

Nortel Networks and Airtel Movil S.A. deliver Unified Wireless/Wireline Network in Spain

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Network provides Innovative Internet Telephony Services;
Optimized for Wireless Internet services of the future

MADRID, Spain -- Nortel Networks* [NYSE/TSE: NT] has been selected by Airtel Movil S.A. to supply the world's first converged wireless/wireline packet network worth an estimated US\$50 million over the next two years. The network will be deployed across Spain's 50 provinces including the islands and will provide innovative Internet Telephony and Wireless Internet services.

This award represents a paradigm shift for Airtel. The company is evolving both their wireless and wireline networks from a circuit to a packet infrastructure optimised for advanced Internet services.

"The solution from Nortel Networks delivers the wireless and wireline convergence we require to offer a comprehensive service set to consumers and businesses in Spain," said Ignacio Galán, Chief Operating Officer, Airtel Movil S.A.. "We actively sought a vendor with experience in both Internet Telephony and Wireless Internet solutions who could collaborate with us in making this significant transition in our business strategy."

Airtel is positioning themselves to take advantage of the latest technological developments imminent in the mobile marketplace - second and third generation mobile services which use GPRS (General Packet Radio Service) and UMTS (Universal Mobile Telephony Service) technologies.

The Passport* 8780 Packet Voice Gateway ATM switch, launched in Europe today, was key to Nortel Networks' success. As part of Nortel Networks gateway portfolio of Internet Telephony solutions, the Passport 8780 provides carrier class voice and Internet services over an ATM network. It is also the gateway linking the ATM network and the GSM wireless network. By employing AAL2, a 3rd generation mobile standard which supports the new Wireless Internet services of the future, the Passport 8780 ensures Airtel is ready for the future.

The contract also includes Passport 7480 ATM switches, Nortel Networks' ICE Call Server, Universal Signalling Point, Integrated Network Management and assorted Professional Services.

Airtel Movil S.A. has been offering mobile communications services to Spanish users since October 1995. Since that time, Airtel has completely transformed itself into a major telecommunications carrier. Since May 1999, Airtel has also been providing access to the Internet and fixed telephony services. Airtel has over 3,820,000 customers in Spain.

Nortel Networks delivers value to customers around the world through Unified Networks* solutions, spanning mission-critical telephony and IP-optimized networks. Customers include public and private enterprises and institutions; Internet service providers; local, long-distance, cellular and PCS communications companies, cable television carriers, and utilities.

Nortel Networks' common shares are listed on the New York, Toronto, Montreal and London stock exchanges. Nortel Networks had 1998 revenues of US\$17.6 billion and has approximately 70,000 employees worldwide.

Notes to Editors

Passport 8780 Voice Gateway Switch

Nortel Networks Passport 8780 delivers carrier-grade voice quality, network availability and reliability, as well as industry-leading density of approximately 3,000 simultaneous voice calls on a single shelf. With the Passport 8780 Service Providers can take traffic off TDM networks and place it over ATM-based packet networks while maintaining carrier voice quality and service transparency. PSTN congestion can be reduced without Service Providers having to purchase additional tandem switches or facilities.

The Passport 8780 utilises the ATM Adaptation Layer 2 (AAL2) standards that are optimised for telephony over ATM interworking. With advanced voice processing features, including speech compression, silence detection, and silence

suppression, the Passport 8780 can be configured to provides carriers with more than 66% bandwidth savings. Designed to support open standards, the Passport 8780 interoperates with most PSTN voice switches and ATM switches.

In upcoming product releases the Passport 8780 will offer switched services including support for SS7 ISUP protocols and Voice over IP (VoIP). The Passport 8780 is part of Nortel Networks' Internet Telephony portfolio - the broadest portfolio of next generation Internet Telephony solutions to wireline, wireless and cable service providers and enterprises in order to simplify voice and Internet access for businesses and consumers. The flexible approach meets the explosive demand for voice and Internet services such as voice over IP, multimedia applications, unified messaging and virtual private networks.