

IMPORTANT NOTICE

SUSPENSION OF THE NORTEL NETWORKS CORPORATION DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

On June 15, 2001, Nortel Networks Corporation announced that its Board of Directors had decided to discontinue the declaration and payment of common share dividends. As a result, it is expected that dividends will not be declared and paid on Nortel Networks Corporation common shares after June 29, 2001. **On July 26, 2001, the Board of Directors of the Corporation suspended the Nortel Networks Corporation Dividend Reinvestment and Stock Purchase Plan.**

QUESTIONS & ANSWERS

1. How long will the Nortel Networks Corporation Dividend Reinvestment and Stock Purchase Plan (the “Plan”) be suspended?

The Plan is suspended until further notice.

2. May I still make quarterly optional cash payments to purchase additional Nortel Networks common shares while the Plan is suspended?

No. While the Plan is suspended, you are not permitted to purchase additional shares under the Plan. The Plan is not qualified under applicable securities laws to permit optional cash purchases of shares unless they are combined with an active dividend reinvestment program.

3. Will the optional cash payments procedure to purchase additional Nortel Networks common shares be reinstated in the future?

Nortel Networks is reviewing alternatives to facilitate optional cash purchases of Nortel Networks common shares. Once this review is complete, we will advise you of any decisions made in this regard.

4. I have already sent in optional cash payment(s) for future purchases of additional Nortel Networks common shares. Will these funds be returned to me?

Yes. During the next three to five weeks, the Agent will be returning all optional cash payments received for future purchases of Nortel Networks common shares under the Plan. No interest will be paid to participants on any funds returned by the Agent.

5. May I leave my shares in my Plan account while the Plan is suspended?

Yes.

(SEE OVER)

6. May I request a share certificate for some or all of the Nortel Networks common shares in my Plan account while the Plan is suspended?

Yes. You may request a share certificate for any number of whole shares held by the Agent for your account by writing to the Agent. The Agent will generally forward certificates within three weeks of receipt of the written request by the Agent.

Additional information regarding share certificates is contained in the Plan text.

7. Will I continue to receive quarterly Plan statements of account while the Plan is suspended?

No. Quarterly statements of account will not be delivered to Plan participants while the Plan is suspended. The enclosed statement of account should be retained for income tax purposes.

8. May I terminate my participation in the Plan while the Plan is suspended?

Yes. You may terminate your participation in the Plan at any time by giving written notice to the Agent.

The process for terminating your participation in the Plan while the Plan is suspended is generally as described in the Plan text. However, while the Plan is suspended you will not be permitted to request the sale of the shares held for your account pursuant to the Plan. If you terminate your participation in the Plan while the Plan is suspended, you will receive a share certificate for the number of whole shares held in your account and a cash payment in settlement of any fraction of a share.

9. How may I obtain a copy of the Plan?

You may request a copy of the Plan from the Agent.

10. How may I contact the Agent under the Plan?

You may contact the Agent at: Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario, Canada M5J 2Y1
1-800-834-9814