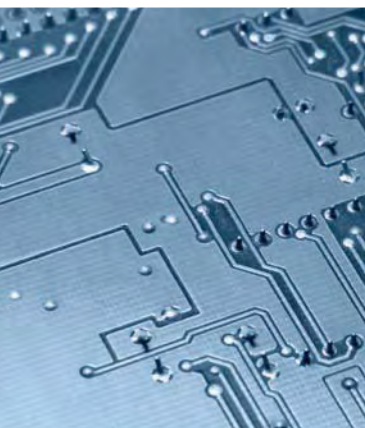




Tellabs® Supplier Alliance Program





Enabling Remarkable Relationships



What the Tellabs Supplier Alliance Program Means

Our goal is to build a strong working association with the best available suppliers and award them more of our business. Ideally, we want to maintain a smaller base of high-quality suppliers and work together to develop stable, long-term, strategic partnerships — remarkable relationships.

Tellabs Suppliers

Suppliers can expect meaningful feedback on their fit for doing business with Tellabs. Suppliers selected for Preferred status will receive ongoing feedback and access to information that will help improve their operations at local and global levels. The feedback includes performance reviews and collaborative business plans. Successful suppliers can expect to participate in expanding business opportunities with Tellabs.

Tellabs Customers

In a global environment of ever-changing expectations and performance standards, the Tellabs Supplier Alliance Program provides a framework to help ensure that we meet our sales and service goals and that our customers continue to receive products and services that meet or exceed their expectations.

Tellabs Employees

Through the standardization and strengthening of lines of communication that the Tellabs Supplier Alliance Program offers, Tellabs employees throughout the world are better equipped to provide valuable, practical feedback and guidance to our suppliers.





Remarkable Relationships Achieve Outstanding Results

The Tellabs Supplier Alliance Program helps promote collaborative relationships across our global supply chain and defines how we choose, connect with, leverage, measure and reward our suppliers. Clearly set expectations and mutual benefits ensure understanding and common goals for success among Tellabs and our suppliers.

Our Commitment to Tellabs Preferred Suppliers

- Build and maintain a global commodity organization
- Offer a single, global commodity strategy
- Preferred access to new product development
- Annual performance reviews
- Executive-level relationships

Tellabs Preferred Supplier Benefits

- Tellabs Global Preferred Supplier List (PSL) membership
- Increased collaboration and proactive involvement
- Strategic relationships
- Greater market share
- Invitation to Tellabs-hosted Supplier Alliance Day

Becoming a Tellabs Supplier

The Tellabs Supplier Alliance Program is an integrated communication- and information-driven supplier management process. It enables Tellabs to identify and select world-class suppliers, provide our suppliers with opportunity for improvement and promote qualified suppliers through a progressive supplier classification structure.

The Tellabs Supplier Review Board (SRB) is responsible for evaluating potential suppliers, including Part Qualification Testing and Supplier Qualification Audits, to ensure that specific standards are met. Only suppliers who meet the expectations of the Tellabs SRB are selected to do business with Tellabs. We recognize three classes of suppliers:

- **Restricted** — Suppliers with poor performance and/or unacceptable risk profiles. Suppliers with this rating may not be used for new product designs without proper management approval.
- **Acceptable** — Suppliers who have been qualified to conduct business with Tellabs via the SRB process.
- **Preferred** — A selective subset of acceptable suppliers who are especially well-aligned with Tellabs goals and objectives that have been targeted for strategic relationships and greater market share.

Tellabs Preferred Suppliers

Preferred Supplier status is reserved for our most strategic suppliers. The Preferred Supplier evaluation process may be stringent, but with a limited number of designated Preferred Suppliers, the benefits are significant. Successful Preferred Supplier applicants are those who best match our requirements in these key areas:



Technology

- Long-term technical leadership in their respective fields
- Aligned technology roadmaps
- Joint collaboration on emerging technologies
- Exhibits continuous improvement strategies for products and services to include, but not be limited to, more efficient product development cycles and improvements in product performance

Quality

- Highest quality standards
- Supplier products consistently conform to specifications through the life of the Tellabs product
- Proactively addresses environmental, health and safety concerns

Responsiveness

- Reliable, market competitive leadtimes, decreasing over time
- Flexibility when responding to changing demands
- Speed of new product development
- Responsive to design and manufacturing changes
- Provide coordinated global account management
- Support Tellabs strategies on global, regional and local levels

Delivery

- 100% on time delivery
- Continuity of supply and delivery
- Support through the lifecycle of Tellabs products

Cost

- Price and total cost leadership
- Continuous improvement in cost reductions
- Through Value Add/Value Engineering (VA/VE) efforts, suggest ways that Tellabs can improve its product or services in order to reduce total cost

A Preferred Supplier offers Tellabs a competitive advantage by meeting or exceeding our needs for technology, quality, responsiveness, delivery and cost — all elements of total cost.

Supplier Diversity

Tellabs maintains a policy of encouraging and supporting diversity in order to create opportunities that benefit our customers, our communities and our business. The Tellabs ProPartner Supplier Diversity Alliance Program is our initiative for integration and retention of certified Minority, Women and Disabled Veteran Business Enterprises (M/W/DVBE) in company-wide contracting and procurement activities. Visit the Tellabs ProPartner Supplier Diversity Alliance Program Web site at www.tellabs.com/about/propartner/ for full details.

Environmental Commitment

Tellabs is dedicated to operating in an environmentally sustainable way through careful, deliberate and coordinated actions in Sales, Marketing, Development, Manufacturing, Support, Servicing, Repair and Customer Training on a global basis. We are committed to conducting business in a manner that minimizes impact on the environment; recognizing the environment as an element of our corporate culture and a source of customer and employee satisfaction; complying with relevant environmental legislation and regulations; and satisfying the environmental requirements of our customers. We continually strive to improve our performance and encourage partner suppliers to follow our example.

Business Ethics

Tellabs is dedicated to integrity in every aspect of its business. Customers choose Tellabs both for the quality of its products and for the integrity of the people who produce them. Integrity and a high standard of ethics are fundamental to Tellabs' beliefs and are to be upheld by all individuals employed by the company. The Company — and each employee — must remain committed to obeying all laws and always doing what is right. These principles are accomplished in dealing with our customers, suppliers, all employees and all others with whom we work or whom we encounter while representing the company.

About Tellabs

Tellabs advances telecommunications networks to meet the evolving needs of users. Solutions from Tellabs enable service providers to deliver high-quality voice, video and data services over wireline and wireless networks around the world. Ranked among the *BusinessWeek* InfoTech 100, Tellabs (NASDAQ: TLAB) is part of the NASDAQ-100 Index, NASDAQ Global Select Market, Ocean Tomo 300™ Patent Index and the S&P 500. www.tellabs.com

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