

**For Immediate Release**

**Telrad Networks Sheds Production Lines**

*Improves Cost Effectiveness*

Lod, Israel, December 13, 2006. Telrad Networks, a leading telecommunications equipment developer announced today that it has finalized the sale of its production facility to a firm specializing in manufacturing and production of hardware components.

The buyer will continue to provide Telrad production services over the next 5 years. In addition, the buyer will be employing almost all of the staff that had formerly belonged to Telrad. The official transfer of responsibility for the production facility was performed on December 11.

“For Telrad, this is a strategic move so that the company can focus on its core competencies and become more competitive and flexible in the marketplace,” said Yossi Ben-Harosh, CEO of Telrad Networks. “By moving from a fixed to variable cost for our production and NPI services, we can provide our international customers, with top-notch equipment at competitive prices.”

The transition is part of an ongoing process that Telrad has been performing over the past 5 years, with outsourcing serial production to the Philippines, establishing our development center in Ukraine, and outsourcing of logistics to other companies within Israel. To date, the transition has been so smooth that customers have not noticed any difference in the service received from Telrad.

“This deal addresses some of the major challenges in our industry today,” said Ben-Harosh. “Firstly, it means Telrad will be more flexible and competitive, but at the same time, we are preserving our development and New Product Introduction (NPI) capabilities within the company. It’s crucial to make sure our core competencies stay within the company while we make the move to a more streamlined operation. Obviously, no less important is the fact that we were able to ensure that the workers who have been loyal to Telrad for so many years continue to be employed in the local market. ”

**ABOUT TELRAD NETWORKS LTD.:** Telrad is an established telecom equipment and services organization that has been providing communications products and services used by millions of end-users worldwide. The company combines a high level of dedication to customer service with expertise in developing products in the areas of IP NGN, gateways, optical, metro, enterprise, wireless, and switching.

Telrad is focused on providing dedicated, trustworthy and robust solutions and service to emerging markets and small and mid-sized operators and service providers. Telrad is a privately-owned company founded in 1951.

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