

NORTEL NETWORKS LIMITED
PENSION FUND POLICY COMMITTEE MANDATE

The Pension Fund Policy Committee shall be composed of not less than three members of the board of directors of Nortel Networks Limited (referred to herein as the Corporation or NNL) (the Board of Directors) appointed to the Committee by the Board of Directors, none of whom are officers or employees of the Corporation or any of its affiliates. In addition, the Committee composition, including the qualifications of its members, shall comply with the applicable requirements of the stock exchanges on which the Corporation lists its securities, and of securities regulatory authorities, as adopted or amended and in force from time to time. The Board of Directors will consider the appropriateness of the application of any applicable stock exchange guidelines or recommendations regarding the composition of the Committee.

Regular meetings of the Committee may be held at such time or times as the Board of Directors, the Chairman of the Board of Directors or the Committee Chairman may determine and special meetings of the Committee may be called by, or by the order of, the Chairman of the Board of Directors or the Committee Chairman. The Committee shall meet at least once a year. At every meeting of the Committee, whether such meeting is conducted in-person or telephonically, the Committee shall meet in executive session without members of management present (including management directors). The Committee Chairman, or an alternate Committee member, shall provide a report on each Committee meeting to the Board of Directors and minutes of Committee meetings shall be prepared and circulated to the Board of Directors.

Reporting to the Board of Directors, the Pension Fund Policy Committee shall have general oversight of the financial administration of certain of the registered pension plans (“Pension Plans”), including the investment of defined benefit pension funds (the “Pension Funds”), maintained by the Corporation and its subsidiaries. In carrying out its responsibilities, the Committee's duties shall include:

- (a) the adoption of governance structure and processes applicable to the Pension Plans and recommend such structure and processes to the Board of Directors for approval;
- (b) review and approve and recommend to the Board of Directors and the board of directors of Nortel Networks Corporation an annual pension governance report;
- (c) review for informational purposes any applicable NNL and Nortel Networks Inc. (“NNI”) retirement plan designs and material Pension Plan amendments and associated costs;
- (d) review and approve the appointment and removal of defined benefit investment/asset consultants for the Pension Funds;

- (e) review and approve the asset mix and investment management structure for the NNL and NNI Pension Funds;
- (f) review and approve the NNL and NNI defined contribution plan objectives and principles with respect to member investment choices and education;
- (g) review and approve the appointment and removal of plan actuaries and recommend to the Board of Directors of NNI the appointment of NNI actuaries;
- (h) review and approve (within the applicable regulatory parameters) the NNL and NNI defined benefit Pension Plan actuarial funding assumptions and methodologies proposed by the actuaries used to establish the assets and the liabilities of the Pension Plans for funding purposes;
- (i) review and approve the acceptance of the NNL and NNI actuarial reports;
- (j) review and recommend to the Board of Directors any NNL or NNI defined benefit funding contributions in excess of statutory requirements and above US\$100 million aggregate global annual limit;
- (k) receive assurance from the Chief Legal Officer that the Corporation and its subsidiaries are in compliance with applicable laws related to the operation and maintenance of the Pension Plans;
- (l) make delegations of authority and responsibilities as the Committee deems proper and periodically review such delegations.

In carrying out its responsibilities, the Committee may request management to undertake studies and report on areas of interest, and may retain advisors or consultants on such terms and conditions, including fees, it deems appropriate.

An annual performance evaluation of the Committee shall be conducted as part of the annual evaluation of the performance of Committees of the Board of Directors.

Effective June 29, 2006