

NORTEL NETWORKS CORPORATION
NORTEL NETWORKS LIMITED
JOINT LEADERSHIP RESOURCES COMMITTEE MANDATE

Reporting to the Boards of Directors of Nortel Networks Corporation (NNC) and Nortel Networks Limited (NNL), the Joint Leadership Resources Committee shall be composed of not less than three Directors of NNC and NNL appointed by the NNC Board of Directors and the NNL Board of Directors, none of whom are officers or employees of the Corporation or any of its affiliates, and all of whom are “independent” as defined under the applicable requirements of all stock exchanges on which the Corporation lists its securities and of securities regulatory authorities, as adopted or amended and in force from time to time. In addition, the Committee composition, including the qualifications of its members, shall comply with the other applicable requirements of the stock exchanges on which the Corporation lists its securities and of securities regulatory authorities, as adopted or amended and in force from time to time. The Board of Directors will consider the appropriateness of the application of any applicable stock exchange guidelines or recommendations regarding the composition of the Committee.

Regular meetings of the Committee may be held at such time or times as the Board of Directors, the Chairman of the Board or the Committee Chairman may determine and special meetings of the Committee may be called by, or by the order of, the Chairman of the Board or the Committee Chairman. The Committee shall meet periodically in executive session without members of management present. The Committee Chairman, or an alternate Committee member, shall provide a report on each Committee meeting to the Board of Directors and minutes of Committee meetings shall be prepared and circulated to the Board of Directors.

The Joint Leadership Resources Committee shall be responsible for:

- a) ongoing review, recommendation and, where appropriate, approval of matters related to the strategic direction and overall effectiveness of the management of human resources and compensation, senior management succession planning, the appointment and compensation of key members of senior management and the appointment of officers of NNC and NNL;
- b) administrative duties specifically delegated to or required to be performed by the Committee under the provisions of any compensation or benefit plans maintained by NNC or NNL;
- c) provision of advice and direction to the Boards of Directors of NNC and NNL and to the Chief Executive Officer of NNC and NNL on the strategic direction and overall effectiveness of policies related to human resource management generally;

- d) preparation of the annual report on executive compensation for inclusion in the proxy circular and proxy statement of NNC and/or NNL and in such other publicly filed documents of NNC and NNL as may be required under applicable laws and regulations, as adopted or amended and in force from time to time; and
- e) any other matters as the Boards of Directors of NNC and/or NNL may from time to time determine.

Without limiting the general responsibility described above, the Committee shall have the following specific duties:

- i) monitor the strategic direction of human resources policies and initiatives, and provide direction on the policy and design parameters of human resources programs;
- ii) monitor compliance with applicable legal requirements, requirements of applicable stock exchanges and corporate policy relating to human resources and compensation matters, and report findings and recommendations to the Boards of Directors of NNC and NNL;
- iii) establish a methodology or process for senior management succession planning and review succession plans for key members of senior management to ensure qualified persons are or will be available to assume key senior management positions when necessary or desirable, including the position of Chief Executive Officer of NNC and NNL, and report findings and recommendations to the Boards of Directors of NNC and NNL;
- iv) periodically, but not less than annually, in consultation with the Chief Executive Officer, assess the quality and effectiveness of the key members of senior management, together with other members of the senior management leadership team, monitor the ability of NNC and NNL to attract and retain the human resources required to achieve the business objectives, and compare the performance of NNC and NNL from a human resources management perspective to competitors, and report findings and recommendations to the Boards of Directors of NNC and NNL;
- v) review and approve the corporate goals and/or performance objectives relevant to the compensation of the Chief Executive Officer of NNC and NNL, evaluate the performance of the Chief Executive Officer of NNC and NNL in light of such goals and objectives and, either as a Committee or together with other independent Directors of NNC and NNL (as directed by the Boards of Directors), determine and approve the compensation of the Chief Executive Officer of NNC and NNL based on such evaluation;

- vi) periodically, but not less than annually, in conjunction with the Chief Executive Officer of NNC and NNL, review and assess the performance of all other key members of senior management who report to the Chief Executive Officer and report findings and recommendations to the Boards of Directors of NNC and NNL;
- vii) subject as directed by the Boards of Directors of NNC and NNL with respect to the compensation of the Chief Executive Officer (see paragraph v) above), make determinations and grants, and perform all other administrative duties specifically delegated to or required of the Committee under the provisions of any compensation or benefit plan for employees maintained by NNC and NNL, including under the stock option and restricted share unit plans maintained by NNC and NNL, and report on such administrative actions to the Boards of Directors of NNC and NNL;
- viii) review the organizational structure of NNC and NNL and make recommendations to the Boards of Directors of NNC and NNL, as appropriate;
- ix) review and recommend for approval by the Boards of Directors of NNC and NNL (and, if so directed by the Boards of Directors of NNC and NNL with respect to compensation matters for the Chief Executive Officer, recommend for approval by the independent Directors of the Corporation), as appropriate:
 - 1. the initial appointment of officers of NNC and NNL;
 - 2. the appointment of the Chief Executive Officer, the Chief Operating Officer, the Controller, the General Auditor, the Treasurer and the Corporate Secretary of NNC and NNL, together with the appointment of any officer whose position will report directly to the Chief Executive Officer or the Chief Operating Officer;
 - 3. the responsibilities and remuneration (base and incentive) of the Chief Executive Officer if so directed by the NNC and NNL Boards of Directors;
 - 4. corporate performance targets, achievement factors and aggregate award amounts under the various incentive plans maintained by NNC and NNL; and
 - 5. the creation, amendment or termination of cash compensation, incentive and benefit plans of NNC and NNL where the approval of the Board of Directors of NNC or NNL is required under the terms of such plans or under applicable law;
- x) review and recommend for approval by the Board of Directors of NNL, the NNL and Nortel Networks Inc. retirement plan designs and material amendments and associated cost estimates;

- xi) review and approve:
1. the appointment, responsibilities and remuneration (base and incentive) of all key members of senior management (with the exception of the appointment of the officers of NNC and NNL listed in paragraphs (ix)(1) and (2) above whose appointment is required to be approved by the Board of Directors of NNC and NNL; provided further, for greater certainty, that non-substantive changes to the titles of the officers of NNC and NNL listed in paragraphs (ix)(1) and (2) above shall be approved by the Committee;
 2. global policy and design parameters for cash compensation, incentive and benefit plans;
 3. the creation, amendment or termination of cash compensation, incentive and benefit plans of NNC and NNL where the approval of the Board of Directors of NNC or NNL, as appropriate, is not required under the terms of such plans or under applicable law;

and report such actions to the Board of Directors of NNC and/or NNL, as appropriate;

- xii) make delegations of authority and responsibilities as the Committee deems proper and periodically review such delegations; provided, however, that the Committee shall not delegate any matters relating to the responsibilities, appointment or remuneration of the key members of senior management, including the Chief Executive Officer of NNC and NNL (other than as may be required for purposes of Rule 16b-3 of the United States Securities Exchange Act of 1934, as amended, and/or Section 162(m) of the United States Internal Revenue Code) and the Committee shall report to the Boards of Directors of NNC and NNL with respect to all such delegations.

Subject as hereinafter provided, the Committee may approve the engagement of compensation consultants, including the terms and conditions of such engagements. In addition, the Committee shall have the sole authority to retain and terminate any compensation consulting firm assisting the Committee in the evaluation of the Chief Executive Officer or of senior executive compensation, on the terms and conditions, including fees, it deems appropriate. In carrying out its responsibilities, the Committee may request management to undertake studies and report on areas of interest, and may retain such other consultants or advisors, on the terms and conditions, including fees, it deems appropriate.

The Committee shall conduct an annual evaluation of the performance of the Committee of its responsibilities in accordance with the Committee mandate, and such evaluation shall be conducted in such manner as the Committee deems appropriate. The Committee shall report the results of its performance evaluation to the Board of Directors of NNC

and NNL and such report may be an oral report by the Committee Chairman or by any other member of the Committee designated by the Committee to make the report.

For purposes of this mandate “key members of senior management” shall mean the Chief Executive Officer of NNC and NNL, his or her direct reports, and such other members of senior management as the Committee, in consultation with the Chief Executive Officer, shall determine are key members of senior management based on their current and expected future performance, and shall include any employee who will or may be treated as a “named executive officer” for purposes of executive compensation disclosure in the proxy circular and proxy statement of NNC and/or NNL.

Effective June 29, 2005