



## News Release

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**FOR IMMEDIATE RELEASE**

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### **Nortel Delivers Voice over IP Solutions with Strategic Alliance Partners Calix, KEYMILE**

#### ***New Solutions Designed to Help Service Providers Reduce Complexity, Costs of Transition to Next Generation Networks***

TORONTO – Nortel\* [NYSE/TSX: NT] and strategic alliance partners Calix and KEYMILE are introducing new voice gateway functionality to their broadband access products that provide compatibility with Nortel's Voice over IP (VoIP) solution. This new functionality helps service providers simplify and reduce the cost of their next generation networks by providing them with compact-line gateways that convert voice traffic from a circuit-based orientation to a packet-based implementation. The products are compatible with VoIP standards and have been tested with Nortel's softswitch solutions.

"Nortel's service provider customers are increasingly asking for integrated solutions that help simplify network deployment, drive down cost, and position their networks for the next generation of services," said Walt Megura, general manager, Broadband Networks, Nortel. "Our work with Calix and KEYMILE underscores Nortel's commitment to addressing these needs, and is a significant step toward providing next generation VoIP solutions."

The Calix C7 multiservice access platform, targeted at the North American (ANSI) market, as well as the KEYMILE UMUX multi-service access platform, intended for ETSI market deployments, have achieved H.248-based VoIP interworking with Nortel's Communication Server (CS) 2000. Successful integration and testing of these products helps position service providers to packetize their voice traffic using the VoIP gateway in the Calix or KEYMILE platforms and to gain the added benefit of using lower cost Ethernet connections to transport voice calls back to the central office. The adoption of an end-to-end Nortel VoIP solution can enable operational savings of up to 30 percent versus traditional circuit-switched voice networks, based on Nortel estimates.

This new end-to-end solution helps service providers gain the benefit of a smoother and more seamless transition path as they start to evolve their networks from circuit to packet orientation. Both the Calix C7 and KEYMILE UMUX are designed to require only the addition of a new VoIP gateway card to the existing shelf to enable the H.248 functionality, which improves investment protection and provides the flexibility for service providers to upgrade their networks at their own pace. In addition, the solution is designed to enable the provider's current voice subscribers to seamlessly transition to the new network by preserving their toll-grade voice quality without requiring change or replacement of their existing phones.

"With interoperability between leading suppliers such as Nortel and Calix, service providers are able to rapidly and confidently migrate to VOIP services," said Tom Corker, vice president and general manager, Access Products, Calix. "This, in turn, better positions them to reduce the cost of operations in delivering traditional voice services as they evolve their networks to IP."

“Through our investment in an extensive joint testing program, we enable operators to confidently move voice traffic to IP, hence allowing the rapid introduction of new services and immediate cost reductions,” said Sameer Sant, director, corporate strategy, KEYMILE. “KEYMILE looks forward to building upon our long standing market success with Nortel by enabling a seamless NGN transition for operators globally.”

With approximately 55 customers with live packet deployments, Nortel's CS 2000 softswitch has one of the industry's largest existing customer bases. These customers can now leverage the Calix C7 or KEYMILE UMUX as a cost-effective compact-line gateway as they continue their evolution to packet networks.

The Calix C7 has extended its network transformation versatility with new H.248 gateway functionality via a VoIP Resource (VIPR) card that will be generally available in the fall of 2005. Service providers can deploy the Calix C7 today and deliver traditional voice services utilizing standard voice interfaces across a traditional TDM network. When a service provider is ready to evolve to a Nortel softswitch architecture, the Calix C7 is also ready to evolve as it merely requires the addition of a VIPR card to enable H.248 for all existing voice lines.

The KEYMILE UMUX Access Gateway introduced H.248 functionality in the second half of 2004, and has successfully concluded interoperability testing with the Nortel CS 2000. Several service providers are testing the interworking solution from Nortel and KEYMILE. The UMUX supports a wide range of technologies and service options from a single access platform designed to be installed within local exchanges and outside plant enclosures, including street cabinets.

Nortel is a leader in the carrier voice over IP market. For the entire year 2004 and the first quarter of 2005, Nortel ranked #1 globally in carrier packet voice and softswitch revenue, according to Synergy Research Group (SRG). Over the past year, Nortel has announced wins with major carriers including Verizon, BellSouth, Bell Canada and Charter Communications in North America; Chungwha Telecom and Dacom in Asia Pacific; Cable & Wireless and Telefonica in the Caribbean and Latin America; and THUS in Europe.

#### **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 extensive optical and metallic density, unprecedented access capacity and functional headroom, advanced management and provisioning capabilities, and broad service flexibility, the packet-based Calix C7 platform has been deployed in over 150 service provider networks throughout North America. More information about Calix can be found at [www.calix.com](http://www.calix.com).

#### **About KEYMILE**

KEYMILE is a leading manufacturer and supplier of Next Generation Access Systems with integrated central network management. Having more than 16 million access lines installed in over 100 countries, KEYMILE is an experienced multi-service access specialist in the global ETSI marketplace. The company, headquartered in Vienna, has subsidiaries worldwide. For more information, visit KEYMILE on the Web at [www.keymile.com](http://www.keymile.com).

#### **About Nortel**

Nortel is a recognized leader in delivering communications capabilities that enhance the human experience, ignite and power global commerce, and secure and protect the world's most critical information. Serving both service provider and enterprise customers, Nortel delivers innovative technology solutions encompassing end-to-end broadband, Voice over IP, multimedia services and applications, and wireless broadband designed to help people solve the world's greatest challenges. Nortel does business in more than 150 countries. For more information, visit Nortel on the Web at [www.nortel.com](http://www.nortel.com). For the latest Nortel news, visit [www.nortel.com/news](http://www.nortel.com/news).

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*in changes to Nortel's and NNL's public filings; the impact of management changes, including the termination for cause of Nortel's former CEO, CFO and Controller in April 2004; the sufficiency of Nortel's restructuring activities, including the work plan announced on August 19, 2004 as updated on September 30, 2004 and December 14, 2004, including the potential for higher actual costs to be incurred in connection with restructuring actions compared to the estimated costs of such actions; cautious or reduced spending by Nortel's customers; increased consolidation among Nortel's customers and the loss of customers in certain markets; fluctuations in Nortel's operating results and general industry, economic and market conditions and growth rates; fluctuations in Nortel's cash flow, level of outstanding debt and current debt ratings; Nortel's monitoring of the capital markets for opportunities to improve its capital structure and financial flexibility; Nortel's ability to recruit and retain qualified employees; the use of cash collateral to support Nortel's normal course business activities; the dependence on Nortel's subsidiaries for funding; the impact of Nortel's defined benefit plans and deferred tax assets on results of operations and Nortel's cash flow; the adverse resolution of class actions, litigation in the ordinary course of business, intellectual property disputes and similar matters; Nortel's dependence on new product development and its ability to predict market demand for particular products; Nortel's 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 and consolidation in the telecommunications industry; changes in regulation of the Internet; the impact of the credit risks of Nortel's customers and the impact of customer financing and commitments; stock market volatility generally and as a result of acceleration of the settlement date of Nortel's forward purchase contracts; negative developments associated with Nortel's supply contracts and contract manufacturing agreements, including as a result of using a sole supplier for a key component of certain optical networks solutions; the impact of Nortel's 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; and the future success of Nortel's strategic alliances. For additional information with respect to certain of these and other factors, see the most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed by Nortel with the SEC. Unless otherwise required by applicable securities laws, Nortel disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

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