



Wireless Networks: Focus on 3G in Greater China

The current focus of Wireless Networks in Greater China is to win the 3G race, and we are taking significant steps toward that objective.

As you read this, our customer Asia Pacific Broadband Wireless (APBW) has launched what is expected to be the first commercial 3G service in Taiwan. APBW is deploying high-speed data services capability, up to 2.4 megabits per second, in metropolitan Taipei using our CDMA2000 1X EV-DO technology, and will be positioned to offer island-wide voice and data services using CDMA2000 1X. The Nortel Networks end-to-end 3G solution includes circuit core, packet core, and access network.

In China, the expectation is that the government may award four 3G licenses in the near future. We have the right value propositions in both UMTS and CDMA, and we are actively engaging prospective 3G operators and industry partners to ensure that the strengths and advantages of our 3G products and services are clearly articulated and understood. We are also conducting several government and customer trials to demonstrate our 3G leadership capabilities, including a TD-SCDMA laboratory with Datang Mobile, because we are strongly committed to helping China become the leading 3G market both in advanced technology and in size. Nortel Networks sales, marketing, product and operations teams are unified and working extremely hard to achieve our goal of 3G leadership in China.

While 3G is a main focus, we are also placing emphasis on growing our GSM and CDMA presence in China. Our customer, China Unicom, is expanding its CDMA network capacity in seven provinces plus the Chongqing municipality using 1X equipment. At the same time, China Unicom is expanding its GSM network in some of the same regions, thereby increasing network capacity.

China Mobile, the largest carrier in China, has recently expanded its GSM network by 1.8 million subscribers in Hebei province, including capabilities for implementing GPRS and EDGE. Nortel Networks supplies GSM equipment to China Mobile in seven other provinces.

In Taiwan, the largest wireless carrier, Chunghwa Telecom, is continuing to evolve its GSM/GPRS network to build capabilities for high bandwidth data and revenue-generating services. Nortel Networks supplies GSM/GPRS equipment to Chunghwa Telecom for more than 7 million subscribers.

We were very pleased to also report the signing of extended warranty service agreements with subsidiaries of China Mobile, China Unicom, and China Telecom. This "round the clock" coverage leverages our extensive network experience and technical expertise. And, as you probably know, expansion of our Wireless Services business is a key aspect of our strategy for revenue growth.

As I told the Greater China sales and sales support teams recently, I am very pleased with the progress in wireless in the region. More and more, wireless is becoming the primary telecommunications infrastructure in many countries. And with this tremendous opportunity, our challenge is to deliver both the wireless broadband capacity and the "5 9's" quality to enable a rich end-user experience.

Pascal Debon

President, Wireless Networks

Follow these links to see videos of Pascal Debon and Richard Lowe, taped at the Greater China Sales Forum.

Pascal Debon: <http://webvision.ca.nortel.com/webcast.cgi?id=10635>

Richard Lowe: <http://webvision.ca.nortel.com/webcast.cgi?id=10766>