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**Nortel and Alvarion Combine Strengths in a Strategic WiMAX™ Agreement
Joint End-to-End WiMAX Solution Will Offer Operators Broader Coverage and More
Capacity**

TORONTO and TEL AVIV – [Nortel](http://www.nortel.com)* [NYSE/TSX: [NT](http://www.nortel.com)] and [Alvarion](http://www.alvarion.com)**® Ltd. [NASDAQ:ALVR] entered into a joint strategic WiMAX agreement to create an end-to-end WiMAX solution to meet the needs of the evolving wireless broadband market. The Nortel and Alvarion mobile WiMAX solution is expected to combine industry-leading technologies from both companies to allow operators around the globe – including well-established service providers and new entrants to the wireless market – to simply and efficiently deliver high-speed wireless broadband for a variety of applications, mobile or nomadic, including VoIP, streaming music, and HD video.

The joint solution features the integration of Alvarion's advanced radio access network technology, which has been proven in over 200 commercial WiMAX deployments, with Nortel's core network solutions, backhaul solutions, applications such as Nortel's number one carrier VoIP solution, and Nortel Global Services for WiMAX. The Nortel and Alvarion WiMAX solution will allow operators to offer high speed wireless Internet access across large areas, including those currently underserved by broadband capabilities. The joint WiMAX solution will also provide the speed and capacity to help operators meet the exploding demand for true mobile broadband.

"Wireless broadband is one of the fastest growing opportunities in the telecommunications market," said Richard Lowe, president, Carrier Networks, Nortel. "Early movers in this market are looking for a high quality, turnkey WiMAX solution that delivers vast coverage in a cost-effective way and meets growing demand for true mobile broadband that can support new services like streaming music and mobile TV. The collaboration between Nortel and Alvarion will allow both companies to deliver on these needs quickly and efficiently with a world class WiMAX solution that is based on the best technology from each. The solution will also include Nortel services, ranging from network consulting, design and deployment to full network management, to help customers maximize network investments by providing the flexibility to handle changing coverage, capacity and other unique requirements."

"Nortel and Alvarion, both innovators in the wireless arena, are coming together to respond to the demand for WiMAX solutions in all regions of the world," said Tzvika Friedman, president and chief executive officer, Alvarion. "Alvarion's mature, extensively deployed WiMAX radio access network solution, together with Nortel's core network technology, applications and services will address the requirements of large WiMAX projects with the combined strength of both organizations. In keeping with our strategy of best of breed collaborations, this initiative will also allow us to tailor solutions and applications for specific customer needs. The platform offers WiMAX solutions for multiple frequency bands thus leveraging economies of scale from global deployments, expected to result in a lower cost of ownership for the customers."

The agreement also covers the resale by Nortel of the Alvarion platform of WiMAX access products in order to form the end-to-end solution for customers. Alvarion's development of its portfolio of leading-edge WiMAX base stations will be accelerated by Nortel's contribution of resources, expertise, and funding to enhance the development of the joint solution. Both companies will also work together to perform Interoperability Testing (IOT). Alvarion will focus on device to network interoperability testing and Nortel will concentrate on the end-to-end network integration with the IP core, and applications. In order to incentivize the parties to engage in these activities, during the term of the agreement, Alvarion will be Nortel's exclusive supplier of WiMAX IEEE 802.16(e) 2X2/2X4 macro base stations and both parties have agreed to designate account leads in order to go to market in the most efficient and effective manner.

For additional insight on Nortel and Alvarion's strategic WiMAX agreement please listen to this podcast (http://podcast.nortel.com/podcasts/Nortel_Alvarion_7054.mp3) featuring Richard Lowe and Tzvika Friedman.

About Alvarion

Alvarion is the largest WiMAX pure player, ensuring customer long-term success with fixed and mobile solutions for the full range of frequency bands. Based on its OPEN™ WiMAX strategy, the company offers superior wireless broadband infrastructure and an all-IP best-of-breed ecosystem in cooperation with its strategic partners. Alvarion boasts over 200 commercial WiMAX deployments worldwide. For more information, visit Alvarion on the Web at (www.alvarion.com).

You may request Alvarion's future press releases or a complete Investor Kit by contacting Kika Stayerman, kika.stayerman@alvarion.com or +972.3.767.4159.

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Nortel is a recognized leader in delivering communications capabilities that make the promise of Business Made Simple a reality for our customers. Our next-generation technologies, for both service provider and enterprise networks, support multimedia and business-critical applications. Nortel's technologies are designed to help eliminate today's barriers to efficiency, speed and performance by simplifying networks and connecting people to the information they need, when they need it. Nortel does business in more than 150 countries around the world. For more information, visit Nortel on the Web at www.nortel.com. For the latest Nortel news, visit www.nortel.com/news.

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material, adverse affects on Nortel's performance if its expectations regarding market demand for particular products prove to be wrong; the sufficiency of recently announced restructuring actions; any negative developments associated with Nortel's suppliers and contract manufacturing agreements including our reliance on certain suppliers for key optical networking solutions components; potential penalties, damages or cancelled customer contracts from failure to meet delivery and installation deadlines and any defects or errors in Nortel's current or planned products; fluctuations in foreign currency exchange rates; potential higher operational and financial risks associated with Nortel's efforts to expand internationally; potential additional valuation allowances for all or a portion of Nortel's deferred tax assets if market conditions deteriorate or future results of operations are less than expected; a failure to protect Nortel's intellectual property rights, or any adverse judgments or settlements arising out of disputes regarding intellectual property; any negative effect of a failure to maintain integrity of Nortel's information systems; changes in regulation of the telecommunications industry or other aspects of the industry; any failure to successfully operate or integrate strategic acquisitions, or failure to consummate or succeed with strategic alliances; Nortel's potential inability to attract or retain the personnel necessary to achieve its business objectives or to maintain an effective risk management strategy; (ii) risks and uncertainties relating to Nortel's liquidity, financing arrangements and capital including: any inability of Nortel to manage cash flow fluctuations to fund working capital requirements or achieve its business objectives in a timely manner or obtain additional sources of funding; high levels of debt, limitations on Nortel capitalizing on business opportunities because of senior notes covenants, or on obtaining additional secured debt pursuant to the provisions of indentures governing certain of Nortel's public debt issues; Nortel's below investment grade credit rating; any increase of restricted cash requirements for Nortel if it is unable to secure alternative support for obligations arising from certain normal course business activities, or any inability of Nortel's subsidiaries to provide it with sufficient funding; any negative effect to Nortel of the need to make larger defined benefit plans contributions in the future or exposure to customer credit risks or inability of customers to fulfill payment obligations under customer financing arrangements; or any negative impact on Nortel's ability to make future acquisitions, raise capital, issue debt and retain employees arising from stock price volatility and any declines in the market price of Nortel's publicly traded securities; and (iii) risks and uncertainties relating to Nortel's prior restatements and related matters including: any negative impact on Nortel and NNL of such restatements; legal judgments, fines, penalties or settlements related to the ongoing criminal investigations of Nortel in the U.S. and Canada; the significant dilution of Nortel's existing equity positions resulting from the approval of its class action settlement; or any significant pending or future civil litigation actions not encompassed by Nortel's class action settlement. For additional information with respect to certain of these and other factors, see Nortel's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other securities filings with the United States Securities and Exchange Commission. 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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