

MACHINE CONNECTIVITY GETS A BOOST WITH ERICSSON AND MEGAFON

- New partnership aims to develop machine-to-machine (m2m) market
- Is expected to allow MegaFon to offer m2m connectivity to enterprises and address new revenue streams
- Ericsson's cloud-based Device Connection Platform at center of cooperation

At the Open Innovations Forum in Moscow, Ericsson (NASDAQ: ERIC) announced a strategic cooperation with one of Russia's major operators, MegaFon, to develop the market around machine-to-machine connectivity. Under the agreement, MegaFon plans to use Ericsson's Device Connection Platform to cost effectively manage a large number of connected devices and machines for enterprises.

Ericsson will provide MegaFon with consulting services and utilities market research plus systems integration services as part of the agreement.

In a world of 50 billion connected devices as foreseen by Ericsson, many devices will communicate with applications and control systems using mobile networks. Both enterprises and consumers will make use of numerous everyday devices that benefit from M2M connectivity at home, at work, on the move, in remote locations and elsewhere. Potential uses include utility meters, alarms, cars, buses and trucks and a wide range of consumer electronic devices.

Thus, operators need tools in order to tailor enterprise offerings, for example in terms of price plans and bandwidth requirements for different M2M applications. In addition, they must be able to implement new applications fast.

The Device Connection Platform is a cloud-based managed connectivity platform, provided as a service. It enables operators to industrialize M2M connectivity services to a variety of different industry needs. Operators can address new revenue streams from a variety of devices while simplifying the process, and reducing the cost of connecting them in order to benefit from economies of scale. At the same time, the platform facilitates smooth and efficient network provisioning as well as access to key functionalities including subscription management, device management and operator and enterprise self-service portals.

In addition to experience of the worldwide M2M market, Ericsson will support MegaFon in offering services to enterprises from different industries, in order to leverage efficiencies along their customers' value chain from production to distribution.

Oleg Butenko, CEO MegaLabs, a wholly-owned MegaFon subsidiary focusing on the development of innovative solutions, said: "We see this partnership as a good opportunity to develop M2M technologies in Russia. The M2M segment is now in its infancy, primarily because the market itself has not been formed. MegaLabs and Ericsson are jointly working to develop this new solution to the benefit of MegaFon subscribers. We expect the solution to help our customers efficiently monitor M2M SIM cars and choose the best tariff options. We believe that this partnership and

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solution may help our customers leverage the full potential of their M2M connectivity, and enhance our vertical solutions portfolio."

Dmitry Maselsky, Head of Ericsson Russia, said: "It took one hundred years for technology to connect places, 25 years to connect 6 billion people, and by 2020 we will have the ability to connect up to 50 billion devices. We see over 2 billion of those connections will be right here in Russia. Connectivity across a massive number and variety of devices will help businesses reach new efficiencies, and we will fully support MegaFon in capturing new revenue streams and opportunities."

The pilot phase is set to be launched December 2012.

NOTES TO EDITORS

Product description of the [Device Connection Platform](#)

About MegaFon OJSC

MegaFon OJSC is a universal operator working in different segments of the telecommunications market. More than 62 million people throughout Russia have chosen the high quality of services and communications provided by MegaFon. Appreciating the trust of its customers, the company has become one of the mobile operators to adopt more customer-oriented policies. MegaFon is the first mobile operator in the country to launch 3G for commercial operations. An active supporter of sports, MegaFon is the General partner of the XXII Olympic Winter Games 2014 and XI Paralympic Winter Games 2014 in Sochi, and the General partner and official mobile operator of the XXVII World Summer Universiade 2013 in Kazan.

MegaLabs is a wholly owned subsidiary of MegaFon, and its principal objective is to research, develop and bring to market innovative value-added services for MegaFon clients. MegaLabs is a centre for innovative developments and quick-to-market launch of value-added services in the areas of content and media, mobile finance, mobile advertising, M2M services and clouds services.

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Ericsson is the world's leading provider of communications technology and services. We are enabling the Networked Society with efficient real-time solutions that allow us all to study, work and live our lives more freely, in sustainable societies around the world.

Our offering comprises services, software and infrastructure within Information and Communications Technology for telecom operators and other industries. Today more than 40 percent of the world's mobile traffic goes through Ericsson networks and we support customers' networks servicing more than 2.5 billion subscribers.

We operate in 180 countries and employ more than 100,000 people. Founded in 1876, Ericsson is headquartered in Stockholm, Sweden. In 2011 the company's net sales were SEK 226.9 billion (USD 35.0 billion). Ericsson is listed on NASDAQ OMX, Stockholm and NASDAQ, New York stock exchanges.

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