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PRESS RELEASE

Effnet to sharpen focus of operations on mobile Internet and voice over IP

Organization concentrated to one facility in Sweden and one in the U.S.

Earlier this year Effnet decided to focus operations on products for IP Header Compression for wireless IP networks, mobile Internet, and voice over IP. As a consequence of this decision, Effnet will phase-out facilities in Luleå, Sweden and Mountain View, California, affecting 15-20 people.

On an annual basis, these actions are estimated at reducing Effnet's costs by approximately SEK 40 million, much of which can be attributed to the Silicon Valley facility. Costs associated with this restructuring are estimated at SEK 26 million, which will burden fourth-quarter results. Effnet's offices in Stockholm, Sweden and Tuscon, Arizona will manage product development, marketing, and sales efforts. Some positions in Stockholm will also be lost as a result of the restructuring. MBL (codetermination) negotiations will begin as soon as possible.

"By focusing operations in this way, we are creating the best possible opportunities for Effnet. Concurrent as we reduce costs, we expect the joint 3G initiatives currently being taken in the telecommunications industry to spark a resurgence in the market. For Effnet, with its unique position as an independent provider of Header Compression solutions in this environment, this would be an extremely positive development," says CEO, Örjan Grinndal.

IP Header Compression enables more effective broadband utilization in mobile networks, mobile Internet (3G), and voice over IP. By using header compression technology, the IP packet header overhead in the communication can be reduced to a minimum, which leaves more capacity for the actual content. This is especially important for effective high-speed transportation of multimedia content such as video, games, music, and voice over IP.

"After carrying out the measures announced today, the transformation of Effnet will be complete. Today, Effnet is a software company with a slimmed-down organization, appropriate structure, financial strength, and exciting product portfolio. By focusing on IP Header Compression, Effnet will become part of a data and telecommunications industry on the brink of some incredibly interesting developments," says CEO Örjan Grinndal.

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About Effnet

Effnet innovates and licenses award-winning key technologies that resolve data speed, efficiency and security challenges in Internet Protocol (IP) networking and IT security. Effnet focuses on software development in Robust Header Compression (ROHC), a technology viewed as becoming essential for providers of IP-based wireless networks. Effnet's wholly-owned subsidiary, Wkit Security, develops copy protection software. The Effnet group employs approx. 55 persons. Effnet Group AB shares are traded on Sweden's Nya Marknaden (symbol: EFFN). Read more about Effnet at www.effnet.com. Read about Wkit at www.wkit.com.