

NORTEL NETWORKS CORPORATION  
2008 ANNUAL MEETING OF SHAREHOLDERS  
NEPEAN, ONTARIO  
MAY 7, 2008

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Minutes of the 2008 annual meeting of shareholders of Nortel Networks Corporation (the “Corporation”) held at the Nortel Carling Campus, 3500 Carling Avenue, Lab 6, Nepean, Ontario, on the 7<sup>th</sup> day of May, 2008 at approximately 10:00 a.m. (Eastern Daylight Time).

The meeting was chaired by Mr. Harry Pearce, Chairman of the Board of Directors. The Deputy General Counsel and Corporate Secretary, Mr. Gordon Davies, acted as Secretary of the meeting.

The Chairman welcomed all those who attended in person or joined the meeting by webcast. The Chairman also welcomed shareholders and guests who were employees or retirees. He noted that in addition to the Deputy General Counsel and Corporate Secretary, he was joined on the stage by Mr. Mike Zafirovski, President and Chief Executive Officer and Mr. Paviter (Pavi) Binning, Executive Vice-President and Chief Financial Officer.

The Chairman briefly reviewed the agenda of the meeting and noted that it was included in the meeting materials. He then outlined the procedure for asking questions.

CALL TO ORDER

The meeting was called to order by the Chairman. The Chairman stated that the meeting was convened pursuant to resolutions of the Board of Directors.

DISCLAIMER

The Secretary addressed the meeting. He noted that certain comments made in the meeting may be characterized as forward looking under the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities legislation. The Secretary stated that certain material factors and assumptions were applied in making these statements and there were a number of other factors that could cause actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of the Corporation. He further stated that the meeting also included certain non-GAAP measures, and that additional information concerning these factors, assumptions and non-GAAP measures was contained in the Corporation’s filings with the United States Securities and Exchange Commission and the Canadian Securities Regulators, including the Corporation’s most recently filed quarterly report on Form 10-Q and annual report on Form 10-K, and the Corporation’s press release issued on May 2, 2008, announcing the first quarter of 2008 financial results and 2008 outlook.

PROCEDURAL MATTERS

The Chairman declared that if a vote by ballot were to be conducted on the appointment of auditors the total number of shares that would be withheld from voting in accordance with the proxies submitted would be less than five percent of all the votes that might be cast on the ballot.

Accordingly, the Chairman declared that voting on all of the scheduled matters of business would take place by ballot with the exception of the appointment of the auditors, which would be done by show of hands unless a vote by ballot was requested.

#### APPOINTMENT OF SCRUTINEERS

The Chairman appointed Ms Florence Smith and Ms Lara Donaldson, representatives of Computershare Trust Company of Canada, to act as Scrutineers for the meeting. The Chairman requested the Scrutineers to report on attendance at the meeting and delegated to them the task of examining the proxies and the preliminary consideration of their validity. He also advised that the Scrutineers would also report on the results of ballots taken at the meeting.

#### NOTICE OF MEETING AND DECLARATION OF MAILING

The Chairman advised that the Secretary had confirmed that the notice of the meeting had been duly given and that a declaration of mailing was available for inspection by any shareholder.

#### PRELIMINARY SCRUTINEERS' REPORT ON ATTENDANCE AND DETERMINATION OF QUORUM

The Chairman read the Scrutineers' preliminary report on attendance at the meeting and declared that a quorum was present. The Chairman requested the Scrutineers to submit their final report when it was ready.

Proper notice having been sent and a quorum present, the Chairman declared that the meeting was duly constituted and ready to transact business.

#### CHAIRMAN'S REMARKS

The Chairman addressed the meeting. He noted that progress was made during 2007 in the Corporation's multi-year transformation plan. The Chairman discussed the further strengthening of the leadership team under Mr. Zafirovski, with the appointment of several key executives including Mr. Binning, and Mr. William Nelson, Executive Vice-President, Global Sales. He commented on the Corporation's strategy, level of customer engagement and technology investment and stated that the Corporation's strategy was continuing to gain traction in the marketplace and that the level of customer engagement was encouraging. He also stated that industry leadership could only be achieved when the Corporation's business acumen was equated by its unconditional commitment to integrity through effective corporate governance practices and compliance. He noted the Corporation had gone from six material weaknesses in the internal controls for financial reporting to none. The Chairman also noted that the Board of Directors was pleased to see the Corporation's strong continued focus on corporate governance being recognized and validated by independent experts in the area of governance. He highlighted Nortel's corporate governance quotient as of May 1, 2008, as prepared by RiskMetrics Group, and noted that Nortel outperformed 96.7% of the companies in the S&P/TSX Composite Index and 100% of the companies in the technology hardware and equipment group.

The Chairman and Mr. Zafirovski recognized the following Directors of the Corporation as present at the meeting and standing for re-election:

Mrs. Jalyynn H. Bennett  
Dr. Manfred Bischoff  
The Honorable James B. Hunt, Jr., Chair of the Nominating and Governance Committee  
Dr. Kristina M. Johnson  
Mr. John A. MacNaughton, Chair of the Audit Committee  
The Honourable John P. Manley, Chair of the Pension Fund Policy Committee  
Mr. Richard D. McCormick, Chair of the Compensation and Human Resources Committee  
Mr. Claude Mongeau  
Mr. Harry J. Pearce, Chair of the Board  
Mr. John D. Watson  
Mr. Mike S. Zafirovski

#### ADDRESS BY THE PRESIDENT AND THE CHIEF EXECUTIVE OFFICER

Mr. Zafirovski discussed the Corporation's stock performance and the importance of the Corporation's performance for 2008. He also provided an overview of the dynamics of the current state of the telecommunications industry, and discussed convergence and consolidation in the industry.

Mr. Zafirovski highlighted certain financial and operational performance for 2007 and the first fiscal quarter of 2008. He discussed the transformation of the Corporation into a company that could consistently deliver value to customers, shareholders and employees. Mr. Zafirovski indicated that the management team and the Directors had put driving shareholder value as a top priority.

Mr. Zafirovski then discussed hyperconnectivity and the Corporation's customers. He noted that every one of the top 25 service provider networks in the world were customers of the Corporation. He discussed various customer engagements and then introduced a video presentation, which contained comments of certain of the Corporation's customers regarding what the Corporation offered their business.

Mr. Zafirovski outlined progress made against the six-point Business Transformation plan. He discussed the important additions made to the Corporation's leadership team in 2007 and the importance of management and employee development programs. He highlighted the focus on the balance sheet, on corporate governance and on business and financial controls and noted that the regulatory and accounting matters of the past had been concluded. He also discussed the expected Business Transformation savings by the end of 2008.

Mr. Zafirovski discussed the Corporation and the industry's focus on growth and the resulting investment strategy, which had been created around two key pillars, the creation of true broadband and the communications enablement of the information technology world. Mr. Zafirovski also reviewed the "must dos" for the Corporation in 2008. He concluded by introducing a video presentation, which highlighted the changes to the perception of the Corporation in the marketplace.

## FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Chairman advised that the next item on the agenda was to receive the Corporation's 2007 audited financial statements. He noted that the 2007 annual report to shareholders, including the Corporation's 2007 audited financial statements and auditors' report, were delivered to shareholders in advance of the meeting and that additional copies were made available at the registration table. The Chairman introduced Mr. Peter Doyle and Mr. Mike Monteleone of KPMG LLP, the independent auditors of the Corporation, who were made available to answer questions.

## ELECTION OF DIRECTORS

The Chairman advised that the next item of business was the election of Directors. As determined by the Board of Directors, the number of Directors to be elected at the meeting was 11. The Chairman then stated that the Proxy Circular and Proxy Statement contained the names and backgrounds of the individuals nominated and asked Ms Anna Ventresca to read the names of the nominees.

Ms Ventresca nominated the following individuals for election as Directors of the Corporation:

Mrs. Jalynn H. Bennett  
Dr. Manfred Bischoff  
The Honorable James B. Hunt, Jr.  
Dr. Kristina M. Johnson  
Mr. John A. MacNaughton  
The Honourable John P. Manley  
Mr. Richard D. McCormick  
Mr. Claude Mongeau  
Mr. Harry J. Pearce  
Mr. John D. Watson  
Mr. Mike S. Zafirovski

The Chairman received no further nominations and declared the nominations closed. Ms Tracy Connelly McGilley moved to elect the nominees as Directors of the Corporation to hold office in accordance with the Corporation's by-laws until the next annual meeting of shareholders and Ms Samantha Vaccaro seconded the motion.

The Chairman advised that under the articles of the Corporation, in order for a nominee to be elected a Director of the Corporation, at least two-thirds of the votes attaching to the shares represented at the meeting and entitled to vote for the Directors must be voted in the nominee's favour. The Chairman also noted that withholding a vote for a nominee will have the same effect as voting against that nominee.

The Chairman indicated that a vote by ballot would be taken on the election of the Directors of the Corporation and that gray ballot forms had been provided to shareholders and

proxyholders when they registered prior to the meeting. He instructed the meeting on the requirements for the completion of the ballots and reminded proxyholders that they were required by law to complete a ballot in accordance with the directions of the shareholders who appointed them. After the collection of the ballots, the Chairman declared the balloting closed and advised that a report on the results of the ballot would be provided later in the meeting.

#### APPOINTMENT OF AUDITORS

The Chairman indicated that the next item of business was the appointment of the independent auditors of the Corporation. He noted that the appointment of KPMG LLP as the Corporation's independent auditors was first approved at the annual and special meeting of shareholders held in 2007 and he acknowledged the successful transition to KPMG LLP.

Mr. Paul Karr moved that KPMG LLP be appointed as the independent auditors of the Corporation, to hold office until the close of the next annual meeting of shareholders. Ms Yolanda Lopez-Gomez seconded the motion.

The Chairman requested a vote by show of hands be taken on the appointment of KPMG LLP as the independent auditors and following the vote, the Chairman declared the motion carried and KPMG LLP appointed as the Corporation's independent auditors to hold office until the next annual meeting of shareholders.

#### RESOLUTION TO AMEND THE NORTEL 2005 STOCK INCENTIVE PLAN

The Chairman indicated that the next item of business was to consider a resolution to approve certain amendments to the Nortel 2005 Stock Incentive Plan, as Amended and Restated. He stated that grants of equity based awards were a critical component part of the Corporation's strategy for recruiting and retaining world class talent, particularly in the intensely competitive environment in which the Corporation operated. The Chairman discussed the proposed amendments to the plan, including to increase the total number of new common shares of the Corporation authorized for issuance under the plan from 12.2 million to 26.2 million. He noted that to be effective, the resolution must be approved by a majority of the votes cast by shareholders in person or by proxy at the meeting, provided that the total votes cast on the resolution represent over 50% of the Corporation's outstanding common shares entitled to vote on the resolution.

Ms Nancy Allen moved that the resolution to approve certain amendments to the Nortel 2005 Stock Incentive Plan be approved. Mr. John Shaughnessy seconded the motion. The Chairman indicated that a vote by ballot would be taken on the motion and that blue ballot forms had been provided to shareholders and proxyholders when they registered prior to the meeting. The Chairman instructed the meeting on the requirements for the completion of the ballots. The Scrutineers collected the ballots, and the Chairman declared the balloting closed and advised that a report on the results of the ballot would be provided later in the meeting.

## RESOLUTIONS TO AMEND THE NORTEL STOCK PURCHASE PLANS AND APPROVE THE AMENDED NORTEL U.S. STOCK PURCHASE PLAN

The Chairman indicated that there were two items of business concerning the Corporation's stock purchase plans. The first was to adopt a resolution to approve certain amendments to the Nortel Global Stock Purchase Plan, as Amended and Restated, the Nortel U.S. Stock Purchase Plan, as Amended and Restated and the Nortel Stock Purchase Plan for Members of the Nortel Savings and Retirement Program, as Amended with respect to increasing the number of common shares of the Corporation available for purchase under such plans. The second was a resolution to approve the amended Nortel U.S. Stock Purchase Plan. The Chairman discussed the stock purchase plans and indicated that adoption of the stock purchase plans share increase amendment was an important part of the Corporation's efforts to encourage share ownership and enhance employee motivation. He also explained that approval of the amended U.S. plan was required in order to qualify the plan for special tax treatment under Section 423 of the United States Internal Revenue Code. The Chairman noted that to be effective, each resolution must be approved by a majority of the votes cast by shareholders in person or by proxy at the meeting, provided that the total votes cast on each resolution represent over 50% of the Corporation's outstanding common shares entitled to vote on each resolution.

The resolutions were voted on separately. Ms Leila Wong moved that the resolution to approve the amendments to the Nortel Global Stock Purchase Plan, As Amended and Restated, the Nortel U.S. Stock Purchase Plan, As Amended and Restated and the Nortel Stock Purchase Plan for Members of the Nortel Savings and Retirement Program, As Amended be approved. Mr. Michael McCorkle seconded the motion. The Chairman instructed the shareholders to use the consolidated pink ballot form designated for the vote on the stock purchase plans. The Chairman instructed the meeting on the requirements for the completion of the ballots. The Chairman instructed shareholders and proxyholders to hold on to the ballots until the next motion was dealt with.

Ms Janet Craig moved that the resolution to approve the amended Nortel U.S. Stock Purchase Plan be approved. Ms Louise Smith seconded the motion. The Chairman instructed the meeting on the requirements for the completion of the ballots. After the collection of the ballots by the Scrutineers, the Chairman declared the balloting closed and advised that a report on the results of the ballot would be provided later in the meeting.

## SHAREHOLDER QUESTION AND COMMENT PERIOD

The Chairman declared the meeting open for questions and comments. A question was asked regarding the Corporation's reaction to the joint venture between Sprint Nextel Corporation and Clearwire Corporation. Mr. Zafirovski responded by stating that there was demand from consumers to enable broadband on the go and that quicker adoption of next-generation technologies would be good for the industry and for the Corporation.

A question was raised about potential acquisitions, in particular an acquisition concerning Motorola Inc. Mr. Zafirovski indicated that the Corporation is not in a position to comment on any outside opportunities.

A shareholder raised a concern about the price of the Corporation's common shares. The Chairman commented that the Corporation was in the midst of a three to five year turnaround plan. He outlined the developments of the Corporation to date, including the restructuring, refocusing of research and development investment, settlement of the class action lawsuits, the elimination of the material weaknesses in the internal controls for financial reporting and settlement of the regulatory investigations. The shareholder then asked about dilution on the stock purchase plans. The Chairman advised that common shares under the stock purchase were purchased on the open market and that such purchases were not dilutive to shareholders. Mr. Zafirovski commented on the business strategy and improving cost and quality. The shareholder then asked about the Carling Campus and Mr. Zafirovski confirmed that the Campus was a research and development centre of the Corporation.

A shareholder then asked about the expected timeline for the "turnaround" of the Corporation. The Chairman responded by stating that while the "turnaround" cannot be precisely predicted, there was a three to five year transformation plan in place. At the request of Mr. Zafirovski, Mr. William Nelson addressed the shareholder. Mr. Nelson indicated that he would lead the transformation in the Corporation's go-to-market model, including with respect to revenue growth and profitability.

A question was asked about the increasing presence of the Corporation in the face of certain human rights issues in China. The Chairman responded by stating that the Corporation is a strong supporter of human rights. He indicated that the Corporation had a human rights policy and had adopted the United Nations principles on human rights. He advised that doing business in China was important to the competitiveness of the Corporation. Mr. Zafirovski added that the Corporation was very much a global company.

A question was asked about investigations concerning the actions of former executives of the Corporation. The Chairman stated that there were continuing criminal investigations in the United States and Canada and that the Corporation had initiated litigation to reclaim bonuses paid. He also indicated that the United States Securities and Exchange Commission was pursuing an investigation.

A shareholder then asked about the Corporation's business interests in the cellular phone market. Mr. Zafirovski advised that the Corporation had been narrowing the business areas of focus and that the Corporation did not intend currently to enter the cellular phone business.

## SCRUTINEERS' REPORTS

### Attendance at Meeting

The Chairman reviewed the Scrutineers' final report on attendance at the meeting. He stated that the report certified 64 registered shareholders and proxyholders were present in person at the meeting holding 299,239 shares and that 11,251 shareholders were represented by proxies holding 294,699,172 shares. The total number of shares represented in person and by proxy at the meeting was 294,998,411 representing 67.48% of the total shares outstanding. The Chairman adopted the Scrutineers' final report on attendance and asked that it be filed with the records of the meeting.

## Election of Directors

The Chairman reviewed the Scrutineers' report on the vote by ballot on the motion to elect each of the 11 individuals nominated for election as Directors. He reported the number of common shares voted in favour and the number of common shares withheld/abstained for each of the 11 Directors, which in each case exceeded 96 percent of the common shares voted. The Chairman adopted the Scrutineers' report and asked that it be filed with the records of the meeting. The Chairman declared the 11 nominees elected as Directors of the Corporation, to hold office in accordance with the Corporation's by-laws until the next annual meeting of shareholders.

## Amendments to the Nortel 2005 Stock Incentive Plan

The Chairman reviewed the Scrutineers' report on the vote by ballot on the motion to amend the Nortel 2005 Stock Incentive Plan, As Amended and Restated. He reported the motion obtained 91.91% of votes cast in favour. The total votes cast were 233,642,367, which was over 50% of the Corporation's outstanding shares entitled to vote on the resolution. The Chairman declared the motion on the amendments to the Nortel 2005 Stock Incentive Plan, As Amended and Restated carried.

## Amendments to the Stock Purchase Plans and Approval of the Amended Nortel U.S. Stock Purchase Plan

The Chairman reviewed the Scrutineers' report on the vote by ballot on the motion to amend the Nortel Global Stock Purchase Plan, As Amended and Restated, the Nortel U.S. Stock Purchase Plan, As Amended and Restated and the Nortel Stock Purchase Plan for Members of the Nortel Savings and Retirement Program, As Amended. He reported the motion obtained 98% of votes cast in favour. The total votes cast were 233,616,722, which was over 50% of the Corporation's outstanding shares entitled to vote on the resolution. The Chairman declared the motion on the amendments to the Nortel stock purchase plans carried.

The Chairman then reviewed the Scrutineers' report on the vote by ballot on the motion to approve the Nortel U.S. Stock Purchase Plan, As Amended and Restated. He reported the motion obtained 98.08% of votes cast in favour. The total votes cast were 233,640,585, which was over 50% of the Corporation's outstanding shares entitled to vote on the resolution. The Chairman declared the motion to approve the Nortel U.S. Stock Purchase Plan, As Amended and Restated carried.

CONCLUSION

The Chairman declared that there were no further matters to bring before the meeting. He thanked all attendees for participating in the business of the meeting and for their interest in the Corporation. Ms Elaine Deligdisch motioned for the meeting to be concluded and Ms Yolanda Lopez-Gomez seconded the motion. The motion was voted by a show of hands and the Chairman declared the meeting concluded.

/S/ HARRY J. PEARCE \_\_\_\_\_

Chairman

/S/ GORDON A. DAVIES \_\_\_\_\_

Secretary