

ERICSSON LM TELEPHONE CO

Form 6-K

October 17, 2008

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

October 17, 2008

LM ERICSSON TELEPHONE COMPANY

(Translation of registrant's name into English)

Torshamnsgatan 23, Kista

SE-164 83, Stockholm, Sweden

(Address of principal executive offices)

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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 October 17, 2008 regarding Sony Ericsson reports third quarter results

PRESS RELEASE

October 17, 2008

Sony Ericsson reports third quarter results**Q3 highlights:****Break even results, excluding restructuring charges, as challenging business conditions continued****C902 Cyber-shot camera phone is hit model of the quarter****First Xperia branded multimedia phone X1 began shipping****Expansion of music service offering with announcement of PlayNow plus**

London, UK - The consolidated financial summary for Sony Ericsson Mobile Communications AB (Sony Ericsson) for the third quarter ended September 30, 2008 is as follows:

| | Q3 2008 | Q2 2008 | Q3 2007 |
|--|---------|---------|---------|
| Number of units shipped (million) | 25.7 | 24.4 | 25.9 |
| Sales (Euro m.) | 2,808 | 2,820 | 3,108 |
| Gross margin (%) | 22% | 23% | 31% |
| Operating income (Euro m.) | -33 | -2 | 393 |
| Operating margin (%) | -1% | -0% | 13% |
| Restructuring charges (Euro m.) | 35 | 11 | 0 |
| Operating income excl. restructuring charges (Euro m.) | 2 | 8 | 393 |
| Operating margin excl. restructuring charges (%) | 0% | 0% | 13% |
| Income before taxes (IBT) (Euro m.) | -23 | 8 | 384 |
| IBT excl. restructuring charges (Euro m.) | 12 | 19 | 384 |
| Net income (Euro m.) | -25 | 6 | 267 |
| Average selling price (Euro) | 109 | 116 | 120 |

Units shipped in the quarter were 25.7 million, a sequential increase but flat year-on-year, while sales for the quarter were Euro 2,808 million, a decrease of 10% compared to the third quarter of 2007. Most of this decrease reflects the impact of exchange rate fluctuations, as well as a shift of the product mix to more lower priced phones. Gross margin also decreased year-on-year and sequentially due to continued price pressure at a time of adverse cost trends in the supplier base. This was partially mitigated by the introduction of new products at the end of the second quarter, such as the C902 Cyber-shot camera phone, which is selling well; however, strong competition continues, particularly in Europe. Income before taxes for the quarter was Euro 12 million, excluding restructuring charges of Euro 35 million, a decrease compared to the third quarter of 2007.

Average selling price (ASP) for Sony Ericsson decreased both sequentially and year-on-year in line with levels seen in previous quarters. This is due to selling more lower priced phones and increased price competition in the market for mid- to high-end phones. Sequentially, market share for the third quarter remained flat and is estimated to be around 8%.

As expected the third quarter has continued to be challenging for Sony Ericsson. We have moved forward with our plans to align operations and resources with the consolidation of R&D facilities into a more agile and cost efficient organisational structure. As previously announced, our target remains to reduce operating expenses by Euro 300 million annually by the end of the second quarter 2009, with the full effects expected to appear in the second half of 2009. These plans are progressing in line with

expectations, said Dick Komiyama, President, Sony Ericsson. We are committed to executing our alignment plan as speedily as possible to ensure we have the right size and organisational structure to return the business to healthy profitability.

During the third quarter Sony Ericsson announced PlayNow plus, the next step in its music service offering. PlayNow plus is a high speed and high quality music download service for both the phone and PC that will launch in the fourth quarter with Telenor in Sweden with a special edition Sony Ericsson W902 Walkman® phone integrated with the PlayNow plus service. Further roll-outs of the service are planned with other network partners around the world in early 2009.

Sony Ericsson also announced a number of new phones in the quarter, including three new Walkman® phones, its first UMA handset (G705u) and the first models with integrated You Tube connectivity (W595, W902, G705). In addition, Sony Ericsson started a major marketing initiative to launch its first multimedia convergence phone under the new sub-brand; Xperia , and started shipping the phone, the Xperia X1, at the end of the quarter.

As communicated previously, Sony Ericsson paid a second dividend to the parent companies totalling Euro 300 million (Euro 150 million each) in the quarter based on 2007 earnings, and at the end of September 2008 Sony Ericsson had net cash of Euro 1.4 billion.

Sony Ericsson forecasts that the global handset market for 2008 will grow at a rate of around 10% from more than 1.1 billion units in 2007, while the industry ASP will continue to decline. The majority of this growth is expected to be in emerging markets where lower priced phones dominate.

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The Liquid Identity logo, Xperia and the Xperia logo and PlayNow are trademarks or registered trademarks of Sony Ericsson Mobile Communications AB.

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EDITOR S NOTES:

Financial statements and additional information:

Financial statements:

Consolidated income statement (2)

Consolidated income statement isolated quarters

Consolidated balance sheet

Consolidated statement of cash flows (2)

Consolidated statement of cash flows isolated quarters

Additional information:

Net sales by market area by quarter

- ENDS -

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Sony Ericsson is a top, global industry player with sales of over 100 million phones in 2007. Diversity is one of the core strengths of the company, with operations in over 80 countries including manufacturing in China and R&D sites in China, Europe, India, Japan and North America. Sony Ericsson was established as a 50:50 joint venture by Sony and Ericsson in October 2001, with global corporate functions located in London. For more information about Sony Ericsson please visit www.sonyericsson.com

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This press release contains forward-looking statements that involve inherent risks and uncertainties. We have 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.

Sony Ericsson

CONSOLIDATED INCOME STATEMENT

| EUR million | 2008 | Jul-Sep 2007 | Change |
|-------------------------------------|-------------|-----------------|--------------|
| Net sales | 2,808 | 3,108 | -10% |
| Cost of sales | -2,192 | -2,154 | 2% |
| Gross profit | 616 | 954 | -35% |
| Gross margin % | 21.9% | 30.7% | -9% |
| Research and development expenses | -337 | -280 | 20% |
| Selling and administrative expenses | -303 | -280 | 8% |
| Operating expenses | -640 | -560 | 14% |
| Other operating income, net | -8 | -1 | -586% |
| Operating income | -33 | 393 | -108% |
| Operating margin % | -1.2% | 12.7% | -14% |
| Financial income | 25 | 7 | 274% |
| Financial expenses | -15 | -16 | -11% |
| Income after financial items | -23 | 384 | -106% |
| Taxes | 6 | -109 | -106% |
| Minority interest | -8 | -8 | 1% |
| Net income | -25 | 267 | -109% |
| Number of units shipped (million) | 25.7 | 25.9 | -1% |
| ASP (EUR) | 109 | 120 | -9% |

| EUR million | Jul-Sep 2008 |
|-----------------------------------|-----------------|
| Restructuring charges | |
| Cost of sales | 0 |
| Research and development expenses | 26 |
| Sales and administrative expenses | 3 |
| Other operating income, net | 6 |
| Total | 35 |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT

| EUR million | 2008 | Jan-Sep 2007 | Change |
|-------------------------------------|---------------|-----------------|-------------|
| Net sales | 8,330 | 9,145 | -9% |
| Cost of sales | -6,274 | -6,384 | -2% |
| Gross profit | 2,056 | 2,760 | -26% |
| Gross margin % | 24.7% | 30.2% | -6% |
| Research and development expenses | -1,020 | -824 | 24% |
| Selling and administrative expenses | -883 | -885 | 0% |
| Operating expenses | -1,903 | -1,709 | 11% |
| Other operating income, net | -3 | 2 | -239% |
| Operating income | 149 | 1,055 | -86% |
| Operating margin % | 1.8% | 11.5% | -10% |
| Financial income | 73 | 43 | 72% |
| Financial expenses | -44 | -25 | 76% |
| Income after financial items | 179 | 1,073 | -83% |
| Taxes | -50 | -306 | -84% |
| Minority interest | -14 | -27 | -47% |
| Net income | 114 | 741 | -85% |
| Number of units shipped (million) | 72.5 | 72.6 | 0% |
| ASP (EUR) | 115 | 126 | -9% |

| EUR million | Jan-Sep 2008 |
|-----------------------------------|-----------------|
| Restructuring charges | |
| Cost of sales | 8 |
| Research and development expenses | 28 |
| Sales and administrative expenses | 4 |
| Other operating income, net | 6 |
| Total | 46 |

Sony Ericsson

CONSOLIDATED INCOME STATEMENT - ISOLATED QUARTERS

| EUR million | 2008 | | | | 2007 | | |
|-------------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Net sales | 2,808 | 2,820 | 2,702 | 3,771 | 3,108 | 3,112 | 2,925 |
| Cost of sales | -2,192 | -2,168 | -1,914 | -2,573 | -2,154 | -2,192 | -2,039 |
| Gross profit | 616 | 653 | 788 | 1,198 | 954 | 921 | 886 |
| Gross margin % | 21.9% | 23.1% | 29.2% | 31.8% | 30.7% | 29.6% | 30.3% |
| Research and development expenses | -337 | -344 | -339 | -349 | -280 | -283 | -261 |
| Selling and administrative expenses | -303 | -310 | -270 | -375 | -280 | -321 | -284 |
| Operating expenses | -640 | -653 | -610 | -724 | -560 | -604 | -545 |
| Other operating income, net | -8 | -2 | 6 | 15 | -1 | -2 | 5 |
| Operating income | -33 | -2 | 184 | 489 | 393 | 315 | 346 |
| Operating margin % | -1.2% | -0.1% | 6.8% | 13.0% | 12.7% | 10.1% | 11.8% |
| Financial income | 25 | 25 | 24 | 19 | 7 | 18 | 18 |
| Financial expenses | -15 | -14 | -15 | -7 | -16 | -6 | -2 |
| Income after financial items | -23 | 8 | 193 | 501 | 384 | 327 | 362 |
| Taxes | 6 | 0 | -57 | -118 | -109 | -97 | -100 |
| Minority interest | -8 | -3 | -3 | -10 | -8 | -10 | -9 |
| Net income | -25 | 6 | 133 | 373 | 267 | 220 | 254 |
| Number of units shipped (million) | 25.7 | 24.4 | 22.3 | 30.8 | 25.9 | 24.9 | 21.8 |
| ASP (EUR) | 109 | 116 | 121 | 123 | 120 | 125 | 134 |

| EUR million | 2008 | |
|-----------------------------------|-----------|-----------|
| | Q3 | Q2 |
| Restructuring charges | | |
| Cost of sales | 0 | 8 |
| Research and development expenses | 26 | 2 |
| Sales and administrative expenses | 3 | 1 |
| Other operating income, net | 6 | 0 |
| Total | 35 | 11 |

Sony Ericsson

CONSOLIDATED BALANCE SHEET

| EUR million | Sep 30 2008 | Jun 30 2008 | Dec 31 2007 | Sep 30 2007 |
|--|-------------------|----------------|----------------|-------------------|
| ASSETS | | | | |
| Total fixed and financial assets | 649 | 590 | 572 | 511 |
| Current assets | | | | |
| Inventories | 717 | 538 | 437 | 620 |
| Accounts receivables | 1,815 | 1,905 | 1,870 | 1,803 |
| Other assets | 527 | 511 | 345 | 544 |
| Other short-term cash investments | 918 | 966 | 1,431 | 954 |
| Cash and bank | 555 | 624 | 724 | 804 |
| Total current assets | 4,532 | 4,544 | 4,808 | 4,725 |
| Total assets | 5,180 | 5,134 | 5,380 | 5,236 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | | |
| Shareholders equity | 1,429 | 1,684 | 2,026 | 1,663 |
| Minority interest | 50 | 35 | 64 | 70 |
| Total equity | 1,480 | 1,719 | 2,090 | 1,733 |
| Total long-term liabilities | | | | |
| | 39 | 25 | 26 | 22 |
| Accounts payable | 1,453 | 1,436 | 1,263 | 1,602 |
| Other current liabilities | 2,208 | 1,954 | 2,001 | 1,879 |
| Total current liabilities | 3,661 | 3,390 | 3,264 | 3,481 |
| Total shareholders equity and liabilities | 5,180 | 5,134 | 5,380 | 5,236 |
| Net cash* | 1,374 | 1,591 | 2,155 | 1,758 |

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

Sony Ericsson

CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Jul-Sep | |
|---|--------------|--------------|
| | 2008 | 2007 |
| OPERATIONS | | |
| Net income | -25 | 267 |
| Adjustments to reconcile net income to cash | 39 | 32 |
| | 15 | 299 |
| Changes in operating net assets | 88 | 88 |
| Cash flow from operating activities | 102 | 387 |
| INVESTMENTS | | |
| Investing activities | -55 | -53 |
| Cash flow from investing activities | -55 | -53 |
| FINANCING | | |
| Financing activities | - 238 | - 300 |
| Cash flow from financing activities | -238 | -300 |
| Net change in cash | -191 | 34 |
| Cash, beginning of period | 1,591 | 1,730 |
| Translation difference in Cash | 74 | -6 |
| Cash, end of period | 1,473 | 1,758 |

Sony Ericsson

CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR million | Jan-Sep | |
|---|--------------|--------------|
| | 2008 | 2007 |
| OPERATIONS | | |
| Net income | 114 | 741 |
| Adjustments to reconcile net income to cash | 109 | 90 |
| | 223 | 831 |
| Changes in operating net assets | -155 | -349 |
| Cash flow from operating activities | 68 | 482 |
| INVESTMENTS | | |
| Investing activities | -105 | -138 |
| Cash flow from investing activities | -105 | -138 |
| FINANCING | | |
| Financing activities | -708 | -849 |
| Cash flow from financing activities | -708 | -849 |
| Net change in cash | -745 | -504 |
| Cash, beginning of period | 2,155 | 2,273 |
| Translation difference in Cash | 62 | -11 |
| Cash, end of period | 1,473 | 1,758 |

Sony Ericsson

CONSOLIDATED STATEMENT OF CASH FLOWS - ISOLATED QUARTERS

| EUR million | 2008 | | | | 2007 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Jul-Sep | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar |
| OPERATIONS | | | | | | | |
| Net income | -25 | 6 | 133 | 373 | 267 | 220 | 254 |
| Adjustments to reconcile net income to cash | 39 | 40 | 31 | 17 | 32 | 30 | 28 |
| | 15 | 46 | 164 | 390 | 299 | 250 | 282 |
| Changes in operating net assets | 88 | -142 | -101 | 44 | 88 | 16 | -454 |
| Cash flow from operating activities | 102 | -96 | 64 | 434 | 387 | 266 | -172 |
| INVESTMENTS | | | | | | | |
| Investing activities | -55 | -29 | -22 | -27 | -53 | -31 | -53 |
| Cash flow from investing activities | -55 | -29 | -22 | -27 | -53 | -31 | -53 |
| FINANCING | | | | | | | |
| Financing activities | - 238 | - 8 | - 462 | 0 | - 300 | - 548 | - 1 |
| Cash flow from financing activities | -238 | -8 | -462 | 0 | -300 | -548 | -1 |
| Net change in cash | -191 | -133 | -421 | 408 | 34 | -312 | -226 |
| Cash, beginning of period | 1,591 | 1,711 | 2,155 | 1,758 | 1,730 | 2,045 | 2,273 |
| Translation difference in Cash | 74 | 13 | -24 | -10 | -6 | -3 | -2 |
| Cash, end of period | 1,473 | 1,591 | 1,711 | 2,155 | 1,758 | 1,730 | 2,045 |

Sony Ericsson

NET SALES BY MARKET AREA BY QUARTER

EUR million

| Isolated quarters | 2008 | | | | 2007 | | |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 1,427 | 1,386 | 1,494 | 2,251 | 1,715 | 1,729 | 1,598 |
| Americas | 703 | 740 | 486 | 636 | 573 | 499 | 365 |
| Asia | 678 | 694 | 722 | 884 | 820 | 885 | 961 |
| Total | 2,808 | 2,820 | 2,702 | 3,771 | 3,108 | 3,112 | 2,925 |

| | | | | | | | |
|---------------------------|-----|-----|-----|-------|-------|-------|-------|
| * of which Western Europe | 947 | 900 | 979 | 1,569 | 1,103 | 1,102 | 1,078 |
|---------------------------|-----|-----|-----|-------|-------|-------|-------|

| Sequential change (%) | 2008 | | | | 2007 | | |
|--------------------------------|-----------|-----------|-------------|------------|-----------|-----------|-------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | 3% | -7% | -34% | 31% | -1% | 8% | -26% |
| Americas | -5% | 52% | -24% | 11% | 15% | 37% | -34% |
| Asia | -2% | -4% | -18% | 8% | -7% | -8% | -11% |
| Total | 0% | 4% | -28% | 21% | 0% | 6% | -23% |

| | | | | | | | |
|---------------------------|----|-----|------|-----|----|----|------|
| * of which Western Europe | 5% | -8% | -38% | 42% | 0% | 2% | -27% |
|---------------------------|----|-----|------|-----|----|----|------|

| Year over year change (%) | 2008 | | | | 2007 | | |
|--------------------------------|-------------|------------|------------|-----------|-----------|------------|------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| Europe, Middle East & Africa * | -17% | -20% | -7% | 5% | 7% | 59% | 55% |
| Americas | 23% | 48% | 33% | 15% | 37% | 52% | 46% |
| Asia | -17% | -21% | -25% | -18% | -8% | 4% | 35% |
| Total | -10% | -9% | -8% | 0% | 7% | 37% | 47% |

| | | | | | | | |
|---------------------------|------|------|-----|----|-----|-----|-----|
| * of which Western Europe | -14% | -18% | -9% | 6% | -1% | 47% | 60% |
|---------------------------|------|------|-----|----|-----|-----|-----|

| Year to date | 2008 | | | | 2007 | | |
|--------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | 0809 | 0806 | 0803 | 0712 | 0709 | 0706 | 0703 |
| Europe, Middle East & Africa * | 4,324 | 2,879 | 1,494 | 7,293 | 5,042 | 3,328 | 1,598 |
| Americas | 1,930 | 1,226 | 486 | 2,072 | 1,436 | 864 | 365 |
| Asia | 2,076 | 1,416 | 722 | 3,550 | 2,666 | 1,846 | 961 |
| Total | 8,330 | 5,522 | 2,702 | 12,916 | 9,145 | 6,037 | 2,925 |

| | | | | | | | |
|---------------------------|-------|-------|-----|-------|-------|-------|-------|
| * of which Western Europe | 2,826 | 1,879 | 979 | 4,852 | 3,283 | 2,179 | 1,078 |
|---------------------------|-------|-------|-----|-------|-------|-------|-------|

| YTD year over year change (%) | 2008 | | | | 2007 | | |
|--------------------------------|------|------|------|------|------|------|------|
| | 0809 | 0806 | 0803 | 0712 | 0709 | 0706 | 0703 |
| Europe, Middle East & Africa * | -14% | -13% | -7% | 24% | 36% | 57% | 55% |
| Americas | 34% | 42% | 33% | 34% | 44% | 49% | 46% |
| Asia | -22% | -23% | -25% | 0% | 8% | 18% | 35% |

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| | | | | | | | |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|
| Total | -9% | -9% | -8% | 18% | 27% | 42% | 47% |
| * of which Western Europe | -14% | -14% | -9% | 21% | 29% | 53% | 60% |

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/ CARL OLOF BLOMQVIST*
Carl Olof Blomqvist
Senior Vice President and
General Counsel

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

Date: October 17, 2008