

NORTEL NETWORKS CORPORATION
Consolidated Results (unaudited) ⁽¹⁾
Supplementary Information
(millions of U.S. dollars)

Revenues from continuing operations

	Three months ended			Three months ended	
	March 31,		Q1 03 vs. Q1 02 % Change	December 31, Q1 03 vs. Q4 02	
By Segments:	2003	2002 ⁽³⁾		2002	% Change
Wireless Networks	\$ 953	\$ 1,136	(16%)	\$ 1,012	(6%)
Enterprise Networks	613	675	(9%)	654	(6%)
Wireline Networks	562	682	(18%)	506	11%
Optical Networks	270	406	(33%)	344	(22%)
Other	1	13	(92%)	4	(75%)
Total	<u>\$ 2,399</u>	<u>\$ 2,912</u>		<u>\$ 2,520</u>	

	Three months ended			Three months ended	
	March 31,		Q1 03 vs. Q1 02 % Change	December 31, Q1 03 vs. Q4 02	
By Geographic Regions: ⁽²⁾	2003	2002		2002	% Change
United States	\$ 1,204	\$ 1,406	(14%)	\$ 1,239	(3%)
EMEA *	641	724	(11%)	636	1%
Canada	130	219	(41%)	143	(9%)
Other regions	424	563	(25%)	502	(16%)
Total	<u>\$ 2,399</u>	<u>\$ 2,912</u>		<u>\$ 2,520</u>	

* the Europe, Middle East and Africa region

Historical information ⁽³⁾

	Three months ended	
	September 30,	June 30,
By Segments:	2002	2002
Wireless Networks	\$ 940	\$ 1,123
Enterprise Networks	617	636
Wireline Networks	484	588
Optical Networks	309	406
Other	5	20
Total	<u>\$ 2,355</u>	<u>\$ 2,773</u>

Operating ratios

Days sales outstanding ("DSO")

$$\frac{\text{Current accounts receivables}}{\text{Revenue for the period}} \times 90 \text{ days} = \frac{1,857}{2,399} \times 90 = 70 \text{ DSO}$$

$$\frac{1,910}{2,520} \times 90 = 68 \text{ DSO}$$

Inventory turnover and days in inventory

Inventory turnover

$$\frac{\text{Cost of revenues}}{\text{Average Inventory}} = \frac{1,370}{(846+889)/2} = 1.5793 \text{ turns}$$

$$\frac{1,530}{(889+1,132)/2} = 1.5141 \text{ turns}$$

Inventory Days

$$\frac{90 \text{ days}}{\text{Inventory turnover}} = \frac{90}{1.5793} = 57.0 \text{ days}$$

$$\frac{90}{1.5141} = 59.4 \text{ days}$$

⁽¹⁾ These unaudited consolidated results are preliminary and are subject to change. Nortel Networks disclaims any intention or obligation to update or revise these preliminary consolidated results prior to the filing of its reported results for the three months ended March 31, 2003.

⁽²⁾ Revenues were attributable to geographic regions based on the location of the customer.

⁽³⁾ Certain historical revenues by segment between Wireline Networks and Other have been revised to reflect reclassifications of certain minor product portfolios during the first quarter of 2003. Overall consolidated Nortel Networks revenues and revenues by geographic regions for the relevant periods were not impacted by these reclassifications.