



## **Nortel Networks and Calix Announce Strategic Alliance Redefining Fiber and Copper Broadband Access Networks**

*Multiyear worldwide agreement allows Nortel Networks to market and support  
the innovative Calix C7 platform*

**FEBRUARY 17, 2004, RESEARCH TRIANGLE PARK, NC AND PETALUMA, CA** — Nortel Networks\* [NYSE/TSX: NT] and Calix today announced the signing of a three-year strategic alliance under which Nortel Networks will integrate, market and support Calix products on a worldwide basis. The strategic alliance is a part of a larger global initiative by Nortel Networks designed to deliver a comprehensive portfolio of access products that span both fiber and copper access applications. This alliance allows Nortel Networks to market end-to-end IP-based triple-play solutions to the rapidly increasing number of traditional wireline telephone companies delivering advanced data and video services.

Nortel Networks and Calix will also collaborate on technology to further aid service providers as they accelerate the process of migrating access networks from narrowband to broadband, copper to fiber, and circuit to packet.

The alliance between Nortel Networks and Calix combines clear market share leaders in a number of important market segments. Calix captured the #1 market share position for ultra-broadband loop carrier (BLC) shipments through the first three quarters of 2003, accounting for 62% of worldwide BLC-based DSL shipments, according to data from Infonetics Research. Nortel Networks was similarly declared the year-to-date market leader in both voice over packet, with 39 percent market share for 2003, and softswitch revenue, with 32 percent market share, according to Synergy Research Group's 3Q03 market share analysis released on November 11, 2003.

"Nortel Networks is committed to helping service providers unleash the potential of their end-to-end access networks, ultimately enhancing long-term competitiveness," said Walt Megura, general manager, Broadband Networks, Nortel Networks. "Our strategic relationship with Calix allows us to significantly expand our broadband networks portfolio with multi-service platforms that have proven strength throughout the access network."

"The focus of Calix has been on a single objective: helping wireline carriers more profitably deliver new IP-based services," stated Carl Russo, Calix president & CEO. "Our strategic alliance with industry leader Nortel Networks significantly widens the number of service providers able to benefit from a converged broadband access solution and substantially expands the scope of that solution."

Higher bandwidth, ultra-broadband infrastructure from Nortel Networks will empower service providers to move beyond traditional voice and data services by offering a broader portfolio of services such as voice-over-IP (VoIP), multimedia communication services, and triple play services (broadcast/IP television, high-speed data, and voice). This new infrastructure is designed to be a catalyst for

accelerating end-user demand for broadband networking and is expected to dramatically transform the end-user Internet experience.

The Calix C7 platform—with over a quarter million ports in service at over 110 telephone operating companies throughout North America—uniquely snaps into existing wireline telco infrastructure, support existing services, while paving the way for advanced new packet-based ultra-broadband services. The Calix C7 supports a rich and extremely dense array of interfaces, ranging from POTS, Hi-Cap, and DSL to Gigabit Ethernet, FTTP, and OC-48 SONET. When coupled with advanced packet intelligence and massive capacity, the Calix C7 allows carriers to dramatically increase revenue through the delivery of IP-based digital video and data services.

###

### **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](http://www.nortelnetworks.com).

*Certain information included in this press release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Factors which could cause results or events to differ from current expectations include, among other things: the sufficiency of our restructuring activities, including the potential for higher actual costs to be incurred in connection with restructuring actions compared to the estimated costs of such actions; continued reductions in spending by our customers; fluctuations in operating results and general industry, economic and market conditions and growth rates; the communication by our auditors of the existence of material weaknesses in internal control; the ability to recruit and retain qualified employees; fluctuations in cash flow, the level of outstanding debt and our current debt ratings; the ability to meet the financial covenant in our credit facilities; the use of cash collateral to support our normal course business activities; the dependence on our subsidiaries for funding; the impact of our defined benefit plans and our deferred tax assets on our results of operations, cash flows and compliance with our financial covenant; the dependence on new product development and our ability to predict market demand for particular products; the ability to integrate the operations and technologies of acquired businesses in an effective manner; the impact of rapid technological and market change; the impact of price and product competition; barriers to international growth and global economic conditions, particularly in emerging markets and including interest rate and currency exchange rate fluctuations; the impact of rationalization in the telecommunications industry; changes in regulation of the Internet; the impact of the credit risks of our customers and the impact of customer financing and commitments; stock market volatility generally and as a result of acceleration of the settlement date or early settlement of our purchase contracts; risks associated with a consolidation of our common shares; the impact of supply and outsourcing contracts that contain delivery and installation provisions, which, if not met, could result in the payment of substantial penalties or liquidated damages; the future success of our strategic alliances; and the adverse resolution of litigation, intellectual property disputes and similar matters. For additional information with respect to certain of these and other factors, see the most recent Form 10-Q and Form 10-K filed by Nortel Networks with the United States Securities and Exchange Commission. Unless otherwise required by applicable securities laws, Nortel Networks disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **About Calix**

Calix is a leading supplier of telecommunications solutions designed to simplify all aspects of voice, data, and video service delivery to business and residential subscribers for local exchange carriers of all sizes. Providing massive optical and metallic density, unprecedented system capacity and functional headroom, advanced management and provisioning capabilities, and complete service flexibility, the Calix C7 platform has been deployed in over 110 service provider networks throughout North America. More information about Calix can be found at [www.calix.com](http://www.calix.com).

**CONTACT**

*For additional information contact:*

Christie Blake  
Nortel Networks  
Office: 978.288.8439  
Mobile: 781.405.3616  
Email: christbl@nortelnetworks.com

Jacquelyn Dara  
Calix  
Office: 707.766.3337  
Mobile: 415.572.3272  
Email: jdara@calix.com

*\*Nortel Networks, the Nortel Networks logo, the Globemark and Business Without Boundaries are trademarks of Nortel Networks.*