

PRESS RELEASE**Ericsson world-first in delivering innovative 3G technology to Telstra**

In an historic step for the mobile industry, Telstra has activated in their Next G™ network an important new feature for the Mobile Packet Core network called 3G Direct Tunnel. Ericsson (NASDAQ:ERIC) is the first vendor to deliver this significant advance to mobile operators.

The 3G Direct Tunnel feature provides a capacity increase to Telstra's mobile packet core network, supporting the fast growth of mobile broadband traffic. The functionality is implemented in the existing network through software enhancements, with no additional hardware required and will make the network more efficient in its handling of data packets.

Telstra Executive Director for Wireless Mike Wright, says: "Our strategy is to invest in keeping our Next G™ network the most powerful and advanced mobile network in the world. 3G Direct Tunnel is an important feature to increase our packet data network capacity, profitability and further improves the mobile broadband service for the increasing number of customers enjoying our high-speed services in Australia."

The feature is standardized by 3GPP, the defining body for mobile network standards. By implementing it Telstra starts to evolve the Next G™ network to a flat all-IP architecture that will both allow the network capacity to grow while lowering the cost of expanding the network to meet ever growing demand.

Melih Tufan, Head of Product Line Mobile Packet Core at Ericsson, says: "As the leading global vendor of mobile technology, Ericsson is expected to be first to market with state-of-the-art networking features and solutions. We realize how important this is to our customers who are operating in a very competitive market and are very pleased to have delivered such an important network feature to Telstra."

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 120 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 27.9 billion (SEK 189 billion) in 2007. Founded in 1876 and headquartered in Stockholm, Sweden, Ericsson is listed on the Stockholm, London and NASDAQ stock exchanges.

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

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About Telstra Corporation Ltd

Telstra Corporation Ltd is Australia's leading telecommunications and information services company, with one of the best-known brands in the country. Telstra is the only true media communications company in Australia that can provide customers with a truly integrated telecommunications experience across fixed line, mobiles, broadband (BigPond®), information, transaction and search (Sensis®) and pay TV (FOXTEL). By using an integrated suite of network and media assets, Telstra is creating a world of 1-click, 1-touch, 1-command, any screen solutions that are integrated, operate in real-time, and are simple, easy and valued by customers.

About Ericsson's 3G Direct Tunnel feature:

Ericsson's 3G Direct Tunnel (3GDT) feature is an important step in the evolution of packet core networks towards a flat all-IP based architecture. The feature will increase the data traffic capacity in operators WCDMA/HSPA networks. The 3GDT feature enables a direct connection (i.e. tunnel) between the RNC, the control and aggregation unit in the radio access network, and the GGSN, the interface unit between the mobile data network and Internet. The 3G payload traffic is now bypassing the SGSN that is working as a traffic signalling server. The dimensioning criterion for the SGSN is now the signalling load and not the fast increasing data traffic from mobile broadband. The 3G Direct Tunnel feature will provide a significant increase of the capacity of an operator's existing packet core network and make the network more cost efficient. The 3GDT feature is implemented by adding new software only, no extra hardware is required. Operators will benefit from 3GDT in several ways by a more cost efficient expansion of network capacity, improved network scalability, reduced cost of ownership through simplified network architecture and reduced transmission cost. With deliveries started in February 2008, Ericsson is the first supplier in the world of 3GDT feature to WCDMA/HSPA operators.