

Ericsson and 3 Italia sign exclusive network transformation deal and extend managed services agreement

Ericsson (NASDAQ:ERIC) today announced an exclusive contract with 3 Italia that includes a seven-year agreement to modernize and upgrade the existing WCDMA/HSPA network with Ericsson technologies and architectures. It also includes an extension of the current managed services deal.

Under the network transformation contract, Ericsson will modernize and upgrade the existing 3G mobile broadband access and core networks, optical and radio transport, data charging, and consumer-services platforms and systems.

The deal also extends the exclusive managed services contract signed in 2005 for the total management of 3 Italia's multi-vendor 3G network and telecom IS&IT infrastructure. The prolonged contract runs for five years. It has a reduced financial value compared to the previous contract, as a result of the returning of some third party contracts and the implementation of the new service delivery model, enabling scale and skill synergies in the operations. Also, the optimized network is more efficient and requires less service activities. Transition and transformation costs will put pressure on margins initially but over the total contract period the profitability is satisfactory.

The agreement combines extensive technology modernization and network upgrade with operational process improvements and managed services, and will provide 3 Italia with a world-class mobile broadband network and excellent operational efficiency. At the end of the transformation and modernization process, 3 Italia's mobile broadband network will be powered and managed by Ericsson.

Vincenzo Novari, 3 Italia's CEO says: "We are pleased with the successful cooperation with Ericsson. This agreement has been and will remain a reference in innovation and network development for the Italian market. With this agreement, we take a new step in meeting the demand for mobile broadband connectivity and services by Italian consumers and enterprises and make our network even more efficient in handling data traffic and ensuring better quality of experience to our customers."

Cesare Avenia, Ericsson's Head of Market Unit South East Europe, says: "This agreement is a continuation of our long relationship with 3 Italia. It confirms the high quality and reliability of our technologies and services and creates new opportunities for our industry, at a time when dynamism and innovation are key. We are proud to make our technology, services, know-how and experience available to 3 Italia to transform its mobile broadband network."

This agreement comes after a successful long-term collaboration between Ericsson and 3 Italia, which started in 2001, with 3 Italia choosing Ericsson as the main partner for its 3G core and access technology and later, in 2005, as exclusive partner for managed services of its multi-vendor network and telecom IS/IT infrastructure. With this compelling business transformation proposition

that meets 3 Italia's new strategy, Ericsson strengthens its role as the industry leader and innovator.

Notes to editors:

Ericsson's standard multimedia content is available at the broadcast room:

www.ericsson.com/broadcast_room

Ericsson is the world's leading provider of technology and services to telecom operators. The market leader in 2G and 3G mobile technologies, Ericsson supplies communications services and manages networks that serve more than 250 million subscribers. The company's portfolio comprises mobile and fixed network infrastructure, and broadband and multimedia solutions for operators, enterprises and developers. The Sony Ericsson joint venture provides consumers with feature-rich personal mobile devices.

Ericsson is advancing its vision of 'communication for all' through innovation, technology, and sustainable business solutions. Working in 175 countries, more than 70,000 employees generated revenue of USD 27 billion (SEK 209 billion) in 2008. Founded in 1876 and headquartered in Stockholm, Sweden, Ericsson is listed on OMX Nordic Exchange Stockholm and NASDAQ.

For more information, visit www.ericsson.com or www.ericsson.mobi.

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About the mobile broadband network

Ericsson provides 3 Italia with a complete mobile broadband network based on its technology-leading portfolio. The radio access network is based on WCDMA/HSPA radio base stations from the new RBS6000 series, also involving IP RAN. The transformation of the mobile core network includes Ericsson Mobile Softswitch solution and the implementation of the new 3G Direct Tunnel architecture for Packet Switching, preparing for the evolution to LTE. This, in conjunction with the integration of the Ericsson bandwidth management solution, will provide more efficient handling of data traffic. The mobile backhaul solution includes microwave transmission and optical transport based on dense wavelength division multiplexing (DWDM), providing a break in for Ericsson's Marconi MHL 3000 portfolio.

Ericsson provides business support systems and applications to enable richer multimedia services and further enhance 3 Italia's offerings to their customers and meet their business strategy.