

## TRANSFORMING THE SALES FUNCTION

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## NON-GAAP MEASURES

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This presentation includes the following non-GAAP measures:

Adjusted revenue, adjusted for the UMTS Access business that was sold on December 31, 2006 are non-GAAP measures. Nortel's management believes that this supplemental information is meaningful, given the sale of the UMTS Access business, by providing greater transparency to investors with respect to Nortel's performance and by facilitating comparisons to Nortel's historical performance.

Cash flow from operations, excluding the \$585 million outflow related to the litigation settlement, is a non-GAAP measure. Nortel's management believes that this supplemental information is meaningful, given the impact on cash flow from operations of the global class action litigation settlement, by providing greater transparency to investors with respect to Nortel's performance and by facilitating comparisons to Nortel's historical performance. This non-GAAP measure should be considered in addition to, but not as a substitute for, the information contained in our financial statements prepared in accordance with GAAP.

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## DRIVING REVENUE GROWTH FOR NORTEL

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- Transitioning from selling legacy products in mature markets to investment products in growth markets
- Improving sales force productivity
- Transform and augmenting existing sales force
- Worldwide Segment Focused Model
- Evolving Distribution Model
- Partnering to win

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## FROM LEGACY TO GROWTH MARKETS

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- Majority of sales/sales support resources are voice-centric
- Attrition backfill recruiting are IP and software (contact center, applications management, etc.) focused
- Redirect sales capacity to higher growth geographies (e.g. CALA, Asia)
- Training being revamped to handle sales/support force transition & new hire recruitment



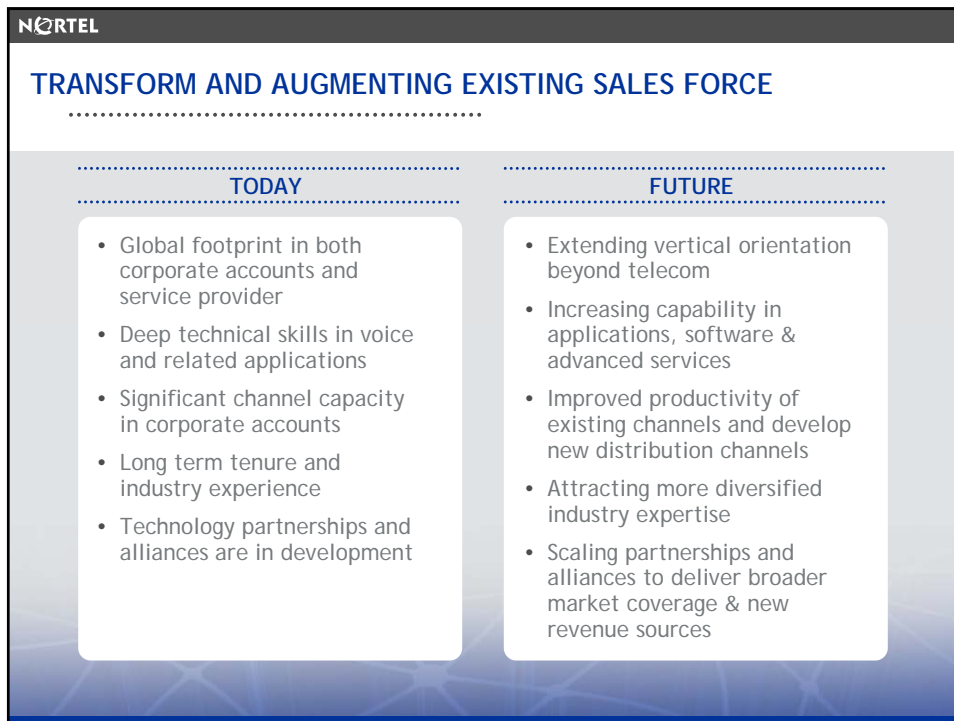
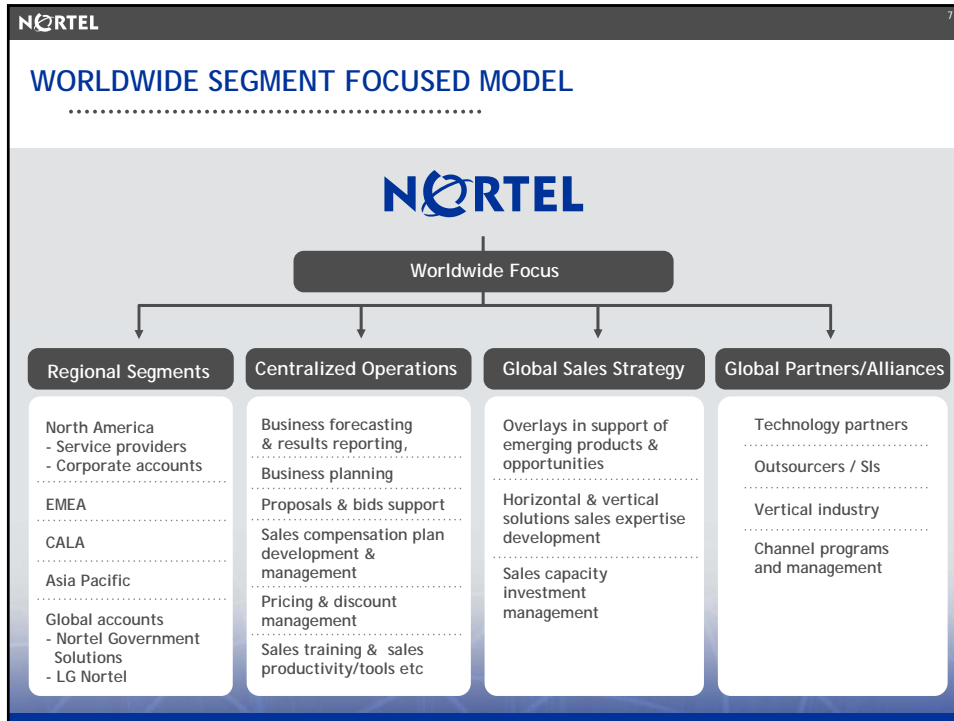
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## IMPROVE PRODUCTIVITY OF SALES FORCE

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- Identify & eliminate barriers to productivity improvement
  - Regional orientation limits focused program leverage
  - Processes are different geography-by-geography
- Consistent & broader deployment of productivity tools
  - CRM/sales force automation
  - Offer/proposal development & management tools
- Manage marginal performers out of the business & replace with individuals with different skill set
  - Sales force effectiveness analysis and reporting





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### EVOLVING DISTRIBUTION MODEL

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- Take control of our destiny with our largest customers
  - Greater role in value creation with top customers/prospects
- Modify distribution partners in aggregate
  - Stronger role with systems integration and software resellers
- Better balance & coverage
  - Grow overall distribution business while reducing dependency on any one partner type

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### REDEFINING THE NORTEL DISTRIBUTION MODEL

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Value-Add of Sale to end-customer

Low Cost per Transaction to Nortel High

3. Integrate

2. Lift

1. Shift  
Low value, low complexity, Renewals and Small Transactions

Web, Tele-Sales, SIs & Outsourcers, Partners, Direct Sales

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**PARTNERING TO WIN**

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PLATFORM PARTNERS (HARDWARE AGNOSTIC SOFTWARE DISTRIBUTION MODEL)

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TECHNOLOGY ALLIANCES

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SYSTEMS INTEGRATION PARTNERS

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**ANALYST DAY 2008**

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