

**NORTEL NETWORKS CORPORATION**  
**Consolidated Results (unaudited)**  
(millions of U.S. dollars, except per share amounts)

U.S. GAAP

For the three months ended

For the year ended

	March 31, 2001	December 31, 2000	September 30, 2000	June 30, 2000	March 31, 2000	December 31, 2000	December 31, 1999
<b>Revenues</b>							
<b>Reported</b>							
Continuing operations	\$ 5,751	\$ 8,198	\$ 6,726	\$ 7,207	\$ 5,817	\$ 27,948	\$ 19,628
Discontinued operations	426	620	588	614	505	2,327	1,659
As previously reported	<u>\$ 6,177</u>	<u>\$ 8,818</u>	<u>\$ 7,314</u>	<u>\$ 7,821</u>	<u>\$ 6,322</u>	<u>\$ 30,275</u>	<u>\$ 21,287</u>
<b>Net earnings (loss) applicable to common shares</b>							
<b>Reported</b>							
Continuing operations	\$ (2,354)	\$ (1,189)	\$ (507)	\$ (613)	\$ (686)	\$ (2,995)	\$ (257)
Discontinued operations	(226)	(220)	(79)	(132)	(44)	(475)	(94)
As previously reported	<u>\$ (2,580)</u>	<u>\$ (1,409)</u>	<u>\$ (586)</u>	<u>\$ (745)</u>	<u>\$ (730)</u>	<u>\$ (3,470)</u>	<u>\$ (351)</u>
<b>Operating §</b>							
Continuing operations	\$ (277) <sup>1</sup>	\$ 929 <sup>2</sup>	\$ 597 <sup>3</sup>	\$ 637 <sup>4</sup>	\$ 337 <sup>5</sup>	\$ 2,500 <sup>6</sup>	\$ 1,506 <sup>7</sup>
Discontinued operations	(108)	(104)	(23)	(76)	10	(193)	(72)
As previously reported	<u>\$ (385)</u>	<u>\$ 825</u>	<u>\$ 574</u>	<u>\$ 561</u>	<u>\$ 347</u>	<u>\$ 2,307</u>	<u>\$ 1,434</u>
<b>Earnings (loss) per common share</b>							
<b>Reported - basic and diluted</b>							
Continuing operations	\$ (0.75)	\$ (0.39)	\$ (0.17)	\$ (0.21)	\$ (0.24)	\$ (1.01)	\$ (0.10)
Discontinued operations	(0.07)	(0.07)	(0.03)	(0.05)	(0.02)	(0.16)	(0.03)
As previously reported	<u>\$ (0.82)</u>	<u>\$ (0.46)</u>	<u>\$ (0.20)</u>	<u>\$ (0.26)</u>	<u>\$ (0.26)</u>	<u>\$ (1.17)</u>	<u>\$ (0.13)</u>
<b>Operating - basic §</b>							
Continuing operations	\$ (0.09) <sup>1</sup>	\$ 0.30 <sup>2</sup>	\$ 0.20 <sup>3</sup>	\$ 0.22 <sup>4</sup>	\$ 0.12 <sup>5</sup>	\$ 0.85 <sup>6</sup>	\$ 0.56 <sup>7</sup>
Discontinued operations	(0.03)	(0.03)	(0.01)	(0.03)	-	(0.07)	(0.03)
As previously reported	<u>\$ (0.12)</u>	<u>\$ 0.27</u>	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.12</u>	<u>\$ 0.78</u>	<u>\$ 0.53</u>
<b>Operating - diluted §</b>							
Continuing operations	\$ (0.09) <sup>1</sup>	\$ 0.29 <sup>2</sup>	\$ 0.19 <sup>3</sup>	\$ 0.21 <sup>4</sup>	\$ 0.12 <sup>5</sup>	\$ 0.81 <sup>6</sup>	\$ 0.55 <sup>7</sup>
Discontinued operations	(0.03)	(0.03)	(0.01)	(0.03)	-	(0.07)	(0.03)
As previously reported	<u>\$ (0.12)</u>	<u>\$ 0.26</u>	<u>\$ 0.18</u>	<u>\$ 0.18</u>	<u>\$ 0.12</u>	<u>\$ 0.74</u>	<u>\$ 0.52</u>

§ Excludes the impact of after-tax charges of Acquisition Related Costs (in-process research and development expense and the amortization of acquired technology and goodwill from all acquisitions subsequent to July 1998), stock option compensation from acquisitions and divestitures, and where applicable, certain of the one-time gains and charges.

- 1) Excludes the pre-tax impact of Acquisition Related Costs of \$1,878, stock option compensation of \$34, one time charges of \$355 and cumulative gain on accounting change of \$24. Net tax effect of (\$166).
- 2) Excludes the pre-tax impact of Acquisition Related Costs of \$2,127, stock option compensation of \$36 and one time charges of \$72. Net tax effect of (\$117).
- 3) Excludes the pre-tax impact of Acquisition Related Costs of \$1,269, stock option compensation of \$31 and one time gains of \$169. Net tax effect of (\$27).
- 4) Excludes the pre-tax impact of Acquisition Related Costs of \$1,309, stock option compensation of \$67 and one time gains of \$174. Net tax effect of \$48.
- 5) Excludes the pre-tax impact of Acquisition Related Costs of \$1,257, one time gains of \$513 and one time charges of \$197. Net tax effect of \$82.
- 6) Excludes the pre-tax impact of Acquisition Related Costs of \$5,962, stock option compensation of \$134, one time gains of \$856 and one-time charges of \$269. Net tax effect of (\$14).
- 7) Excludes the pre-tax impact of Acquisition Related Costs of \$2,075, one time gains of \$264 and one time charges of \$174. Net tax effect of (\$222).

All references to earnings (loss) per common share have been restated to reflect the impact of the two-for-one stock split with respect to the issued and outstanding common shares of the Corporation on May 5, 2000.

The financial results up to May 1, 2000 represent the financial results of Nortel Networks Limited, formerly known as Nortel Networks Corporation.