and the short order time for certain of its products may affect its ability to accurately forecast sales and margins or detect in advance whether actual results will deviate from market consensus. Short-term variation could have a material adverse effect on the Ericsson Group's business, operating results, financial condition and cash flow.

*The Ericsson Group may not be able to properly respond to market trends in the industries in which it operates, including the convergence of IT and telecom*

The Ericsson Group is affected by market conditions and trends within the industries in which it operates, including the convergence of IT and telecom industries. Technological developments largely drive convergences enabling digitalisation and a move from dedicated hardware to software and cloud based services. This is changing the competitive landscape as well as value chains and business models and affects the Ericsson Group's objective setting, risk assessment and strategies. The change lowers entry barriers to the market and competitors new to the Ericsson Group's business have entered and may continue to enter the market and negatively impact the Ericsson Group's market share in selected areas. If the Ericsson Group fails to understand the market development, or fails to acquire the necessary competencies to develop and sell products, services and solutions that are competitive in this changing business environment, the Ericsson Group's business, operating results and financial condition will suffer.

*The Ericsson Group's business depends upon the continued growth of mobile communications and the success of our existing customer base, the telecoms operators. If growth slows or if the Ericsson Group's customers do not manage to maintain or grow relevance in the emerging digital value chain or if the Ericsson Group's products and/or services are not successful, their customers' investment in networks may slow or stop, harming the Ericsson Group's business and operating results.*

A substantial portion of the Ericsson Group's business depends on the continued growth of mobile communications in terms of both the number of subscriptions and usage per subscriber, which in turn drives the continued deployment and expansion of network systems by the Ericsson Group's customers. If operators fail to increase the number of subscribers and/or usage does not increase, the Ericsson Group's business and operating results could be materially adversely affected. Also, if operators fail to monetise services, fail to adapt their business models or experience a decline in operator revenues or profitability, their willingness to further invest in their networks may decrease which will reduce their demand for the Ericsson Group's products and services and have an adverse effect on its business, operating results and financial condition.

Traffic development on cellular network could be affected if more traffic is offloaded to WI-FI-networks. Further alternative services provided over the internet have profound effects on operator voice/SMS revenues with possible reduced capital expenses consequences. The Ericsson Group's value system is

depending on the development and success of global standards. This could be affected adversely in the future by industry forces more interested in de-facto standards and or geo-political forces leading to standards fragmentation and increased difficulties of creating economies of scale.

Fixed and mobile networks converge and new technologies, such as IP and broadband, enable operators to deliver services in both fixed and mobile networks. The Ericsson Group is dependent upon the uptake of such services, and the outcome of regulatory and standardisation activities, such as spectrum allocation. If delays in uptake standardisation or regulation occur, this could adversely affect the Ericsson Group's business, operating results and financial condition.

*The Ericsson Group faces intense competition from its existing competitors as well as new entrants, including IT companies entering the telecommunications market, and this could materially adversely affect its results.*

The markets in which the Ericsson Group operates in are highly competitive in terms of price, functionality, service quality, customisation, timing of development, and the introduction of new products and services. The Ericsson Group faces intense competition from significant competitors many of which are very large, with substantial technological and financial resources and established relationships with operators. The Ericsson Group also encounters increased competition from new market entrants and alternative technologies are evolving industry standards. In particular, the Ericsson Group faces competition from large IT companies and web scale companies entering the telecommunications market who benefit from economies of scale due to being active in several industries. The Ericsson Group cannot assure that it will be able to compete successfully with these companies. Its competitors may implement new technologies before the Ericsson Group does, offer more attractively priced or enhanced products, services or solutions, or they may offer other incentives that the Ericsson Group does not provide. Some of its competitors may also have greater resources in certain business segments or geographic markets than the Ericsson Group does. Increased competition could result in reduced profit margins, loss of market share, increased research and development costs as well as increased sales and marketing expenses, which could have a material adverse effect on the Ericsson Group's business, operating results, financial condition and market share.

Additionally, the Ericsson Group operates in markets characterised by rapidly changing technology and also the nature in which this technology is being brought to market is rapidly changing e.g. through opensource projects. This results in continuous price erosion and increased price competition for the Ericsson Group's products and services. If the Ericsson Group's counter measures, including enhanced products and business models or cost reductions cannot be achieved or do not occur in a timely manner, there could be adverse impacts on its business, operating results, financial condition and market share.

*Vendor consolidation may lead to stronger competitors who are able to benefit from integration, scale and greater resources.*

Industry convergence and consolidation among equipment and services suppliers could potentially result in stronger competitors that are competing as end-to-end suppliers as well as competitors more specialised in particular areas, which could for example impact the Ericsson Group's areas such as IT and Cloud, TV and Media and Industry and Society. Consolidation may also result in competitors with greater resources than the Ericsson Group has or in reduction of its current scale advantages. This could have a materially adverse effect on the Ericsson Group's business, operating results, financial condition and market share.

*A significant portion of the Ericsson Group's revenue is currently generated from a limited number of key customers, and operator consolidation may increase its dependence on key customers. The Ericsson Group is also significantly dependent on the sales of certain of its products and services both in core business and targeted areas.*

The Ericsson Group derives most of its business from large, multi-year agreements with a limited number of significant customers. Many of these agreements are opened up on a yearly basis to renegotiate the price for the Ericsson Group's products and services and do not contain committed purchase volumes. Although no single customer represented more than seven per cent. of the Ericsson Group's sales in 2016, its 10 largest customers accounted for 46 per cent. of its sales in 2016. A loss of or a reduced role with a key customer

could have a significant adverse impact on sales, profit and market share for an extended period. In addition, the Ericsson Group's dependence on the sales of certain of its products and services in both core business and targeted areas may have significant adverse impact on sales, profit and market share.

In recent years, network operators have undergone significant consolidation, resulting in fewer operators with activities in several countries. This trend is expected to continue, and intra-country consolidation is likely to accelerate as a result of competitive pressure. A market with fewer and larger operators will increase the Ericsson Group's reliance on key customers and may negatively impact its bargaining position and profit margins. Moreover, if the combined companies operate in the same geographic market, networks may be shared and less network equipment and fewer associated services may be required. Network investments could be delayed by the consolidation process, which may include, among others, actions relating to merger or acquisition agreements, securing necessary regulatory approvals, or integration of businesses. Network operators also share parts of their network infrastructure through cooperation agreements rather than legal consolidations, which may adversely affect demand for network equipment. Accordingly, operator consolidation may have a material adverse effect on the Ericsson Group's business, operating results, market share and financial condition.

*Certain long-term agreements with customers still include commitments to future price reductions, requiring the Ericsson Group to constantly manage and control its cost base.*

Long-term agreements with the Ericsson Group's customers are typically awarded on a competitive bidding basis. In some cases, such agreements also include a commitment to future price reductions. In order to maintain its gross margin with such price reductions, the Ericsson Group continuously strives to reduce the costs of its products through design improvements, negotiation of better purchase prices from its suppliers, allocation of more production to low-cost countries and increased productivity in its own production. However, there can be no assurance that its actions to reduce costs will be sufficient or quick enough to maintain its gross margin in such contracts, which may have a material adverse effect on the Ericsson Group's business operating results and financial condition.

*Growth of the Ericsson Group's managed services business is difficult to predict and requires taking significant contractual risks.*

Operators increasingly outsource parts of their operations to reduce cost and focus on new services. To address this opportunity, the Ericsson Group offers operators various services in which the Ericsson Group manages their networks. The growth rate in the managed services market is difficult to forecast and each new contract carries a risk that transformation and integration of the operations will not be as fast or smooth as planned. Additionally, early contract margins are generally low and the mix of new and old contracts may negatively affect reported results in a given period. Contracts for such services normally cover several years and generate recurring revenues. However, such contracts have been, and may in the future be, terminated or reduced in scope, which has negative impacts on sales and earnings. While the Ericsson Group believes it has a strong position in the managed services market, competition in this area is increasing, which may have adverse effects on the Ericsson Group's future growth, business, operating results and profitability.

*The Ericsson Group depends upon the development of new products and enhancements to its existing products, and the success of its substantial research and development investments is uncertain.*

Rapid technological and market changes in the industry in which the Ericsson Group operates require it to make significant investments in technological innovation. The Ericsson Group invests significantly in new technology, products and solutions. In order for the Ericsson Group to be successful, those technologies, products and solutions must be accepted by relevant standardisation bodies and by the industry as a whole. The failure of the Ericsson Group's research and development efforts to be technically or commercially successful could have adverse effects on its business, operating results and financial condition. If the Ericsson Group invests in the development of technologies, products and solutions that do not function as expected, are not adopted by the industry, are not ready in time, or are not successful in the marketplace, its sales and earnings may materially suffer. Additionally, it is common for research and development projects to encounter delays due to unforeseen problems. Delays in production and research and development may

increase the cost of research and development efforts and put the Ericsson Group at a disadvantage against its competition. This could have a material adverse effect upon the Ericsson Group's business, operating results and financial condition.

*The Ericsson Group engages in acquisitions and divestments which may be disruptive and require it to incur significant expenses.*

In addition to in-house innovation efforts, the Ericsson Group makes strategic acquisitions in order to obtain various benefits such as reduced time-to-market access to technology and competence, increased scale or to broaden its product portfolio or customer base. Future acquisitions could result in the incurrence of contingent liabilities and an increase in amortisation expenses related to goodwill and other intangible assets, which could have a material adverse effect upon the Ericsson Group's business, operating results, financial condition and liquidity. Risks the Ericsson Group could face with respect to acquisitions include:

- difficulties in the integration of the operations, technologies, products and personnel of the acquired company;
- risks of entering markets in which the Ericsson Group has no or limited prior experience;
- potential loss of employees;
- diversion of management's attention away from other business concerns;
- expenses of any undisclosed or potential legal liabilities of the acquired company; and
- difficulties in identifying attractive available targets.

From time to time the Ericsson Group also divests parts of its business to optimise its product portfolio or operations. Any decision to dispose of or otherwise exit businesses may result in the recording of special charges, such as workforce reduction costs and industry and technology-related write-offs. The Ericsson Group cannot assure that it will be successful in consummating future acquisitions or divestments on favourable terms or at all. The risks associated with such acquisitions and divestments could have a material adverse effect upon the Ericsson Group's business, operating results, financial condition and liquidity.

*The Ericsson Group is in, and may enter into new, joint venture ("JV") arrangements and has, and may have new partnerships which may not be successful and expose it to future costs.*

The Ericsson Group's JV and partnership arrangements, including for example its partnership with Cisco, may fail to perform as expected for various reasons, including an incorrect assessment of its needs and synergies, its inability to take action without the approval of its partners, its difficulties in implementing its business plans, or the lack of capabilities or financial instability of its strategic partners. The Ericsson Group's ability to work with these partners or develop new products and solutions may become constrained which could harm its competitive position in the market. Additionally, the share of any losses from, or commitments to contribute additional capital to, such JV's and partnerships may adversely affect the Ericsson Group's business, operating results, financial condition and cash flow.

*The Ericsson Group relies on a limited number of suppliers of components, production capacity and R&D and IT services, which exposes it to supply disruptions and cost increases.*

The Ericsson Group's ability to deliver according to market demands and contractual commitments depends significantly on obtaining a timely and adequate supply of materials, components, production capacity and other vital services on competitive terms. Although the Ericsson Group strives to avoid single-source supplier solutions, this is not always possible. Accordingly, there is a risk that the Ericsson Group will be unable to obtain the key supplies it needs to produce its products and provide its services on commercially reasonable terms, or at all. Failure by any of the Ericsson Group's suppliers could interrupt its product or services supply or operations and significantly limit sales or increase its costs. To find an alternative supplier or re-design products to replace components may take significant time which could cause significant delays or interruptions in the delivery of its products and services. The Ericsson Group has from time to time experienced interruptions of supply and it may experience such interruptions in the future.

Furthermore, its procurement of supplies requires the Ericsson Group to predict future customer demands. If the Ericsson Group fails to anticipate customer demand properly, an over or under-supply of components and production capacity could occur. In many cases, some of its competitors utilise the same manufacturers and if they have purchased capacity ahead of the Ericsson Group, it could be blocked from acquiring the needed products. This factor could limit the ability to supply the Ericsson Group's customers and increase costs. At the same time, the Ericsson Group commits to certain capacity levels or component quantities, which, if unused, will result in charges for unused capacity or scrapping costs. The Ericsson Group is also exposed to financial counterpart risks to suppliers when it pays in advance for supplies. Such supply disruptions and cost increases may negatively affect the Ericsson Group's business, operating results and financial condition.

*Product or service quality issues could lead to reduced revenue and gross margins and declining sales to existing and new customers.*

Sales contracts normally include warranty undertakings for faulty products and often include provisions regarding penalties and/or termination rights in the event of a failure to deliver ordered products or services on time or with required quality. Although the Ericsson Group undertakes a number of quality assurance measures to reduce such risks, product quality or service performance issues may negatively affect the Ericsson Group's reputation, business, operating results and financial condition. If significant warranty obligations arise due to reliability or quality issues, the Ericsson Group's operating results and financial position could be negatively impacted by costs associated with fixing software or hardware defects, high service and warranty expenses, high inventory obsolescence expense, delays in collecting accounts receivable or declining sales to existing and new customers.

*Due to having a significant portion of its costs in SEK and revenues in other currencies, the Ericsson Group's business is exposed to foreign exchange fluctuations that could negatively impact its revenues and operating results.*

The Ericsson Group incurs a significant portion of its expenses in SEK. As a result of its international operations, the Ericsson Group generates, and expects to continue to generate, a significant portion of its revenue in currencies other than SEK. To the extent the Ericsson Group is unable to match revenue received in foreign currencies with costs paid in the same currency, exchange rate fluctuations could have a negative impact on its consolidated income statement, balance sheet and cash flows when foreign currencies are exchanged or translated to SEK, which increases volatility in reported results.

As market prices are predominantly established in U.S. dollars or euro, the Ericsson Group presently has a net revenue exposure in foreign currencies which means that a stronger SEK exchange rate would generally have a negative effect on its reported results. The Ericsson Group's attempts to reduce the effects of exchange rate fluctuations through a variety of hedging activities may not be sufficient or successful, resulting in an adverse impact on the Ericsson Group's results and financial condition.

*The Ericsson Group's ability to benefit from intellectual property rights ("IPR") which are critical to its business may be limited by changes in regulation relating to patents, inability to prevent infringement, the loss of licences to or from third parties, infringement claims brought against it by competitors and others and changes in the area of open standards, especially in light of recent attention on licencing of open standard essential patents.*

Although the Ericsson Group has a large number of patents, there can be no assurance that they will not be challenged, invalidated, or circumvented, or that any rights granted in relation to the patents will in fact provide the Ericsson Group with competitive advantages.

The Ericsson Group utilises a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements in addition to relying on patent, copyright and trademark laws to protect its intellectual property rights. However, these measures may not be adequate to prevent or deter infringement or other misappropriation. In addition, the Ericsson Group relies on many software patents, and limitations on the patentability of software may materially affect its business.

Moreover, the Ericsson Group may not be able to detect unauthorised use or take appropriate and timely steps to establish and enforce its proprietary rights. In fact, existing legal systems of some countries in which the Ericsson Group conducts business offer only limited protection of intellectual property rights, if at all.

The Ericsson Group's solutions may also require it to license technologies from third parties. It may be necessary in the future to seek or renew licences and there can be no assurance that they would be available on acceptable terms, or at all. Moreover, the inclusion in the Ericsson Group's products of software or other intellectual property licensed from third parties on a non-exclusive basis could limit its ability to protect proprietary rights in its products.

Many key aspects of telecommunications and data network technology are governed by industry-wide standards usable by all market participants. As the number of market entrants and the complexity of technology increases, the possibility of functional overlap and inadvertent infringement of intellectual property rights also increases. In addition to industry-wide standards, other key industry-wide software solutions are today developed by market participants as free and open source software. Contributing to the development and distribution of software developed as free and open source software may limit the Ericsson Group's ability to enforce applicable patents in the future. Third parties have asserted, and may assert in the future, claims, directly against the Ericsson Group or against its customers, alleging infringement of their intellectual property rights. Defending such claims may be expensive, time-consuming and divert the efforts of the Ericsson Group's management and/or technical personnel. As a result of litigation, the Ericsson Group could be required to pay damages and other compensation directly or to indemnify its customers for such damages and other compensation, develop non-infringing products/technology or enter into royalty or licensing agreements. However, the Ericsson Group cannot be certain that such licences will be available to the Ericsson Group on commercially reasonable terms, or at all, and such judgments could have a material adverse effect on the Ericsson Group's business, reputation, operating results and financial condition. Using free and open source software may allow third parties to further investigate the Ericsson Group's software due to the accessibility of source code. This may in turn make this software more prone to assertions from third parties.

Recent attention on licensing of patents necessary to conduct an open standard (e.g. 2G, 3G and 4G technology), investigations held by antitrust authorities, court judgements and legislative change could potentially affect the Ericsson Group's ability to benefit from its patent portfolio in the area of such open standards, which could have a material adverse effect on the Ericsson Group's business, reputation, operating results and financial condition. The Ericsson Group holds a leading patent portfolio in open standards and possible changes regarding such a portfolio may materially affect the Ericsson Group's reputation, business, operating results and financial condition.

*The Ericsson Group is involved in lawsuits and investigations which, if determined against it, could require the Ericsson Group to pay substantial damages, fines and/or penalties.*

In the normal course of the Ericsson Group's business, the Ericsson Group is involved in legal proceedings. These lawsuits include such matters as commercial disputes, claims regarding intellectual property, antitrust, tax and labour disputes. Litigation can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. An unfavourable resolution of a particular lawsuit could have a material adverse effect on the Ericsson Group's business, operating results, financial condition and reputation. As a publicly listed company, the Ericsson Group may be exposed to lawsuits in which plaintiffs allege that the Ericsson Group or its officers have failed to comply with securities laws, stock market regulations or other laws, regulations or requirements. Whether or not there is merit to such claims, the time and costs incurred to defend the Ericsson Group and its officers and the potential settlement or compensation to the plaintiffs could have significant impact on its reported results and reputation.

*The Ericsson Group's operations are complex and several critical operations are centralised in a single location. Any disruption of its operations, whether due to natural or man made events, may be highly damaging to the operation of its business.*

The Ericsson Group's business operations rely on complex operations and communications networks, which are vulnerable to damage or disturbance from a variety of sources. Having outsourced significant portions of its operations, such as IT, finance and HR operations, the Ericsson Group depends on the performance of external companies, including their security and reliability measures. Regardless of protection measures, systems and communications networks are susceptible to disruption due to failure, vandalism, computer viruses, security or privacy breaches, natural disasters, power outages and other events. The Ericsson Group also has a concentration of operations on certain sites, including R&D, production, network operation centres, ICT centres and logistic centres and shared services centres, where business interruptions could cause material damage and costs. The delivery of goods from suppliers, and to customers, could also be hampered for the reasons stated above. Interruptions to the Ericsson Group's systems and communications may have an adverse effect on the Ericsson Group's operations and financial condition.

*Cyber security incidents may have a material adverse effect on its business, financial condition, reputation and brand.*

The Ericsson Group's business operations involve areas that are particularly vulnerable to cyber security incidents that may impact confidentiality, availability or integrity of products, services or solutions. These incidents may include data breaches, intrusions, espionage, know how and data privacy infringements, leakage, unauthorised or accidental modification of data and general malfeasance. Examples of these areas include, amongst others, research and development, managed services, usage of cloud solutions, software development, lawful interception, product engineering, IT, finance and HR operations. Any cyber security incident including unintended use, involving its operations, product development, services, its third party providers or installed product base, could cause severe harm to the Ericsson Group and could have a material adverse effect on the Ericsson Group's business, financial condition, reputation and brand.

The Ericsson Group relies heavily on third parties to whom it has outsourced significant aspects of its IT infrastructure, product development, engineering services, finance and HR operations. While it has taken precautions relating to the selection, integration and ongoing management of these third parties, any event or incident that is caused as a result of vulnerabilities in their operations or products supplied to the Ericsson Group could have a material adverse effect upon the Ericsson Group, its business, financial condition, reputation and brand, potentially slowing operations, leaking valuable intellectual property or sensitive information or damaging its products which have been installed in its customers' networks.

*The Ericsson Group must continue to attract and retain highly qualified employees to remain competitive.*

The Ericsson Group believes that its future success largely depends on its continued ability to hire, develop, motivate and retain engineers and other qualified personnel needed to develop successful new products, support its existing product range and provide services to its customers. Competition for skilled personnel and highly qualified managers in the industries in which the Ericsson Group operates remains intense. The Ericsson Group is continuously developing its corporate culture, remuneration, promotion and benefits policies as well as other measures aimed at empowering its employees and reducing employee turnover. However, there are no guarantees that the Ericsson Group will be successful in attracting and retaining employees with appropriate skills in the future, and failure in retention and recruiting could have a material adverse effect on its business and brand. Recent initiatives to drive cost reduction could adversely impact our ability to attract and retain talent.

*If the Ericsson Group's customers' financial conditions decline, it will be exposed to increased credit and commercial risks.*

After completing sales to customers, the Ericsson Group may encounter difficulty collecting accounts receivables and could be exposed to risks associated with uncollectable accounts receivable. The Ericsson Group regularly assesses the credit worthiness of its customers and based on that it determines a credit limit

for each one of them. Challenging economic conditions have impacted some of its customers' ability to pay their invoices. Although its credit losses have historically been low and the Ericsson Group has policies and procedures for managing customer finance credit risk, it may be unable to avoid future losses on its trade receivables. The Ericsson Group has also experienced demands for customer financing, and in adverse financial markets or more competitive environments, those demands may increase. Upon the financial failure of a customer, the Ericsson Group may experience losses on credit extended and loans made to such customer, losses relating to its commercial risk exposure, and the loss of the customer's on-going business. If customers fail to meet their obligations to the Ericsson Group, it may experience reduced cash flows and losses in excess of reserves, which could materially adversely impact the Ericsson Group's operating results and financial condition.

*The Ericsson Group relies on various sources for short-term and long-term capital for the funding of its business. Should such capital become unavailable or available in insufficient amounts or unreasonable terms, the Ericsson Group's business, financial condition and cash flow may materially suffer.*

The business of the Ericsson Group requires a significant amount of cash. If the Ericsson Group does not generate sufficient amounts of capital to support its operations, service its debt and continue its research and development and customer finance programs, or if sufficient amounts of capital cannot be raised at the required times and on reasonable terms, its business, financial condition and cash flow are likely to be adversely affected. Access to funding may decrease or become more expensive as a result of the Ericsson Group's operational and financial condition, market conditions, including financial conditions in the Euro-zone, or due to deterioration in the Ericsson Group's credit rating. There can be no assurance that additional sources of funds that the Ericsson Group may need from time to time will be available, on reasonable terms or at all. If the Ericsson Group cannot access capital on a commercially viable basis, its business, financial condition and cash flow could materially suffer.

*Impairment of goodwill or other intangible assets may negatively impact the Ericsson Group's financial condition and results of operations.*

An impairment of goodwill or other intangible assets could adversely affect the Ericsson Group's financial condition or results of operations. The Ericsson Group has a significant amount of goodwill and intangible assets; for example patents, customer relations, trademarks and software. Goodwill is the only intangible asset the Ericsson Group has recognised to have an indefinite useful life. Other intangible assets are mainly amortised on a straight-line basis over their estimated useful lives, but for no more than ten years, and are reviewed for impairment whenever events such as product discontinuances, product dispositions or other changes in circumstances indicate that the carrying amount may not be fully recoverable. Those not yet in use are tested for impairment annually.

Historically, the Ericsson Group has recognised impairment charges related to intangible assets for example due to a change of strategy and restructuring. Additional impairment charges may be incurred in the future that could be significant due to various reasons, including restructuring actions or adverse market conditions that are either specific to the Ericsson Group or the broader industry or more general in nature and that could have an adverse effect on the Ericsson Group's operating results and financial condition.

Negative deviations in actual cash flows compared to estimated cash flows as well as new estimates that indicate lower future cash flows might result in recognition of impairment charges. Estimates require management judgment as well as the definition of cash generating units for impairment testing purposes. Other judgments might result in significantly different results and may differ from the actual financial condition in the future.

### ***Regulatory, Compliance and Corporate Governance Risk***

*The Ericsson Group may fail or be unable to comply with laws or regulations and could experience penalties and adverse rulings in enforcement or other proceedings. Compliance with changed laws or regulations may subject the Ericsson Group to increased costs or reduced products and services demand. Compliance failure*

*as well as required operational changes could have a material adverse impact on its business, financial condition and brand.*

The industries in which the Ericsson Group operates are subject to laws and regulations. While the Ericsson Group strives for compliance, it cannot provide assurances that violations do not occur. If the Ericsson Group fails to or is unable to comply with applicable laws and regulations, it could experience penalties and adverse rulings in enforcement or other proceedings, which could have a material adverse effect on its business, financial condition and reputation. Further changes in laws or regulations could subject the Ericsson Group to liability, increased costs, or reduced products and services demand and have a material adverse effect on its business, financial condition and brand.

Changes to regulations may adversely affect both the Ericsson Group's customers' and its own operations. For example, regulations imposing more stringent, time-consuming or costly planning and zoning requirements or building approvals for radio base stations and other network infrastructure could adversely affect the timing and costs of network construction or expansion, and ultimately the commercial launch and success of these networks. Similarly, tariff and roaming regulations or rules on network neutrality could also affect operators' ability or willingness to invest in network infrastructure, which in turn could affect the sales of the Ericsson Group's systems and services. Additionally, delay in radio frequency spectrum allocation, and allocation between different types of usage may adversely affect operator spending or force the Ericsson Group to develop new products to be able to compete.

Further, the Ericsson Group develops many of its products and services based on existing regulations and technical standards. Changes to existing regulations and technical standards, or the implementation of new regulations and technical standards relating to products and services not previously regulated, could adversely affect its development efforts by increasing compliance costs and causing delay. Demand for those products and services could also decline. Regulatory changes in licence fees, environmental, health and safety, privacy (including the cross-border transfer of personal data for example between the EU and the US), and other regulatory areas, may increase costs and restrict the Ericsson Group's operations or the operations of network operators and service providers. Also indirect impacts of such changes and regulatory changes in other fields, such as pricing regulations, could have an adverse impact on the Ericsson Group's business even though the specific regulations may not apply directly to its products or the Ericsson Group.

*The substantial international operations of the Ericsson Group are subject to uncertainties which could affect its operating results.*

The Ericsson Group conducts business throughout the world and is subject to the effects of general global economic conditions as well as conditions unique to specific countries or regions. The Ericsson Group has customers in more than 180 countries, with a significant proportion of its sales to emerging markets in the Asia Pacific region, Latin America, Eastern Europe, the Middle East and Africa.

The extensive operations of the Ericsson Group are subject to additional risks, including civil disturbances, acts of terrorism, economic and geopolitical instability and conflict, the potential misuse of technology leading to human rights violations, pandemics, the imposition of exchange controls, economies which are subject to significant fluctuations, nationalisation of private assets or other governmental actions affecting the flow of goods and currency, effects from changing climate and difficulty of enforcing agreements and collecting receivables through local legal systems. Further, in certain markets in which the Ericsson Group operates, there is a risk of protectionist governmental measures implemented to assist domestic market participants at the expense of foreign competitors. The implementation of such measures could adversely affect the Ericsson Group's sales or its ability to purchase critical components.

The Ericsson Group must always comply with relevant export control regulations and sanctions or other trade embargoes in force in all parts of the business process. The political situation in parts of the world, particularly in the Middle East, remains uncertain and the level of sanctions are still high. A universal element of these sanctions is the financial restrictions with respect to individuals and/or legal entities, but sanctions can also restrict certain exports and ultimately lead to a complete trade embargo towards a country. Specifically on Iran, the Joint Comprehensive Plan of Action agreement between Iran and other countries has relaxed many of the nuclear related sanctions towards Iran, particularly the EU sanctions. Although

many sanctions against Iran have already been relaxed, there are provisions to re-introduce sanctions if parts of the agreement are not met. The change in political leadership in the U.S. has also led to uncertainty about their position in foreign policy, including sanctions towards Iran and other sanctioned countries.

Further, there is a risk in many countries of unexpected changes in regulatory requirements, tariffs and other trade barriers, price or exchange controls, or other governmental policies which could limit the operations of the Ericsson Group and decrease its profitability. Further export control regulations, sanctions or other forms of trade restrictions put upon countries in which the Ericsson Group is active may result in a reduction of commitment in those countries. The need to terminate activities as a result of further trade restrictions may also expose the Ericsson Group to customer claims and other actions. Although the Ericsson Group seeks to comply with all such regulations, there can be no assurance that it is, or will be compliant with all relevant regulations at all times. Such potential violations could have material adverse effects on the Ericsson Group's business, operating results, reputation and brand.

The Ericsson Group's business operations are complex involving the development, production and delivery of telecom solutions to customers in a very large number of jurisdictions. Each jurisdiction has its own tax legislation and regulations and the Ericsson Group therefore face the challenge of complying with the relevant rules in each of these countries. These rules involve income taxes and indirect taxes such as VAT and sales taxes as well as withholding taxes on domestic and cross border payments and social security charges related to its employees. Constant changes of the rules and the interpretation of the legislation also create exposures regarding taxes. This results in complex tax issues and tax disputes that may lead to additional tax payment obligations. Being a global operation, the Ericsson Group also faces the risk of being taxed for the same income in more than one jurisdiction (double taxation). This could have adverse effects on its operating results, reputation and brand.

In certain regional markets, there are trade barriers that limit competition. Should these trade barriers be removed or lowered, competition may increase, which could have material adverse effects on the Ericsson Group's business and operating results.

There has been a concern reported by some media and others, that certain countries may use features of their telecommunications systems in ways that could result in potential violation of human rights. This may adversely affect the telecommunications business and may have a negative impact for people, the Ericsson Group's reputation and brand.

*The Ericsson Group may fail to comply with its corporate governance standards which could negatively affect its business, operating results, financial condition, reputation and brand.*

The Ericsson Group is subject to corporate governance laws and regulations as well as several corporate responsibility and sustainability requirements. In some of the countries where the Ericsson Group operates corruption risks are high therefore there is a higher focus on anticorruption, for example with changed legislation in many countries. To ensure that its operations are conducted in accordance with applicable laws and requirements, the Ericsson Group's management system includes a Code of Business Ethics, a Code of Conduct and a Sustainability Policy, as well as other policies and directives to govern its processes and operations. The Ericsson Group's commitment to apply the UN Global Compact ten principles, the UN Guiding principles for Business and Human Rights and principles of the World Economic Forum's Partnering Against Corruption Initiative to its operations cannot fully prevent unintended or unlawful use of its technology by democratic and non democratic regimes, violation of its Code of Business Ethics, corruption or violations of its Code of Conduct in the supply chain. There is also an increased demand from external stakeholders, for example non-governmental organisations and investors, for transparency about sustainability and corporate responsibility issues that might be difficult to fulfil. The Ericsson Group is voluntarily cooperating with inquiries from the United States Securities and Exchange Commission and the United States Department of Justice regarding its compliance with the U.S. Foreign Corrupt Practices Act. These inquiries concern the last ten years. While the Ericsson Group is fully cooperating with the U.S. authorities to answer these and additional questions, the outcome of these questions is currently not determinable. While the Ericsson Group's attempts to monitor and audit internally and externally its compliance with the policies and directives as well as its suppliers' adherence to the Ericsson Group's Code

of Conduct and strive for continuous improvements, the Ericsson Group cannot provide any assurances that violations will not occur which could have material adverse effects on its business, operating results, financial condition, reputation, and brand.

*Failure to comply with environmental, health and safety regulations in many jurisdictions may expose the Ericsson Group to significant penalties and other sanctions.*

The Ericsson Group is subject to certain environmental, health and safety laws and regulations that affect its operations, facilities and products and services in each of the jurisdictions in which it operates. While the Ericsson Group actively works to ensure compliance with material laws, regulations and customer requirements related to the environment, health and safety that apply to them the Ericsson Group cannot provide any assurances that it has been, is, or will be compliant with these laws, regulations and requirements. If the Ericsson Group has failed or fails to comply with these regulations, it could be subject to significant penalties and other sanctions that could have a material adverse effect on the Ericsson Group's business, operating results, financial condition, reputation and brand. Additionally, there is a risk that the Ericsson Group may have to incur expenditures to cover environmental and health and safety liabilities to maintain compliance with current or future applicable laws and regulations or to undertake any necessary remediation. It is difficult to reasonably estimate the future impact of environmental matters, such as climate change and extreme weather events, including potential liabilities. Adverse future events, regulations, or judgments could have a material adverse effect on the Ericsson Group's business, operating results, financial condition, reputation and brand.

*Potential health risks related to radio frequency electromagnetic fields may subject the Ericsson Group to various product liability claims and result in regulatory changes.*

The mobile telecommunications industry is subject to claims that mobile devices and other equipment that generate radio frequency electromagnetic fields may expose users to health risks. At present, a substantial number of scientific reviews conducted by various independent research bodies have concluded that radio frequency electromagnetic fields, at levels within the limits prescribed by public health authority safety standards and recommendations, cause no adverse effects to human health. However, any perceived risk or new scientific findings of adverse health effects from mobile communication devices and equipment could adversely affect the Ericsson Group through a reduction in sales or through liability claims. Although the Ericsson Group's products are designed to comply with currently applicable safety standards and regulations regarding radio frequency electromagnetic fields, the Ericsson Group cannot guarantee that it will not become the subject of product liability claims or be held liable for such claims or be required to comply with future regulatory requirements that may have an adverse effect on the Ericsson Group's business, operating results, financial condition, reputation and brand.

*Regulations related to "conflict minerals" may cause the Ericsson Group to incur additional expenses, and may make its supply chain more complex.*

In 2012, the US Securities and Exchange Commission (the "SEC") adopted a new rule requiring disclosures of specified minerals ("**conflict minerals**") that are necessary to the functionality or production of products manufactured or contracted to be manufactured by companies that file periodic reports with the SEC, whether or not these products or their components are manufactured by third parties.

While the Ericsson Group believes that it is able to fulfil these requirements without materially affecting its costs or access to materials, the Ericsson Group cannot provide any assurance that there will not be material costs associated with complying with the disclosure requirements. These requirements could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of certain of the Ericsson Group's products. In addition, since the Ericsson Group's supply chain is complex, the Ericsson Group may not be able to sufficiently verify the origins of these minerals contained in its products through the due diligence procedures that the Ericsson Group implements, which may harm its reputation. The Ericsson Group may also encounter challenges if customers require that all of the components of its products be certified as conflict-free.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### ***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

### ***Risks related to Notes generally***

Set out below is a description of material risks relating to the Notes generally:

#### *Modification*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover page of this Offering Circular and/or will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes).

### **Notes denominated in Renminbi are subject to additional risks**

Set out below is a description of certain additional risks which may be relevant to an investor in Notes denominated in Renminbi:

*The Renminbi is not freely convertible and there are significant restrictions on the remittance of the Renminbi into and outside the PRC which may adversely affect the liquidity of the Notes denominated in Renminbi*

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund on 1 October 2016, there is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Issuer’s ability to source Renminbi outside the PRC to service the Notes*

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the People’s Bank of China (“PBoC”) has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong and

are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund on 1 October 2016, there are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting the availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service the Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

*Payments in respect of Notes denominated in Renminbi will only be made to investors in the manner specified in the terms and conditions of the relevant Notes*

Investors may be required to provide certificates and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of Notes denominated in Renminbi will be made solely (i) for so long as such Notes are represented by a temporary global Note or a permanent global Note held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system, or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described in Condition 6(f) of the conditions of the Notes, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

*Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Law and the relevant implementation rules, as amended from time to time, any gain realised on the transfer of Notes denominated in Renminbi by non-resident enterprise or individual holders may be subject to enterprise income tax (“**EIT**”) or PRC individual income tax (“**IIT**”) if such gain is regarded as income derived from sources within the PRC. While the PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise Noteholders from the transfer of the Notes, its implementation rules have reduced the enterprise income tax rate to 10 per cent. In accordance with the PRC Individual Income Tax Law and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Noteholder from the transfer of the Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholder from the transfer of the Notes. However, there remains uncertainty as to whether the gain realised from the transfer of Notes denominated in Renminbi would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and their respective implementation rules. If such gains are determined as income sourced in the PRC by the

relevant PRC tax authorities, (i) the non-PRC resident enterprise Noteholders may be subject to EIT at the rate of 10 per cent of the gains derived by such non-PRC resident enterprise Noteholders and (ii) the non-PRC resident individual Noteholders may be subject to IIT at the rate of 20 per cent. of the gains derived by such non-PRC resident individual Noteholders, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of Notes denominated in Renminbi reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Notes denominated in Renminbi may be materially and adversely affected.

Investors in Notes denominated in Renminbi should consult their own tax advisers with regard to the application of PRC tax laws to any purchase, holding or sale of such Notes.

*Investment in Notes denominated in Renminbi is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Notes denominated in Renminbi may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of Notes denominated in Renminbi propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

*Investment in the Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. Dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. All payments of interest and principal with respect to RMB Notes will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

*Where Renminbi Currency Events are specified as being applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, if the Renminbi is not available in certain circumstances as described in the Notes, the Issuer can make payments under the Notes in U.S. dollars*

There can be no assurance that access to Renminbi for the purposes of making payments under the Notes by the Issuer or generally will remain or that new PRC regulations will not be promulgated which have the effect of restricting availability of Renminbi outside of the PRC.

Although the Issuer's primary obligation is to make all payments of interest and principal with respect to the Notes in Renminbi, where Renminbi Currency Events are specified as being applicable in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, in the event access to Renminbi deliverable in Hong Kong becomes restricted to the extent that, by reason of Renminbi Inconvertibility, Renminbi Non-Transferability or Renminbi Illiquidity (each as defined in the Terms and Conditions of Notes), the Issuer is unable to pay interest or principal in Renminbi in Hong Kong, the terms of the Notes allow the Issuer to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided for in more detail in the Terms and Conditions of the Notes. The value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the market place. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of the investment in U.S. dollar or other applicable foreign currency terms will decline.

*Remittance of proceeds in Renminbi into and outside the PRC*

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there is no assurance that the necessary approvals from,

and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Notes denominated in Renminbi, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Offering Circular:

- the auditors' report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2015, as set out on pages 129 and 55 to 101 respectively, of the Issuer's Annual Report 2015, which can be viewed online at: [http://www.ericsson.com/thecompany/investors/financial\\_reports/2015/annual15/en/](http://www.ericsson.com/thecompany/investors/financial_reports/2015/annual15/en/); and
- the auditors' report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016, as set out on pages 128 to 132 and 53 to 99 respectively, and pages 176 to 180 of the Issuer's Annual Report 2016, which can be viewed online at: <https://www.ericsson.com/assets/local/investors/documents/2016/ericsson-annual-report-2016-en.pdf>; and
- the unaudited interim consolidated financial statements of the Issuer for the three months ended 31 March 2017, which can be viewed online at: <https://www.ericsson.com/assets/local/investors/documents/financial-reports-and-filings/interim-reports-archive/2017/3month17-en.pdf>; and
- the section entitled "Terms and Conditions of the Notes" from each of the following offering circulars relating to the Programme:
  - (i) Offering Circular dated 29 July 2003 (pages 20-40 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_7-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_7-2013-5-15.pdf);
  - (ii) Offering Circular dated 7 May 2004 (pages 19-38 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_2-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_2-2013-5-15.pdf);
  - (iii) Offering Circular dated 9 May 2007 (pages 32-51 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_3-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_3-2013-5-15.pdf);
  - (iv) Offering Circular dated 19 May 2009 (pages 35-55 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_4-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_4-2013-5-15.pdf);
  - (v) Offering Circular dated 26 August 2010 (pages 36-57 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_1-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_1-2013-5-15.pdf);
  - (vi) Offering Circular dated 10 May 2011 (pages 35-55 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_5-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_5-2013-5-15.pdf);
  - (vii) Offering Circular dated 11 May 2012 (pages 40-64 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_8-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_8-2013-5-15.pdf);
  - (viii) Offering Circular dated 15 May 2013 (pages 33-54 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/8300E\\_6-2013-5-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/8300E_6-2013-5-15.pdf);
  - (ix) Offering Circular dated 8 May 2014 (pages 44-65 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/6192G\\_1-2014-5-8.pdf](http://www.rns-pdf.londonstockexchange.com/rns/6192G_1-2014-5-8.pdf);
  - (x) Offering Circular dated 13 May 2015 (pages 45-66 inclusive), which can be viewed online at: [http://www.rns-pdf.londonstockexchange.com/rns/2349N\\_1-2015-5-14.pdf](http://www.rns-pdf.londonstockexchange.com/rns/2349N_1-2015-5-14.pdf); and
  - (xi) Offering Circular dated 11 May 2016 (pages 49-73 inclusive), which can be viewed online at: <http://tools.morningstar.co.uk/tsweu6nqxu/globaldocuments/document/documentHandler.aspx?DocumentId=111028221>

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede

statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of each of the Agent and the other Paying Agents. In addition, copies of this Offering Circular and each document incorporated by reference herein are available on the London Stock Exchange's website.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes in compliance with section 87G of the Financial Services and Markets Act 2000.

### **Alternative Performance Measures**

Certain alternative performance measures (“APMs”) are included or referred to in this Offering Circular (including, without limitation, the 2016 annual financial statements of the Issuer and the interim consolidated financial statements of the Issuer for the three months ended 31 March 2017, (both incorporated by reference)). APMs are measures used by the Ericsson Group within its financial publications to supplement disclosures prepared in accordance with the financial reporting framework applicable to the Ericsson Group, which is based on IFRS. The Ericsson Group considers that these measures provide useful information to enhance the understanding of financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to the applicable regulatory measures and financial reporting framework. An explanation of each such metric's components and calculation method can be found in pages 176-180 of the 2016 annual financial statements of the Issuer and pages 35-41 of the interim consolidated financial statements of the Issuer for the three months ended 31 March 2017 (both incorporated by reference).

## FORM OF THE NOTES

Any reference in this section to “*applicable Final Terms*” shall be deemed to include a reference to “*applicable Pricing Supplement*” where relevant.

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a “**Temporary Global Note**”) or, if so specified in the applicable Final Terms, a permanent global note (a “**Permanent Global Note**”) and Temporary Global Notes and Permanent Global Notes together referred to as “**Global Notes**”) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the “**Common Depositary**”) for, Euroclear and Clearstream, Luxembourg.

Where the Global Note issued in respect of any Tranche is in NGN form, Euroclear and Clearstream, Luxembourg will be notified whether or not such Global Note is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Note is to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section “Form of the Notes” to Euroclear and or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Agent.

On and after the date (the “**Exchange Date**”) which is 40 days after the date on which any Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the Same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer) after the completion of the distribution of the Notes of such Tranche.

Payments of principal, interest (if any) or other amounts on a Permanent Global Note will be made through Euroclear and or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. A Permanent Global Note will be exchangeable (free of charge) in whole but not in part for definitive Notes with, where applicable, interest coupons and talons attached either (i) upon not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent or (ii) only in certain limited circumstances, in each case as specified in the applicable Final Terms and as described in the Permanent Global Note. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

The following legend will appear on all Notes (other than Temporary Global Notes), interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in Terms and Conditions of the Notes. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 14 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, such Global Note will become void. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the “**Deed of Covenant**”) dated 8 May 2014, executed by the Issuer.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes[, from 1 January 2018,] are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**APPLICABLE FINAL TERMS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes other than Exempt Notes issued under the Programme.*

[Date]

**Telefonaktiebolaget LM Ericsson (publ)**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the U.S.\$5,000,000,000 Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] 2017 which[, as modified by a supplement to the Offering Circular dated [date of supplement],] constitutes a base prospectus for the purposes of the Prospectus Directive (the “**Offering Circular**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at and copies may be obtained during normal business hours from the registered office of the Issuer and from the specified office of each of the Agent and the other Paying Agents. Copies of the Offering Circular have been published on the website of the London Stock Exchange.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [original date] [and the supplement to it dated [date]] which are incorporated by reference in the Offering Circular dated [●] 2017 and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated [●] 2017 [and the supplement to it dated [date of supplement],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Offering Circular**”), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. Copies of such Offering Circular are available for viewing at and copies may be obtained during normal business hours from the registered office of the Issuer and from the specified office of each of the Agent and the other Paying Agents. Copies of such Offering Circular have been published on the website of the London Stock Exchange.]

- 1. Issuer: Telefonaktiebolaget LM Ericsson (publ)
- 2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]

- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [ ]][Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [ ]
- (ii) Calculation Amount (in relation to calculation of interest on Notes in global form see Condition 5): [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
8. Maturity Date: [ ][Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[[ ] month LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [14] [15] [16] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [99] [100] [101] per cent. of their nominal amount
11. Change of Interest Basis: [ ][Not Applicable]
12. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Change of Control Put]  
[Issuer Call]  
[(see paragraph [18] [19] [20] below)]
13. Date [Board] approval for issuance of Notes obtained: [ ] [Not Applicable]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date

- (iii) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Condition 5(a)):  per Calculation Amount
- (iv) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Condition 5(a)):  per Calculation Amount, payable on the Interest Payment Date falling [in/on]   [Not Applicable]
- (v) Day Count Fraction: [30/360][Actual/Actual (ICMA)][Actual 365 (Fixed) (as defined in Condition 5(b)(iv))]
- (vi) Determination Date(s):  in each year] [Not Applicable]
- (vii) Interest Payment Date Adjustment: *(Applicable to RMB Notes only)* [Applicable/Not Applicable]
- (viii) Business Centre(s): *(Applicable to RMB Notes only)* /[Not Applicable]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates:  [, subject to adjustment in accordance with the Business Day Convention set out in (ii) below/, not subject to adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (iii) Additional Business Centre(s):
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):
- (vi) Screen Rate Determination:
- Reference Rate:  month [LIBOR/EURIBOR]
  - Interest Determination Date(s):
  - Relevant Screen Page:
- (vii) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:
- (viii) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]

(ix) Margin(s):	[+/-] [ ] per cent. per annum
(x) Minimum Rate of Interest:	[ ] per cent. per annum
(xi) Maximum Rate of Interest:	[ ] per cent. per annum
(xii) Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
16. Zero Coupon Note Provisions	[Applicable/Not Applicable]
(i) Accrual Yield:	[ ] per cent. per annum
(ii) Reference Price:	[ ]
(iii) Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 7(b):	Minimum period: [30] days Maximum period: [60] days
18. Issuer Call:	[Applicable/Not Applicable]
(i) Optional Redemption Date(s):	[ ]
(ii) Optional Redemption Amount(s):	[[ ] per Calculation Amount/Make Whole Optional Redemption Amount]
(A) Make Whole Margin:	[ ]
(B) Benchmark Stock:	[ ]
(C) Reference Time:	[11.00 a.m. [Brussels/London] time]]
(iii) If redeemable in part:	[Applicable/Not Applicable]
(a) Minimum Redemption Amount of each Note:	[ ]
(b) Maximum Redemption Amount of each Note:	[ ]
(iv) Notice periods:	Minimum period: [15] days Maximum period: [30] days
19. Investor Put:	[Applicable/Not Applicable]
(i) Optional Redemption Date(s):	[ ]
(ii) Optional Redemption Amount:	[ ] per Calculation Amount
(iii) Notice periods:	Minimum period: [15] days Maximum period: [30] days
20. Change of Control Put:	[Applicable/Not Applicable]

- 21. Final Redemption Amount of each Note: [ ] per Calculation Amount
- 22. Early Redemption Amount(s) of each Note [ ] per Calculation Amount payable on redemption for taxation reasons or on event of default:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 23. Form of Notes:
  - (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days’ notice given at any time/only in limited circumstances]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days’ notice given at any time/only in limited circumstances]]
  - (ii) New Global Note: [Yes][No]
- 24. Additional Financial Centre(s): [Not Applicable/give details]
- 25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
- 26. Renminbi Currency Event: [Applicable/Not Applicable]
- Calculation Agent: [ ]/[Not Applicable]

**THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to Trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [ ].]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [ ] by [ ].]
- [ ] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### 4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: [ ]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 5. OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable] [ ]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]

### 6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]

- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of [Syndication] Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.)*

**7. USE OF PROCEEDS**

[ ]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes[, from 1 January 2018,] are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**APPLICABLE PRICING SUPPLEMENT**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.**

[Date]

**Telefonaktiebolaget LM Ericsson (publ)**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the U.S.\$5,000,000,000 Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 10 May 2017 [as supplemented by the supplement[s] dated [date[s]]] (the “**Offering Circular**”). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular [dated [original date] [and the supplement to it dated [date]]] which are incorporated by reference in the Offering Circular.

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes must be redeemed before the first anniversary of their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

- 1. Issuer: Telefonaktiebolaget LM Ericsson (publ)
- 2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]

- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[identify earlier Tranches]* on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about *[date]*][Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [ ]
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- “€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)*
- (ii) Calculation Amount (in relation to calculation of interest on Notes in global form see Condition 5): [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: *[Fixed rate — specify date/Floating rate and RMB Notes subject to Interest Payment Adjustment — Interest Payment Date falling in or nearest to [specify month]]*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[[ ] month LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [14][15][16] below)
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [99] [100] [101] per cent. of their nominal amount
11. Change of Interest Basis: *[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there]* [Not Applicable]

12. Put/Call Options: [Not Applicable]  
 [Investor Put]  
 [Change of Control Put]  
 [Issuer Call]  
 [(see paragraph [18] [19] [20] below)]
13. Date [Board] approval for issuance of Notes obtained: [ ] [Not Applicable]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
*(NB: Amend appropriately in the case of irregular coupons)*
- (iii) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Condition 5(a)):  
*(Not applicable to RMB Notes subject to Interest Payment Adjustment)* [ ] per Calculation Amount
- (iv) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Condition 5(a)):  
*(Not applicable to RMB Notes subject to Interest Payment Adjustment)* [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
- (v) Day Count Fraction: [30/360][Actual/Actual (ICMA)][Actual/365 (Fixed) (as defined in Condition 5(b)(iv))][specify other]
- (vi) Determination Date(s): [[ ] in each year] [Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (vii) Interest Payment Date Adjustment: [Applicable/Not Applicable]  
*(Applicable to RMB Notes only)*
- (viii) Business Centre(s): [[ ]/[Not Applicable]  
*(Applicable to RMB Notes only)*

- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/give details]
15. Floating Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ], subject to adjustment in accordance with the Business Day Convention set out in (ii) below/, not subject to any adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ] month [LIBOR/EURIBOR/specify other Reference Rate]  
(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement)
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]  
(In the case of a LIBOR or EURIBOR based option, the first day of the interest period)

- (viii) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual][Actual/365 (Fixed)][Actual/365 (Sterling)][Actual/360][30/360][360/360][Bond Basis][30E/360][Eurobond Basis][30E/360 (ISDA)]
- (xiii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [ ]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts: [30/360][Actual/360][Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 7(b): Minimum period: [30] days  
Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/Make Whole Optional Redemption Amount/specify other/see Appendix]  
(*If Make Whole Optional Redemption Amount is selected, include items (A), (B) and (C) below*)

- (A) [Make Whole Margin: [ ]
- (B) Benchmark Stock: [ ]
- (C) Reference Time: [11.00 a.m. [Brussels/London] time]]
- (iii) If redeemable in part: [Applicable/Not Applicable]
- (a) Minimum Redemption Amount of each Note: [ ]
- (b) Maximum Redemption Amount of each Note: [ ]
- (iv) Notice period: Minimum period: [15] days  
Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
19. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period: Minimum period: [15] days  
Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
20. Change of Control Put: [Applicable/Not Applicable]  
*(If not applicable, delete remaining sub paragraphs or this paragraph)*
21. Final Redemption Amount of each Note: [[ ] per Calculation Amount/specify other/see Appendix]
22. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default: [[ ] per Calculation Amount/specify other/see Appendix]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:
- (i) Form: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only in limited circumstances]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only in limited circumstances]]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
- (ii) New Global Note: [Yes][No]
24. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraph 15(iii) relates)*
25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
26. Renminbi Currency Event: [Applicable/Not Applicable]  
Calculation Agent: [ ]/[Not Applicable]
27. Other terms or special conditions: [Not Applicable/give details]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to Trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [specify market - note this should not be a regulated market] with effect from [ ].] [Not Applicable]

### 2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].]

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. – Amend as appropriate if there are other interests]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]*

### 4. OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not

necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 5. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Date of [Syndication] Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give names]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/give names]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/ TEFRA C/TEFRA not applicable]]
- (vii) Additional Selling Restrictions: [Not Applicable/give details]
- (viii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute “packaged” products, “Applicable” should be specified.)*

## 6. USE OF PROCEEDS

[ ]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which (subject to completion and amendment) will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to “Applicable Final Terms” (or, in the case of a Tranche of Exempt Notes, to “Applicable Pricing Supplement”) for a description of the content of Final Terms (or Pricing Supplement, as applicable) which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by the Issuer pursuant to the Agency Agreement (as defined below).

References herein to the “Notes” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency;
- (ii) definitive Notes issued in exchange for a global Note; and
- (iii) any global Note.

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 11 May 2016 (as further amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) and made between, *inter alia*, the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“**Coupons**”) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the “**Conditions**”) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an “**Exempt Note**”), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References herein to the “**applicable Final Terms**” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to “**applicable Final Terms**” shall be deemed to include a reference to “**applicable Pricing Supplement**” where relevant. The expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the relevant Member State.

Any reference herein to “**Noteholders**” shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to

“**Couponholders**” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 8 May 2014 and executed by the Issuer. The original of the Deed of Covenant is held by a common depositary or common safekeeper, as the case may be, on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent and the other Paying Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Terms and Conditions, “**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References herein to “**RMB Notes**” are to Notes denominated in Renminbi. References herein to “**CNY**”, “**Renminbi**” and “**RMB**” are to the lawful currency of the People’s Republic of China (the “**PRC**”) that is deliverable offshore. For the purposes of these Terms and Conditions, references to the PRC exclude the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), the Macau Special Administrative Region of the PRC (“**Macau**”) and Taiwan.

## **1. FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the “**Specified Currency**”) and the denominations (the “**Specified Denomination(s)**”) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or

theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) each person (other than Euroclear or Clearstream, Luxembourg), who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent.

## **2. STATUS OF THE NOTES**

The Notes and the relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

## **3. NEGATIVE PLEDGE**

The Issuer will not at any time while any of the Notes is outstanding give security or procure a guarantee of any kind for any Relevant Indebtedness of the Issuer unless the benefit of such security or guarantee (or of such other security or guarantee as shall be approved by an Extraordinary Resolution of Noteholders) is at the same time extended rateably (or, as the case may be, accorded) to the Notes.

“**Relevant Indebtedness**” means any loan or other indebtedness which is in the form of or represented or evidenced by, notes, bonds, debentures or other securities which are or are to be quoted or listed on any stock exchange or which are of a nature ordinarily dealt in on any over-the-counter market; and

- (a) which, for so long as the Swedish Kronor remains a currency in its own right, by its terms is payable, or may be required to be paid, in or by reference to any currency other than Swedish Kronor; or
- (b) which, for so long as the Swedish Kronor remains a currency in its own right, by its terms is payable, or may be required to be paid, in or by reference to Swedish Kronor and where more than 50 per cent. in aggregate principal amount of such indebtedness is initially offered outside the Kingdom of Sweden.

## **4. This Condition 4 has been left blank intentionally**

## **5. INTEREST**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

In the case of RMB Notes, if:

- (i) Interest Payment Date Adjustment is specified as being applicable in the applicable Final Terms; and
- (ii) (x) there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day,

then such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

For these purposes, “**Business Day**” has the meaning given to it in Condition 5(b)(i).

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 5(a), “**Day Count Fraction**” means:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.

In these Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**Fixed Interest Period**” means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date; and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next

calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than the TARGET2 System (as defined below)) specified in the applicable Final Terms;
- (B) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, the day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (C) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong.

*(ii) Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

*(A) ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or each replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 5(b)(ii)(B)(1) above, no such offered quotation appears or, in the case of Condition 5(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph the Agent shall request the principal London office of each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the

last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

**(iii) *Minimum and/or Maximum Rate of Interest***

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**(iv) *Determination of Rate of Interest and Calculation of Interest Amounts***

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a global Note, the aggregate outstanding nominal amount of the Notes represented by such global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (i) if “**Actual/Actual (ISDA)**” or “**Actual/Actual**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(v) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent in consultation with the Issuer shall determine such rate at such time and by reference to such sources as both determine appropriate. “**Designated Maturity**” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) ***Notification of Rate of Interest and Interest Amounts***

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) ***Certificates to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) *Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of: (1) the date on which all amounts due in respect of such Note have been paid; and (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 14 or individually.

**6. PAYMENTS**

**(a) *Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro or Renminbi will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney or Auckland, respectively);
- (ii) payments in euro will be made in euro by credit or transfer to a euro account (or any other account to which euro, may be credited or transferred) specified by the payee; and
- (iii) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

**(b) *Presentation of definitive Notes and Coupons***

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Long Maturity Note or Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note, where applicable against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note.

Notwithstanding the foregoing, if any amount of principal and or interest in respect of this Note is payable in U.S. dollars, such U.S. dollar payments of principal and or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer adverse tax consequences to the Issuer.

(c) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong.

**(d) *Interpretation of Principal and Interest***

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

**(e) *Renminbi Account***

All payments in respect of any Note or Coupon in Renminbi will be made solely by credit to a registered Renminbi account maintained by or on behalf of the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

**(f) *Renminbi Currency Event***

If Renminbi Currency Event is specified as being applicable in the applicable Final Terms and a Renminbi Currency Event (as defined below) occurs, the Issuer, on giving not less than five nor more than thirty days' irrevocable notice in accordance with Condition 14 to the holders of the Notes prior to any due date for payment, shall be entitled to satisfy its obligations in respect of such payment (in whole or in part) by making such payment in U.S. dollars on the basis of the Spot Rate for the relevant Determination Date as promptly notified to the Issuer and the Paying Agents by the Calculation Agent.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City; and the definition of "**Payment Day**" in Condition 6(c) shall mean any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: (A) in the case of Notes in definitive form only, the relevant place of presentation; and (B) London and New York City.

For the purpose of this Condition:

**“Determination Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

**“Determination Date”** means the day which is three Determination Business Days before the due date of the relevant payment under the Notes;

**“Governmental Authority”** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**“Renminbi Currency Events”** means any one of Renminbi Illiquidity, Renminbi Non-Transferability and Renminbi Inconvertibility;

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer;

**“Renminbi Illiquidity”** means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

**“Renminbi Inconvertibility”** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into Renminbi in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**“Renminbi Non-Transferability”** means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**“Spot Rate”** means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in three Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall (in good faith and in a commercially reasonable manner) determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in three Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Spot Rate, the Issuer shall appoint an expert to determine the Spot Rate in such manner as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition), it shall deem fair and reasonable in all the circumstances and such determination shall be deemed to have been made by the Calculation Agent.

All certificates, communications, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(f) by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers and duties pursuant to such provisions.

## **7. REDEMPTION AND PURCHASE**

### **(a) *At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **(b) *Redemption for Tax Reasons***

Subject to Condition 7(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Each Note redeemed pursuant to this Condition 7(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) ***Redemption at the Option of the Issuer***

If the Issuer is specified in the applicable Final Terms as having an option to redeem, the Issuer shall, having given:

- (i) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent;

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date, as specified in the applicable Final Terms, and at the Optional Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

In this Condition 7(c), “**Optional Redemption Amount(s)**” means:

- (a) if “**Make Whole Optional Redemption Amount**” is specified in the applicable Final Terms, (a) the principal amount outstanding of the Notes or (b) if higher, the principal amount outstanding of the Notes multiplied by the price (as reported in writing to the Issuer and the Agent by an independent and internationally recognised financial adviser appointed by the Issuer for such purpose (the “**Calculation Agent**”), expressed as a percentage (rounded to four decimal places, with 0.00005 being rounded upwards), at which the Gross Redemption Yield on the Notes on the Calculation Date is equal to the Gross Redemption Yield at the Reference Time, as specified in the applicable Final Terms, on the Calculation Date of the Benchmark Stock specified in the applicable Final Terms (or, where the Calculation Agent advises the Issuer and the Agent that, for reasons of illiquidity or otherwise, such Benchmark Stock is not appropriate for such purpose, such other central bank or government stock as the Calculation Agent may, with the advice of the Reference Market Makers, determine to be appropriate) plus the Make Whole Margin specified in the applicable Final Terms. For such purposes, “**Calculation Date**” means the date which is the third Business Day in London prior to the Optional Redemption Date, “**Gross Redemption Yield**” means a yield calculated in accordance with generally accepted market practice at the relevant time, as advised to the Issuer and the Agent by the Calculation Agent, and “**Reference Market Makers**” means three brokers or market makers of central bank or government stock as selected by the Calculation Agent or such other three persons operating in the gilt-edged market as are selected by the Calculation Agent in consultation with the Issuer; or
- (b) if “**Make Whole Optional Redemption Amount**” is not specified in the applicable Final Terms, such amount(s) as are specified in, or determined in the manner specified in, the applicable Final Terms.

(d) **Redemption at the Option of the Noteholders**

(i) Redemption at the option of the Noteholders (other than a Change of Control Put)

If the Noteholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period and not more than the maximum period of notice or such other period of notice as is specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition, accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a global Note and presentation of such global Note is required by the Agent, at the same time present or procure the presentation of the relevant global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(ii) Change of Control Put

(A) If Change of Control Put is specified in the applicable Final Terms, this Condition 7(d)(ii) shall apply.

(B) If at any time while any Note remains outstanding:

(a) a Change of Control occurs, and

(b) within the Change of Control Period (A) if the Notes are rated with the agreement of the Issuer, a Rating Downgrade in respect of that Change of Control occurs, or (B) if the Notes are not rated, a Negative Rating Event in respect of that Change of Control occurs (in either case, a “**Put Event**”),

the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes (i) under Condition 7(b) or (ii) pursuant to the provisions of Condition 7(d)(i)) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (Put) (as defined below) at par together with (or, where

purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (Put).

(C) For the purposes of this Condition 7(d)(ii):

A “**Change of Control**” shall be deemed to have occurred if (whether or not approved by the Board of Directors or the Executive Board of the Issuer) any person (“**Relevant Person**”) or persons acting in concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly own(s) or acquire(s) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at general meetings of the Issuer.

“**Change of Control Period**” means the period commencing on the earlier of (a) the date of the relevant Change of Control and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 120 days after the public announcement of the Change of Control having occurred.

“**Investment Grade Rating**” means a rating of at least BBB- (or equivalent thereof) in the case of S&P or a rating of at least Baa3 (or equivalent thereof) in the case of Moody’s or the equivalent rating in the case of any other Rating Agency.

A “**Negative Rating Event**” shall be deemed to have occurred if (i) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained an Investment Grade Rating, provided that the Rating Agency publicly announces or publicly confirms in writing that its declining to assign an Investment Grade Rating was the result of the applicable Change of Control.

“**Optional Redemption Date (Put)**” means the date which is the seventh day after the last day of the Put Period.

“**Rating Agency**” means Standard and Poor’s Credit Market Services Europe Limited (“**S&P**”) and Moody’s Deutschland GmbH (“**Moody’s**”) or any of their respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency at the invitation of the Issuer is (x) withdrawn and not subsequently reinstated within the Change of Control Period or (y) changed from an Investment Grade Rating to a non Investment Grade Rating (for example, from BBB- to BB+ by S&P, or its equivalents for the time being, or worse) and not subsequently upgraded to an Investment Grade Rating within the Change of Control Period or (z) (if the rating assigned to the Notes by any Rating Agency at the invitation of the Issuer shall be below an Investment Grade Rating) lowered one full rating category (for example, from BB+ to BB by S&P or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period, provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the reduction was the result of the applicable Change of Control.

“**Relevant Potential Change of Control Announcement**” means any formal public announcement or statement by or on behalf of the Issuer or any actual or potential bidder or any advisor thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs.

- (D) Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **“Put Event Notice”**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 7(d)(ii).
- (E) To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 7(d)(ii), the holder of that Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **“Put Period”**) of 30 days after a Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **“Put Option Notice”**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7(d)(ii), accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Option Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 7(d)(ii) the holder of this Note must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a global Note and presentation of such global Note is required by the Agent, at the same time present or procure the presentation of the relevant global Note to the Agent for notation accordingly.

- (F) The Paying Agent to which such Note and Put Option Notice are delivered or the Agent, as the case may be, will issue to the holder concerned a non-transferable receipt (a **“Put Option Receipt”**) in respect of the Note so delivered or, in the case of a Global Note or Note in definitive form held through Euroclear or Clearstream, Luxembourg, notice received. The Issuer shall redeem or at the option of the Issuer purchase (or procure the purchase of) the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date (Put), unless previously redeemed and purchased. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date (Put) by transfer to that bank account and in every other case on or after the Optional Redemption Date (Put), in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 7(d)(ii).
- (G) If 95 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 7(d)(ii), the Issuer may, having given not less than 30 days' notice to the Noteholders in accordance with Condition 14, such notice to be given within 30 days after the Optional Redemption Date (Put), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the Notes then outstanding at their principal amount together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which shall not be more than 60 days after the date of the notice). Upon expiry of such notice, the Issuer will redeem, purchase (or procure the purchase of) the Notes.

**(e) Early Redemption Amounts**

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to their Nominal Amount of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than their Nominal Amount of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the applicable Final Terms.

**(f) Purchases**

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant subsidiary, surrendered to any Paying Agent for cancellation.

**(g) Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

**(h) Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 14 or individually.

## 8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by or on behalf of a Noteholder or Couponholder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Sweden other than the mere holding of such Note or Coupon; or
- (b) presented for payment where the Noteholder is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## 10. EVENTS OF DEFAULT

If any one or more of the following events (each an “**Event of Default**”) shall occur:

- (i) default is made for more than 30 days in the payment in the Specified Currency of principal or interest due in respect of the Notes or any of them; or
- (ii) the Issuer is in default in the performance of any obligation of the Issuer in respect of the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and such default continues for a period of 30 days after notice thereof has been given to the Issuer at its principal office; or
- (iii) any other indebtedness for borrowed money of the Issuer shall become prematurely repayable following a default or the Issuer shall fail to repay any such indebtedness when due or within any permitted grace period or shall fail to perform its payment obligations under any guarantee of any indebtedness for borrowed money of any other person, unless liability under such indebtedness or under such guarantee shall be contested in good faith, provided that the aggregate principal amount of all such indebtedness for borrowed money which has become prematurely repayable or not been

repaid or in respect of which the guarantee has not been performed is at least U.S.\$50,000,000 or its equivalent in any other currency or currencies; or

- (iv) the Issuer is wound up or dissolved or stops payment of its debts as and when they fall due or (otherwise than for the purpose of an amalgamation or merger the terms whereof have previously been approved by an Extraordinary Resolution of Noteholders) ceases or threatens to cease to carry on all or substantially all of its business; or
- (v) a decree or order by a court having jurisdiction in the premises shall have been entered and shall have continued undischarged and unstayed for 60 days, adjudging the Issuer bankrupt or insolvent under the applicable laws of the Kingdom of Sweden or any sub-division thereof, or appointing a liquidator, trustee or assignee (or similar official) in bankruptcy or insolvency of the Issuer or of any substantial part of its property; or
- (vi) any action is taken by the Issuer seeking or consenting to its adjudication as bankrupt or insolvent under the applicable laws of the Kingdom of Sweden or any sub-division thereof, or the appointment of a liquidator, trustee or assignee (or similar official) in bankruptcy or insolvency of the Issuer or of any substantial part of its property, or if the Issuer shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall take corporate action in furtherance of any such action;

then any Noteholder may, provided that at the time the notice is given the relevant Event of Default is continuing, by written notice to the Issuer at the principal office of the Issuer effective upon the date of receipt thereof by the Issuer declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment.

## **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENT AND PAYING AGENTS**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents outside Sweden and/or approve any change in the specified office outside Sweden through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing or trading by any other relevant authority, there will at all times be a Paying Agent (which may be the Agent) outside Sweden with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority, as applicable;
- (ii) there will at all times be a Paying Agent outside Sweden with a specified office in a city in continental Europe; and
- (iii) there will at all times be an Agent outside Sweden.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect)

after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

### **13. EXCHANGE OF TALONS**

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. NOTICES**

All notices regarding the Notes shall be published in a leading English language daily newspaper of general circulation in London which is expected to be the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication.

Until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange or admitted to trading by another relevant authority, such stock exchange or other relevant authority permits), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together in the case of any Note in definitive form with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

### **15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened at any time by the Issuer or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or, altering the currency of payment of the Notes or Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-quarters of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf

of the holders of not less than three-quarters in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of the holders of not less than three-quarters in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **16. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **17. THIRD PARTY RIGHTS**

This Note confers no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with any of them are governed by, and construed in accordance with, English law.

The Issuer agrees, for the benefit of the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual allegations arising out of or in connection with any of them) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual allegations arising out of or in connection with any of them) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

To the extent allowed by law, nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, if and to the extent permitted by applicable law.

The Issuer appoints Ericsson Ltd. at its registered office for the time being at Middleton Gate, Guildford Business Park, Guildford, Surrey, GU2 8SG as its agent for service of process, and undertakes that, in the event of Ericsson Ltd. ceasing so to act or ceasing to have a registered office in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used for general corporate purposes, which include making a profit, unless otherwise specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

## DESCRIPTION OF THE ISSUER

The Issuer is the parent company of the “Ericsson Group”, a group comprising of more than 200 subsidiaries and a number of associated companies worldwide. The Issuer’s business consists mainly of corporate management, holding company functions and internal banking activities. It also handles customer credit management, performed on a commission basis by Ericsson Credit AB.

The Issuer is dependent upon the performance of its operating subsidiaries and the payment of dividends by them.

The Ericsson Class A and Class B shares are listed on Nasdaq Stockholm. In the United States, the Class B shares are listed on NASDAQ New York in the form of American Depositary Shares (“ADS”) evidenced by American Depositary Receipts under the symbol ERIC. Each ADS represents one Class B share.

The Issuer’s registered address is Telefonaktiebolaget LM Ericsson, SE-164 83 Stockholm, Sweden, and its headquarters are located at Torshamnsgatan 21, Kista, Sweden. The Issuer’s telephone number in Sweden is +46 10 719 0000.

The Issuer is a limited liability company organised under the Swedish Companies Act, incorporated on 18 August 1918 as a result of a merger between AB L M Ericsson & Co and Stockholms Allmänna Telefon AB, with registration number 556016-0680. The origins of the Ericsson Group date back to a manufacturing business for communications equipment founded in Stockholm in 1876.

The Ericsson Group is a leading international supplier in telecommunications, providing network infrastructure and services, as well as IT and media solutions, mainly to network operators but also to other industries. With its strong international presence, the Ericsson Group has an extensive knowledge of market conditions around the world. The Ericsson Group invests heavily in Research & Development (“R&D”) and invested 14 per cent. of its total sales into R&D in 2016. At year end, the number of the Ericsson Group’s R&D employees was 24,100. Also reflecting the Ericsson Group’s ongoing commitment to technology leadership, the Ericsson Group has one of the industry’s most comprehensive intellectual property portfolios containing approximately 42,000 patents as of 31 December 2016.

Over the past 15 years, and reflecting the ongoing transformation of the communications technology and services market, the Ericsson Group’s business has evolved from being hardware-centric to becoming increasingly software- and services-centric.

## BUSINESS OVERVIEW

Ericsson is a global company with customers in more than 180 countries. During 140 years, Ericsson has delivered customer value by continuously evolving its business portfolio through its core assets – technology and services, global scale and skills. Ericsson believes that its technological and financial capability to adapt and the will to change are major competitive strengths. In 2016, approximately two-thirds of Ericsson’s business was related to services and software, compared with less than 50 per cent. ten years ago. This change reflects the ongoing transformation from a hardware-centric business to one where the share of the software and services business continues to increase. However, competitive hardware also remains an important performance differentiator.

### Operating Segments

In 2016, Ericsson reported three business segments: Networks, Global Services and Support Solutions, each of which is responsible for an income statement and for the development and maintenance of its specific portfolio.

### *Networks*

Networks covered products and solutions for mobile access, IP and transmission networks, core networks and cloud.

Major competitors include Huawei, Nokia and ZTE.

### *Global Services*

Global Services covered managed services, product-related services, consulting and systems integration services as well as broadcast and media services.

Major competitors include Accenture, Huawei, IBM, and Nokia.

### *Support Solutions*

Support Solutions included software suites for operators.

Major competitors include Amdocs, Huawei, IBM and Oracle.

## **New segment structure from 1 January 2017**

From 1 January 2017, segment reporting was based on a new structure, with three new operating segments:

### *Networks*

Networks covers products and services with a focus on evolving and managing customers' telecom networks. The portfolio of radio networks and backhaul solutions are based on industry standards and can also be industrialised and adjusted to meet the demands of other industry vertical markets such as utilities, transport and public safety. In addition, Ericsson's services capabilities address operator demand in an increasingly complex network environment.

### *IT & Cloud (renamed "Digital Services" as of 1 April 2017)*

This segment covers products and services providing solutions for customers' digital transformation journeys across the Support Systems, Telecom core and IT Cloud domains through a combination of products, technology and expertise in networks, software, cloud and business processes.

### *Media (renamed "Other" as of 1 April 2017)*

This segment covers products and services that enable content owners, broadcasters, television service providers and network operators to efficiently deliver, manage and monetise new television experiences.

## **Geographical regions**

Up to 31 March 2017, the Ericsson Group reported on ten geographical regions: North America, Latin America, Mediterranean, Western & Central Europe, Northern Europe & Central Asia, Middle East, Sub-Saharan Africa, India, South East Asia & Oceania and China & North East Asia. One region called "Other" was also reported, consisting of business not reported in the geographical structure. The IPR and Licensing business was included in the region "Other".

As of 1 April 2017, the ten geographical regions have been restructured into five market areas:

- North America;
- Europe & Latin America;
- Middle East & Africa;
- North East Asia; and
- South East Asia, Oceania & India.

## **Customers**

The business of the Ericsson Group is defined by long-term relationships mainly with large telecom operators around the world. The Ericsson Group derives most of its sales from large, multi-year agreements with a limited number of significant customers but also engages directly with customers in certain other industries such as utilities and media. The Ericsson Group does not have any customer for which revenues from transactions have exceeded 10 per cent. of the Ericsson Group's total revenues for the years 2016, 2015 or 2014. Out of a customer base of more than 500, mainly consisting of network operators, the 10 largest customers accounted for 46 per cent. (46 per cent. in 2015) of net sales in 2016. The largest customer accounted for approximately 7 per cent. (7 per cent. in 2015) of sales in 2016.

The Ericsson Group's customers operate in a wide range of local economies and are at various technology stages. They have different business focuses depending on the maturity of their respective markets.

## **Sourcing and Supply**

Ericsson's hardware largely consists of electronics. For manufacturing, it purchases customised and standardised components and services from several global providers as well as from local and regional suppliers. Certain types of components, such as power modules, are produced in-house.

The production of electronic modules and sub-assemblies is mostly outsourced to manufacturing services companies, of which the vast majority are in low-cost countries. Final configuration of products is largely done in-house. This consists of assembling and testing modules and integrating them into complete units. Final assembly and testing are concentrated to a few sites. Ericsson has ten manufacturing sites in Brazil, China, Estonia, India, Mexico and Sweden.

A number of suppliers design and manufacture highly specialised and customised components. Ericsson generally negotiates global supply agreements with its primary suppliers. Ericsson's suppliers are required to comply with the requirements of Ericsson's Code of Conduct. In general, Ericsson has alternative supply sources and seeks to avoid single source supply situations.

## **Seasonality**

The Ericsson Group's quarterly sales, income and cash flow from operations are seasonal in nature and are generally lowest in the first quarter of the year and highest in the fourth quarter. This is mainly a result of the seasonal purchase patterns of network operators.

## **Organisation**

### **Company structure and organisation**

The Ericsson Group is organised in Business Units, Regions and Group Functions. Business Units are innovators, developers and suppliers of high-quality products, solutions, services and customer offerings. Regions are marketing and sales channels and the Ericsson Group's representative in the local market environment. Group Functions coordinate the Ericsson Group's strategies, operations and resource allocation and define the necessary directives, processes and organisation for the effective governance of the Ericsson Group.

Since 1 July 2016, the Ericsson Group has the following business unit structure:

### **Two business units focusing on the Networks business**

- BU Network Products, headed by Arun Bansal, Senior Vice President, Head of Business Unit Network Products and a member of the Executive Leadership Team ("ELT").
- BU Network Services, headed by Fredrik Jejdling, Senior Vice President, Head of Business Unit Network Services and a member of the ELT.

## **Two business units focusing on the IT & Cloud business**

- BU IT & Cloud Products, headed by Anders Lindblad, Senior Vice President, Head of Business Unit IT & Cloud Products and a member of the ELT.
- BU IT & Cloud Services, headed by Jean-Philippe Poirault, Senior Vice President, Head of Business Unit IT & Cloud Services and a member of the ELT.

## **A strengthened focus on new types of customers in Media and Industries**

- BU Media with central go-to-market model, headed by Per Borgklint, Senior Vice President, Chief Innovation Officer, Head of Business Unit Media and a member of the ELT.
- Customer Group Industry & Society with central go-to-market model, headed by Charlotta Sund, Senior Vice President, Head of Customer Group Industry & Society and a member of the ELT.

### *Changes in the organisation and in the ELT:*

From 1 July 2016, the ELT consists of the following members:

- Hans Vestberg, President and CEO.
- Jan Frykhammar, Executive Vice President, Chief Financial Officer and Head of Group Function Finance & Common Functions.
- Arun Bansal, Senior Vice President and Head of Business Unit Network Products. Bansal currently holds the position as Head of Business Unit Radio.
- Per Borgklint, Senior Vice President, Chief Innovation Officer and Head of Business Unit Media.
- Bina Chaurasia, Senior Vice President, Chief Human Resources Officer and Head of Group Function Human Resources (since 2010).
- Ulf Ewaldsson, Senior Vice President, Chief Technology Officer and Head of Group Function Technology.
- Niklas Heuvel dop, Senior Vice President, Chief Customer Officer and Head of Group Function Sales.
- Chris Houghton, Head of Region North East Asia.
- Fredrik Jejdling, Senior Vice President and Head of Business Unit Network Services. Jejdling currently holds the position as Head of Region sub-Saharan Africa.
- Anders Lindblad, Senior Vice President and Head of Business Unit IT & Cloud Products. Lindblad currently holds the position as Head of Business Unit Cloud & IP.
- Nina Macpherson, Senior Vice President, Chief Legal Officer and Head of Group Function Legal Affairs.
- Helena Norrman, Senior Vice President, Chief Marketing and Communications Officer and Head of Group Function Marketing and Communications.
- Jean-Philippe Poirault, Senior Vice President and Head of Business Unit IT & Cloud Services. Poirault currently holds the position as Head of Consulting and Systems Integration.
- Rima Qureshi, Senior Vice President, Head of Region North America and Chief Strategy Officer. Qureshi currently holds the position as Senior Vice President, Head of Group Function Strategy and Head of M&A.
- Charlotta Sund, Senior Vice President and Head of Customer Group Industry & Society. Sund currently holds the position as Head of Region Northern Europe and Central Asia.
- Elaine Weidman-Grunewald, Head of Group Function Sustainability and Corporate Responsibility.

The following individuals left the ELT on 1 July 2016:

- Magnus Mandersson, Executive Vice President (since 2011) and Head of Segment and Business Unit Global Services (since 2010). As of 1 July 2016, Mandersson will hold the position as Head of Segment Global Services, Executive Vice President and Advisor to the CEO.
- Jan Wäreby, Senior Vice President and Head of Group Function Sales. Wäreby retired from Ericsson as of 30 November 2016.
- Anders Thulin, Senior Vice President, Chief Information Officer and Head of Group Function Business Excellence and Common Functions. Thulin left the Ericsson Group as of 1 July 2016.
- Angel Ruiz, Head of Region North America.
- Mats H. Olsson, Senior Vice President and Head of Ericsson Asia-Pacific. Olsson left Ericsson as of 1 July 2016.
- Hans Vestberg left his position as President and CEO of the Group as of 25 July 2016 and was replaced by the Executive Vice President Jan Frykhammar.

As of 16 January 2017, Börje Ekholm was appointed new President and CEO of the Group.

In line with the business strategy effective from 1 April 2017, Ericsson is simplifying its organisational structure by removing the two-tiered leadership structure (ELT and Global Leadership Team), and forming a single Executive Team.

Ericsson's Executive Team members are:

- **President and CEO** – Börje Ekholm.
- **Business Area Networks** – Fredrik Jejdling, Senior Vice President, currently head of Business Unit Network Services.
- **Business Area Managed Services** – Peter Laurin, Senior Vice President, currently head of Region Northern Europe and Central Asia.
- **Business Area Digital Services** – Ulf Ewaldsson, Senior Vice President, currently head of Group Function Strategy & Technology.
- **Market Area North America** – Rima Qureshi, Senior Vice President, currently head of Region North America.
- **Market Area Europe & Latin America** – Arun Bansal, Senior Vice President, currently head of Business Unit Network Products.
- **Market Area Middle East & Africa** – Rafiah Ibrahim, Senior Vice President, currently head of Region Middle East.
- **Market Area North East Asia** – Chris Houghton, Senior Vice President, currently head of Region North East Asia.
- **South East Asia, Oceania & India** – Nunzio Mirtillo, Senior Vice President, currently head of Region Mediterranean.
- **Technology & Emerging Business** – Niklas Heuveldop, Senior Vice President, currently head of Group Function Sales.
- **Finance & Common Functions** – Carl Mellander, Senior Vice President, currently acting Head of Group Function Finance & Common Functions.
- **Human Resources** – MajBritt Arfert, Senior Vice President, currently acting Head of Group Function Human Resources.

- **Marketing & Communications** – Helena Norrman, Senior Vice President, currently in same role.
- **Sustainability & Corporate Responsibility** – Elaine Weidman Grunewald, Senior Vice President, currently in same role.
- **Legal Affairs** – Nina Macpherson, Senior Vice President, currently in same role.
- **Advisor to the CEO** – Jan Frykhammar, Executive Vice President, currently in same role.
- **Advisor to the CEO** – Magnus Mandersson, Executive Vice President, currently in same role.

The following individuals have left the ELT as of 1 April 2017:

- Per Borgklint.
- Anders Lindblad.
- Jean-Philippe Poirault.
- Charlotta Sund.

## **MEMBERS OF THE BOARD**

The Board of Directors is ultimately responsible for the organisation of Ericsson and the management of Ericsson’s operations. The Board of Directors appoints the President and CEO who is responsible for managing day-to-day operations, in accordance with guidelines from the Board. The President and CEO ensure that the Board is updated regularly on issues of importance to Ericsson. This includes updates on business development, results, financial position and liquidity.

According to the Articles of Association, the Board of Directors shall consist of no fewer than five and no more than 12 members, with no more than six deputies. In addition, under Swedish law, trade unions have the right to appoint three directors and their deputies to the Board. Directors serve from the close of one Annual General Meeting (“AGM”) to the close of the next, but can serve any number of consecutive terms.

The President and CEO may be elected a Director of the Board, but under the Swedish Companies Act the President of a public company may not be elected Chairman of the Board.

### **Conflicts of Interest**

Ericsson maintains rules and regulations regarding conflicts of interest. Directors are disqualified from participating in any decision regarding agreements between themselves and Ericsson. The same applies to agreements between Ericsson and any third party or legal entity in which the Board member has an interest that may be contrary to the interest of Ericsson.

The Audit Committee has implemented a procedure for related-party transactions and a pre-approval process for non-audit services carried out by the external auditor.

### **Composition of the Board of Directors**

The current Board of Directors consists of 11 Directors elected by the shareholders at the AGM 2017, for the period until the close of the AGM 2018. It also consists of three employee representatives, each with a deputy, appointed by the trade unions for the same period of time. The President and CEO, Börje Ekholm, is the only Board member who is also a member of Ericsson’s management. The business address of each of the Directors is Torshamnsgatan 21, SE-164 83 Stockholm, Sweden.

### **Work procedure**

Pursuant to the Swedish Companies Act, the Board of Directors has adopted work procedure and Committee charters outlining rules for the distribution of tasks among the Board, its Committees and the President and CEO. This complements rules in the Swedish Companies Act and in the Articles of Association of the Issuer.

The work procedure and the Committee charters are reviewed, evaluated and amended by the Board as required or appropriate and are adopted by the Board at least once a year.

## **Independence**

The Board of Directors and its Committees are subject to a variety of independence rules under applicable Swedish law, the Swedish Corporate Governance Code (the “**Code**”) and applicable U.S. securities laws, SEC rules and the NASDAQ Stock Market Rules. Ericsson can rely on exemptions from certain U.S. requirements.

The composition of the Issuer’s Board of Directors meets all applicable independence criteria. The Nomination Committee concluded before the AGM 2017 that, for purposes of the Code, at least eight of the nominated Directors were independent from Ericsson, its senior management and its major shareholders. These were Jon Fredrik Baksaas, Jan Carlsson, Nora Denzel, Erik A. Elzvik, Leif Johansson, Kristin Skogen Lund, Kristin S. Rinne and Sukhinder Singh Cassidy.

The Directors participate, with very few exceptions, in all Board meetings and are generally, to the extent possible, also present at the General Meetings of shareholders.

### **Leif Johansson (first elected 2011)**

Chairman of the Board of Directors, Chairman of the Remuneration Committee and of the Finance Committee.

Born 1951. Master of Science in Engineering, Chalmers University of Technology, Gothenburg, Sweden.

Board Chairman: Astra Zeneca PLC.

Board Member: Autoliv Inc, Ecolan AB and The Confederation of Swedish Enterprise.

Principal work experience and other information: Member of the European Round Table of Industrialists since 2002, and served as its Chairman 2009-2014. President of the Royal Swedish Academy of Engineering Sciences since 2012. Chairman of the International Advisory Board of the Nobel Foundation. President and CEO of AB Volvo 1997–2011. Executive Vice President of AB Electrolux 1988-1991, President 1991–1994 and President and CEO of AB Electrolux 1994–1997. Holds honorary Doctorates at Blekinge Institute of Technology, the University of Gothenburg and Chalmers University of Technology. Awarded the Large Gold Medal of the Royal Swedish Academy of Engineering Sciences in 2011.

### **Helena Stjernholm (first elected 2016)**

Deputy Chairman of the Board of Directors, Member of the Finance Committee.

Born 1970. Master of Science in Business Administration, Stockholm School of Economics, Sweden.

Board member: AB Industrivärden, AB Volvo and Sandvik AB.

Principal work experience and other information: President and CEO of AB Industrivärden since 2015. Partner in the private equity firm IK Investment Partners (2008-2015), with responsibility for the Stockholm office from 2011 to 2015. Investment Manager at IK Investment Partners (1998-2008). Previous experience as consultant for Bain & Company (1997-1998).

### **Jacob Wallenberg (first elected 2011)**

Deputy Chairman of the Board of Directors, Member of the Finance Committee.

Born 1956. Bachelor of Science in Economics and Master of Business Administration, Wharton School, University of Pennsylvania, USA. Officer of the Reserve, Swedish Navy.

Board Chairman: Investor AB.

Deputy Board Chairman: SAS AB and ABB Ltd, FAM and Patricia Industries.

Board Member: The Knut and Alice Wallenberg Foundation, the Stockholm School of Economics. and The Confederation of Swedish Enterprise.

Principal work experience and other information: Chairman of the Board of Investor AB since 2005. President and CEO of SEB in 1997 and Chairman of SEB's Board of Directors 1998–2005. Executive Vice President and CFO of Investor AB 1990–1993. Honorary Chairman of IBLAC (Mayor of Shanghai's International Business Leaders Advisory Council) and member of The European Round Table of Industrialists.

**Jon Fredrik Baksas (first elected 2017)**

Member of the Remuneration Committee.

Born 1954. Master of Science in Economics, NHH Norwegian School of Economics & Business Administration, Norway.

Board member: Svenska Handelsbanken AB.

Principal work experience and other information: President and CEO of Telenor (2002-2015). Previous positions within the Telenor Group since 1989, including deputy CEO, Chief Financial Officer and CEO of TBK AS. Previous positions include CFO of Aker AS, finance director of Stolt Nielsen Seaway AS and controller at Det Norske Veritas, Norway and Japan. Member of the GSMA Board (2008-2016) and Chairman of the GSMA Board (2014-2016).

**Jan Carlson (first elected 2017)**

Member of the Technology and Science Committee.

Born 1960. Master of Science degree in Engineering Physics and Electrical Engineering, the University of Linköping, Sweden.

Board Chairman: Autoliv Inc.

Board member: BorgWarner Inc., Teknikföretagen, The Confederation of Swedish Enterprise and Trelleborg AB.

Principal work experience and other information: President and CEO of Autoliv Inc. since 2007 and Chairman of Autoliv Inc. since 2014. Previous positions within the Autoliv Group since 1999, including President Autoliv Europe, Vice President Engineering of Autoliv and President Autoliv Electronics. Previous positions include President of Saab Combitech and of Swedish Gate Array.

**Nora Denzel (first elected 2013)**

Member of the Audit Committee and member of the Technology and Science Committee.

Born 1962. Master of Science in Business Administration, Santa Clara University, USA. Bachelor of Science in Computer Science, State University of New York, USA.

Board Member: Advanced Micro Devices, Inc

Principal work experience and other information: CEO (interim) of Outerwall Inc. (January 2015 – August 2015). Senior Vice President Big Data, Marketing and Social Product Design and General Manager QuickBooks Payroll Division (2008 – 2012). Previous positions include Senior Vice President and General Manager of HP's Global Software, Storage and Consulting Divisions (2000-2006), Senior Vice President Product Operations Legato Systems (bought by EMC) and various engineering, marketing and executive positions at IBM. Non-Profit board member of the Anita Borg Institute and the Northern California Chapter of the National Association of Corporate Directors (NACD). Industrial Advisor to the Private Equity Firm EQT.

**Börje Ekholm (first elected 2006)**

Member of the Remuneration Committee.

Born 1963. Master of Science in Electrical Engineering, KTH Royal Institute of Technology, Stockholm, Sweden. Master of Business Administration, INSEAD, France.

Board Member: Alibaba, Inc., NASDAQ OMX Group Inc and Trimble Navigation Ltd.

Principal work experience and other information: President and CEO of Telefonaktiebolaget LM Ericsson since 16 January 2017. CEO of Patricia Industries, a division within Investor AB, (2015 – 15 January 2017). President and CEO of Investor AB (2005 – 2015). Formerly Head of Investor Growth Capital Inc. and New Investments. Previous positions at Novare Kapital AB and McKinsey & Co Inc. Member of the Board of Trustees of Choate Rosemary Hall.

**Eric A. Elzvik (first elected 2017)**

Chairman of the Audit Committee.

Born 1960. Master of Science in Business Administration, Stockholm School of Economics, Sweden.

Board member: IMD Foundation, Lausanne and the Swiss Swedish Chamber of Commerce, Zurich, Switzerland.

Principal work experience and other information: Chief Financial Officer and member of the Group Executive Committee of ABB Ltd (2013 – 2017). Division CFO ABB Discrete Automation & Motion (2010 – 2012) and division CFO Automation Products Division (2006 – 2010). Previous positions within the ABB Group since 1984, including senior management positions within finance, mergers & acquisitions and new ventures.

**Kristin Skogen Lund (first elected 2013)**

Member of the Audit Committee.

Born 1966. Master of Business Administration, INSEAD, France. Bachelor in International Studies and Business Administration, University of Oregon, USA.

Board Chairman: The Oslo Philharmonic Orchestra.

Board Member: None.

Principal work experience and other information: Director General of the Confederation of Norwegian Enterprise (NHO) since 2012. Executive Vice President and Head of Digital Services and Broadcast and Executive Vice President and Head of Nordic Region, Group Executive Management at Telenor (2010–2012). Previous positions include Chief Executive Officer and Commercial Director at Aftenposten, Chief Executive Officer at Scanpix, Managing Director and Editor in Chief at Scandinavia Online, and several positions at the Coca-Cola Company, Unilever and Norges Eksportråd.

**Kristin S. Rinne (First elected 2016)**

Chairman of the Technology and Science Committee.

Born 1954. Bachelor of Arts, Washburn University, USA.

Board member: None.

Principal work experience and other information: Previously Senior Vice President, Network Technology, Network Architecture & Planning, at AT&T (2007-2014). CTO of Cingular Wireless (2005-2007) and VP Technology & New Product Development of Cingular Wireless (2000-2005). Previous positions within Southwestern Bell and SBC (1976-2000). Non-profit Board member of Curing Kids Cancer, Washburn University Foundation and Wycliffe Associates. Member of the Advisory Board of Link Labs.

**Sukhinder Singh Cassidy (First elected 2015)**

Member of the Remuneration Committee.

Born 1970. Bachelor of Arts Degree in Honors Business Administration from the Richard Ivey School of Business, University of Western Ontario, Canada.

Board Chairman: Joyus.com.

Board Member: Tripadvisor LLC.

Principal work experience and other information: Founder and Chairwoman of Joyus.com since 2011 and CEO (2011-2016). Founder of ChoosePossibility Inc. (a benefit corporation focused on gender diversity in the technology industry). CEO of Polyvore, Inc. 2010, CEO-in-Residence of Accel Partners 2009-2010, senior executive positions with Google Inc., 2003-2009, including President, Asia-Pacific and Latin America Sales & Operations, Vice President Asia-Pacific and Latin America, and General Manager, Local Search & Content Partnerships. Previous positions with Yodlee.com, Amazon.com, British Sky Broadcasting Group and Merrill Lynch.

**Kjell-Åke Soting (first appointed 2016)**

Employee representative.

Born 1963. Appointed by the union Unionen.

**Roger Svensson (first appointed 2011)**

Employee representative.

Born 1971. Appointed by the union The Swedish Association of Graduate Engineers.

**Karin Åberg (first appointed 2007)**

Employee representative, Member of the Remuneration Committee.

Born 1959. Appointed by the union Unionen.

**Torbjörn Nyman (first appointed 2017)**

Deputy employee representative.

Born 1961. Appointed by the union The Swedish Association of Graduate Engineers.

**Anders Ripa (first appointed 2017)**

Deputy employee representative

Born 1962. Appointed by the union The Swedish Association of Graduate Engineers.

**Loredana Roslund (first appointed 2017)**

Deputy employee representative

Born 1967. Appointed by the union Unionen.

There are no potential conflicts of interest between the duties to the Issuer of the persons listed in this section and their private interests or other duties.

## TAXATION

### Sweden

*The following summary outlines certain Swedish tax consequences to the holders of Notes who are not residents of Sweden for income tax purposes. Purchasers are urged to consult their professional advisers as to the tax consequences of acquiring, holding or transferring Notes.*

Under Swedish law as presently in effect, payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Note will not be subject to Swedish income tax, provided that such holder is neither resident in Sweden for tax purposes nor engaged in trade or business in Sweden through a permanent establishment to which the Notes are effectively connected.

Swedish law, as presently in effect, does not provide for deduction or withholding for or on account of taxes on payments of any principal or interest to the holder of any Notes, except on payment of interest, and any other yield on any Notes which is paid at the same time as interest, to a holder who is a private individual or an estate of a deceased individual with tax residence in Sweden.

### **The proposed financial transactions tax (the “FTT”)**

On 14 February 2013, the European Commission published a proposal for a Directive for a common financial transactions tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru

payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 16) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated [●] 2017 (as further amended and/or supplemented and/or restated from time to time, the “**Programme Agreement**”) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any update of the Programme and the issue of Notes under the Programme.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

### Prohibition of sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or

- (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms or Pricing Supplement, as the case may be, in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

## **United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**FIEA**”) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each of the Dealers has represented and agreed and each further Dealer will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Each of the Dealers has represented and agreed and each further Dealer will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

### **People’s Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan), as part of the initial distribution of the Notes.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“SFO”)) other than (i) to “professional investors” as defined in the SFO and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 15 August 1996. The current update of the Programme was authorised by the Chief Financial Officer on 4 May 2017 pursuant to a delegated authority.

At the date hereof the power to issue Notes under the Programme has been delegated by the Issuer to the Chief Financial Officer of the Issuer. Such delegation instructions may be amended or revoked at any time. Each issue of Notes must be authorised pursuant to such delegated authority.

### Notes admitted to the Official List and traded on the London Stock Exchange

Notes admitted to the Official List and traded on the Market will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and traded on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent global Note initially representing the Notes of such Tranche. The renewed listing of the Programme in respect of Notes (other than Exempt Notes) is expected to be granted on or around 15 May 2017.

### Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Agent in London:

- (i) the constitutional documents (with a direct English translation thereof) of the Issuer;
- (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2015 and 2016 (with a direct English translation thereof), in each case together with the audit reports prepared in connection therewith;
- (iii) the most recently published consolidated audited annual financial statements of the Issuer and the most recently published consolidated interim financial statements (if any) of the Issuer (with a direct English translation thereof), in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Agency Agreement, the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Coupons, the Talons and the Deeds of Covenant;
- (v) a copy of this Offering Circular; and
- (vi) any future offering circulars, prospectuses, information memoranda, supplements to this Offering Circular, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Agent as to the identity of such holder) and any other documents incorporated herein or therein by reference.

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes).

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Ericsson Group since 31 March 2017 and there has been no material adverse change in the financial position or prospects of the Ericsson Group since 31 December 2016.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which during the last 12 months preceding the date of this Offering Circular may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Issuer's group.

### **Auditors**

The Issuer has appointed the registered public accounting firm PricewaterhouseCoopers AB as auditors with Bo Hjalmarsson as auditor in charge. PricewaterhouseCoopers AB has audited the accounts of the Issuer without qualification, in accordance with International Standards of Auditing for the years ending 31 December 2015 and 31 December 2016.

The auditors of the Issuer have no material interest in the Issuer.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **THE ISSUER**

### **Telefonaktiebolaget LM Ericsson (publ)**

SE-164 83 Stockholm  
Sweden

## **DEALERS**

### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **Crédit Agricole Corporate and Investment Bank**

9, Quai du Président Paul Doumer  
92920 Paris-la-Défense Cedex  
France

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
106 40 Stockholm  
Sweden

### **The Royal Bank of Scotland plc (trading as NatWest Markets)**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

## **AGENT**

### **Citibank, N.A., London Branch**

Citigroup Centre  
Canary Wharf  
London E14 5LB  
United Kingdom

## **PAYING AGENT**

### **Banque Internationale à Luxembourg, société anonyme**

69 route d'Esch  
L-2953 Luxembourg  
Luxembourg

## LEGAL ADVISERS

*To the Issuer as to Swedish law*  
**Wistrand Advokatbyrå Stockholm KB**  
Regeringsgatan 65  
P.O. Box 7543  
SE-103 93 Stockholm  
Sweden

*To the Issuer as to English law*  
**Slaughter and May**  
One Bunhill Row  
London EC1Y 8YY  
United Kingdom

*To the Dealers as to English law*  
**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

## AUDITORS

**PricewaterhouseCoopers AB**  
Box 1702  
SE-111 87 Stockholm  
Sweden

