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Press release

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Lower household phone bills possible with IP telephony

Today it is "first come first served" for 200 residents of Skellefteå, Sweden, as they are offered lower home phone bills with a new IP telephony solution. The new solution is a result of an agreement between Skellefteå Kraft, Nortel Networks and i3 micro technology. Within a couple of years, the capacity is expected to increase to 10,000 users.

Nortel Networks IP telephony platform Succession 1000 Release 2.0, combined with i3 micro's Vood Residential Gateways, enables households to significantly reduce their fixed telephony costs compared to typical levels for analogue telephony.

- Private individuals will place their domestic, international and mobile phone calls in the customary fashion, but at significantly lower prices. In addition, customers within Skekraft.net, will be able to call each other for free, said Anders Järvelä, Business Area Manager Skellefteå Kraft. The solution from Nortel Networks and i3 makes IP telephony a reality for private individuals.

Connection costs for IP telephony have long been considered too high, but with the joint effort between Nortel Networks, i3 micro and Skellefteå Kraft, the affordable technology also becomes available for residential customers. At the same time, Skellefteå Kraft, increases the usage of their existing fiber network.

- Skellefteå Kraft is a front runner on the Swedish broadband market, both in terms of technology and business concept, says Mats Hovmöller, Head of Business Development at i3. As a Swedish supplier of IP equipment, we are excited to find the Swedish market for IP telephony and more advanced broadband services starting to move forward.

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- We are currently discussing with several players that have plans to launch similar services as Skellefteå Kraft, says Tomas Wangdell, sales executive at Nortel Networks.

Nortel Networks IP telephony platform, Succession 1000 Release 2.0, allows City Carriers and broadband operators to offer IP telephony at a lower cost with a broad offering of services to companies as well as private households. The technology allows for IP telephony users to reduce their investment in new telephones and to avoid other expensive entry barriers

The communication server for companies, Succession 1000, is a server-based IP-PBX with a broad range of services, providing the advantages of a converged network, advanced applications and over 450 world class telephony services. The Succession 1000 provides a distributed solution over IP LAN & WAN, with built-in security and survival functionality.

About i3's products

The i3 products used by Skellefteå Kraft are the Vood Residential Gateway, VRG™ 122/142 and i3 Centre - Element Manager. They are part of i3's product line Vood™ (Voice-Options-On-Demand) which consists of Terminal Adaptors, Residential Gateways and a Management system.

The Vood Residential Gateway, VRG, is an integrated telephony adapter and Ethernet switch, which enables broadband operators to simultaneously offer Internet, telephony- and media services. Mounted at home or in the office, the VRG gives access to IP telephony via analogue phones while at the same time

functioning as an integrated Ethernet switch. i3's IP-telephony products support all standard protocols and are certified by Nortel Networks.

About i3 micro technology

i3 micro technology is a Swedish company established in 1997. With headquarters in Kista, i3 develops and markets products and turnkey solutions for the distribution and reception of digital TV, video and telephony over IP networks. i3's two product lines, Mood™ (Media Options on Demand) and Vood™ (Voice Options on Demand), enable operators to offer end-users advanced "triple-play" services, thereby increasing the revenues generated from broadband networks. i3's products include set-top boxes, streaming servers, residential gateways and management systems.

During 2002, i3 received the Excellent Swedish Design award and the world famous Good Design Award for its set-top box, Mood Box™. For more information, please visit www.i3micro.com

About Skellefteå Kraft

Skellefteå Kraft is one the larger energy suppliers in Sweden, soon celebrating its 100th anniversary. The company is structured into five business areas: Electric power production and sales, Electric distribution network, Heating, Communication and Real estates. The group also includes Lycksele Energi and Storuman Värme. The group has 380 employees and annual turnover of BSEK 1.5. Skellefteå Kraft stands for Power, Reliability, Environmental Responsibility and Development. Please visit www.skekraft.se

About Nortel Networks:

Nortel Networks is an industry leader and innovator focused on transforming how the world communicates and exchanges information. The Company is supplying its service provider and enterprise customers with communications technology and infrastructure to enable value-added IP data, voice and multimedia services spanning Wireless Networks, Wireline Networks, Enterprise Networks, and Optical Networks. As a global company, Nortel Networks does business in more than 150 countries. More information about Nortel Networks can be found on the Web at www.nortelnetworks.com.

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