

NORTEL NETWORKS CORPORATION
(Under Creditor Protection Proceedings as of January 14, 2009)
Combined and Consolidated Financial Information (unaudited)
(U.S. GAAP; Millions of U.S. dollars)

Segmented revenues

The following table summarizes our revenue and management operating margin by segment for:

	Three months ended			Six months ended	
	June 30, 2009	March 31, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenues					
Carrier Networks	\$ 920	\$ 737	\$ 1,143	\$ 1,657	\$ 2,232
Enterprise Solutions	465	395	649	860	1,317
Metro Ethernet Networks	333	360	455	693	857
LG-Nortel	199	188	315	387	861
Total reportable segments	1,917	1,680	2,562	3,597	5,267
Other	55	53	60	108	113
Total revenues	\$ 1,972	\$ 1,733	\$ 2,622	\$ 3,705	\$ 5,380
Management Operating Margin					
Carrier Networks	213	42	147	255	290
Enterprise Solutions	(81)	(128)	(85)	(209)	(168)
Metro Ethernet Networks	27	42	46	69	48
LG-Nortel	18	48	111	66	285
Total reportable segments	177	4	219	181	455
Other	(161)	(248)	(105)	(409)	(212)
Total Management Operating Margin	16	(244)	114	(228)	243
Amortization of intangible assets	11	10	11	21	23
Special charges	-	-	67	-	155
Gain on sales of businesses and assets	(15)	(15)	(2)	(30)	(4)
Goodwill impairment	-	48	-	48	-
Other operating expense (income) - net	4	(12)	(7)	(8)	6
Total operating earnings (loss)	16	(275)	45	(259)	63
Other income (expense) -net	(14)	(70)	3	(84)	2
Interest and dividend income	-	-	30	-	68
Interest expense	(74)	(77)	(76)	(151)	(156)
Reorganization items - net	(130)	(52)	-	(182)	-
Income tax expense	(62)	(7)	(61)	(69)	(97)
Noncontrolling interests - net of tax	(11)	(26)	(55)	(37)	(133)
Equity in net earnings of associated companies - net of tax	1	-	1	1	2
Net loss attributable to Nortel Networks Corporation	\$ (274)	\$ (507)	\$ (113)	\$ (781)	\$ (251)

Geographic revenues

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

	Three months ended			Six months ended	
	June 30, 2009	March 31, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenues					
United States	\$ 987	\$ 803	\$ 1,039	\$ 1,790	\$ 2,120
EMEA ^(a)	376	356	634	732	1,225
Canada	102	114	200	216	366
Asia	428	366	584	794	1,371
CALA ^(b)	79	94	165	173	298
Total revenues	\$ 1,972	\$ 1,733	\$ 2,622	\$ 3,705	\$ 5,380

(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			Six months ended	
	June 30, 2009	March 31, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenues					
Carrier Networks					
CDMA solutions	\$ 555	\$ 393	\$ 542	\$ 948	\$ 1,101
GSM and UMTS solutions	202	175	377	377	697
Circuit and packet voice solutions	163	169	224	332	434
	<u>920</u>	<u>737</u>	<u>1,143</u>	<u>1,657</u>	<u>2,232</u>
Enterprise Solutions					
Communication Solutions	352	301	542	653	1,105
Services	113	94	107	207	212
	<u>465</u>	<u>395</u>	<u>649</u>	<u>860</u>	<u>1,317</u>
Metro Ethernet Networks					
Optical networking solutions	211	222	292	433	533
Data networking and security solutions	35	57	62	92	129
Services	87	81	101	168	195
	<u>333</u>	<u>360</u>	<u>455</u>	<u>693</u>	<u>857</u>
LG-Nortel					
LGN Carrier	152	155	245	307	711
LGN Enterprise	47	33	70	80	150
	<u>199</u>	<u>188</u>	<u>315</u>	<u>387</u>	<u>861</u>
Other	<u>55</u>	<u>53</u>	<u>60</u>	<u>108</u>	<u>113</u>
Total revenues	\$ 1,972	\$ 1,733	\$ 2,622	\$ 3,705	\$ 5,380