

## **Nortel Selects Ericsson as Successful Bidder For CDMA Business and LTE Access Assets**

- **Enters into Sale Agreement for CDMA Business and LTE Access Assets with Ericsson for US\$1.13 Billion**
- **A Minimum of 2,500 Nortel Employees will be Offered the Opportunity to Continue their Work at Ericsson**
- **Canadian and U.S. Court Approvals of the Sale will be Sought at a Joint Hearing on July 28**



TORONTO – Nortel\* Networks Corporation [OTC: NRTLQ] announced today that it, its principal operating subsidiary Nortel Networks Limited, and certain of its other subsidiaries including Nortel Networks Inc., have concluded a successful auction of substantially all of Nortel's CDMA Business and LTE Access assets. Telefonaktiebolaget LM Ericsson ("Ericsson") has emerged as the winning bidder with a purchase price of US\$1.13 billion. The bid is subject to court approvals in the U.S. and Canada as well as regulatory and other customary closing conditions and certain post-closing purchase price adjustments.

If approved by the courts, Ericsson will purchase Nortel's CDMA business which is the second largest supplier of CDMA infrastructure in the world, and substantially all of Nortel's LTE Access assets giving it a strong technology position in next generation wireless networks. Also as part of this agreement, a minimum of 2,500 Nortel employees supporting the CDMA and LTE Access business will receive offers of employment from Ericsson.

Commenting on the announcement, Nortel President and Chief Executive Officer, Mike Zafirovski said:

"The anticipated sale of our CDMA business and LTE Access assets to Ericsson for \$1.13 billion represents a very positive prospect for our customers who will be able to continue their relationships with a long term partner; for employees who will have new opportunities at Ericsson and for many of our other stakeholders. I want to especially thank our customers for their tremendous support during the process, which contributed to such a positive outcome."

"Nortel remains focused on finding the right buyers for our other businesses while continuing to maintain excellent customer service levels. We are determined to maximize value while preserving innovation platforms, customer relationships and jobs to the greatest extent possible. With today's agreement and through the anticipated sales of the Company's other businesses, Nortel will leave its mark on the industry for decades to come."

Commenting on the sale, Richard Lowe, President of Carrier Networks at Nortel, said:

"The outcome of today's auction underscores the value the industry places on Nortel's CDMA business and LTE Access assets, which include a strong customer base and world-class operations. Nortel's extremely talented and committed employees have been an integral part of our success in wireless and we are very pleased that so many of them will have the opportunity to continue their innovative work with Ericsson."

Carl-Henric Svanberg, President and CEO of Ericsson said:

"The agreement between Nortel and Ericsson brings together leading-edge wireless innovation from two of the world's top telecommunications suppliers. We at Ericsson look forward to integrating Nortel's products and talented employees into our business and realizing the full potential of our combined strengths. Ericsson is committed to meeting the needs of our new CDMA customers today and bringing the next generation of Mobile broadband to the world with LTE."

While today's auction is a significant step in the overall sale process, it is not the final step. Nortel will work diligently with Ericsson to close the sale later this year.

Nortel will seek Canadian and U.S. court approvals of the proposed sale agreement at a joint hearing on July 28, 2009.

As previously announced in the Company's June 19 and July 20, 2009 press releases, the Company does not expect that its common shareholders or the preferred shareholders of Nortel Networks Limited will receive any value from the creditor protection proceedings and expects that the proceedings will result in the cancellation of these equity interests.

**Media and Analyst Call:** Representatives from Nortel and Ericsson will hold a conference call for media analysts on Monday, July 27, 2009 at 10 am EDT. Information on how to join that call will be available at <http://www.nortel.com/corporate/investor/events/072709/index.html> on Monday morning.

## About Nortel

Nortel delivers communications capabilities that make the promise of Business Made Simple a reality for our customers. Our next-generation technologies, for both service provider and enterprise networks, support multimedia and business-critical applications. Nortel's technologies are designed to help eliminate today's barriers to efficiency, speed and performance by simplifying networks and connecting people to the information they need, when they need it. For more information, visit Nortel on the Web at [www.nortel.com](http://www.nortel.com). For the latest Nortel news, visit [www.nortel.com/news](http://www.nortel.com/news).

*Certain statements in this press release may contain words such as "could", "expects", "may", "should", "will", "anticipates", "believes", "intends", "estimates", "targets", "envisions", "seeks" and other similar language and are considered forward-looking statements or information under applicable securities laws. These statements are based on Nortel's current expectations, estimates, forecasts and projections about the operating environment, economies and markets in which Nortel operates. These statements are subject to important assumptions, risks and uncertainties that are difficult to predict, and the actual outcome may be materially different. Further, actual results or events could differ materially from those contemplated in forward-looking statements as a result of the following (i) risks and uncertainties relating to Nortel's Creditor Protection Proceedings including: (a) risks associated with Nortel's ability to: stabilize the business and maximize the value of its businesses; obtain required approvals and successfully consummate pending and future divestitures; successfully conclude ongoing discussions for the sale of Nortel's other assets or businesses; develop, obtain required approvals for, and implement a court approved plan; resolve ongoing issues with creditors and other third parties whose interests may differ from Nortel's; generate cash from operations and maintain adequate cash on hand in each of its jurisdictions to fund operations within the jurisdiction during the Creditor Protection Proceedings; access the EDC Facility given the current discretionary nature of the facility, or arrange for alternative funding; if necessary, arrange for sufficient debtor-in-possession or other financing; continue to have cash management arrangements and obtain any further required approvals from the Canadian Monitor, the U.K. Joint Administrators, the French Administrator, the Israeli Joint Administrators, the U.S. Creditors' Committee, or other third parties; raise capital to satisfy claims, including Nortel's ability to sell assets to satisfy claims against us; maintain R&D investments; realize full or fair value for any assets or business that are divested; utilize net operating loss carryforwards and certain other tax attributes in the future; avoid the substantive consolidation of NNI's assets and liabilities with those of one or more other U.S. Debtors; attract and retain customers or avoid reduction in, or delay or suspension of, customer orders as a result of the uncertainty caused by the Creditor Protection Proceedings; maintain market share, as competitors move to capitalize on customer concerns; operate Nortel's business effectively in consultation with the Canadian Monitor, and work effectively with the U.K. Joint Administrators, French Administrator and Israeli Joint Administrators in their respective Administration of the EMEA businesses subject to the Creditor Protection Proceedings; actively and adequately communicate on and respond to events, media and rumors associated with the Creditor Protection Proceedings that could adversely affect Nortel's relationships with customers, suppliers, partners and employees; retain and incentivize key employees and attract new employees, as may be needed; retain, or if necessary, replace major suppliers on acceptable terms and avoid disruptions in Nortel's supply chain; maintain current relationships with reseller partners, joint venture partners and strategic alliance partners; obtain court orders or approvals with respect to motions filed from time to time; resolve claims made against Nortel in connection with the Creditor Protection Proceedings for amounts not exceeding Nortel's recorded liabilities subject to compromise; prevent third parties from obtaining court orders or approvals that are contrary to Nortel's interests; reject, repudiate or terminate contracts; and (b) risks and uncertainties associated with: limitations on actions against any Debtor during the Creditor Protection Proceedings; the values, if any, that will be prescribed pursuant to any restructuring plan to outstanding Nortel securities; the delisting of NNC common shares from the NYSE; and the delisting of NNC common shares and NNL preferred shares from the TSX; and (ii) risks and uncertainties relating to Nortel's business including: the sustained economic downturn and volatile market conditions and resulting negative impact on Nortel's business, results of operations and financial position and its ability to accurately forecast its results and cash position; cautious capital spending by customers as a result of factors including current economic uncertainties; fluctuations in foreign currency exchange rates; any requirement to make larger contributions to defined benefit plans in the future; a high level of debt, arduous or restrictive terms and conditions related to accessing certain sources of funding; the sufficiency of workforce and cost reduction initiatives; any negative developments associated with Nortel's suppliers and contract manufacturers including Nortel's reliance on certain suppliers for key optical networking solutions components and on one supplier for most of its manufacturing and design functions; potential penalties, damages or cancelled customer contracts from failure to meet contractual obligations including delivery and installation deadlines and any defects or errors in Nortel's current or planned products; significant competition, competitive pricing practices, industry consolidation, rapidly changing technologies, evolving industry standards, frequent new product introductions and short product life cycles, and other trends and industry characteristics affecting the telecommunications industry; any material, adverse affects on Nortel's performance if its expectations regarding market demand for particular products prove to be wrong; potential higher operational and financial risks associated with Nortel's international operations; a failure to protect Nortel's intellectual property rights; any adverse legal judgments, fines, penalties or settlements related to any significant pending or future litigation actions; failure to maintain integrity of Nortel's information systems; changes in regulation of the Internet or other regulatory changes; and Nortel's potential inability to maintain an effective risk management strategy. For additional information with respect to certain of these and other factors, see Nortel's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and Annual Report on Form 10-K for the year ended December 31, 2008 and other securities filings with the United States Securities and Exchange Commission. Unless otherwise required by applicable securities laws, Nortel disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*