



## Optical Value Proposition Builds Momentum in China

It has been estimated that the optical equipment market in China and Asia Pacific will increase from \$2.6B in 2003 to \$3.1B in 2006, fueled by the installation of new long-haul networks and the increasing deployment of metro optical solutions. (*Source: Nortel estimates based on RHK, Dell'Oro, and Investment Bank reports.*)

Nortel Networks is focused on capturing a significant portion of the optical market in Greater China. We've had particular success with our long-haul optical network builds. Already, we have won more than 50 10G/DWDM contracts in China, with the total number of links adding up to more than 60,000 kilometers, or approximately five times the length of the Great Wall. We also won the Shandong Unicom provincial optical backbone network earlier this year. In addition, China Netcom — one of China's major telecom operators — has deployed the OPTera Connect HDX Optical Switch, giving us deployments of this backbone optical solution in North America, Europe, and Asia Pacific.

Business requirements for cost-effective, high-speed bandwidth straight to the desktop are also fuelling demand for our metro optical solutions.

As we move forward in 2003, our focus will be on increasing our market share in this important region, and on satisfying customer requirements for a robust network edge solution. We also see an opportunity to supply Optical Broadband Services and additional wavelength capabilities to the service providers who, over the past three years in particular, have aggressively deployed our long-haul networks in Greater China. And like many other vendors, our sights will be set on playing a key role as a telecom provider to the 2008 Olympics in Beijing.

Greater China is rich in potential where telecom is concerned, and Optical Networks is well positioned to seize that opportunity. Customers tell us that Nortel Networks is recognized as the undisputed leader in designing, deploying, and turning up optical networks (in other words, we have "brand" recognition in this market segment); that we put a premium on delivering quality and following through with support; and that we offer the best end-to-end optical portfolio in the industry.

With that kind of customer support behind us, there's no question that the opportunity in Greater China and Asia Pacific is significant — and within our grasp. It's now our job to go out and capture our share of the optical business, and we're committed to doing just that.

Brian McFadden

Optical Networks