

## Restructuring FAQs Investor Relations

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### **What was announced today (January 14, 2009)?**

Nortel is filing for creditor protection in the US, Canada and Europe in order to undertake a comprehensive business and financial restructuring, to deal decisively with its cost and debt burden, to effectively restructure its operations and to narrow its strategic focus in an effective and timely manner. Nortel intends to emerge from this process as a more focused financially sound and competitive Company.

### **Where can I get more information on this announcement?**

Nortel has provided further details on this announcement on its website at [www.nortel.com/restructuring](http://www.nortel.com/restructuring).

### **Why did Nortel file now?**

While significant progress has been made over the last three years to turn around and transform Nortel, the Company's costs, weak balance sheet, capital structure and high debt levels, have been compounded by the current severe economic downturn, and have put additional and unrelenting pressure on Nortel's current results and outlook. We have tried to address these issues over the past three years through a variety of actions, but the adverse economic environment has made it impossible to complete this transformation. It is imperative that the Company address its financial position and costs burdening its balance sheet, to comprehensively overcome its challenges and reposition itself for the future. The Company concluded the fastest and most effective way to effect this transformation is to undertake a restructuring process under creditor protection.

### **Will Nortel continue to report financial results?**

Nortel intends to continue to comply with its Canadian & U.S. reporting obligations.

Nortel currently does not expect to continue to hold quarterly conference calls during the reorganization proceedings.

### **Q&A – Common Stock**

#### **I own Nortel common stock, who will represent my interests? Who can I contact for more information?**

Holders of Nortel securities should consult their own advisers on this matter.

#### **Will Nortel's common stock continue to trade?**

Trading in Nortel's common shares is expected to be temporarily suspended by the Toronto Stock Exchange shortly after Nortel's CCAA/Chapter 11 filing. The stock exchanges will determine whether to allow continued trading in the shares.

**What will my Nortel stocks be worth if Nortel emerges from bankruptcy?**

Nortel cannot comment on the future value of our securities.

**Q&A – Bondholders**

**I am a Nortel bondholder, who will represent my interests? Who can I contact for more information?**

There will be a creditor's committee forming in the next few weeks which will represent the bondholders.

**How will the Chapter 11 filing affect the value of Nortel's bonds?**

Nortel cannot comment on the future value of our securities.

**Will Nortel continue to make interest payments on its bonds?**

There will be a creditor's committee forming in the next few weeks which will represent the bondholders.

**What will my Nortel bonds be worth if Nortel emerges from bankruptcy?**

Nortel cannot comment on the future value of our securities. Holders of Nortel bonds should consult their own advisers on this matter. Any future restructuring plan will be subject to the approval of creditors and the courts.

**Q&A – Preferred Shareholders**

**I own Nortel preferred stock, who will represent my interests? Who can I contact for more information?**

Holders of Nortel securities should consult their own advisers on this matter.

**What will my Nortel preferred shares be worth if Nortel emerges from bankruptcy?**

Nortel cannot comment on the future value of our securities.