ERICSSON

Press Release
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Ericsson launches local switching in GSM radio base stations to slash transmission costs

Ericsson (NASDAQ: ERIC) today announced the introduction of a local call-switching feature across its GSM base station portfolio. The move is set to generate dramatic savings in transmission costs for network operators, helping drive increased network deployment across rural and remote areas.

The new Abis Local Connectivity feature is demonstrated at the Mobile Asia Congress in Macau (November 12-15, 2007) and is scheduled for commercial deployment in mid-2008.

The solution allows local calls originating and terminating from the same base station, or within a cluster of base stations, to be switched locally in the Ericsson GSM radio network. This significantly reduces operators' transmission costs by circumventing the backhaul network that traditionally carries mobile traffic from radio base stations to the nearest switching node.

Suitable for both urban and remote areas, the solution significantly reduces deployment costs in areas where backhaul transmission is expensive or difficult to deploy. By employing local switching in the radio base station, Ericsson is also ensuring that the cost of delivering a call is kept to a minimum. Together, these factors are expected to play a pivotal role in helping bridge the digital divide and bring telecommunications to new and remote locations currently without mobile coverage.

Ulf Ewaldsson, Vice President and Head of Product Area Radio at Ericsson, says: "In overcoming the expense of backhauling and significantly lowering the total cost of ownership for operators, Ericsson is removing a key financial hurdle to achieving profitable network expansion in rural and remote areas.

"Our vision of an all-communicating world means affordable telecommunications available to everyone, everywhere. Ericsson's Abis Local Connectivity feature represents a significant breakthrough in reducing communications costs, making it profitable to bring mobile communications to people across the four corners of the Earth."

Although the Abis Local Connectivity feature switches calls locally, operators still retain centralized control of their network architecture. Areas such as subscriber management and network charging will continue to be managed via mobile softswitches and base station controllers.

In addition to reducing operator costs, the Abis Local Connectivity feature enhances subscribers' communications experience. It offers superior speech

quality and overcomes time delays experienced when satellite-backhauled base stations are used.

The Abis Local Connectivity feature is the latest addition to Ericsson's Packet Abis solution. With Packet Abis, Ericsson brings IP technology to GSM radio networks, making it possible for an operator to share investments across GSM, WCDMA and LTE, and paving the way to true network convergence.

Note to editors:

Read more about Ericsson's solutions for high-growth markets at:
http://www.ericsson.com/winningpropositions/expander/index.shtml

Ericsson is shaping the future of Mobile and Broadband Internet communications through its continuous technology leadership. Providing innovative solutions in more than 140 countries, Ericsson is helping to create the most powerful communication companies in the world.

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Ericsson Media Relations
Phone: +46 8 719 69 92
E-mail: press.relations@ericsson.com