

NORTEL NETWORKS CORPORATION
Consolidated Balance Sheets
(millions of U.S. dollars)

	U.S. GAAP	
	(unaudited)	(audited)
	March 31, 2002 ⁽¹⁾	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,089	\$ 3,513
Accounts receivable (less provisions of \$499 at March 31, 2002; \$655 at December 31, 2001)	2,727	2,923
Inventories – net	1,489	1,579
Income taxes recoverable	912	796
Deferred income taxes – net	1,504	1,386
Other current assets	880	857
Current assets of discontinued operations	547	708
Total current assets	11,148	11,762
Long-term receivables (less provisions of \$824 at March 31, 2002; \$828 at December 31, 2001)	159	203
Investments at cost and associated companies at equity	273	253
Plant and equipment – net	2,323	2,571
Goodwill – net	2,789	2,810
Intangible assets – net	227	285
Deferred income taxes – net	1,808	2,077
Other assets	926	893
Long-term assets of discontinued operations	283	283
Total assets	\$ 19,936	\$ 21,137
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ 406	\$ 426
Trade and other accounts payable	1,883	1,988
Payroll and benefit-related liabilities	689	636
Other accrued liabilities	5,288	5,459
Income taxes payable	273	143
Long-term debt due within one year	318	384
Current liabilities of discontinued operations	322	421
Total current liabilities	9,179	9,457
Deferred income	133	154
Long-term debt	4,083	4,094
Deferred income taxes – net	484	518
Other liabilities	1,436	1,453
Minority interest in subsidiary companies	631	637
	15,946	16,313
SHAREHOLDERS' EQUITY		
Common shares, without par value – Authorized shares: unlimited; Issued and outstanding shares: 3,215,780,142 at March 31, 2002 and 3,213,742,169 at December 31, 2001	32,968	32,899
Additional paid-in capital	3,207	3,257
Deferred stock option compensation	(161)	(205)
Deficit	(30,992)	(30,151)
Accumulated other comprehensive loss	(1,032)	(976)
Total shareholders' equity	3,990	4,824
Total liabilities and shareholders' equity	\$ 19,936	\$ 21,137

⁽¹⁾ The unaudited consolidated balance sheet as at March 31, 2002 is preliminary and is subject to change. Nortel Networks disclaims any intention or obligation to update or revise such balance sheet prior to the filing of its reported results for the three months ended March 31, 2002.