

NORTEL NETWORKS CORPORATION
Consolidated Financial Information
(U.S. GAAP; Millions of U.S. dollars)

The following tables reflect the completion of the Global Services resegmentation effected in the first quarter of 2007.

Segmented revenues

The following table summarizes our revenue and Operating Margin by segment for:

	Three months ended			Twelve months ended	
	December 31, 2007	September 30, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Revenues					
Carrier Networks	\$ 1,346	\$ 1,080	\$ 1,487	\$ 4,493	\$ 5,157
Enterprise Solutions	762	671	788	2,620	2,292
Global Services	605	540	540	2,087	2,132
Metro Ethernet Networks	429	360	449	1,525	1,591
Total reportable segments	3,142	2,651	3,264	10,725	11,172
Other	56	54	58	223	246
Total revenues	\$ 3,198	\$ 2,705	\$ 3,322	\$ 10,948	\$ 11,418
Operating Margin					
Carrier Networks	342	169	244	840	477
Enterprise Solutions	(1)	11	65	(8)	(45)
Global Services	130	105	58	385	337
Metro Ethernet Networks	(11)	2	-	(19)	55
Total reportable segments	460	287	367	1,198	824
Other	(216)	(153)	(226)	(797)	(827)
Total Operating Margin	244	134	141	401	(3)
Amortization of intangible assets	(13)	(12)	(7)	(50)	(26)
In-process research and development expense	-	-	(6)	-	(22)
Special charges	(38)	(56)	(29)	(210)	(105)
Gain (loss) on sales of businesses and assets	23	(3)	164	31	206
Shareholder litigation settlement (expense) recovery	-	-	(234)	54	219
Regulatory investigation expense	-	-	-	(35)	-
Other operating income - net	6	7	11	35	13
Other income - net	93	156	23	425	199
Interest expense	(80)	(107)	(97)	(381)	(340)
Income tax expense	(1,040)	(50)	9	(1,114)	(60)
Minority interests - net of tax	(39)	(43)	(58)	(115)	(59)
Equity in net earnings (loss) of associated companies - net of tax	-	1	3	2	(3)
Net earnings (loss) before cumulative effect of accounting change	\$ (844)	\$ 27	\$ (80)	\$ (957)	\$ 19

Geographic revenues

The following table summarizes our geographic revenues based on the location of the customer for:

	Three months ended			Twelve months ended	
	December 31, 2007	September 30, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Revenues					
United States	\$ 1,428	\$ 1,159	\$ 1,515	\$ 4,974	\$ 5,092
EMEA ^(a)	819	665	893	2,740	3,239
Canada	267	204	186	822	720
Asia	513	537	545	1,768	1,736
CALA ^(b)	171	140	183	644	631
Total revenues	\$ 3,198	\$ 2,705	\$ 3,322	\$ 10,948	\$ 11,418

(a) Europe, Middle East and Africa

(b) Caribbean and Latin America

Network Solutions revenues

The following table summarizes our revenues by category of network solutions for each of our reportable segments for:

	Three months ended			Twelve months ended	
	December 31, 2007	September 30, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Revenues					
Carrier Networks					
CDMA solutions	\$ 771	\$ 592	\$ 731	\$ 2,425	\$ 2,311
GSM and UMTS solutions	359	341	549	1,373	2,021
Circuit and packet voice solutions	216	147	207	695	825
	1,346	1,080	1,487	4,493	5,157
Enterprise Solutions					
Circuit and packet voice solutions	529	426	567	1,723	1,618
Data networking and security solutions	233	245	221	897	674
	762	671	788	2,620	2,292
Global Services	605	540	540	2,087	2,132
Metro Ethernet Networks					
Optical networking solutions	332	305	329	1,185	1,128
Data networking and security solutions	97	55	120	340	463
	429	360	449	1,525	1,591
Other	56	54	58	223	246
Total revenues	\$ 3,198	\$ 2,705	\$ 3,322	\$ 10,948	\$ 11,418