

NORTEL NETWORKS CORPORATION  
COMMITTEE ON DIRECTORS MANDATE

Reporting to the Board of Directors, the Committee on Directors shall be composed of not less than three Directors of the Corporation appointed to the Committee by the 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 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 Committee will have responsibility for the ongoing review and recommendation of candidates for appointment or election to the Board of Directors, consistent with the criteria approved by the Board of Directors. The Committee shall also be responsible for and make recommendations to the Board of Directors, as and when appropriate, on matters related to the Corporation's corporate governance principles (as expressed in the Statement of Governance Guidelines approved by the Board of Directors from time to time), including:

- i) the size and composition of the Board of Directors;
- ii) the compensation and tenure of Directors;
- iii) the development and implementation of methods to promote good Board performance, including oversight of the annual evaluation of the performance of Directors, the Board of Directors and its committees;
- iv) the structure and operations, responsibility and composition of Board committees and the qualifications of committee members;

- v) the standards to be applied by the Board of Directors in making determinations as to the absence of material relationships between the Company and a Director, as and when appropriate; and
- vi) the recommendation of a process for, and the consideration of, nominations of persons recommended by shareholders for election to the Board of Directors.

The Committee shall also be responsible for the preparation of the annual corporate governance report for inclusion in the proxy circular and proxy statement of the Corporation and/or Nortel Networks Limited and in such other publicly filed documents of the Corporation and Nortel Networks Limited as may be required under applicable laws and regulations, as adopted or amended and in force from time to time.

In carrying out its responsibilities, the Committee may request management to undertake studies and report on areas of interest. The Committee shall have sole authority to retain and terminate any search firm to be used to identify candidates for Director or any compensation consulting firm to be used to assist in the evaluation of Director compensation on the terms and conditions, including fees, it deems appropriate. The Committee may also retain such other advisors or consultants on the terms and conditions, including fees, it deems appropriate.

The Committee shall conduct an annual evaluation of the performance by 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 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.

Effective February 26, 2004