

ERICSSON LM TELEPHONE CO

Form 6-K

January 24, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

January 20, 2011

LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

Torshamnsgatan 23, Kista

SE-164 83, Stockholm, Sweden

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

Announcement of LM Ericsson Telephone Company, dated **January 20, 2011** regarding Sony Ericsson reports fourth quarter and full year 2010 results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELEFONAKTIEBOLAGET LM ERICSSON (publ)

By: /s/ NINA MACPHERSON
Nina Macpherson
Senior Vice President and
General Counsel

By: /s/ HENRY STÉNSON
Henry Sténson
Senior Vice President
Corporate Communications

Date: **January 20, 2011**

PRESS RELEASE

January 20, 2011

Sony Ericsson reports fourth quarter and full year 2010 results**Highlights:****Four consecutive quarters of profitability during 2010****Improvement of Euro 1.1 billion of income before taxes, excluding restructuring charges, for the full year****Over 9 million Android-based Xperia phones shipped since launch**

The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the fourth quarter and full year ended December 31, 2010 is as follows:

| | Q4 2009 | Q3 2010 | Q4 2010 | FY 2009 | FY 2010 |
|--|---------|---------|---------|---------|---------|
| Number of units shipped (million) | 14.6 | 10.4 | 11.2 | 57.1 | 43.1 |
| Sales (Euro m.) | 1,750 | 1,603 | 1,528 | 6,788 | 6,294 |
| Gross margin (%) | 23% | 30% | 30% | 15% | 29% |
| Operating income (Euro m.) | -181 | 63 | 39 | -1,018 | 159 |
| Operating margin (%) | -10% | 4% | 3% | -15% | 3% |
| Restructuring charges (Euro m.) | -150 | -4 | -3 | -164 | -42 |
| Operating income excl. restructuring charges (Euro m.) | -32 | 67 | 43 | -854 | 202 |
| Operating margin excl. restructuring charges (%) | -2% | 4% | 3% | -13% | 3% |
| Income before taxes (IBT) (Euro m.) | -190 | 62 | 35 | -1,043 | 147 |
| IBT excl. restructuring charges (Euro m.) | -40 | 66 | 39 | -878 | 189 |
| Net income (Euro m.) | -167 | 49 | 8 | -836 | 90 |
| Average selling price (Euro) | 120 | 154 | 136 | 119 | 146 |

Bert Nordberg, President & CEO of Sony Ericsson commented, 2010 was a turnaround year for Sony Ericsson. Our four consecutive quarters of profit reflect the success of our shift towards an Android-based smartphone portfolio. We will celebrate the 10th anniversary of the creation of Sony Ericsson in 2011, and as shown by the recently announced Xperia arc, we will continue to focus on delivering the most entertaining smartphones worldwide.

Income before taxes, excluding restructuring charges, was Euro 189 million for the full year 2010, compared with a loss of Euro 878 million in 2009. The improvement of approximately Euro 1.1 billion was driven by the success of a streamlined product portfolio focused on higher-end smartphones and an improved cost structure. Sales for the full year 2010 were Euro 6,294 million, a decrease of 7% from 2009, while gross margin improved from 15% in 2009 to 29%, in 2010.

During 2010 Sony Ericsson completed its company-wide transformation programme, improving its cost of sales ratio, reducing its global workforce by approximately 4,000 people in total, consolidating its facilities worldwide and decreasing annual operating expenses by more than Euro 880 million. The total restructuring charges for the transformation programme were Euro 381 million.

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Units shipped during the fourth quarter were 11.2 million, a year-on-year decrease of 23%, consistent with the streamlining of the portfolio to focus on higher-end smartphones. The sequential increase of 8%, related to seasonal factors, was somewhat constrained by a lack of new product launches during the quarter. Average selling price (ASP) for the quarter was Euro 136, a 13% increase year-on-year. ASP decreased 12% sequentially, mainly due to price erosion, foreign exchange and product mix. Sales for the quarter were Euro 1,528 million, a decrease of 13% year-on-year and a decrease of 5% sequentially.

The gross margin for the fourth quarter was 30%, an increase of 7 percentage points year-on-year and essentially flat sequentially, including the benefit of some one-time items, relating to certain royalty matters and warranty estimates.

Income before taxes for the fourth quarter, excluding restructuring charges, was a profit of Euro 39 million, an increase of Euro 79 million year-on-year and a decrease of Euro 27 million sequentially, mainly due to lower sales.

Sony Ericsson's net cash position as of December 31, 2010 was Euro 375 million. The negative cash flow from operating activities for the quarter was Euro 128 million, mainly due to increases in inventory due to seasonal factors as well as payments related to the transformation programme.

During the quarter term loan facilities of Euro 150 million matured and were repaid in full.

Sony Ericsson estimates that the global handset market for the full year 2010 increased slightly in volume to almost 1.2 billion units. The company estimates that the global handset market for the fourth quarter was essentially flat year-on-year and its market share for the fourth quarter was approximately 3% in units and approximately 5% in value. Sony Ericsson estimates that its market share for the full year 2010 was approximately 4% in units and approximately 6% in value.

Sony Ericsson forecasts modest growth in units in the global handset market for 2011.

The liquid identity is a registered trademark of Sony Ericsson Mobile Communications AB. Xperia is a trademark of Sony Ericsson Mobile Communications AB. Sony is a registered trademark of Sony Corporation. Ericsson is a registered trademark of Telefonaktiebolaget LM Ericsson. Any rights not expressly granted herein are reserved and subject to change without prior notice.

EDITOR'S NOTES:

Financial statements:

Consolidated income statement

Consolidated income statement – isolated quarters

Consolidated balance sheet

Consolidated statement of cash flows

Consolidated statement of cash flows – isolated quarters

Net sales by market area by quarter

Sony Ericsson is a 50:50 joint venture by Sony and Ericsson established in October 2001, with global corporate functions located in London and operations in all major markets. Sony Ericsson's vision is to become the industry leader in Communication Entertainment; where new styles of communicating through the internet and social media, become entertainment. Sony Ericsson offers exciting consumer experiences through phones, accessories, content and applications. For more information please visit, www.sonyericsson.com.

- ENDS

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This press release contains forward-looking statements that involve inherent risks and uncertainties. Sony Ericsson has identified certain important factors that may cause actual results to differ materially from those contained in such forward-looking statements. For a detailed description of risk factors see Sony's and Ericsson's filings with the US Securities and Exchange Commission, particularly each company's latest published Annual Report on Form 20-F.

| | | |
|--|-------------------------------|--|
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| Mobile Communications | 202 Hammersmith Road | T: +44 (0)20 8762 5800 |
| Management Limited | London W6 7DN, United Kingdom | www.sonyericsson.com |
| VAT Number GB781457994. Registered in England Number 4257114 | | |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT

| EUR million | Oct-Dec | | | Jan-Dec | | |
|-------------------------------------|-------------|-------------|-------------|---------------|---------------|-------------|
| | 2009 | 2010 | Change | 2009 | 2010 | Change |
| Net sales | 1,750 | 1,528 | -13% | 6,788 | 6,294 | -7% |
| Cost of sales | -1,341 | -1,069 | -20% | -5,782 | -4,440 | -23% |
| Gross profit | 409 | 459 | 12% | 1,006 | 1,853 | 84% |
| Gross margin % | 23% | 30% | 7% | 15% | 29% | 14% |
| Research and development expenses | -299 | -214 | -28% | -1,108 | -840 | -24% |
| Selling and administrative expenses | -299 | -212 | -29% | -964 | -893 | -7% |
| Operating expenses | -599 | -427 | -29% | -2,072 | -1,732 | -16% |
| Other operating income, net | 8 | 7 | -13% | 48 | 38 | -21% |
| Operating income | -181 | 39 | | -1,018 | 159 | |
| Operating margin % | -10% | 3% | | -15% | 3% | |
| Financial income | 4 | 2 | -50% | 21 | 18 | -14% |
| Financial expenses | -12 | -6 | -50% | -46 | -30 | -35% |
| Income before taxes | -190 | 35 | | -1,043 | 147 | |
| Taxes | 36 | -27 | | 236 | -48 | |
| Minority interest | -12 | 0 | | -29 | -9 | -69% |
| Net income | -167 | 8 | | -836 | 90 | |
| Number of units shipped (million) | 14.6 | 11.2 | -23% | 57.1 | 43.1 | -25% |
| ASP (EUR) | 120 | 136 | 13% | 119 | 146 | 23% |

| EUR million | Oct-Dec | | Jan-Dec | |
|-----------------------------------|---------|------|---------|------|
| | 2009 | 2010 | 2009 | 2010 |
| Restructuring charges | | | | |
| Cost of sales | -41 | 2 | -39 | -32 |
| Research and development expenses | -72 | 0 | -84 | 7 |
| Sales and administrative expenses | -37 | -5 | -41 | -17 |
| Total | -150 | -3 | -164 | -42 |

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CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2009 | | | | 2010 | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Net sales | 1,736 | 1,684 | 1,619 | 1,750 | 1,405 | 1,757 | 1,603 | 1,528 |
| Cost of sales | -1,591 | -1,483 | -1,367 | -1,341 | -975 | -1,266 | -1,130 | -1,069 |
| Gross profit | 145 | 200 | 252 | 409 | 429 | 492 | 473 | 459 |
| Gross margin % | 8% | 12% | 16% | 23% | 31% | 28% | 30% | 30% |
| Research and development expenses | -303 | -245 | -260 | -299 | -216 | -218 | -191 | -214 |
| Selling and administrative expenses | -225 | -235 | -205 | -299 | -207 | -245 | -228 | -212 |
| Operating expenses | -528 | -480 | -465 | -599 | -423 | -463 | -420 | -427 |
| Other operating income, net | 13 | 6 | 21 | 8 | 14 | 7 | 10 | 7 |
| Operating income | -369 | -274 | -193 | -181 | 20 | 36 | 63 | 39 |
| Operating margin % | -21% | -16% | -12% | -10% | 1% | 2% | 4% | 3% |
| Financial income | 9 | 6 | 3 | 4 | 7 | 2 | 7 | 2 |
| Financial expenses | -10 | -15 | -9 | -12 | -9 | -7 | -8 | -6 |
| Income before taxes | -370 | -283 | -199 | -190 | 18 | 31 | 62 | 35 |
| Taxes | 84 | 74 | 42 | 36 | 6 | -16 | -12 | -27 |
| Minority interest | -6 | -4 | -6 | -12 | -3 | -4 | -2 | 0 |
| Net income | -293 | -213 | -164 | -167 | 21 | 12 | 49 | 8 |
| Number of units shipped (million) | 14.5 | 13.8 | 14.1 | 14.6 | 10.5 | 11.0 | 10.4 | 11.2 |
| ASP (EUR) | 120 | 122 | 114 | 120 | 134 | 160 | 154 | 136 |

| EUR million | 2009 | | | | 2010 | | | |
|-----------------------------------|------|----|----|------|------|-----|-----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Restructuring charges | -7 | 9 | 0 | -41 | 2 | -33 | -3 | 2 |
| Cost of sales | -7 | 9 | 0 | -41 | 2 | -33 | -3 | 2 |
| Research and development expenses | -2 | -9 | -1 | -72 | -2 | -1 | 10 | 0 |
| Sales and administrative expenses | -3 | -1 | -1 | -37 | -3 | 2 | -11 | -5 |
| Total | -12 | -1 | -2 | -150 | -3 | -32 | -4 | -3 |

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CONSOLIDATED BALANCE SHEET

| EUR million | Dec 31 2009 | Jun 30 2010 | Sep 30 2010 | Dec 31 2010 |
|--|----------------|----------------|----------------|----------------|
| ASSETS | | | | |
| Total fixed and financial assets | 779 | 836 | 813 | 803 |
| Current assets | | | | |
| Inventories | 358 | 467 | 457 | 460 |
| Accounts receivable | 832 | 1,063 | 986 | 836 |
| Other assets | 415 | 412 | 328 | 295 |
| Other short-term cash investments | 489 | 477 | 440 | 276 |
| Cash and bank | 389 | 562 | 482 | 329 |
| Total current assets | 2,483 | 2,981 | 2,692 | 2,196 |
| Total assets | 3,262 | 3,817 | 3,505 | 2,999 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 381 | 510 | 480 | 532 |
| Minority interest | 47 | 66 | 62 | 42 |
| Total equity | 428 | 575 | 541 | 574 |
| Borrowing, Non Current | 0 | 101 | 100 | 100 |
| Other long-term liabilities | 32 | 40 | 30 | 32 |
| Total long-term liabilities | 32 | 141 | 130 | 132 |
| Accounts payable | 852 | 973 | 922 | 769 |
| Borrowing, Current | 258 | 329 | 284 | 130 |
| Other current liabilities | 1,692 | 1,798 | 1,628 | 1,394 |
| Total current liabilities | 2,802 | 3,101 | 2,834 | 2,293 |
| Total shareholders equity and liabilities | 3,262 | 3,817 | 3,505 | 2,999 |
| Net cash* | 620 | 609 | 538 | 375 |

* Net cash is defined as cash and bank plus short-term cash investments less interest-bearing liabilities.

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CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Oct-Dec | | Jan-Dec | |
|---|-------------|-------------|--------------|-------------|
| | 2009 | 2010 | 2009 | 2010 |
| OPERATING | | | | |
| Net income | -167 | 8 | -836 | 90 |
| Adjustments to reconcile net income to cash | 48 | -50 | 135 | -156 |
| | -119 | -42 | -701 | -65 |
| Changes in operating net assets | -97 | -86 | 333 | -183 |
| Cash flow from operating activities | -216 | -128 | -368 | -248 |
| INVESTING | | | | |
| Investing activities | -10 | -18 | -84 | -4 |
| Cash flow from investing activities | -10 | -18 | -84 | -4 |
| FINANCING | | | | |
| Financing activities | 100 | -178 | 205 | -60 |
| Cash flow from financing activities | 100 | -178 | 205 | -60 |
| Net change in cash | -126 | -324 | -247 | -312 |
| Cash, beginning of period | 996 | 921 | 1,125 | 878 |
| Translation difference in Cash | 8 | 7 | -1 | 38 |
| Cash, end of period | 878 | 605 | 878 | 605 |

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CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | 2009 | | | | 2010 | | | |
|---|--------------|--------------|-------------|-------------|------------|--------------|--------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| OPERATING | | | | | | | | |
| Net income | -293 | -213 | -164 | -167 | 21 | 12 | 49 | 8 |
| Adjustments to reconcile net income to cash | 29 | 37 | 20 | 48 | -44 | 4 | -66 | -50 |
| | -263 | -176 | -143 | -119 | -23 | 16 | -17 | -42 |
| Changes in operating net assets | 321 | 60 | 49 | -97 | -72 | 13 | -38 | -86 |
| Cash flow from operating activities | 58 | -115 | -94 | -216 | -94 | 29 | -54 | -128 |
| INVESTING | | | | | | | | |
| Investing activities | -19 | -13 | -42 | -10 | 27 | -15 | 2 | -18 |
| Cash flow from investing activities | -19 | -13 | -42 | -10 | 27 | -15 | 2 | -18 |
| FINANCING | | | | | | | | |
| Financing activities | -53 | 0 | 159 | 100 | 150 | 0 | -32 | -178 |
| Cash flow from financing activities | -53 | 0 | 159 | 100 | 150 | 0 | -32 | -178 |
| Net change in cash | -14 | -128 | 22 | -126 | 83 | 15 | -85 | -324 |
| Cash, beginning of period | 1,125 | 1,116 | 965 | 996 | 878 | 980 | 1,039 | 921 |
| Translation difference in Cash | 5 | -23 | 9 | 8 | 19 | 45 | -33 | 7 |
| Cash, end of period | 1,116 | 965 | 996 | 878 | 980 | 1,039 | 921 | 605 |

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NET SALES BY MARKET AREA BY QUARTER

EUR million

| Isolated quarters | 2009 | | | | 2010 | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Europe, Middle East & Africa * | 977 | 927 | 875 | 966 | 711 | 876 | 837 | 795 |
| Americas | 200 | 195 | 232 | 222 | 201 | 223 | 222 | 205 |
| Asia | 559 | 562 | 512 | 562 | 493 | 659 | 544 | 528 |
| Total | 1,736 | 1,684 | 1,619 | 1,750 | 1,405 | 1,757 | 1,603 | 1,528 |
| * of which Western Europe | 721 | 678 | 636 | 678 | 525 | 668 | 632 | 569 |

| Sequential change (%) | 2009 | | | | 2010 | | | |
|--------------------------------|-------------|------------|------------|-----------|-------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Europe, Middle East & Africa * | -40% | -5% | -6% | 10% | -26% | 23% | -4% | -5% |
| Americas | -69% | -3% | 19% | -4% | -9% | 11% | 0% | -8% |
| Asia | -12% | 1% | -9% | 10% | -12% | 34% | -17% | -3% |
| Total | -40% | -3% | -4% | 8% | -20% | 25% | -9% | -5% |
| * of which Western Europe | -35% | -6% | -6% | 7% | -23% | 27% | -5% | -10% |

| Year over year change (%) | 2009 | | | | 2010 | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-----------|------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Europe, Middle East & Africa * | -35% | -33% | -39% | -41% | -27% | -6% | -4% | -18% |
| Americas | -59% | -74% | -67% | -65% | 1% | 14% | -4% | -8% |
| Asia | -23% | -19% | -24% | -12% | -12% | 17% | 6% | -6% |
| Total | -36% | -40% | -42% | -40% | -19% | 4% | -1% | -13% |
| * of which Western Europe | -26% | -25% | -33% | -39% | -27% | -1% | -1% | -16% |

| Year to date | 2009 | | | | 2010 | | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 0903 | 0906 | 0909 | 0912 | 1003 | 1006 | 1009 | 1012 |
| Europe, Middle East & Africa * | 977 | 1,903 | 2,778 | 3,744 | 711 | 1,587 | 2,424 | 3,219 |
| Americas | 200 | 395 | 627 | 850 | 201 | 424 | 646 | 851 |
| Asia | 559 | 1,121 | 1,633 | 2,194 | 493 | 1,152 | 1,695 | 2,224 |
| Total | 1,736 | 3,419 | 5,038 | 6,788 | 1,405 | 3,162 | 4,765 | 6,294 |
| * of which Western Europe | 721 | 1,400 | 2,036 | 2,714 | 525 | 1,193 | 1,825 | 2,393 |

| YTD year over year change (%) | 2009 | | | | 2010 | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|
| | 0903 | 0906 | 0909 | 0912 | 1003 | 1006 | 1009 | 1012 |
| Europe, Middle East & Africa * | -35% | -34% | -35% | -37% | -27% | -17% | -13% | -14% |
| Americas | -59% | -68% | -68% | -67% | 1% | 7% | 3% | 0% |
| Asia | -23% | -21% | -22% | -20% | -12% | 3% | 4% | 1% |
| Total | -36% | -38% | -40% | -40% | -19% | -8% | -5% | -7% |
| * of which Western Europe | -26% | -25% | -28% | -31% | -27% | -15% | -10% | -12% |

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