

ERICSSON LM TELEPHONE CO

Form 6-K

April 26, 2010

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# **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**

**April 26, 2010**

# **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 April 26, 2010 regarding Ericsson first quarter results.

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FIRST QUARTER REPORT

April 23, 2010

## ERICSSON FIRST QUARTER RESULTS

## CEO COMMENTS

Group sales in the quarter declined -9% year-over-year with lower sales in Networks but with an increase in Global Services, says Hans Vestberg, President and CEO of Ericsson (NASDAQ:ERIC).

Sales for comparable units, adjusted for currency exchange rate effects and hedging declined year-over-year -16%. Voice related sales, such as 2G, continued to decline in the quarter but were partly offset by increased 3G sales. Sales were also impacted by tight industry component supply conditions.

Gross margin improved, positively affected by business mix and continued efficiency gains. Cash flow improved year-over-year. The work to regain profitability in our joint ventures is on track and Sony Ericsson shows improved results year-over-year.

The market conditions we saw in the second half of 2009 prevailed also in this quarter with mixed operator investment behavior across regions and markets. Operators in a number of developing markets were still cautious with their investments which impacted Networks sales while Professional Services sales were good also this quarter.

During the quarter, the mobile data traffic increase continued, mainly in North America and Western Europe, driven by increased consumer usage of smartphones and other devices. We forecast that mobile data traffic will double annually over the next five years. In markets with strong data traffic uptake, we increasingly discuss with operators how to manage the higher data volumes and how to maintain a good consumer user experience. The 16 managed services contracts signed during the quarter reflect increased operator focus on network quality and efficiency.

We also continued to strengthen our position in North America with the important 4G/LTE agreement with AT&T. With a clear roadmap for CDMA, customers show confidence in our broadened offering. The acquired CDMA business developed favorably during the quarter, concludes Hans Vestberg.

| SEK b.                              | First quarter |      |        | Fourth quarter |        |
|-------------------------------------|---------------|------|--------|----------------|--------|
|                                     | 2010          | 2009 | Change | 2009           | Change |
| Net sales                           | 45.1          | 49.6 | -9%    | 58.3           | -23%   |
| Gross margin                        | 39%           | 36%  |        | 35%            |        |
| EBITA margin excl JVs <sup>1)</sup> | 13%           | 12%  |        | 15%            |        |
| Operating income excl JVs           | 4.5           | 4.7  | -4%    | 7.5            | -39%   |
| Operating margin excl JVs           | 10%           | 10%  |        | 13%            |        |
| Ericsson's share in earnings in JVs | -0.3          | -2.2 |        | -0.4           |        |
| Income after financial items        | 4.1           | 3.3  | 23%    | 6.7            | -38%   |
| Net income                          | 1.3           | 1.8  | -30%   | 0.7            | 76%    |
| EPS diluted, SEK                    | 0.39          | 0.54 |        | 0.10           |        |
| Adjusted cash flow <sup>2)</sup>    | 3.0           | -1.7 |        | 13.6           |        |
| Cash flow from operations           | 2.3           | -2.9 |        | 12.5           |        |
| Restructuring charges excl JVs      | 2.2           | 0.7  |        | 4.2            |        |

All numbers, excl. EPS, Net income and Cash flow from operations, excl. restructuring charges.

<sup>1)</sup> EBITA Earnings before interest, tax, amortizations and write-downs of acquired intangibles.

<sup>2)</sup> Cash flow from operations excl. restructuring cash outlays that have been provided for. Cash outlays in the quarter were SEK 0.7 (1.2) b. For the fourth quarter, cash outlays amounted to SEK 1.1 b.



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## FINANCIAL HIGHLIGHTS

## Income statement and cash flow

Sales in the quarter were down -9% year-over-year and -23% sequentially. Sales for comparable units, adjusted for currency exchange rate effects and hedging, declined -16% year-over-year. The net impact of currency exchange rate effects and hedging was limited. During the quarter, operators in a number of developing markets were still cautious with investments which impacted sales, primarily in Networks. This was partly offset by continued good services sales.

Gross margin, excluding restructuring, improved year-over-year to 39% (36%) due to efficiency gains and product mix. Sequentially, the gross margin improved from 35% for the same reasons.

Operating expenses were reduced to SEK 13.1 (13.6) b., excluding restructuring charges. This includes operating expenses from the acquired CDMA business. The year-over-year decline is primarily a result of ongoing cost reduction activities. Other operating income and expenses were SEK 0.3 (0.3) b. in the quarter.

Operating income, excluding joint ventures and restructuring charges, amounted to SEK 4.5 (4.7) b., including positive contribution from the acquired CDMA business. Operating margin was stable at 10% (10%) in the quarter, despite lower year-over-year sales, but declined sequentially as a result of seasonally lower sales.

Ericsson's share in earnings of joint ventures, before tax, amounted to SEK -0.3 (-2.2) b. excluding restructuring charges, compared to SEK -0.4 b. in the fourth quarter. Sequentially, Sony Ericsson improved sales and margins significantly due to efficiency programs and new products, while ST-Ericsson's loss increased mainly due to lower sales and seasonality. Restructuring charges in joint ventures were SEK 0.1 b in the quarter.

Financial net was SEK -0.2 (0.8) b., mainly due to low interest rates and negative currency revaluation effects on financial assets and liabilities.

Net income amounted to SEK 1.3 (1.8) b. and earnings per share were SEK 0.39 (0.54).

Adjusted cash flow improved to SEK 3.0 (-1.7) b. in the quarter, down sequentially from SEK 13.6 b. However, cash flow from operations improved year-over-year due to focus on capital efficiency. Cash flow in the quarter was negatively affected by an employer contribution to pension trusts of SEK 0.9 (1.5) b.

## Balance sheet and other performance indicators

| SEK b.  | Mar 31<br>2010 | Dec 31<br>2009 | Sep 30<br>2009 | Jun 30<br>2009 | Mar 31<br>2009 |
|---|----------------|----------------|----------------|----------------|----------------|
| Net cash  | 38.5           | 36.1           | 33.9           | 27.9           | 22.9           |
| Interest-bearing liabilities and post-employment benefits | 39.3           | 40.7           | 45.9           | 47.6           | 41.2           |
| Trade receivables   | 62.7           | 66.4           | 62.4           | 69.4           | 75.2           |
| Days sales outstanding                                    | 117            | 106            | 118            | 121            | 124            |
| Inventory   | 24.1           | 22.7           | 26.8           | 29.0           | 30.7           |
| Of which regional inventory                               | 14.0           | 12.9           | 15.9           | 17.7           | 18.9           |
| Inventory days  | 75             | 68             | 77             | 78             | 83             |
| Payable days  | 59             | 57             | 57             | 59             | 65             |
| Customer financing, net                                   | 2.9            | 2.3            | 2.7            | 3.1            | 2.8            |
| Return on capital employed                                | 5%             | 4%             | 4%             | 5%             | 7%             |
| Equity ratio  | 53%            | 52%            | 52%            | 51%            | 52%            |

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Trade receivables decreased by SEK 3.7 b in the quarter to SEK 62.7 (66.4) b., impacted by seasonally lower sales, days sales outstanding (DSO) increased sequentially from 106 to 117 days.

Inventory increased by SEK 1.4 b. in the quarter to SEK 24.1 (22.7) b. due to seasonal build-up. The year-over-year reduction is partly due to lower sales and product mix shift. Turnover improved year-over-year to 75 days due to improved project execution.

The net cash position increased by SEK 2.4 b. in the quarter to SEK 38.5 (36.1) b. Cash, cash equivalents and short-term investments amounted to SEK 77.9 (76.7) b.

During the quarter, approximately SEK 1.6 b. of provisions were utilized, of which SEK 0.7 b. related to restructuring. Additions of SEK 1.8 b. were made, of which SEK 0.7 b. related to restructuring. Reversals of SEK 0.5 b. were made.

Cost reductions

The ongoing cost reduction program, initiated in first quarter 2009, will be completed by the second quarter 2010 and the total annual savings of the entire program are estimated to SEK 15-16 b. from the second half of 2010.

In the first quarter, restructuring charges, excluding joint ventures, amounted to SEK 2.2 b. At the end of the quarter, cash outlays of SEK 4.2 b. remain to be made. Total restructuring charges for the program are estimated to SEK 15 b. of which approximately SEK 1.5 b remains. Cash outlays related to this program will be made also after the finalizing of the program in the second quarter 2010.

|                                      | 2009         | 2010        |
|--------------------------------------|--------------|-------------|
|                                      | Full year    | Q1          |
| <b>Restructuring charges, SEK b.</b> |              |             |
| Cost of sales                        | -4.2         | -0.8        |
| Research and development expenses    | -6.1         | -0.3        |
| Selling and administrative expenses  | -1.0         | -1.1        |
| <b>Total</b>                         | <b>-11.3</b> | <b>-2.2</b> |

SEGMENT RESULTS

| SEK b.                         | 2010        | First quarter<br>2009 | Change      | Fourth quarter<br>2009 | Change      |
|--------------------------------|-------------|-----------------------|-------------|------------------------|-------------|
| <b>Networks sales</b>          | <b>24.7</b> | <b>28.8</b>           | <b>-14%</b> | <b>31.8</b>            | <b>-22%</b> |
| EBITA margin <sup>1)</sup>     | 16%         | 14%                   |             | 19%                    |             |
| Operating margin               | 12%         | 12%                   |             | 17%                    |             |
| <b>Global Services sales</b>   | <b>18.1</b> | <b>17.5</b>           | <b>3%</b>   | <b>23.1</b>            | <b>-22%</b> |
| Of which Professional Services | 13.3        | 12.8                  | 4%          | 16.5                   | -20%        |
| Of which managed services      | 4.9         | 4.2                   | 17%         | 5.1                    | -4%         |
| Of which Network Rollout       | 4.8         | 4.7                   | 3%          | 6.7                    | -27%        |
| EBITA margin <sup>1)</sup>     | 12%         | 10%                   |             | 10%                    |             |
| Of which Professional Services | 16%         | 16%                   |             | 14%                    |             |
| Operating margin               | 11%         | 10%                   |             | 9%                     |             |
| Of which Professional Services | 15%         | 15%                   |             | 13%                    |             |
| <b>Multimedia sales</b>        | <b>2.3</b>  | <b>3.2</b>            | <b>-29%</b> | <b>3.4</b>             | <b>-31%</b> |
| EBITA margin <sup>1)</sup>     | -5%         | 8%                    |             | 17%                    |             |
| Operating margin               | -13%        | 2%                    |             | 10%                    |             |
| <b>Total sales</b>             | <b>45.1</b> | <b>49.6</b>           | <b>-9%</b>  | <b>58.3</b>            | <b>-23%</b> |

All numbers exclude restructuring charges

<sup>1)</sup> EBITA Earnings before interest, tax, amortizations and write-downs of acquired intangibles.



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### Change in segment reporting

As of January 1, 2010, Ericsson reports the following business segments: Networks, Global Services, Multimedia, Sony Ericsson and ST-Ericsson. The only change compared to last year is that Network Rollout services is now included in Global Services and excluded from Networks. All other segments are reported as before. With this change the external reporting is aligned with the new internal reporting structure.

### Networks

Networks sales in the quarter declined by -14% year-over-year, positively impacted by CDMA sales. However, tight industry component supply conditions affected sales in the quarter. This was more than offset by the acquired CDMA operations.

Voice related sales, such as 2G access and core continued to decline. Increased mobile broadband (3G) sales, including radio, mobile backhaul and packet core, partly offset this impact. In a number of developing markets the conditions we saw in the second half of 2009 prevailed also in this quarter, especially in Sub-Saharan Africa and South East Asia, and negatively impacted sales.

The integration of acquired CDMA assets progresses well.

EBITA margin in the quarter increased year-over-year to 16% (14%) despite lower sales, positively impacted by continued efficiency gains, product mix as well as a higher proportion of software.

Technology milestones in the quarter include; the world's first live 2.5 Gbps microwave radio connection, world record of 84 Mbps HSPA. Ericsson maintains its number one position in wireless infrastructure and is now larger than its two nearest competitors combined.

### Global Services

Global Services sales grew 3% year-over-year and declined -22% sequentially. Professional Services sales increased 4% year-over-year and in local currencies growth amounted to 12% year-over-year. Managed Services sales in the quarter increased by 17% year-over-year. Network Rollout sales increased 3% year-over-year.

There is a continued good demand for services targeting the operational efficiency of operators, such as managed services, systems integration and consulting. Services related to 2G voice sales developed unfavorably.

EBITA margin for Global Services improved year-over-year to 12% (10%) and was up from 10% sequentially due to continued efficiency gains and improved project management in network rollout.

EBITA margin for Professional Services amounted to 16% (16%) in the quarter and was up from 14% sequentially. The margin was however somewhat negatively impacted by large managed services deals in transformation phase.

During the quarter 16 managed services contracts were signed of which approximately half were extensions or expansions of existing customer agreements.

Ericsson now provides support for networks that serve more than two billion subscribers worldwide. The total number of subscribers in managed networks is now 410 million, of which 50% are in high-growth markets. The number of services employees amounts to over 40,000 globally.

### Multimedia

Multimedia sales in the quarter decreased by -29% year-over-year and -31% sequentially, due to continued slower sales of revenue management solutions in regions Sub-Saharan Africa, Middle East and South East Asia and Oceania. Sales in multimedia brokering (IPX) were also somewhat slower.

The TV business continued to show good development with strong demand for compression technology and IPTV solutions.

EBITA margin declined to -5% (8%) year-over-year as a result of the lower volumes.





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Sony Ericsson

| EUR m.  | First quarter |       |        | Fourth quarter |        |
|---|---------------|-------|--------|----------------|--------|
|   | 2010          | 2009  | Change | 2009           | Change |
| Number of units shipped (m.)                    | 10.5          | 14.5  | -28%   | 14.6           | -28%   |
| Average selling price (EUR)                     | 134           | 120   | 12%    | 120            | 12%    |
| Net sales                                       | 1,405         | 1,736 | -19%   | 1,750          | -20%   |
| Gross margin                                    | 31%           | 8%    |        | 23%            |        |
| Operating margin                                | 1%            | -21%  |        | -10%           |        |
| Income before taxes                             | 18            | -370  |        | -190           |        |
| Income before taxes, excl restructuring charges | 21            | -358  |        | -40            |        |
| Net income                                      | 21            | -293  |        | -167           |        |

Units shipped in the quarter were 10.5 million, a decrease of -28% year-over-year. Sales in the quarter were EUR 1,405 million, a decrease of -19% year-over-year.

Average selling price in the quarter increased by 12% due to good sell through of existing models and new flagship phones starting to ship at the end of the quarter and a positive currency effect.

Gross margin improved both sequentially and year-over-year, reflecting a more favorable product mix and the benefit of cost of sales improvements in the past year, as well as the resolution of certain royalty matters during the quarter.

Income before taxes for the quarter, excluding restructuring charges, was a profit of EUR 21 (-358) million, illustrating the positive impact of the cost reduction program. As of March 31, 2010, Sony Ericsson had a net cash position of EUR 563 million.

During the first quarter 2010 Sony Ericsson obtained additional external funding of EUR 150 million. The funding is guaranteed by the parent companies on a 50/50 basis.

Ericsson's share in Sony Ericsson's income before tax was SEK 0.1 (-1.0) b. in the quarter.

ST-Ericsson

| USD m.                                  | 2010 |              | 2009    |      |
|---|------|--------------|---------|------|
|   | Q1   | Q1 Pro Forma | Feb-Mar | Q4   |
| Net sales                               | 606  | 562          | 391     | 740  |
| Adjusted operating income <sup>1)</sup> | -114 | -149         | -78     | -50  |
| Operating income before taxes           | -164 | -179         | -98     | -139 |
| Net income                              | -154 | NA           | -89     | -125 |

<sup>1)</sup> Operating income adjusted for amortization of acquired intangibles and restructuring charges

Net sales in the quarter showed a -18% decrease sequentially, due to the impact of the ongoing portfolio transition, to seasonal effects as well as the number of days in the quarter.

The sequential change in operating loss mostly reflects lower sales, the effect of an unfavorable product mix and the lower contribution from European funding programs which positively impacted the previous quarters.

Inventory declined due to continued control of the supply chain.

Net cash was USD 120 million at the end of the quarter with a sequential decline of USD 109 million mainly due to the operating loss and cash outflows related to restructuring.

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The restructuring runs according to plan.

ST-Ericsson is reported in US GAAP. Ericsson's share in ST-Ericsson's income before tax, adjusted to IFRS, was SEK -0.5 b. in the quarter, including restructuring charges of SEK -0.1 b. Ericsson Mobile Platforms incurred a loss of SEK -0.5 b. in January 2009, which was included in the result in segment ST-Ericsson. The reported result in the segment in the first quarter 2009 was therefore SEK -0.7 b.

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## REGIONAL OVERVIEW

| Sales, SEK b.                    | First quarter |             |            | Fourth quarter |             |
|----------------------------------|---------------|-------------|------------|----------------|-------------|
|                                  | 2010          | 2009        | Change     | 2009           | Change      |
| North America                    | 9.5           | 4.8         | 99%        | 9.4            | 1%          |
| Latin America                    | 4.0           | 4.4         | -9%        | 5.9            | -32%        |
| Northern Europe and Central Asia | 2.3           | 2.9         | -20%       | 3.5            | -34%        |
| Western and Central Europe       | 5.2           | 5.4         | -3%        | 6.1            | -15%        |
| Mediterranean                    | 5.1           | 6.1         | -17%       | 7.1            | -28%        |
| Middle East                      | 3.9           | 4.0         | 0%         | 5.0            | -22%        |
| Sub-Saharan Africa               | 2.4           | 4.7         | -48%       | 3.8            | -37%        |
| India                            | 2.3           | 4.0         | -43%       | 3.4            | -33%        |
| China and North East Asia        | 5.0           | 5.8         | -15%       | 7.4            | -33%        |
| South East Asia and Oceania      | 3.5           | 5.2         | -32%       | 5.2            | -32%        |
| Other                            | 1.9           | 2.3         | -19%       | 1.5            | 30%         |
| <b>Total</b>                     | <b>45.1</b>   | <b>49.6</b> | <b>-9%</b> | <b>58.3</b>    | <b>-23%</b> |
| Change in regional reporting     |               |             |            |                |             |

As of January 1, 2010, the geographical reporting is changed. Instead of five geographical areas, ten regions are reported which mirrors the new internal geographical organization.

**North America** sales increased 99% year-over-year and 1% sequentially. The integration of acquired CDMA assets progresses well. The very strong data traffic increase continues in North America due to mobile broadband adoption. Smartphones and laptops with embedded modules and dongle type devices are important drivers. Ericsson's position in North America was further strengthened in the first quarter with the 4G/LTE award from AT&T.

**Latin America** sales decreased by -9% year-over-year and by -32% sequentially. With data traffic uptake operators are looking into mobile broadband investments, including required backhaul capacity. New 3G licenses are planned to be auctioned in the region later this year (Brazil, Costa Rica and Mexico). There is continued good development in services, especially managed services. The tragic earthquakes in Chile and Haiti highlighted the importance for us to be able to support our customers in responding to emergencies.

**Northern Europe and Central Asia** sales decreased by -20% year-over-year and by -34% sequentially. The decrease is mainly related to sales of mobile network infrastructure while services sales are stable. Northern Europe saw good demand for mobile broadband as well as modernization of fixed networks. Central Asia still saw low investment levels.

**Western and Central Europe** sales decreased -3% year-over-year and -15% sequentially. Development in the region showed large variations, where Western Europe and especially UK developed favorably and Germany showed stable development, while parts of Central Europe were still slow. 4G/LTE and network modernization is high on operators agendas, services remain strong and represent half of the sales in the quarter.

**Mediterranean** sales decreased -17% year-over-year and -28% sequentially. The demand for increased mobile broadband capacity continues, but operator investments in Spain and Greece remain low. Operators focus on operational efficiency leads to continued good demand for managed services and consulting. The year-over-year sales were negatively impacted by the reduced scope by a managed services agreement in Italy but improved sequentially.

**Middle East** sales were flat year-over-year and down -22% sequentially, with mixed development across the region. Services sales were strong in the quarter, especially in Saudi Arabia. Sales of mobile network infrastructure declined although we saw a strong quarter in Turkey and in some of the Gulf countries.

**Sub-Saharan Africa** sales decreased by -48% year-over-year and -37% sequentially. The region continued to be impacted by the global economic climate which is reflected in decreased operator investments. The region is predominately a market where 2G rollouts are in operators focus. However, 3G is picking up from low levels. Furthermore, the interest for managed services is increasing among operators. Operator consolidation is also taking place in the region, which temporarily reduced investments.



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**India** sales decreased -43% year-over-year and -33% sequentially due to cautious operator investments pending 3G auctions. The decline in business volumes mainly affected mobile networks infrastructure sales while recurring services business maintained its good development. During the quarter, Ericsson secured a USD 1.3 b. agreement with Bharti to expand and upgrade Airtel's network in 15 of India's 22 telecom circles. Subscription growth continues, driven by tariff competition among operators.

**China and North East Asia** sales decreased -15% year-over-year and by -33% sequentially. However, the comparison year-over-year is tough due to the large 3G rollouts in China in the first quarter 2009. Mainland China operators' focus is still on achieving a successful 3G introduction, with subscriber take up and high network quality. In Japan, the high mobile data growth continues.

**South East Asia and Oceania** sales decreased -32% both year-over-year and sequentially. The year-over-year comparison is tough due to significant deals and major network expansions in the first quarter 2009. Operators in many markets, such as Bangladesh, Indonesia and the Philippines, continued to be cautious with investments. There is continued uncertainty over timing of 3G licenses in Bangladesh and Thailand. In markets where 3G has been deployed we see continued growth in mobile broadband usage. In Vietnam, major 3G rollouts are taking place.

**Other** includes sales of for example embedded modules, cables, power modules as well as licensing and IPR.

## MARKET DEVELOPMENT

Growth rates are based on Ericsson and market estimates

Operator investment activities continued to vary between regions and countries. Operators in a number of developing markets were still cautious with investments. In markets with strong data traffic uptake, network quality and efficiencies are high on operators' agendas.

While the global mobile infrastructure market declined by more than 10% in 2009, measured in USD, we believe that the fundamentals for longer-term positive development for the industry remain solid. Ericsson is well positioned to drive and benefit from this development.

Global mobile data traffic has surpassed voice traffic. In addition, 3G/WCDMA traffic has surpassed GSM traffic. Ericsson's findings show that mobile data traffic globally grew 280% during the last two years and is forecast to double annually over the next five years. The data traffic growth is contributing to operator revenue growth as more and more consumers use data traffic generating devices, such as smartphones and laptops.

The growth in mobile and fixed internet traffic is mainly driven by video, 24/7 connectivity, and IPTV.

With operators' focus on increased network quality and efficiency, the ability to deal with high data volumes while maintaining telecom grade service levels is key. This also drives demand for services targeting the operational efficiency of operators, such as managed services and consulting.

As a consequence of the strong growth in mobile data traffic, there are signs of operator price plans for mobile data starting to move beyond bundles and flat rates to variable or tiered pricing, where high-speed and volume users pay more.

Mobile subscriptions grew by 184 million in the quarter to a total of 4.8 billion, returning to higher growth levels. Global mobile penetration is now 70%. China and India alone accounted for 44% of net additions with 28 and 53 million respectively.

The global number of new WCDMA subscriptions grew by 39 million in the quarter to a total of 490 million, of which 225 million are estimated to be HSPA. In the fourth quarter 2009, fixed broadband connections grew to 457 million, adding 19 million subscribers.

Voice traffic is still the main revenue source for operators even though data represents an increasing share. For many large operators, mobile data revenues constitute 25% of total service revenues or more. In addition to capacity enhancements, operators face the challenge of converting to all-IP broadband networks. This will include increased deployments of broadband access, routing and transmission equipment along with next-generation service delivery and revenue management systems.

There is continued good growth in professional services, fueled by operators' desire to reduce operating expenses and improve efficiency in network operation and maintenance. The move toward all-IP and increased network complexity will create further demand for systems integration and consulting.



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PARENT COMPANY INFORMATION

Net sales for the first quarter amounted to SEK 0.0 (0.2) b. and income after financial items was SEK -0.6 (1.4) b. A write-down of intangible assets in the amount of SEK 0.9 b. was made during the first quarter.

Major changes in the Parent Company's financial position for the first quarter include; decreased current and non-current receivables from subsidiaries of SEK 7.9 b.; increased cash, cash equivalents and short-term investments of SEK 3.0 b. and decreased current and non-current liabilities to subsidiaries of SEK 5.3 b.

At the end of the quarter cash, cash equivalents and short-term investments amounted to SEK 65.4 (62.4) b.

Guarantees to Sony Ericsson Mobile Communications AB are reported as contingent liabilities and amounted to SEK 1.5 (0.8) b.

In accordance with the conditions of the long-term variable remuneration program (LTV) for Ericsson employees, 1,276,203 shares from treasury stock were sold or distributed to employees during the first quarter. The holding of treasury stock at March 31, 2010, was 77,702,330 Class B shares.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting (AGM) decided, as previously announced and in accordance with the proposal by the Board of Directors, on a dividend payment of SEK 2.00 per share for 2009 and with April 16, 2010, as the date of record for the dividend. The total dividend payment amounts to SEK 6.4 (6.0) b.

In accordance with the Board of Directors' proposals, the AGM resolved the completion of LTV 2009 (Long Term Variable compensation). The AGM also resolved the implementation of LTV 2010, including transfer of shares. In addition, the AGM resolved the transfer of treasury stock for previously decided LTV programs. For more details, see [www.ericsson.com/investors](http://www.ericsson.com/investors)



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### OTHER INFORMATION

#### Acquisition of Nortel's GSM business completed

On March 31, 2010, Ericsson completed the acquisition of Nortel's North American GSM business. On November 25, 2009, Ericsson announced it had entered into an agreement for these assets. More than 350 employees from Nortel will be integrated into the Ericsson Group over the coming months. The acquired operations are expected to be accretive to Ericsson's earnings within a year after closing.

#### All shares in LHS acquired

On February 23, 2010, Ericsson announced that it had acquired all shares in LHS. The remaining minority shareholders in LHS AG have sold their shares in a squeeze out process. A delisting of LHS from the Deutsche Börse, Frankfurt am Main, was finalized during the quarter.

#### Acquisition of Pride Spa completed

In the quarter, Ericsson completed the acquisition of Pride Spa in Italy, a consulting and systems integration company. The intention to acquire Pride Spa was announced on January 12, 2010.

#### Changes in Ericsson's executive leadership team

On February 8, 2010, Ericsson announced that Mats H Olsson, head of China and North East Asia, and Angel Ruiz, head of North America, have been appointed members of the executive leadership team.

In parallel, it was announced a reorganization from 23 market units to ten regions. Effective July 1, 2010, Marita Hellberg, current head of corporate HR, takes on HR in region China and North East Asia. A new head of HR will be announced separately.

#### Key events after end of the quarter

On April 21, 2010, Ericsson announced it had entered into share purchase agreement to acquire Nortel's majority shareholding (50%+1 share) in LG-Nortel, the joint venture of LG Electronics and Nortel Networks. The acquisition will significantly expand Ericsson's footprint in the Korean market and provide Ericsson with a well established sales channel and strong R&D capability in the country. The purchase price is USD 242 m. on a cash and debt free basis. The new name of the joint venture will be LG-Ericsson. The transaction is subject to customary regulatory approvals.

On April 20, 2010, Ericsson announced it had signed a memorandum of understanding to establish a strategic cooperation with Chinese Datang Telecom Technology & Industry Holdings Co Ltd to jointly develop advanced TDD solutions. As part of the memorandum of understanding Ericsson will start integrating Datang's current TD-SCDMA radio access network equipment into its own 3G mobile communications offering.

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Assessment of risk environment

Ericsson's operational and financial risk factors and uncertainties are described under "Risk factors Assessment of risk environment" in our Annual Report 2009.

Risk factors and uncertainties in focus during the forthcoming six-month period for the Parent Company and the Ericsson Group include:

potential negative effects of the continued uncertainty in the financial markets and the weak economic business environment on operators' willingness to invest in network development as well as uncertainty regarding the financial stability of suppliers, for example due to lack of borrowing facilities, or reduced consumer telecom spending, or increased pressure on us to provide financing;

effects on gross margins and/or working capital of the product mix in the Networks segment between sales of software, upgrades and extensions as well as break-in contracts;

effects on gross margins of the product mix in the global services segment including proportion of new network build-outs and share of new managed services deals with initial transition costs

a volatile sales pattern in the Multimedia segment or variability in our overall sales seasonality could make it more difficult to forecast future sales;

results and capital needs of our two major joint ventures, Sony Ericsson and ST-Ericsson, which both are negatively affected to a larger extent than our three other segments by the current economic slowdown;

effects of the ongoing industry consolidation among our customers as well as between our largest competitors, e.g. intensified price competition;

changes in foreign exchange rates, in particular USD and EUR;

political unrest or instability in certain markets;

effects on production and sales from restrictions with respect to timely and adequate supply of materials, components and production capacity and other vital services on competitive terms;

effects on production and sales from restrictions in transport facilities as a result of the Iceland volcanic activities.

Ericsson conducts business in certain countries which are subject to trade restrictions or which are focused on by certain investors. We stringently follow all relevant regulations and trade embargos applicable to us in our dealings with customers operating in such countries. Moreover, Ericsson operates globally in accordance with Group level policies and directives for business ethics and conduct. In no way should our business activities in these countries be construed as supporting a particular political agenda or regime. We have activities in such countries mainly due to that certain customers with multi-country operations put demands on us to support them in all of their markets.

Please refer further to Ericsson's Annual Report 2009, where we describe our risks and uncertainties along with our strategies and tactics to mitigate the risk exposures or limit unfavorable outcomes.

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Stockholm, April 23, 2010

Hans Vestberg, President and CEO

Telefonaktiebolaget LM Ericsson (publ)

Date for next report: July 23, 2010

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### AUDITORS' REVIEW REPORT

We have reviewed this report for the period January 1 to March 31, 2010, for Telefonaktiebolaget LM Ericsson (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR SRS. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group and with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, April 23, 2010

PricewaterhouseCoopers AB

Peter Clemedtson

Authorized Public Accountant

### EDITOR'S NOTE

To read the complete report with tables, please go to: [www.ericsson.com/investors/financial\\_reports/2010/3\\_month10-en.pdf](http://www.ericsson.com/investors/financial_reports/2010/3_month10-en.pdf)

Ericsson invites media, investors and analysts to a press conference at the Ericsson headquarters, Torshamnsgatan 23, Stockholm, at 09.00 (CET), April 23.

An analysts, investors and media conference call will begin at 14.00 (CET).

Live webcasts of the press conference and conference call as well as supporting slides will be available at [www.ericsson.com/press](http://www.ericsson.com/press) and [www.ericsson.com/investors](http://www.ericsson.com/investors)

Video material will be published during the day on [www.ericsson.com/broadcast\\_room](http://www.ericsson.com/broadcast_room)

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Disclosure Pursuant to the Swedish Securities Markets Act

Ericsson discloses the information provided herein pursuant to the Securities Markets Act. The information was submitted for publication at 07.30 CET, on April 23, 2010.

Safe Harbor Statement of Ericsson under the US Private Securities Litigation Reform Act of 1995;

All statements made or incorporated by reference in this release, other than statements or characterizations of historical facts, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, seeks, estimates, may, will, should, would, potential, continu of these words, and include, among others, statements regarding: (i) strategies, outlook and growth prospects; (ii) positioning to deliver future

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plans and to realize potential for future growth; (iii) liquidity and capital resources and expenditure, and our credit ratings; (iv) growth in demand for our products and services; (v) our joint venture activities; (vi) economic outlook and industry trends; (vii) developments of our markets; (viii) the impact of regulatory initiatives; (ix) research and development expenditures; (x) the strength of our competitors; (xi) future cost savings; (xii) plans to launch new products and services; (xiii) assessments of risks; (xiv) integration of acquired businesses; (xv) compliance with rules and regulations and (xvi) infringements of intellectual property rights of others.

In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors. Important factors that may cause such a difference for Ericsson include, but are not limited to: (i) material adverse changes in the markets in which we operate or in global economic conditions; (ii) increased product and price competition; (iii) reductions in capital expenditure by network operators; (iv) the cost of technological innovation and increased expenditure to improve quality of service; (v) significant changes in market share for our principal products and services; (vi) foreign exchange rate or interest rate fluctuations; and (vii) the successful implementation of our business and operational initiatives.

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## Consolidated Income Statement

| SEK million  | Jan - Mar      |                | Change      | Jan - Dec<br>2009 |
|--|----------------|----------------|-------------|-------------------|
|  | 2010           | 2009           |             |                   |
| Net sales  | 45,112         | 49,569         | -9%         | 206,477           |
| Cost of sales  | -28,527        | -31,957        | -11%        | -136,278          |
| <b>Gross income</b>  | <b>16,585</b>  | <b>17,612</b>  | <b>-6%</b>  | <b>70,199</b>     |
| Gross margin (%)   | 36.8%          | 35.5%          |             | 34.0%             |
| Research and development expenses  | -7,526         | -7,080         | 6%          | -33,055           |
| Selling and administrative expenses  | -7,008         | -6,863         | 2%          | -26,908           |
| <b>Operating expenses</b>  | <b>-14,534</b> | <b>-13,943</b> | <b>4%</b>   | <b>-59,963</b>    |
| Other operating income and expenses  | 302            | 342            | -12%        | 3,082             |
| <b>Operating income before shares in earnings of JV and associated companies</b> | <b>2,353</b>   | <b>4,011</b>   | <b>-41%</b> | <b>13,318</b>     |
| Operating margin before shares in earnings of JV and associated companies (%)    | 5.2%           | 8.1%           |             | 6.5%              |
| Shares in earnings of JV and associated companies                                | -372           | -2,236         |             | -7,400            |
| <b>Operating income</b>  | <b>1,981</b>   | <b>1,775</b>   | <b>12%</b>  | <b>5,918</b>      |
| Financial income   | 278            | 1,260          |             | 1,874             |
| Financial expenses   | -438           | -457           |             | -1,549            |
| <b>Income after financial items</b>  | <b>1,821</b>   | <b>2,578</b>   | <b>-29%</b> | <b>6,243</b>      |
| Taxes  | -547           | -745           |             | -2,116            |
| <b>Net income</b>  | <b>1,274</b>   | <b>1,833</b>   | <b>-30%</b> | <b>4,127</b>      |
| Net income attributable to:  |                |                |             |                   |
| - Stockholders of the Parent Company   | 1,264          | 1,717          |             | 3,672             |
| - Minority interests   | 10             | 116            |             | 455               |
| Other information  |                |                |             |                   |
| Average number of shares, basic (million)  | 3,195          | 3,187          |             | 3,190             |
| Earnings per share, basic (SEK) <sup>1)</sup>                                    | 0.40           | 0.54           |             | 1.15              |
| Earnings per share, diluted (SEK) <sup>1)</sup>                                  | 0.39           | 0.54           |             | 1.14              |

## Statement of Comprehensive Income

| SEK million  | Jan - Mar    |              | Jan - Dec<br>2009 |
|--|--------------|--------------|-------------------|
|  | 2010         | 2009         |                   |
| <b>Net income</b>  | <b>1,274</b> | <b>1,833</b> | <b>4,127</b>      |
| <b>Other comprehensive income</b>  |              |              |                   |
| Actuarial gains and losses, and the effect of the asset ceiling, related to pensions | -286         | -1,184       | -605              |
| Revaluation of other investments in shares and participations                        |              |              |                   |
| Fair value remeasurement   |              | -1           | -2                |
| Cash flow hedges   |              |              |                   |
| Gains/losses arising during the period   | 196          | -2,586       | 672               |
| Reclassification adjustments for gains /losses included in profit or loss            | -290         | 4,402        | 3,850             |
| Adjustments for amounts transferred to initial carrying amount of hedged items       |              | -1,261       | -1,029            |
| Changes in cumulative translation adjustments  | -615         | 3,460        | -1,361            |
| Tax on items relating to components of OCI   | 11           | -156         | -1,040            |



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|   |      |       |       |
|---|------|-------|-------|
| <b>Total other comprehensive income</b>     | -984 | 2,674 | 485   |
| <b>Total comprehensive income</b>           | 290  | 4,507 | 4,612 |
| Total comprehensive income attributable to: |      |       |       |
| - Stockholders of the Parent Company        | 259  | 4,326 | 4,211 |
| - Minority interests                        | 31   | 181   | 401   |

<sup>1)</sup> *Based on Net income attributable to stockholders of the Parent Company*

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## Consolidated Balance Sheet

| SEK million  | Mar 31<br>2010 | Dec 31<br>2009 |
|--|----------------|----------------|
| <b>ASSETS</b>  |                |                |
| <b>Non-current assets</b>  |                |                |
| Intangible assets  |                |                |
| Capitalized development expenses                                 | 2,189          | 2,079          |
| Goodwill   | 27,638         | 27,375         |
| Intellectual property rights, brands and other intangible assets | 17,107         | 18,739         |
| Property, plant and equipment                                    | 9,319          | 9,606          |
| Financial assets   |                |                |
| Equity in JV and associated companies                            | 11,286         | 11,578         |
| Other investments in shares and participations                   | 240            | 256            |
| Customer financing, non-current                                  | 979            | 830            |
| Other financial assets, non-current                              | 1,948          | 2,577          |
| Deferred tax assets  | 14,710         | 14,327         |
|  | 85,416         | 87,367         |
| <b>Current assets</b>  |                |                |
| Inventories  | 24,126         | 22,718         |
| Trade receivables  | 62,695         | 66,410         |
| Customer financing, current                                      | 1,885          | 1,444          |
| Other current receivables  | 15,853         | 15,146         |
| Short-term investments   | 56,816         | 53,926         |
| Cash and cash equivalents  | 21,039         | 22,798         |
|  | 182,414        | 182,442        |
| <b>Total assets</b>  | <b>267,830</b> | <b>269,809</b> |
| <b>EQUITY AND LIABILITIES</b>                                    |                |                |
| <b>Equity</b>  |                |                |
| Stockholders' equity   | 140,290        | 139,870        |
| Minority interests in equity of subsidiaries                     | 1,163          | 1,157          |
|  | 141,453        | 141,027        |
| <b>Non-current liabilities</b>                                   |                |                |
| Post-employment benefits   | 8,061          | 8,533          |
| Provisions, non-current  | 499            | 461            |
| Deferred tax liabilities   | 2,307          | 2,270          |
| Borrowings, non-current  | 29,257         | 29,996         |
| Other non-current liabilities                                    | 2,200          | 2,035          |
|  | 42,324         | 43,295         |
| <b>Current liabilities</b>                                       |                |                |
| Provisions, current  | 11,566         | 11,970         |
| Borrowings, current  | 2,017          | 2,124          |
| Trade payables   | 17,806         | 18,864         |
| Other current liabilities  | 52,664         | 52,529         |
|  | 84,053         | 85,487         |

|  |         |         |
|--|---------|---------|
| <b>Total equity and liabilities</b>                                | 267,830 | 269,809 |
| Of which interest-bearing liabilities and post-employment benefits | 39,335  | 40,653  |
| Net cash   | 38,520  | 36,071  |
| Assets pledged as collateral                                       | 558     | 550     |
| Contingent liabilities   | 884     | 1,245   |

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## Consolidated Statement of Cash Flows

| SEK million  | Jan - Mar<br>2010 | Jan - Mar<br>2009 | Jan - Dec<br>2009 |
|--|-------------------|-------------------|-------------------|
| <b>Operating activities</b>  |                   |                   |                   |
| Net income   | 1,274             | 1,833             | 4,127             |
| Adjustments to reconcile net income to cash                        |                   |                   |                   |
| Taxes  | -166              | -628              | -1,011            |
| Earnings/dividends in JV and associated companies                  | 313               | 1,764             | 6,083             |
| Depreciation, amortization and impairment losses                   | 3,133             | 1,852             | 12,124            |
| Other  | -435              | -623              | -340              |
| Net income affecting cash  | 4,119             | 4,198             | 20,983            |
| <b>Changes in operating net assets</b>                             |                   |                   |                   |
| Inventories  | -1,465            | -2,362            | 5,207             |
| Customer financing, current and non-current                        | -598              | -1                | 598               |
| Trade receivables  | 3,954             | 1,810             | 7,668             |
| Trade payables   | -955              | -1,360            | -3,522            |
| Provisions and post-employment benefits                            | -1,058            | -3,265            | -2,950            |
| Other operating assets and liabilities, net                        | -1,703            | -1,878            | -3,508            |
|  | -1,825            | -7,056            | 3,493             |
| <b>Cash flow from operating activities</b>                         | <b>2 294</b>      | <b>-2,858</b>     | <b>24 476</b>     |
| <b>Investing activities</b>  |                   |                   |                   |
| Investments in property, plant and equipment                       | - 659             | -1,018            | -4 006            |
| Sales of property, plant and equipment                             | 47                | 25                | 534               |
| Acquisitions/divestments of subsidiaries and other operations, net | -1 080            | -9,491            | -18,082           |
| Product development  | - 278             | -209              | -1,443            |
| Other investing activities   | 1 859             | -1,417            | 2,606             |
| Short-term investments   | -3 844            | -424              | -17,071           |
| <b>Cash flow from investing activities</b>                         | <b>-3,955</b>     | <b>-12,534</b>    | <b>-37,462</b>    |
| <b>Cash flow before financing activities</b>                       | <b>-1,661</b>     | <b>-15,392</b>    | <b>-12,986</b>    |
| <b>Financing activities</b>  |                   |                   |                   |
| Dividends paid   |                   |                   | -6,318            |
| Other financing activities   | -56               | 1,874             | 4,617             |
| <b>Cash flow from financing activities</b>                         | <b>-56</b>        | <b>1,874</b>      | <b>-1,701</b>     |
| Effect of exchange rate changes on cash                            | -42               | 53                | -328              |
| <b>Net change in cash</b>  | <b>-1,759</b>     | <b>-13,465</b>    | <b>-15,015</b>    |
| <b>Cash and cash equivalents, beginning of period</b>              | <b>22,798</b>     | <b>37,813</b>     | <b>37,813</b>     |
| <b>Cash and cash equivalents, end of period</b>                    | <b>21,039</b>     | <b>24,348</b>     | <b>22,798</b>     |

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## Consolidated Statement of Changes in Equity

| SEK million                           | Jan - Mar<br>2010 | Jan - Mar<br>2009 | Jan - Dec<br>2009 |
|---------------------------------------|-------------------|-------------------|-------------------|
| <b>Opening balance</b>                | <b>141,027</b>    | <b>142,084</b>    | <b>142,084</b>    |
| Total comprehensive income            | 290               | 4,507             | 4,612             |
| Stock issue                           |                   |                   | 135               |
| Sale / Repurchase of own shares       | 3                 | 22                | -60               |
| Stock purchase and stock option plans | 158               | 210               | 658               |
| Dividends paid                        |                   |                   | -6,318            |
| Business combinations                 | -25               |                   | -84               |
| <b>Closing balance</b>                | <b>141,453</b>    | <b>146,823</b>    | <b>141,027</b>    |

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Consolidated Income Statement Isolated Quarters

| SEK million  | 2010    | Q4      | Q3      | 2009    | Q1      |
|--|---------|---------|---------|---------|---------|
|  | Q1      |         |         | Q2      |         |
| Net sales  | 45,112  | 58,333  | 46,433  | 52,142  | 49,569  |
| Cost of sales  | -28,527 | -39,335 | -30,455 | -34,531 | -31,957 |
| <b>Gross income</b>  | 16,585  | 18,998  | 15,978  | 17,611  | 17,612  |
| Gross margin (%)   | 36.8%   | 32.6%   | 34.4%   | 33.8%   | 35.5%   |
| Research and development expenses  | -7,526  | -9,306  | -8,218  | -8,451  | -7,080  |
| Selling and administrative expenses  | -7,008  | -7,323  | -5,279  | -7,443  | -6,863  |
| <b>Operating expenses</b>  | -14,534 | -16,629 | -13,497 | -15,894 | -13,943 |
| Other operating income and expenses  | 302     | 878     | 222     | 1,640   | 342     |
| <b>Operating income before shares in earnings of JV and associated companies</b> | 2,353   | 3,247   | 2,703   | 3,357   | 4,011   |
| Operating margin before shares in earnings of JV and associated companies (%)    | 5.2%    | 5.6%    | 5.8%    | 6.4%    | 8.1%    |
| Shares in earnings of JV and associated companies                                | -372    | -1,461  | -1,559  | -2,144  | -2,236  |
| <b>Operating income</b>  | 1,981   | 1,786   | 1,144   | 1,213   | 1,775   |
| Financial income   | 278     | 314     | 296     | 4       | 1,260   |
| Financial expenses   | -438    | -719    | -294    | -79     | -457    |
| <b>Income after financial items</b>  | 1,821   | 1,381   | 1,146   | 1,138   | 2,578   |
| Taxes  | -547    | -656    | -374    | -341    | -745    |
| <b>Net income</b>  | 1,274   | 725     | 772     | 797     | 1,833   |
| Net income attributable to:  |         |         |         |         |         |
| - Stockholders of the Parent Company   | 1,264   | 314     | 810     | 831     | 1,717   |
| - Minority interests   | 10      | 411     | -38     | -34     | 116     |
| Other information  |         |         |         |         |         |
| Average number of shares, basic (million)  | 3,195   | 3,194   | 3,190   | 3,188   | 3,187   |
| Earnings per share, basic (SEK) <sup>1)</sup>                                    | 0.40    | 0.10    | 0.25    | 0.26    | 0.54    |
| Earnings per share, diluted (SEK) <sup>1)</sup>                                  | 0.39    | 0.10    | 0.25    | 0.26    | 0.54    |

1) Based on Net income attributable to stockholders of the Parent Company.

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## Consolidated Statement of Cash Flows Isolated Quarters

| SEK million  | 2010<br>Q1    | Q4            | 2009<br>Q3     | Q2            | Q1             |
|--|---------------|---------------|----------------|---------------|----------------|
| <b>Operating activities</b>  |               |               |                |               |                |
| Net income   | 1,274         | 725           | 772            | 797           | 1,833          |
| Adjustments to reconcile net income to cash                        |               |               |                |               |                |
| Taxes  | -166          | 1,394         | -1,137         | -640          | -628           |
| Earnings/dividends in JV and associated companies                  | 313           | 1,282         | 1,319          | 1,718         | 1,764          |
| Depreciation, amortization and impairment losses                   | 3,133         | 3,892         | 3,268          | 3,112         | 1,852          |
| Other  | -435          | -52           | 978            | -643          | -623           |
| Net income affecting cash  | 4,119         | 7,241         | 5,200          | 4,344         | 4,198          |
| <b>Changes in operating net assets</b>                             |               |               |                |               |                |
| Inventories  | -1,465        | 5,303         | 660            | 1,606         | -2,362         |
| Customer financing, current and non-current                        | -598          | 472           | 394            | -267          | -1             |
| Trade receivables  | 3,954         | -2,814        | 3,655          | 5,017         | 1,810          |
| Trade payables   | -955          | 1,797         | -2,096         | -1,863        | -1,360         |
| Provisions and post-employment benefits                            | -1,058        | -157          | -1,060         | 1,532         | -3,265         |
| Other operating assets and liabilities, net                        | -1,703        | 684           | -1,076         | -1,238        | -1,878         |
|  | -1,825        | 5,285         | 477            | 4,787         | -7,056         |
| <b>Cash flow from operating activities</b>                         | <b>2,294</b>  | <b>12,526</b> | <b>5,677</b>   | <b>9,131</b>  | <b>-2,858</b>  |
| <b>Investing activities</b>  |               |               |                |               |                |
| Investments in property, plant and equipment                       | -659          | -1,109        | -690           | -1,189        | -1,018         |
| Sales of property, plant and equipment                             | 47            | 296           | 99             | 114           | 25             |
| Acquisitions/divestments of subsidiaries and other operations, net | -1,080        | -8,822        | -750           | 981           | -9,491         |
| Product development  | -278          | -662          | -245           | -327          | -209           |
| Other investing activities   | 1,859         | -89           | 3,226          | 886           | -1,417         |
| Short-term investments   | -3,844        | 678           | -17,847        | 522           | -424           |
| <b>Cash flow from investing activities</b>                         | <b>-3,955</b> | <b>-9,708</b> | <b>-16,207</b> | <b>987</b>    | <b>-12,534</b> |
| <b>Cash flow before financing activities</b>                       | <b>-1,661</b> | <b>2,818</b>  | <b>-10,530</b> | <b>10,118</b> | <b>-15,392</b> |
| <b>Financing activities</b>  |               |               |                |               |                |
| Dividends paid   |               | -342          | -20            | -5,956        |                |
| Other financing activities   | -56           | -5,804        | 535            | 8,012         | 1,874          |
| <b>Cash flow from financing activities</b>                         | <b>-56</b>    | <b>-6,146</b> | <b>515</b>     | <b>2,056</b>  | <b>1,874</b>   |
| Effect of exchange rate changes on cash                            | -42           | 441           | -1,263         | 441           | 53             |
| <b>Net change in cash</b>  | <b>-1,759</b> | <b>-2,887</b> | <b>-11,278</b> | <b>12,615</b> | <b>-13,465</b> |
| <b>Cash and cash equivalents, beginning of period</b>              | <b>22,798</b> | <b>25,685</b> | <b>36,963</b>  | <b>24,348</b> | <b>37,813</b>  |
| <b>Cash and cash equivalents, end of period</b>                    | <b>21,039</b> | <b>22,798</b> | <b>25,685</b>  | <b>36,963</b> | <b>24,348</b>  |

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## Parent Company Income Statement

| SEK million                              | Jan - Mar<br>2010 | Jan - Mar<br>2009 | Jan - Dec<br>2009 |
|--|-------------------|-------------------|-------------------|
| Net sales                                | 10                | 238               | 300               |
| Cost of sales                            | -7                | 22                | -21               |
| <b>Gross income</b>                      | 3                 | 260               | 279               |
| Operating expenses                       | -1,316            | -713              | -3,137            |
| Other operating income and expenses      | 612               | 745               | 2,977             |
| <b>Operating income</b>                  | -701              | 292               | 119               |
| Financial net                            | 71                | 1,127             | 7,962             |
| <b>Income after financial items</b>      | -630              | 1,419             | 8,081             |
| Transfers to (-) / from untaxed reserves |                   |                   | 902               |
| Taxes                                    | 200               | -370              | -804              |
| <b>Net income</b>                        | -430              | 1,049             | 8,179             |

## Statement of Comprehensive Income

| SEK million  | Jan - Mar<br>2010 | Jan - Mar<br>2009 | Jan - Dec<br>2009 |
|--|-------------------|-------------------|-------------------|
| <b>Net income</b>  | -430              | 1,049             | 8,179             |
| Cash flow hedges   |                   |                   |                   |
| Gains/losses arising during the period   |                   | 612               | 612               |
| Adjustments for amounts transferred to initial carrying amount of hedged items |                   | -1,385            | -1,385            |
| Tax on items reported directly in or transferred from equity                   |                   | 204               | 204               |
| <b>Other comprehensive income</b>  |                   | -569              | -569              |
| <b>Total comprehensive income</b>  | -430              | 480               | 7,610             |

## Parent Company Balance Sheet

| SEK million         | Mar 31<br>2010 | Dec 31<br>2009 |
|---------------------|----------------|----------------|
| <b>ASSETS</b>       |                |                |
| <b>Fixed assets</b> |                |                |
| Intangible assets   | 1,217          | 2,219          |
| Tangible assets     | 506            | 527            |
| Financial assets    | 97,336         | 101,344        |



|  |                |                |
|--|----------------|----------------|
|  | 99,059         | 104,090        |
| <b>Current assets</b>  |                |                |
| Inventories  | 61             | 61             |
| Receivables  | 19,924         | 23,704         |
| Short-term investments                                       | 56,816         | 53,926         |
| Cash and cash equivalents                                    | 8,612          | 8,477          |
|  | 85,413         | 86,168         |
| <b>Total assets</b>  | <b>184,472</b> | <b>190,258</b> |
| <b>STOCKHOLDERS EQUITY, PROVISIONS AND LIABILITIES</b>       |                |                |
| <b>Equity</b>  |                |                |
| Restricted equity  | 47,859         | 47,859         |
| Non-restricted equity  | 41,528         | 41,953         |
|  | 89,387         | 89,812         |
| <b>Untaxed reserves</b>                                      | 915            | 915            |
| <b>Provisions</b>  | 1,056          | 1,069          |
| <b>Non-current liabilities</b>                               | 54,287         | 57,011         |
| <b>Current liabilities</b>                                   | 38,827         | 41,451         |
| <b>Total stockholders equity, provisions and liabilities</b> | <b>184,472</b> | <b>190,258</b> |
| Assets pledged as collateral                                 | 558            | 550            |
| Contingent liabilities                                       | 14,547         | 13,072         |

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Accounting Policies

### **The Group**

This interim report is prepared in accordance with IAS 34. The term "IFRS" used in this document refers to the application of IAS and IFRS as well as interpretations of these standards as issued by IASB's Standards Interpretation Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC). The accounting policies adopted are consistent with those of the annual report for the year ended December 31, 2009, and should be read in conjunction with that annual report.

As from January 1, 2010, the Company has applied the following new or amended IFRS:

#### IFRS 3 Business Combinations (revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, an expansion of the definition of a business and a business combination, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed as incurred.

#### IAS 27 Consolidated and separate financial statements (revised)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains or losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in income statement.

The following new or amended standards and interpretations have also been adopted:

IFRIC17, Distributions of Non-Cash Assets to Owners (Issued November 27, 2008)

IFRS 2, amendment, Group Cash-settled Share-based Payment Transactions (issued June 18, 2009)

#### Improvements to IFRSs (Issued April 16, 2009)

None of the new or amended standards and interpretations has had any significant impact on the financial result or position of the Company. There is no difference between IFRS effective as per March 31, 2010 and IFRS as endorsed by the EU. However, the impact on business combination accounting due to the revised IFRS 3 Business Combinations is dependent on type and size of any future arrangement involving business combination.

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Accounting Policies (cont.)

**Changes in external reporting**

**Change in segments**

As of January 1, 2010, Ericsson reports the following segments: Networks, Global Services, Multimedia, Sony Ericsson and ST- Ericsson. The only change compared to previous years is that Network Rollout is now included in Global Services instead of Networks. All other segments are unchanged. With this change the external reporting is aligned with the new internal reporting structure.

Segments as of January 1, 2010:

Networks

Global Services

*Of which Professional Services*

*Of which Managed Services*

*Of which Network Rollout*

Multimedia

Sony Ericsson

ST-Ericsson

**Change in geographical break down**

As of January 1, 2010, the geographical reporting structure is changed. Instead of five geographical areas, ten regions are reported, mirroring the new internal geographical organization. A part called "Other" is also reported, consisting of business not reported in the geographical structure, e.g. embedded modules, cables, power modules as well as intellectual property rights and licenses.

Regions as of January 1, 2010:

North America

Latin America

North Europe and Central Asia

Western and Central Europe

Mediterranean

Middle East

Sub-Saharan Africa

India

China and Northeast Asia

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South East Asia and Oceania

Other

In 2008 and 2009 Ericsson reported top 15 countries. As of January 1, 2010, top five countries are reported.

### EBITA replaces EBITDA

As of January 1, 2010, EBITA and EBITA margin for segments are reported. This is also reported for Network Rollout and Professional Services in Global Services. For the Managed Services sales figures are reported. EBITA is defined as Earnings Before Interest, Tax, Amortizations and write-downs of acquired intangibles. EBITA margin is defined as Earnings Before Interest, Taxes, Amortizations and write-downs of acquired intangibles, as a percentage of Net Sales. Previous years, Ericsson has reported EBITDA. The shift to EBITA is done to better reflect the underlying business.

Numbers have been restated for 2009 accordingly.

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## Net Sales by Segment by Quarter

Since the segments Sony Ericsson and ST-Ericsson are reported in accordance with the equity method, their sales are not included below. Net sales related to these segments are disclosed under SEGMENT RESULTS. Net sales related to other segments are set out below.

| Isolated quarters, SEK million        | 2010          |               | 2009          |               |               |  |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|--|
|                                       | Q1            | Q4            | Q3            | Q2            | Q1            |  |
| Networks <sup>1)</sup>                | 24,704        | 31,844        | 24,504        | 28,795        | 28,842        |  |
| Global Services <sup>1)</sup>         | 18,098        | 23,137        | 18,578        | 20,019        | 17,486        |  |
| <i>Of which Professional services</i> | <i>13,251</i> | <i>16,466</i> | <i>12,780</i> | <i>14,077</i> | <i>12,799</i> |  |
| <i>Of which Managed services</i>      | <i>4,888</i>  | <i>5,098</i>  | <i>3,570</i>  | <i>4,587</i>  | <i>4,178</i>  |  |
| <i>Of which Network rollout</i>       | <i>4,847</i>  | <i>6,671</i>  | <i>5,798</i>  | <i>5,942</i>  | <i>4,687</i>  |  |
| Multimedia                            | 2,310         | 3,352         | 3,351         | 3,328         | 3,241         |  |
| <b>Total</b>                          | <b>45,112</b> | <b>58,333</b> | <b>46,433</b> | <b>52,142</b> | <b>49,569</b> |  |

| Sequential change, percent            | 2010        |            | 2009        |            |             |  |
|---------------------------------------|-------------|------------|-------------|------------|-------------|--|
|                                       | Q1          | Q4         | Q3          | Q2         | Q1          |  |
| Networks <sup>1)</sup>                | -22%        | 30%        | -15%        | 0%         | -25%        |  |
| Global Services <sup>1)</sup>         | -22%        | 25%        | -7%         | 14%        | -26%        |  |
| <i>Of which Professional services</i> | <i>-20%</i> | <i>29%</i> | <i>-9%</i>  | <i>10%</i> | <i>-21%</i> |  |
| <i>Of which Managed services</i>      | <i>-4%</i>  | <i>43%</i> | <i>-22%</i> | <i>10%</i> | <i>-2%</i>  |  |
| <i>Of which Network rollout</i>       | <i>-27%</i> | <i>15%</i> | <i>-2%</i>  | <i>27%</i> | <i>-38%</i> |  |
| Multimedia                            | -31%        | 0%         | 1%          | 3%         | -17%        |  |
| <b>Total</b>                          | <b>-23%</b> | <b>26%</b> | <b>-11%</b> | <b>5%</b>  | <b>-26%</b> |  |

| Year over year change, percent        | 2010       |             | 2009       |            |            |  |
|---------------------------------------|------------|-------------|------------|------------|------------|--|
|                                       | Q1         | Q4          | Q3         | Q2         | Q1         |  |
| Networks <sup>1)</sup>                | -14%       | -17%        | -13%       | 1%         | 13%        |  |
| Global Services <sup>1)</sup>         | 3%         | -3%         | 13%        | 27%        | 20%        |  |
| <i>Of which Professional services</i> | <i>4%</i>  | <i>2%</i>   | <i>9%</i>  | <i>28%</i> | <i>28%</i> |  |
| <i>Of which Managed services</i>      | <i>17%</i> | <i>19%</i>  | <i>-1%</i> | <i>37%</i> | <i>37%</i> |  |
| <i>Of which Network rollout</i>       | <i>3%</i>  | <i>-12%</i> | <i>24%</i> | <i>24%</i> | <i>4%</i>  |  |
| Multimedia                            | -29%       | -14%        | -4%        | 23%        | 25%        |  |
| <b>Total</b>                          | <b>-9%</b> | <b>-13%</b> | <b>-6%</b> | <b>7%</b>  | <b>12%</b> |  |

| Year to date, SEK million             | 2010          |                | 2009           |                |               |
|---------------------------------------|---------------|----------------|----------------|----------------|---------------|
|                                       | Jan-Mar       | Jan-Dec        | Jan-Sep        | Jan-Jun        | Jan-Mar       |
| Networks <sup>1)</sup>                | 24,704        | 113,985        | 82,141         | 57,637         | 28,842        |
| Global Services <sup>1)</sup>         | 18,098        | 79,220         | 56,083         | 37,505         | 17,486        |
| <i>Of which Professional services</i> | <i>13,251</i> | <i>56,122</i>  | <i>39,656</i>  | <i>26,876</i>  | <i>12,799</i> |
| <i>Of which Managed services</i>      | <i>4,888</i>  | <i>17,433</i>  | <i>12,335</i>  | <i>8,765</i>   | <i>4,178</i>  |
| <i>Of which Network rollout</i>       | <i>4,847</i>  | <i>23,098</i>  | <i>16,427</i>  | <i>10,629</i>  | <i>4,687</i>  |
| Multimedia                            | 2,310         | 13,272         | 9,920          | 6,569          | 3,241         |
| <b>Total</b>                          | <b>45,112</b> | <b>206,477</b> | <b>148,144</b> | <b>101,711</b> | <b>49,569</b> |

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| Year to date, year over year change, percent | 2010       |            | 2009      |            |            |
|--|------------|------------|-----------|------------|------------|
|  | Jan-Mar    | Jan-Dec    | Jan-Sep   | Jan-Jun    | Jan-Mar    |
| Networks <sup>1)</sup>                       | -14%       | -5%        | 0%        | 7%         | 13%        |
| Global Services <sup>1)</sup>                | 3%         | 12%        | 20%       | 24%        | 20%        |
| <i>Of which Professional services</i>        | 4%         | 15%        | 21%       | 28%        | 28%        |
| <i>Of which Managed services</i>             | 17%        | 22%        | 24%       | 37%        | 37%        |
| <i>Of which Network rollout</i>              | 3%         | 7%         | 18%       | 14%        | 4%         |
| Multimedia                                   | -29%       | 5%         | 13%       | 24%        | 25%        |
| <b>Total</b>                                 | <b>-9%</b> | <b>-1%</b> | <b>4%</b> | <b>10%</b> | <b>12%</b> |

<sup>1)</sup> For 2009 Networks and Global Services are restated in accordance with the change in segments.

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## Operating Income by Segment by Quarter

| Isolated quarters, SEK million                                   | 2010         | 2009          |               |               |               |
|--|--------------|---------------|---------------|---------------|---------------|
|  | Q1           | Q4            | Q3            | Q2            | Q1            |
| Networks <sup>1)</sup>   | 1,540        | 2,128         | 1,138         | 1,265         | 3,067         |
| Global Services <sup>1)</sup>                                    | 1,325        | 1,076         | 1,426         | 2,249         | 1,520         |
| <i>Of which Professional Services</i>                            | <i>1,419</i> | <i>1,347</i>  | <i>1,628</i>  | <i>2,265</i>  | <i>1,749</i>  |
| <i>Of which Network rollout</i>                                  | <i>-94</i>   | <i>-271</i>   | <i>-202</i>   | <i>-16</i>    | <i>-229</i>   |
| Multimedia   | -335         | 263           | 330           | 18            | 44            |
| Unallocated <sup>2)</sup>  | -158         | -287          | -168          | -323          | -77           |
| <i>Subtotal Segments excluding Sony Ericsson and ST-Ericsson</i> | <i>2,372</i> | <i>3,180</i>  | <i>2,726</i>  | <i>3,209</i>  | <i>4,554</i>  |
| Sony Ericsson  | 76           | -1,044        | -1,036        | -1,543        | -2,070        |
| ST-Ericsson <sup>3)</sup>  | -467         | -351          | -546          | -453          | -709          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-391</i>  | <i>-1,395</i> | <i>-1,582</i> | <i>-1,996</i> | <i>-2,779</i> |
| <b>Total</b>   | <b>1,981</b> | <b>1,785</b>  | <b>1,144</b>  | <b>1,213</b>  | <b>1,775</b>  |

| Year to date, SEK million  | 2010         | 2009          |               |               |               |
|--|--------------|---------------|---------------|---------------|---------------|
|  | Jan-Mar      | Jan-Dec       | Jan-Sep       | Jan-Jun       | Jan-Mar       |
| Networks <sup>1)</sup>   | 1,540        | 7,598         | 5,470         | 4,332         | 3,067         |
| Global Services <sup>1)</sup>                                    | 1,325        | 6,271         | 5,195         | 3,769         | 1,520         |
| <i>Of which Professional Services</i>                            | <i>1,419</i> | <i>6,990</i>  | <i>5,643</i>  | <i>4,015</i>  | <i>1,749</i>  |
| <i>Of which Network rollout</i>                                  | <i>-94</i>   | <i>-719</i>   | <i>-448</i>   | <i>-246</i>   | <i>-229</i>   |
| Multimedia   | -335         | 655           | 392           | 62            | 44            |
| Unallocated <sup>2)</sup>  | -158         | -855          | -568          | -400          | -77           |
| <i>Subtotal Segments excluding Sony Ericsson and ST-Ericsson</i> | <i>2,372</i> | <i>13,669</i> | <i>10,489</i> | <i>7,763</i>  | <i>4,554</i>  |
| Sony Ericsson  | 76           | -5,693        | -4,649        | -3,613        | -2,070        |
| ST-Ericsson <sup>3)</sup>  | -467         | -2,059        | -1,708        | -1,162        | -709          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-391</i>  | <i>-7,752</i> | <i>-6,357</i> | <i>-4,775</i> | <i>-2,779</i> |
| <b>Total</b>   | <b>1,981</b> | <b>5,917</b>  | <b>4,132</b>  | <b>2,988</b>  | <b>1,775</b>  |

## Operating Margin by Segment by Quarter

| As percentage of net sales, isolated quarters | 2010       | 2009       |            |            |            |
|---|------------|------------|------------|------------|------------|
|   | Q1         | Q4         | Q3         | Q2         | Q1         |
| Networks <sup>1)</sup>                        | 6%         | 7%         | 5%         | 4%         | 11%        |
| Global Services <sup>1)</sup>                 | 7%         | 5%         | 8%         | 11%        | 9%         |
| <i>Of which Professional Services</i>         | <i>11%</i> | <i>8%</i>  | <i>13%</i> | <i>16%</i> | <i>14%</i> |
| <i>Of which Network rollout</i>               | <i>-2%</i> | <i>-4%</i> | <i>-3%</i> | <i>0%</i>  | <i>-5%</i> |
| Multimedia                                    | -15%       | 8%         | 10%        | 1%         | 1%         |





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## EBITA by Segment by Quarter

| Isolated quarters, SEK million                                   | 2010         |               | 2009          |               |               |
|--|--------------|---------------|---------------|---------------|---------------|
|  | Q1           | Q4            | Q3            | Q2            | Q1            |
| Networks <sup>1)</sup>   | 3,052        | 4,268         | 3,064         | 3,071         | 3,604         |
| Global Services <sup>1)</sup>                                    | 1,770        | 1,259         | 1,671         | 2,334         | 1,606         |
| <i>Of which Professional Services</i>                            | <i>1,764</i> | <i>1,503</i>  | <i>1,863</i>  | <i>2,339</i>  | <i>1,825</i>  |
| <i>Of which Network rollout</i>                                  | <i>6</i>     | <i>-244</i>   | <i>-192</i>   | <i>-5</i>     | <i>-219</i>   |
| Multimedia   | -123         | 514           | 468           | 226           | 249           |
| Unallocated <sup>2)</sup>  | -158         | -284          | -162          | -327          | -73           |
| <i>Subtotal Segments excluding Sony Ericsson and ST-Ericsson</i> | <i>4,541</i> | <i>5,757</i>  | <i>5,041</i>  | <i>5,304</i>  | <i>5,386</i>  |
| Sony Ericsson  | 76           | -1,044        | -1,036        | -1,543        | -2,070        |
| ST-Ericsson <sup>3)</sup>  | -467         | -351          | -546          | -453          | -709          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-391</i>  | <i>-1,395</i> | <i>-1,582</i> | <i>-1,996</i> | <i>-2,779</i> |
| <b>Total</b>   | <b>4,150</b> | <b>4,362</b>  | <b>3,459</b>  | <b>3,308</b>  | <b>2,607</b>  |

| Year to date, SEK million  | 2010         |               | 2009          |               |               |
|--|--------------|---------------|---------------|---------------|---------------|
|  | Jan-Mar      | Jan-Dec       | Jan-Sep       | Jan-Jun       | Jan-Mar       |
| Networks <sup>1)</sup>   | 3,052        | 14,007        | 9,739         | 6,675         | 3,604         |
| Global Services <sup>1)</sup>                                    | 1,770        | 6,870         | 5,611         | 3,940         | 1,606         |
| <i>Of which Professional Services</i>                            | <i>1,764</i> | <i>7,531</i>  | <i>6,028</i>  | <i>4,165</i>  | <i>1,825</i>  |
| <i>Of which Network rollout</i>                                  | <i>6</i>     | <i>-661</i>   | <i>-417</i>   | <i>-225</i>   | <i>-219</i>   |
| Multimedia   | -123         | 1,457         | 943           | 475           | 249           |
| Unallocated <sup>2)</sup>  | -158         | -846          | -562          | -400          | -73           |
| <i>Subtotal Segments excluding Sony Ericsson and ST-Ericsson</i> | <i>4,541</i> | <i>21,488</i> | <i>15,731</i> | <i>10,690</i> | <i>5,386</i>  |
| Sony Ericsson  | 76           | -5,693        | -4,649        | -3,613        | -2,070        |
| ST-Ericsson <sup>3)</sup>  | -467         | -2,059        | -1,708        | -1,162        | -709          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-391</i>  | <i>-7,752</i> | <i>-6,357</i> | <i>-4,775</i> | <i>-2,779</i> |
| <b>Total</b>   | <b>4,150</b> | <b>13,736</b> | <b>9,374</b>  | <b>5,915</b>  | <b>2,607</b>  |

## EBITA Margin by Segment by Quarter

| As percentage of net sales, isolated quarters | 2010       |            | 2009       |            |            |
|---|------------|------------|------------|------------|------------|
|   | Q1         | Q4         | Q3         | Q2         | Q1         |
| Networks <sup>1)</sup>                        | 12%        | 13%        | 13%        | 11%        | 13%        |
| Global Services <sup>1)</sup>                 | 10%        | 5%         | 9%         | 12%        | 9%         |
| <i>Of which Professional Services</i>         | <i>13%</i> | <i>9%</i>  | <i>15%</i> | <i>17%</i> | <i>14%</i> |
| <i>Of which Network rollout</i>               | <i>0%</i>  | <i>-4%</i> | <i>-3%</i> | <i>0%</i>  | <i>-5%</i> |
| Multimedia                                    | -5%        | 15%        | 14%        | 7%         | 8%         |

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|   |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Subtotal excluding Sony Ericsson and ST-Ericsson</b> | <b>10%</b>     | <b>10%</b>     | <b>11%</b>     | <b>10%</b>     | <b>11%</b>     |
|   |                |                |                |                |                |
| <b>As percentage of net sales, Year to date</b>         | <b>2010</b>    |                | <b>2009</b>    |                |                |
|   | <b>Jan-Mar</b> | <b>Jan-Dec</b> | <b>Jan-Sep</b> | <b>Jan-Jun</b> | <b>Jan-Mar</b> |
| Networks <sup>1)</sup>                                  | 12%            | 12%            | 12%            | 12%            | 13%            |
| Global Services <sup>1)</sup>                           | 10%            | 9%             | 10%            | 11%            | 9%             |
| <i>Of which Professional Services</i>                   | <i>13%</i>     | <i>13%</i>     | <i>15%</i>     | <i>16%</i>     | <i>14%</i>     |
| <i>Of which Network rollout</i>                         | <i>0%</i>      | <i>-3%</i>     | <i>-3%</i>     | <i>-2%</i>     | <i>-5%</i>     |
| Multimedia  | -5%            | 11%            | 10%            | 7%             | 8%             |
| <b>Subtotal excluding Sony Ericsson and ST-Ericsson</b> | <b>10%</b>     | <b>10%</b>     | <b>11%</b>     | <b>11%</b>     | <b>11%</b>     |

<sup>1)</sup> For 2009 Networks and Global Services are restated in accordance with the change in segments.

<sup>2)</sup> Unallocated consists mainly of costs for corporate staffs, non-operational capital gains and losses.

<sup>3)</sup> First quarter 2009 includes a loss of SEK 0.5 b for January for Ericsson Mobile Platforms operations which as from February 1, 2009, are reported in ST-Ericsson. Second quarter 2009 includes a capital gain of SEK 0.1 b related to Ericsson Mobile Platforms. Fourth quarter 2009 includes a gain of SEK 0.1 b related to Ericsson Mobile Platforms.

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## Net Sales by Region by Quarter

| Isolated quarters, SEK million                  | 2010          | 2009          |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|
|   | Q1            | Q4            | Q3            | Q2            | Q1            |
| North America                                   | 9,498         | 9,436         | 3,980         | 5,734         | 4,762         |
| Latin America                                   | 3,964         | 5,859         | 4,993         | 4,797         | 4,376         |
| Northern Europe & Central Asia <sup>1) 2)</sup> | 2,300         | 3,499         | 2,709         | 2,884         | 2,889         |
| Western & Central Europe <sup>2)</sup>          | 5,235         | 6,141         | 5,494         | 5,437         | 5,387         |
| Mediterranean <sup>2)</sup>                     | 5,060         | 7,052         | 5,181         | 6,797         | 6,131         |
| Middle East                                     | 3,948         | 5,041         | 4,503         | 4,750         | 3,956         |
| Sub Saharan Africa                              | 2,418         | 3,831         | 3,190         | 3,643         | 4,677         |
| India   | 2,303         | 3,428         | 4,156         | 3,653         | 4,025         |
| China & North East Asia                         | 4,950         | 7,399         | 5,600         | 7,171         | 5,790         |
| South East Asia & Oceania                       | 3,517         | 5,171         | 4,790         | 5,679         | 5,209         |
| Other <sup>1) 2)</sup>                          | 1,919         | 1,476         | 1,837         | 1,597         | 2,367         |
| <b>Total</b>                                    | <b>45,112</b> | <b>58,333</b> | <b>46,433</b> | <b>52,142</b> | <b>49,569</b> |

<sup>1)</sup> Of which Sweden 1,047 732 1,076 1,091 1,197

<sup>2)</sup> Of which EU 11,065 13,081 11,033 12,595 12,604

| Sequential change, percent                      | 2010        | 2009       |             |           |             |
|---|-------------|------------|-------------|-----------|-------------|
|   | Q1          | Q4         | Q3          | Q2        | Q1          |
| North America                                   | 1%          | 137%       | -31%        | 20%       | 3%          |
| Latin America                                   | -32%        | 17%        | 4%          | 10%       | -44%        |
| Northern Europe & Central Asia <sup>1) 2)</sup> | -34%        | 29%        | -6%         | 0%        | -44%        |
| Western & Central Europe <sup>2)</sup>          | -15%        | 12%        | 1%          | 1%        | -21%        |
| Mediterranean <sup>2)</sup>                     | -28%        | 36%        | -24%        | 11%       | -37%        |
| Middle East                                     | -22%        | 12%        | -5%         | 20%       | -26%        |
| Sub Saharan Africa                              | -37%        | 20%        | -12%        | -22%      | -4%         |
| India   | -33%        | -18%       | 14%         | -9%       | -13%        |
| China & North East Asia                         | -33%        | 32%        | -22%        | 24%       | -32%        |
| South East Asia & Oceania                       | -32%        | 8%         | -16%        | 9%        | -20%        |
| Other <sup>1) 2)</sup>                          | 30%         | -20%       | 15%         | -33%      | -17%        |
| <b>Total</b>                                    | <b>-23%</b> | <b>26%</b> | <b>-11%</b> | <b>5%</b> | <b>-26%</b> |

<sup>1)</sup> Of which Sweden 43% -32% -1% -9% -50%

<sup>2)</sup> Of which EU -15% 19% -12% 0% -31%

| Year-over-year change, percent                  | 2010 | 2009 |      |     |     |
|---|------|------|------|-----|-----|
|   | Q1   | Q4   | Q3   | Q2  | Q1  |
| North America                                   | 99%  | 104% | -2%  | 46% | 63% |
| Latin America                                   | -9%  | -25% | -18% | -2% | 7%  |
| Northern Europe & Central Asia <sup>1) 2)</sup> | -20% | -32% | -23% | -9% | -5% |
| Western & Central Europe <sup>2)</sup>          | -3%  | -10% | 9%   | 14% | 11% |
| Mediterranean <sup>2)</sup>                     | -17% | -28% | -23% | 3%  | -4% |
| Middle East                                     | 0%   | -6%  | 10%  | 12% | -5% |
| Sub Saharan Africa                              | -48% | -21% | -17% | 5%  | 47% |
| India   | -43% | -26% | 7%   | -5% | 42% |

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|                                      |            |             |            |           |            |
|--------------------------------------|------------|-------------|------------|-----------|------------|
| China & North East Asia              | -15%       | -14%        | 50%        | 38%       | 27%        |
| South East Asia & Oceania            | -32%       | -20%        | -13%       | 15%       | 29%        |
| Other <sup>1) 2)</sup>               | -19%       | -48%        | -33%       | -53%      | -42%       |
| <b>Total</b>                         | <b>-9%</b> | <b>-13%</b> | <b>-6%</b> | <b>7%</b> | <b>12%</b> |
| <sup>1)</sup> <i>Of which Sweden</i> | -13%       | -69%        | -51%       | -53%      | -40%       |
| <sup>2)</sup> <i>Of which EU</i>     | -12%       | -29%        | -16%       | -6%       | -1%        |

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## Net Sales by Region by Quarter (cont.)

| Year to date, SEK million                       | 2010          |                | 2009           |                |               |
|---|---------------|----------------|----------------|----------------|---------------|
|   | Jan-Mar       | Jan-Dec        | Jan-Sep        | Jan-Jun        | Jan-Mar       |
| North America                                   | 9,498         | 23,912         | 14,476         | 10,496         | 4,762         |
| Latin America                                   | 3,964         | 20,025         | 14,166         | 9,173          | 4,376         |
| Northern Europe & Central Asia <sup>1) 2)</sup> | 2,300         | 11,981         | 8,482          | 5,773          | 2,889         |
| Western & Central Europe <sup>2)</sup>          | 5,235         | 22,459         | 16,318         | 10,824         | 5,387         |
| Mediterranean <sup>2)</sup>                     | 5,060         | 25,161         | 18,109         | 12,928         | 6,131         |
| Middle East                                     | 3,948         | 18,250         | 13,209         | 8,706          | 3,956         |
| Sub Saharan Africa                              | 2,418         | 15,341         | 11,510         | 8,320          | 4,677         |
| India   | 2,303         | 15,262         | 11,834         | 7,678          | 4,025         |
| China & North East Asia                         | 4,950         | 25,960         | 18,561         | 12,961         | 5,790         |
| South East Asia & Oceania                       | 3,517         | 20,849         | 15,678         | 10,888         | 5,209         |
| Other <sup>1) 2)</sup>                          | 1,919         | 7,277          | 5,801          | 3,964          | 2,367         |
| <b>Total</b>                                    | <b>45,112</b> | <b>206,477</b> | <b>148,144</b> | <b>101,711</b> | <b>49,569</b> |
| <sup>1)</sup> Of which Sweden                   | 1,047         | 4,096          | 3,364          | 2,288          | 1,197         |
| <sup>2)</sup> Of which EU                       | 11,065        | 49,313         | 36,232         | 25,199         | 12,604        |

| Year to date, year-over-year change, percent    | 2010       |            | 2009      |            |            |
|---|------------|------------|-----------|------------|------------|
|   | Jan-Mar    | Jan-Dec    | Jan-Sep   | Jan-Jun    | Jan-Mar    |
| North America                                   | 99%        | 54%        | 33%       | 53%        | 63%        |
| Latin America                                   | -9%        | -13%       | -6%       | 2%         | 7%         |
| Northern Europe & Central Asia <sup>1) 2)</sup> | -20%       | -19%       | -13%      | -7%        | -5%        |
| Western & Central Europe <sup>2)</sup>          | -3%        | 4%         | 11%       | 13%        | 11%        |
| Mediterranean <sup>2)</sup>                     | -17%       | -15%       | -8%       | -1%        | -4%        |
| Middle East                                     | 0%         | 2%         | 6%        | 4%         | -5%        |
| Sub Saharan Africa                              | -48%       | 0%         | 10%       | 25%        | 47%        |
| India   | -43%       | 0%         | 12%       | 15%        | 42%        |
| China & North East Asia                         | -15%       | 18%        | 37%       | 33%        | 27%        |
| South East Asia & Oceania                       | -32%       | -1%        | 8%        | 21%        | 29%        |
| Other <sup>1) 2)</sup>                          | -19%       | -45%       | -44%      | -47%       | -42%       |
| <b>Total</b>                                    | <b>-9%</b> | <b>-1%</b> | <b>4%</b> | <b>10%</b> | <b>12%</b> |
| <sup>1)</sup> Of which Sweden                   | -13%       | -54%       | -48%      | -47%       | -40%       |
| <sup>2)</sup> Of which EU                       | -12%       | -14%       | -8%       | -4%        | -1%        |

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## External Net Sales by Region by Segment

Since the segments Sony Ericsson and ST-Ericsson are reported in accordance with the equity method, their sales are not included below. Net sales related to these segments are disclosed under SEGMENT RESULTS. Net sales related to other segments are set out below.

## Isolated quarter, SEK million

| Q1 2010                        | Networks      | Global Services | Multimedia   | Total         |
|--------------------------------|---------------|-----------------|--------------|---------------|
| North America                  | 5,946         | 3,306           | 246          | 9,498         |
| Latin America                  | 2,254         | 1,475           | 235          | 3,964         |
| Northern Europe & Central Asia | 1,163         | 964             | 173          | 2,300         |
| Western & Central Europe       | 2,275         | 2,727           | 233          | 5,235         |
| Mediterranean                  | 2,429         | 2,368           | 263          | 5,060         |
| Middle East                    | 1,994         | 1,704           | 250          | 3,948         |
| Sub Saharan Africa             | 919           | 1,266           | 233          | 2,418         |
| India                          | 1,416         | 677             | 210          | 2,303         |
| China & North East Asia        | 3,086         | 1,747           | 117          | 4,950         |
| South East Asia & Oceania      | 1,628         | 1,784           | 105          | 3,517         |
| Other                          | 1,594         | 80              | 245          | 1,919         |
| <b>Total</b>                   | <b>24,704</b> | <b>18,098</b>   | <b>2,310</b> | <b>45,112</b> |
| Share of Total                 | 55%           | 40%             | 5%           | 100%          |

## Top 5 Countries in Sales

| Country        | Jan - Mar 2010 | Jan - Mar 2009 |
|----------------|----------------|----------------|
| United States  | 19%            | 9%             |
| China          | 7%             | 7%             |
| India          | 5%             | 8%             |
| United Kingdom | 5%             | 3%             |
| Italy          | 4%             | 5%             |

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## Provisions

| Isolated quarters, SEK million                     | 2010          |               | 2009          |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
|  | Q1            | Q4            | Q3            | Q2            | Q1            |
| <b>Opening balance</b>                             | <b>12,431</b> | <b>12,386</b> | <b>13,957</b> | <b>12,592</b> | <b>14,350</b> |
| Additions  | 1,777         | 3,591         | 2,169         | 3,710         | 1,672         |
| Utilization/Cash out                               | -1,565        | -2,612        | -3,083        | -1,982        | -3,052        |
| <i>Of which restructuring</i>                      | -677          | -1,075        | -1,241        | -753          | -1,179        |
| Reversal of excess amounts                         | -498          | -1,193        | -121          | -146          | -287          |
| Reclassification, translation difference and other | -81           | 259           | -536          | -217          | -91           |
| <b>Closing balance</b>                             | <b>12,064</b> | <b>12,431</b> | <b>12,386</b> | <b>13,957</b> | <b>12,592</b> |

| Year to date, SEK million                          | 2010          |               | 2009          |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
|  | Jan-Mar       | Jan-Dec       | Jan-Sep       | Jan-Jun       | Jan-Mar       |
| <b>Opening balance</b>                             | <b>12,431</b> | <b>14,350</b> | <b>14,350</b> | <b>14,350</b> | <b>14,350</b> |
| Additions  | 1,777         | 11,142        | 7,551         | 5,382         | 1,672         |
| Utilization/Cash out                               | -1,565        | -10,729       | -8,117        | -5,034        | -3,052        |
| <i>Of which restructuring</i>                      | -677          | -4,248        | -3,173        | -1,932        | -1,179        |
| Reversal of excess amounts                         | -498          | -1,747        | -554          | -433          | -287          |
| Reclassification, translation difference and other | -81           | -585          | -844          | -308          | -91           |
| <b>Closing balance</b>                             | <b>12,064</b> | <b>12,431</b> | <b>12,386</b> | <b>13,957</b> | <b>12,592</b> |

## Number of Employees

| End of period                                | 2010          |               | 2009          |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
|  | Mar 31        | Dec 31        | Sep 30        | Jun 30        | Mar 31        |
| North America                                | 13,450        | 11,222        | 11,199        | 5,284         | 5,447         |
| Latin America                                | 6,134         | 6,055         | 5,721         | 7,858         | 8,031         |
| Northern Europe & Central Asia <sup>1)</sup> | 21,813        | 21,993        | 22,103        | 21,200        | 21,410        |
| Western & Central Europe                     | 11,418        | 11,622        | 11,701        | 11,822        | 11,615        |
| Mediterranean                                | 10,884        | 9,509         | 10,019        | 10,061        | 10,013        |
| Middle East                                  | 3,598         | 3,744         | 3,778         | 3,867         | 3,945         |
| Sub Saharan Africa                           | 2,044         | 2,104         | 2,202         | 1,853         | 1,832         |
| India  | 4,726         | 4,184         | 3,798         | 3,614         | 3,375         |
| China & North East Asia                      | 7,400         | 6,894         | 6,773         | 6,409         | 6,029         |
| South East Asia & Oceania                    | 5,070         | 5,166         | 5,232         | 5,280         | 5,223         |
| <b>Total</b>                                 | <b>86,537</b> | <b>82,493</b> | <b>82,526</b> | <b>77,248</b> | <b>76,920</b> |

<sup>1)</sup> *Of which Sweden* 18,082 18,217 18,311 18,605 18,812

## Information on investments in assets subject to depreciation, amortization, impairment and write-downs

| SEK million                      | 2010 |       | 2009 |       |       |
|----------------------------------|------|-------|------|-------|-------|
|                                  | Q1   | Q4    | Q3   | Q2    | Q1    |
| Additions                        |      |       |      |       |       |
| Property, plant and equipment    | 659  | 1,110 | 690  | 1,189 | 1,018 |
| Capitalized development expenses | 278  | 662   | 245  | 327   | 209   |

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|   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| IPR, brands and other intangible assets               | 622          | 5,941        | 438          | 50           | 7            |
| <b>Total</b>  | <b>1,559</b> | <b>7,713</b> | <b>1,373</b> | <b>1,566</b> | <b>1,234</b> |
| Depreciation, amortization and impairment losses      |              |              |              |              |              |
| Property, plant and equipment                         | 796          | 1,065        | 776          | 844          | 817          |
| Capitalized development expenses                      | 168          | 251          | 177          | 173          | 202          |
| IPR, brands and other intangible assets <sup>1)</sup> | 2,169        | 2,575        | 2,315        | 2,095        | 833          |
| <b>Total</b>  | <b>3,133</b> | <b>3,891</b> | <b>3,268</b> | <b>3,112</b> | <b>1,852</b> |
| <sup>1)</sup> <i>Of which restructuring costs</i>     | 945          | 1,471        | 1,509        | 1,275        |              |

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## Other Information

|   | Jan - Mar<br>2010 | 2009  | Jan - Dec<br>2009 |
|---|-------------------|-------|-------------------|
| <b>Number of shares and earnings per share</b>                        |                   |       |                   |
| Number of shares, end of period (million)                             | 3,273             | 3,246 | 3,273             |
| of which class A-shares (million)                                     | 262               | 262   | 262               |
| of which class B-shares (million)                                     | 3,011             | 2,984 | 3,011             |
| Number of treasury shares, end of period (million)                    | 78                | 59    | 79                |
| Number of shares outstanding, basic, end of period (million)          | 3,196             | 3,187 | 3,194             |
| Numbers of shares outstanding, diluted, end of period (million)       | 3,219             | 3,207 | 3,216             |
| Average number of treasury shares (million)                           | 78                | 60    | 75                |
| Average number of shares outstanding, basic (million)                 | 3,195             | 3,187 | 3,190             |
| Average number of shares outstanding, diluted (million) <sup>1)</sup> | 3,219             | 3,206 | 3,212             |
| Earnings per share, basic (SEK)                                       | 0.40              | 0.54  | 1.15              |
| Earnings per share, diluted (SEK) <sup>1)</sup>                       | 0.39              | 0.54  | 1.14              |

<sup>1)</sup> Potential ordinary shares are not considered when their conversion to ordinary shares would increase earnings per share.

|   |        |        |        |
|---|--------|--------|--------|
| <b>Ratios</b>                             |        |        |        |
| Days sales outstanding                    | 117    | 124    | 106    |
| Inventory turnover days                   | 75     | 83     | 68     |
| Payable days                              | 59     | 65     | 57     |
| Equity ratio (%)                          | 52.8%  | 52.0%  | 52.3%  |
| Return on equity (%)                      | 3.6%   | 4.8%   | 2.6%   |
| Return on capital employed (%)            | 5.0%   | 6.6%   | 4.3%   |
| Capital turnover (times)                  | 1.0    | 1.1    | 1.1    |
| Payment readiness, end of period          | 90,260 | 73,353 | 88,960 |
| Payment readiness, as percentage of sales | 50.0%  | 37.0%  | 43.1%  |

|   |       |       |       |
|---|-------|-------|-------|
| <b>Exchange rates used in the consolidation</b> |       |       |       |
| SEK/EUR - average rate                          | 10.00 | 11.01 | 10.63 |
| - closing rate                                  | 9.72  | 10.97 | 10.30 |
| SEK/USD - average rate                          | 7.22  | 8.34  | 7.63  |
| - closing rate                                  | 7.21  | 8.23  | 7.18  |

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| <b>Other</b>             |        |        |        |
| Export sales from Sweden | 20,709 | 22,316 | 94,829 |

Ericsson Planning Assumptions for Year 2010

**Research and development expenses**

We estimate R&D expenses for the full year 2010 to be at around SEK 28-30 b. The estimate includes amortizations/write-downs of intangible assets related to major acquisitions previously made and excludes restructuring charges. However, currency effects may cause this to change.

**Capital expenditures**

Excluding acquisitions, the capital expenditures in relation to sales are not expected to be significantly different in 2010, remaining at roughly two percent of sales.

**Utilization of provisions**

The expected utilization of provisions for year 2010 is stated in the Annual Report 2009.

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## Consolidated Operating Income excl. Restructuring Charges

| SEK million   | 2010         |              | 2009         |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | Q1           | Q4           | Q3           | Q2           | Q1           |
| Net sales   | 45,112       | 58,333       | 46,433       | 52,142       | 49,569       |
| Cost of sales   | -27,727      | -37,675      | -29,623      | -33,215      | -31,585      |
| <b>Gross income</b>   | 17,385       | 20,658       | 16,810       | 18,927       | 17,984       |
| Gross margin (%)  | 38.5%        | 35.4%        | 36.2%        | 36.3%        | 36.3%        |
| Research and development expenses   | -7,265       | -7,029       | -6,418       | -6,761       | -6,802       |
| Selling and administrative expenses   | -5,881       | -7,014       | -5,164       | -6,886       | -6,809       |
| <b>Operating expenses</b>   | -13,146      | -14,043      | -11,582      | -13,647      | -13,611      |
| Other operating income and expenses   | 302          | 878          | 222          | 1,640        | 342          |
| <b>Operating income before share in earnings of JV and associated companies</b> | <b>4,541</b> | <b>7,493</b> | <b>5,450</b> | <b>6,920</b> | <b>4,715</b> |
| Operating margin before share in earnings of JV and associated companies (%)    | 10.1%        | 12.8%        | 11.7%        | 13.3%        | 9.5%         |
| Share in earnings of JV and associated companies                                | -260         | -431         | -1,480       | -1,997       | -2,170       |
| <b>Operating income</b>   | 4,281        | 7,062        | 3,970        | 4,923        | 2,545        |
| Earnings per share, basic (SEK) excl. JV s and ass. comp                        | 0.96         | 1.37         | 1.21         | 1.53         | 1.19         |
| Earnings per share, diluted (SEK) <sup>1)</sup> excl. JV s and ass. comp        | 0.96         | 1.36         | 1.20         | 1.52         | 1.19         |

<sup>1)</sup> Potential ordinary shares are not considered when their conversion to ordinary shares would increase earnings per share.

## Restructuring Charges by Function

| SEK million  | 2010          |               | 2009          |               |             |
|--|---------------|---------------|---------------|---------------|-------------|
|  | Q1            | Q4            | Q3            | Q2            | Q1          |
| Cost of sales  | -800          | -1,660        | -832          | -1,317        | -371        |
| Research and development expenses                                | -261          | -2,277        | -1,800        | -1,690        | -278        |
| Selling and administrative expenses                              | -1,127        | -308          | -115          | -558          | -53         |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | -2,188        | -4,245        | -2,747        | -3,565        | -702        |
| Share in Sony Ericsson charges                                   | -15           | -797          | -9            | -5            | -66         |
| Share in ST-Ericsson charges                                     | -97           | -233          | -70           | -140          | -2          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | -112          | -1,030        | -79           | -145          | -68         |
| <b>Total</b>   | <b>-2,300</b> | <b>-5,275</b> | <b>-2,826</b> | <b>-3,710</b> | <b>-770</b> |

## Restructuring Charges by Segment

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| SEK million  | 2010          |               |               | 2009          |             |
|--|---------------|---------------|---------------|---------------|-------------|
|  | Q1            | Q4            | Q3            | Q2            | Q1          |
| Networks   | -1,450        | -3,166        | -2,407        | -2,283        | -502        |
| Global Services  | -680          | -951          | -311          | -982          | -190        |
| <i>Of which Professional Services</i>                            | -588          | -850          | -252          | -767          | -175        |
| <i>Of which Network rollout</i>                                  | -92           | -101          | -59           | -215          | -15         |
| Multimedia   | -45           | -70           | -28           | -277          | -10         |
| Unallocated  | -13           | -58           | -1            | -23           |             |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | -2,188        | -4,245        | -2,747        | -3,565        | -702        |
| Sony Ericsson  | -15           | -797          | -9            | -5            | -66         |
| ST-Ericsson  | -97           | -233          | -70           | -140          | -2          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | -112          | -1,030        | -79           | -145          | -68         |
| <b>Total</b>   | <b>-2,300</b> | <b>-5,275</b> | <b>-2,826</b> | <b>-3,710</b> | <b>-770</b> |

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## Operating Income by Segment excl. Restructuring Charges

| Isolated quarters, SEK million                                    | 2010         |              | 2009          |               |               |
|---|--------------|--------------|---------------|---------------|---------------|
|   | Q1           | Q4           | Q3            | Q2            | Q1            |
| Networks <sup>1)</sup>  | 2,990        | 5,294        | 3,545         | 3,548         | 3,569         |
| Global Services <sup>1)</sup>                                     | 2,005        | 2,027        | 1,737         | 3,231         | 1,710         |
| <i>Of which Professional Services</i>                             | <i>2,007</i> | <i>2,197</i> | <i>1,880</i>  | <i>3,032</i>  | <i>1,924</i>  |
| <i>Of which Network rollout</i>                                   | <i>-2</i>    | <i>-170</i>  | <i>-143</i>   | <i>199</i>    | <i>-214</i>   |
| Multimedia  | -290         | 333          | 358           | 295           | 54            |
| Unallocated <sup>2)</sup>   | -145         | -229         | -167          | -300          | -77           |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST- Ericsson</i> | <i>4,560</i> | <i>7,425</i> | <i>5,473</i>  | <i>6,774</i>  | <i>5,256</i>  |
| Sony Ericsson   | 91           | -247         | -1,027        | -1,538        | -2,004        |
| ST-Ericsson <sup>3)</sup>   | -370         | -118         | -476          | -313          | -707          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                     | <i>-279</i>  | <i>-365</i>  | <i>-1,503</i> | <i>-1,851</i> | <i>-2,711</i> |
| <b>Total</b>  | <b>4,281</b> | <b>7,060</b> | <b>3,970</b>  | <b>4,923</b>  | <b>2,545</b>  |

## Operating Margin by Segment excl. Restructuring Charges

| As percentage of net sales, isolated quarters            | 2010       |            | 2009       |            |            |
|--|------------|------------|------------|------------|------------|
|  | Q1         | Q4         | Q3         | Q2         | Q1         |
| Networks <sup>1)</sup>                                   | 12%        | 17%        | 14%        | 12%        | 12%        |
| Global Services <sup>1)</sup>                            | 11%        | 9%         | 9%         | 16%        | 10%        |
| <i>Of which Professional Services</i>                    | <i>15%</i> | <i>13%</i> | <i>15%</i> | <i>22%</i> | <i>15%</i> |
| <i>Of which Network rollout</i>                          | <i>0%</i>  | <i>-3%</i> | <i>-2%</i> | <i>3%</i>  | <i>-5%</i> |
| Multimedia   | -13%       | 10%        | 11%        | 9%         | 2%         |
| <b>Subtotal excluding Sony Ericsson and ST- Ericsson</b> | <b>10%</b> | <b>13%</b> | <b>12%</b> | <b>13%</b> | <b>11%</b> |

## EBITA by Segment excl. Restructuring Charges

| Isolated quarters, SEK million                                   | 2010         |              | 2009          |               |               |
|--|--------------|--------------|---------------|---------------|---------------|
|  | Q1           | Q4           | Q3            | Q2            | Q1            |
| Networks <sup>1)</sup>   | 3,869        | 5,963        | 3,962         | 4,079         | 4,106         |
| Global Services <sup>1)</sup>                                    | 2,176        | 2,210        | 1,982         | 3,316         | 1,796         |
| <i>Of which Professional Services</i>                            | <i>2,150</i> | <i>2,353</i> | <i>2,115</i>  | <i>3,106</i>  | <i>2,000</i>  |
| <i>Of which Network rollout</i>                                  | <i>26</i>    | <i>-143</i>  | <i>-133</i>   | <i>210</i>    | <i>-204</i>   |
| Multimedia   | -116         | 584          | 496           | 503           | 259           |
| Unallocated <sup>2)</sup>  | -145         | -226         | -161          | -304          | -73           |
| <i>Subtotal Ericsson excluding Sony Ericsson and ST-Ericsson</i> | <i>5,784</i> | <i>8,531</i> | <i>6,279</i>  | <i>7,594</i>  | <i>6,088</i>  |
| Sony Ericsson  | 91           | -247         | -1,027        | -1,538        | -2,004        |
| ST-Ericsson <sup>3)</sup>  | -370         | -118         | -476          | -313          | -707          |
| <i>Subtotal Sony Ericsson and ST-Ericsson</i>                    | <i>-279</i>  | <i>-365</i>  | <i>-1,503</i> | <i>-1,851</i> | <i>-2,711</i> |

|              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total</b> | <b>5,505</b> | <b>8,166</b> | <b>4,776</b> | <b>5,743</b> | <b>3,377</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|

## EBITA Margin by Segment excl. Restructuring Charges

| As percentage of net sales, isolated quarters            | 2010       | 2009       |            |            |            |
|--|------------|------------|------------|------------|------------|
|  | Q1         | Q4         | Q3         | Q2         | Q1         |
| Networks <sup>1)</sup>                                   | 16%        | 19%        | 16%        | 14%        | 14%        |
| Global Services <sup>1)</sup>                            | 12%        | 10%        | 11%        | 17%        | 10%        |
| <i>Of which Professional Services</i>                    | <i>16%</i> | <i>14%</i> | <i>17%</i> | <i>22%</i> | <i>16%</i> |
| <i>Of which Network rollout</i>                          | <i>1%</i>  | <i>-2%</i> | <i>-2%</i> | <i>4%</i>  | <i>-4%</i> |
| Multimedia   | -5%        | 17%        | 15%        | 15%        | 8%         |
| <b>Subtotal excluding Sony Ericsson and ST- Ericsson</b> | <b>13%</b> | <b>15%</b> | <b>14%</b> | <b>15%</b> | <b>12%</b> |

<sup>1)</sup> For 2009 Networks and Global Services are restated in accordance with the change in segments.

<sup>2)</sup> Unallocated consists mainly of costs for corporate staffs, non-operational capital gains and losses.

<sup>3)</sup> First quarter 2009 includes a loss of SEK 0.5 b for January for Ericsson Mobile Platforms operations which as from February 1, 2009, are reported in ST-Ericsson. Second quarter 2009 includes a capital gain of SEK 0.1 b related to Ericsson Mobile Platforms. Fourth quarter 2009 includes a gain of SEK 0.1 b related to Ericsson Mobile Platforms.

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**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: April 26, 2010