



Computershare Trust Company of Canada  
 100 University Avenue, 9<sup>th</sup> Floor  
 Toronto, Ontario M5J 2Y1  
 Toll Free (Canada and US): 1 800 431-7802  
 International: 312 601-6795  
 corporateactions@computershare.com  
 Hours of operation: 8:30 am - 8:00 pm EST

MR A SAMPLE  
 DESIGNATION (IF ANY)  
 ADD 1  
 ADD 2  
 ADD 3  
 ADD 4  
 ADD 5  
 ADD 6

TICKET NUMBER 123456



C 1234567890 J N T



TOTAL SHARES 12345678901234.123456



## NORTEL NETWORKS CORPORATION - SHARE CONSOLIDATION LETTER OF TRANSMITTAL

(Shareholders holding 50 shares or less prior to the consolidation)

The issued and outstanding common shares of Nortel Networks Corporation ("Nortel"), including the shares that you hold, will be consolidated as of December 1, 2006 on the basis of one consolidated share for every ten pre-consolidation shares. To obtain a new share certificate for your consolidated shares, please complete this form and send it, with your existing share certificate(s), to Computershare Trust Company of Canada ("Computershare") at the address shown on the reverse side of this form. Instructions for completing this form are on the reverse. In addition, the Letter to Registered Shareholders included with this form will answer many of your questions. Computershare, your investment advisor, stockbroker, bank manager, lawyer or other professional advisor can also help if you need assistance.

### TO: COMPUTERSHARE TRUST COMPANY OF CANADA

The undersigned registered shareholder hereby represents and warrants that the undersigned is the owner of Nortel common shares represented by the share certificate(s) delivered with this Letter of Transmittal, and that the undersigned has good title to such shares, free and clear of all liens, charges and encumbrances, and has full power and authority to deliver these certificate(s). The undersigned hereby authorizes and directs you to issue a new certificate for the consolidated shares to which the undersigned is entitled in exchange for the pre-consolidation shares delivered herewith, together with any cash payment in lieu of a fractional share to which the undersigned may be entitled, to the address shown above. The enclosed certificate(s) are delivered in exchange for a certificate representing consolidated common shares of Nortel, calculated according to a consolidation ratio of one consolidated common share for every ten common shares owned by a shareholder prior to the effective time of the consolidation (12:01:01 am (Toronto time) on December 1, 2006).

1. **Your Nortel common share certificates are listed below.** Locate all of your certificates listed below and attach them to this Letter of Transmittal. If you cannot locate some or all of your certificates, read, complete and sign Box A on the reverse of this form and mark the boxes below with an "X" corresponding to the certificate number you cannot locate.

Lost	Certificate Number	Number of Common Shares	Lost	Certificate Number	Number of Common Shares
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234
<input type="checkbox"/>	XXXX12345678	12345678901234	<input type="checkbox"/>	XXXX12345678	12345678901234

### NonCertificated Holdings

12345678901234

2. **Signatures:** Please sign this form in the block below, and fill in the date. The name(s) of the registered holder(s) are listed in the Name and Address section, at the top of this Letter of Transmittal. All registered holders MUST sign exactly as your name(s) appear(s) above. If you are signing on behalf of another person or entity, indicate in what capacity you are signing, such as your title, office or other authority to sign.

Signature of Owner/ Registered Holder/ Signing Capacity

Signature of Co-Owner/ Registered Shareholder/ Signing Capacity (if more than one registered holder listed)

MM / DD / YY

Date

1 2 3 4 5 6 7 8 9 0 1 2 3 4 1 ? ? L T E C 1 7 N T E Q I S S X X +

**INSTRUCTIONS FOR COMPLETION OF LETTER OF TRANSMITTAL:**

- 1) Read the Letter to Registered Shareholders carefully for full instructions.
- 2) Your Nortel common share certificates are listed on the previous page. Please locate all of your certificates and attach them to this Letter of Transmittal.
- 3) Please complete and sign this Letter of Transmittal and deliver it, together with the share certificate(s) listed on the previous page, to Nortel's transfer agent, Computershare Trust Company of Canada, at one of the addresses listed below. The method of delivery is at your option and risk, but if mail is used, **registered mail is recommended.**
- 4) If you are unable to locate some or all of your certificate(s), mark the boxes above with an "X" below the word "LOST" that correspond to the certificate number(s) that you are unable to find, and see the instructions in the Letter to Registered Shareholders for handling of lost or destroyed certificates, questions 9 and 10. Also please sign and deliver to Computershare with this Letter of Transmittal, your signed Affidavit of Lost or Destroyed Certificate(s), which is located directly below in Box A of this Letter of Transmittal. If your lost certificate(s) is (are) part of an estate or trust or are owned by a corporation, partnership or other legal entity, please contact Computershare for more information.
- 5) The signature(s) on this Letter of Transmittal must correspond exactly with the name(s) as registered or as written on your certificate(s), without any change whatsoever. If your certificate(s) are held jointly by more than one person, all joint owners must sign this Letter of Transmittal.
- 6) If your share certificates are not all registered under the same name(s) or address(es), you must submit separate Letters of Transmittal for each different name or address, signed in each case by the correct registered holder.
- 7) You do not need to send any documents with this Letter of Transmittal other than your share certificate(s), unless:
  - (i) you want the new consolidated certificate to be issued to someone else (see question 11 of the Letter to Registered Shareholders for instructions); or
  - (ii) this Letter of Transmittal is to be signed by an individual other than the registered holder, or on behalf of a corporation, partnership or other legal entity, or by an agent, executor, administrator, trustee, guardian or any person acting in a representative capacity (see questions 5 and/or 11 of the Letter to Registered Shareholders for instructions); or
  - (iii) some or all of your share certificates have been lost or destroyed (see questions 9 and 10 of the Letter to Registered Shareholders for instructions), in which case you must include your signed Affidavit of Lost or Destroyed Certificates, directly below in Box A, when you return this Letter of Transmittal; or
  - (iv) You are a U.S. Shareholder as defined in the section entitled "Important Information for U.S. Shareholders" on the last page of the Letter to Registered Shareholders, in which case you must include a signed IRS Form W-9 with this Letter of Transmittal.

**IMPORTANT: To the extent permitted by applicable law, the right to receive a cash payment in lieu of a fractional share interest that you may hold, if any, will expire on December 1, 2009, and any amounts payable in respect of fractional share interests that remain unclaimed on such date will be forfeited. Nortel reserves the right, in its sole discretion, to instruct Computershare to waive any defect or irregularity contained in any Letter of Transmittal package that it receives.**

**BOX A -- AFFIDAVIT OF LOST OR DESTROYED CERTIFICATE(S) - Nortel Networks Corporation**

By checking any of the lost certificate box(es) on the front page of this Letter of Transmittal and signing this Affidavit, (each of) the undersigned person(s) represents and warrants that: "I am the lawful owner of the above described certificate(s) and the common shares represented thereby. The certificate(s) has (have) not been endorsed, cashed, negotiated, transferred, assigned or otherwise disposed of. I have made a diligent search for the certificate(s) and have been unable to find it (them), and make this Affidavit for the purpose of inducing Nortel Networks Corporation ("Nortel") to issue to me a new certificate representing my entitlement to consolidated common shares without my delivery of the pre-consolidation certificate(s). I hereby agree that if the certificate(s) should ever come into my hands, custody or power, I will immediately and without consideration deliver the certificate(s) to Nortel. In consideration of the issuance to me of a new certificate representing my entitlement to consolidated common shares, I agree to completely indemnify, protect and save harmless Nortel, Computershare Trust Company of Canada, and any other party to the transaction (the "Obligees"), from and against all losses, costs and damages, including court costs and solicitors' fees, which such person(s) may be subject to or liable for in respect of the cancellation and replacement of the certificate(s). The rights accruing to the Obligees under the preceding sentence shall not be limited by the negligence, inadvertence, accident, oversight or breach of any duty or obligations on the part of the Obligees or their respective officers, employees and agents or their failure to inquire into, contest, or litigate any claim, whenever such negligence, inadvertence, accident, oversight, breach or failure occurs or has occurred."

**Please sign and date this Affidavit of Lost or Destroyed Certificate(s). The name(s) of the registered shareholder(s) are listed in the Name and Address section at the top of this Letter of Transmittal. All registered shareholders MUST sign exactly as their name(s) appear(s) above. If you are signing on behalf of another person or entity, indicate in what capacity you are signing, such as your title, office or other authority to sign.**

**Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.**

I/We authorize you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supercede and have priority over all previous instructions in respect to my/our holdings.

Signature of Owner/ Registered Holder/ Signing Capacity

Signature of Co-Owner/ Registered Shareholder/ Signing Capacity (if more than one registered holder listed)

MM / DD / YY

Date

**Note:** If you are acting on behalf of an estate, corporation, partnership or other legal entity, please contact Computershare Trust Company of Canada regarding the loss of your certificate(s), so that they may send you the appropriate documents.

**Please send this Letter of Transmittal, signed on the front page in accordance with the instructions above and in the Letter to Registered Shareholders, together with all share certificate(s) and additional documentation as described in instruction (7) above and in the Letter to Registered Shareholders, to one of the Computershare offices indicated below.**

**BY MAIL**  
Computershare Trust Company of Canada  
PO Box 7023  
31 Adelaide Street East  
Toronto, ON  
M5C 2K4

**BY REGISTERED MAIL, HAND OR COURIER**  
Computershare Trust Company of Canada  
100 University Avenue  
9<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1



DOMICLE XXX



For Internal Use Only /  
Special Handling