
NEW BUSINESS UNIT STRUCTURE TO SUPPORT NETWORKS GROWTH

- Business unit Networks will be divided, creating two new units to support growth strategy
- New business unit Radio will build on industry's most competitive radio portfolio to leverage leading position
- New business unit Cloud & IP to capture opportunities with virtualization for the IP and core portfolio based on number one position in telecom core networks
- Johan Wibergh, Executive Vice President, will assume new role as Head of Segment Networks and remain a member of Ericsson's Executive Leadership Team

Ericsson (NASDAQ:ERIC) today announced the establishment of two new business units in a move to accelerate transformation and support growth. The company will split current business unit Networks into two new units, business unit Radio and business unit Cloud & IP.

The change in organization will enable more focus on the needs of each business while maintaining an end-to-end view on the full networks operations.

Hans Vestberg, President and CEO of Ericsson, said, "The business logic and Ericsson's relative position is different in the two areas. Radio is the foundation of Ericsson's technology leadership and we are the undisputed market leader, same size as number two and three together. We are committed to maintain our leadership as the market evolves with 5G. In the cloud and IP space, which are vital for the evolution to 5G, we have made significant progress but are still a challenger. In a transforming market we will now intensify our work to capture opportunities in virtualization and cloud, building on our leading position in core networks."

The current business unit Networks has been successful in reinforcing Ericsson's leadership position in the market, increasing R&D effectiveness through common components and operational transformation resulting in quality and margin improvements. In order to maintain focus on efficiency and end-to-end approach for the full networks operations, a Segment Networks is established. The segment, which will comprise the two new business units, will work to ensure continued synergies in R&D, alignment of product portfolio as well as marketing across the segment. Johan Wibergh, currently head of business unit Networks, will assume the role as head of Segment Networks. He will remain a member of Ericsson's Executive Leadership Team.

Johan Wibergh said: "My six years at the helm of Networks have been exciting and now I am looking forward to support both BU's to a leading position continuing to secure that we

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capture synergies while also assuming a more corporate role. A top priority for me initially is to ensure that we keep momentum in current business while we make the transition.”

The two new organizations are estimated to be effective on July 1, 2014 with the BU Management team and organizational structure in place. Complete transformation is expected to be finalized during the 3rd quarter 2014.

For 2014 there will be no change in financial disclosures.

NOTES TO EDITORS

Download high-resolution photos and broadcast-quality video at www.ericsson.com/press

Ericsson is the driving force behind the Networked Society – a world leader in communications technology and services. Our long-term relationships with every major telecom operator in the world allow people, business and society to fulfill their potential and create a more sustainable future.

Our services, software and infrastructure – especially in mobility, broadband and the cloud – are enabling the telecom industry and other sectors to do better business, increase efficiency, improve the user experience and capture new opportunities.

With more than 110,000 professionals and customers in 180 countries, we combine global scale with technology and services leadership. We support networks that connect more than 2.5 billion subscribers. Forty percent of the world’s mobile traffic is carried over Ericsson networks. And our investments in research and development ensure that our solutions – and our customers – stay in front.

Founded in 1876, Ericsson has its headquarters in Stockholm, Sweden. Net sales in 2013 were SEK 227.4 billion (USD 34.9 billion). Ericsson is listed on NASDAQ OMX stock exchange in Stockholm and the NASDAQ in New York.

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