

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NEW
BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND, PRINCE EDWARD ISLAND, THE
NORTHWEST TERRITORIES, THE YUKON TERRITORY AND THE TERRITORY OF
NUNAVUT

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
NORTEL NETWORKS CORPORATION

AND

IN THE MATTER OF
NEW NORTEL INC.

AND

IN THE MATTER OF
BCE INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island, and in the Northwest Territories, the Yukon Territory and the Territory of Nunavut (the "Jurisdictions") has received an application from Nortel Networks Corporation ("Nortel Networks"), New Nortel Inc. ("New Nortel") and BCE Inc. ("BCE") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. the registration and prospectus requirements contained in the Legislation shall not apply to certain intended trades in connection with an arrangement involving None! Networks and BCE which are not otherwise exempt from such requirements;
2. certain requirements contained in the Legislation relating to the first trades of securities shall not apply to first trades in New Nortel Common Shares (as defined below) acquired pursuant to the exercise of certain securities and pursuant to certain future trades;

3. New Nortel be granted a waiver from the provisions of clause 4.1(3)(a) of National Policy No. 47 ("NP 47") as read in conjunction with subsection 4.4(3) of NP 47, so as to permit New Nortel to effect distributions of securities under the prompt offering qualification system established under NP 47 (the "POP System") without having to file an Initial AIF (as defined in NP 47);

4. BCE be granted a waiver from the provisions of subsection 4.4(3) of NP 47 insofar as it would require BCE to file an AIF promptly after the Effective Date as opposed to being able to use as a Current AIF the Renewal AIF filed on March 27, 2000;

5. New Nortel be permitted to modify certain form requirements applicable to short form prospectuses as set out in NP 47 on the basis described under "Short Form Prospectus" below;

6. New Nortel be permitted to file with the Decision Makers and deliver to its shareholders its interim and annual financial statements for 2000 and 2001 on the basis described below under "Fiscal 2000 Statements" and "Fiscal 2001 Statements"; and

7. New Nortel and BCE shall be exempt from the requirements contained in the Legislation to pay fees in Ontario associated with the Arrangement;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS Nortel Networks, New Nortel and BCE have represented to the Decision Makers that:

NORTEL NETWORKS CORPORATION

1. Nortel Networks is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA"), is a reporting issuer (and has been for a period of at least twelve months) in each of the Jurisdictions in which such concept exists and, to the best of its knowledge, is not in default of any of the requirements of the Legislation. Nortel Networks is a leading supplier of data and telephony network solutions and services.

2. The authorized share capital of Nortel Networks consists of an unlimited number of common shares ("Nortel Networks Common Shares") and an unlimited number of Class A Preferred Shares ("Class A Preferred Shares") and Class B Preferred Shares issuable in series.

3. As at December 31, 1999, 1,377,154,698 Nortel Networks Common Shares were issued and outstanding. Nortel Networks also has three series of Class A Preferred Shares issued and outstanding, including 200 Cumulative Redeemable Class A Preferred Shares Series 4 (the "Nortel Networks Series 4 Shares"). The other two series of outstanding Class A Preferred Shares will not be affected by the Arrangement. Holders of the Nortel Networks Series 4 Shares also hold certain rights (the "Exchange Rights") which can, under certain circumstances, be exchanged (together with Nortel Networks Series 4 Shares) for Nortel Networks Common Shares.

4. Options ("Nortel Networks Options") to purchase Nortel Networks Common Shares are also outstanding, such options having been granted under various stock option plans and option agreements (the "Nortel Networks Option Plans").

5. Nortel Networks currently maintains a stock dividend reinvestment and stock purchase plan (the "DRIP") which permits Nortel Networks Common Shareholders who choose to participate in the DRIP to purchase additional Nortel Networks Common Shares.

6. Nortel Networks intends to adopt a new stock option plan (the "2000 Stock Option Plan"), subject to the approval of its Board of Directors, the Toronto Stock Exchange and the Nortel Networks Common Shareholders at the Special Meeting (the Nortel Networks Option Plans, the DRIP and the 2000 Stock Option Plan, collectively, the "Nortel Networks Plans").

7. Nortel Networks is currently eligible to participate in the POP System pursuant to the eligibility criteria set forth therein which permit issuers which meet specified market capitalization thresholds and certain other criteria to utilize the POP System. Nortel Networks must file a Renewal AIF no later than May 20, 2000, in order to remain eligible to participate in the POP System. Nortel Networks filed a Renewal AIF (in the form of an annual report on Form 10-K (as amended by a Form 10-K/A) as provided in section 5.4 of NP 47 and in the Legislation) on March 27, 2000, which incorporates by reference the Circular (as defined below).

8. The Nortel Networks Common Shares are listed and posted for trading on the Toronto and New York stock exchanges. The Nortel Networks Series 4 Shares are listed and posted for trading on the Canadian Venture Exchange.

BCE INC.

9. BCE is a corporation incorporated under the CBCA, is a reporting issuer in each of the Jurisdictions in which such concept exists and, to the best of its knowledge, is not in default of any of the requirements of the Legislation. BCE is the largest communications company in Canada.

10. The authorized share capital of BCE consists of an unlimited number of common shares (the "BCE Common Shares") and an unlimited number of first preferred shares (the "BCE First Preferred Shares") and second preferred shares issuable in series.

11. As at December 31, 1999, 643,804,984 BCE Common Shares were issued and outstanding. Six series of BCE First Preferred Shares were also issued and outstanding as at such date.

12. As at December 31, 1999, options (the "BCE Options") to acquire 5,767,012 BCE Common Shares were outstanding, such options having been granted under two employee stock option plans of BCE.

13. The BCE Common Shares are listed and posted for trading on the Toronto, New York, London and Switzerland stock exchanges.

14. BCE is currently eligible to participate in the POP System pursuant to the eligibility criteria set forth therein which permit issuers which meet specified market capitalization thresholds and certain other criteria to use the POP System. BCE must file a Renewal AIF no later than May 20, 2000, in order to remain eligible to participate in the POP System. BCE filed its Renewal AIF on March 27, 2000.

15. 3056074 Canada Inc. ("Stockco") is a corporation incorporated under the CBCA and a wholly-owned subsidiary of BCE.

16. The issued and outstanding capital of Stockco consists of 106,782,251.46 common shares (the "Stockco Common Shares").

17. 3263207 Canada Inc. ("3263207") is a corporation incorporated under the CBCA and a wholly-owned subsidiary of BCE.

18. As at December 31, 1999, BCE owned, directly and indirectly, an aggregate of 539,854,492 Nortel Networks Common Shares, representing approximately 39.2% of the outstanding Nortel Networks Common Shares, of which 529,854,492 Nortel Networks Common Shares are owned directly by BCE, 3,000,000 Nortel Networks Common Shares are owned indirectly through Stockco and 7,000,000 Nortel Networks Common Shares are owned indirectly through 3263207.

THE ARRANGEMENT

19. BCE, Stockco, 3263207, Nortel Networks and New Nortel entered into an agreement dated as of January 26, 2000, as amended and restated March 13, 2000, providing, among other things, for substantially all of the Nortel Networks Common Shares owned directly and indirectly by BCE to be distributed indirectly to the holders of BCE Common Shares (the "BCE Common Shareholders") on a tax-deferred basis in Canada by way of a plan of arrangement under the CBCA (the "Arrangement").

20. Prior to the Arrangement, a number of steps will occur or have occurred, including the following:

20.1 New Nortel was incorporated under the CBCA. The authorized share capital of New Nortel consists of an unlimited number of common shares (the "New Nortel Common Shares") and one or more classes of preferred shares.

20.2 A wholly-owned subsidiary ("New Nortel Subco") of New Nortel was incorporated under the CBCA.

20.3 The Nortel Networks Common Shares owned by 3263207 will be transferred to Stockco ("Trade 1") in exchange for preferred shares of Stockco ("Stockco Preferred Shares") ("Trade 2").

20.4 The Nortel Networks Common Shares owned directly by BCE will be transferred to Stockco ("Trade 3") in exchange for, among other things, common

shares of Stockco and the right to exercise any forfeited Stockco Options (as defined below) or any forfeited New Nortel BCE Options (as defined below) exchanged therefor ("Trade 4").

21. Under the terms of the Arrangement, the following steps will occur:

21.1 BCE and 3263207 will amalgamate (the "BCE/3263207 Amalgamation") under the CBCA and continue as one corporation (also referred to as "BCE"). Pursuant to the terms of the BCE/3263207 Amalgamation, BCE Common Shareholders (other than such shareholders who properly exercise their rights to dissent under the CBCA) will receive: (i) one BCE Common Share for each BCE Common Share held prior to the BCE/3263207 Amalgamation; and (ii) a number of Class B shares of BCE (the "BCE Class B Shares") (together, "Trade 5"). The BCE Class B Shares will be convertible into BCE Common Shares on a one-for-one basis. Preferred shareholders of BCE will receive the same number of BCE preferred shares as BCE First Preferred Shares held prior to the BCE/3263207 Amalgamation, with the same terms and conditions attaching thereto ("Trade 6").

21.2 The BCE Common Shares will be listed on the Toronto and New York stock exchanges.

21.3 At the time of the BCE/3263207 Amalgamation, each holder of BCE Options will receive, in exchange for each BCE Option held: (i) a new BCE option (the "BCE Replacement Options") to purchase one BCE Common Share ("Trade 7"); and (ii) an option (the "Stockco Options") to purchase approximately 0.78 of a Stockco Common Share (subject to adjustment on the effective date of the Arrangement (the "Effective Date"))("Trade 8").

21.4 Holders of BCE Class B Shares will transfer such shares to New Nortel ("Trade 9") in exchange for a fraction of a New Nortel Common Share (to be agreed upon prior to the Effective Date for each BCE Class B Share transferred ("Trade 10")),

21.5 BCE will transfer most of the Stockco Common Shares held by BCE to New Nortel Subco ("Trade 11") as consideration for the issuance by New Nortel of New Nortel Subco Common Shares ("Trade 12").

21.6 New Nortel Subco will then purchase for cancellation the New Nortel Subco Common Shares held by BCE ("Trade 13") in consideration for the issuance by New Nortel Subco of a non-interest bearing demand note (the "New Nortel Subco Redemption Note") ("Trade 14").

21.7 BCE will purchase for cancellation the BCE Class B Shares held by New Nortel ("Trade 15") in consideration for the issuance by BCE to New Nortel of a non-interest bearing demand note (the "BCE Redemption Note") ("Trade 16").

21.8 New Nortel Subco will be wound up and as a result will distribute all of its assets to, and all of its liabilities will be assumed by, New Nortel, including all of the Stockco Common Shares held by New Nortel Subco ("Trade 17") and its obligations under the New Nortel Subco Redemption Note,

21.9 The New Nortel Subco Redemption Note and the BCE Redemption Note will be set off against each other and cancelled.

21.10 New Nortel will acquire all of the Nortel Networks Common Shares from the Nortel Networks Common Shareholders in exchange for New Nortel Common Shares on a one-for-one basis ("Trade 18").

21.11 New Nortel and Stockco will amalgamate (the "New Nortel/Stockco Amalgamation") and continue as one corporation under the CBCA (also "New Nortel") and (i) all of the shares of Stockco held by New Nortel immediately prior to the New Nortel Stockco Amalgamation will be cancelled; (ii) BCE will receive New Nortel Common Shares ("Trade 19") (representing approximately 2% of the outstanding New Nortel Common Shares) in exchange for Stockco Common Shares and Stockco Preferred Shares; and (iii) holders of New Nortel Common Shares (the "New Nortel Common Shareholders") will receive New Nortel Common Shares ("Trade 20") in exchange for the Nortel Networks Common Shares previously held by them on a one-for-one basis.

21.12 At the time of the New Nortel Stockco Amalgamation, the Stockco Options will be cancelled and holders thereof will receive, in exchange for each Stockco Option held, an option (the "New Nortel BCE Option") ("Trade 21") to acquire approximately 0.78 of a New Nortel Common Share ("Trade 22").

21.13 The Class A Preferred Shares of Nortel Networks will remain outstanding and the rights and obligations of Nortel Networks under the Exchange Rights will be amended to provide that, if the Exchange Rights become exercisable, holders thereof will be entitled to acquire New Nortel Common Shares from Nortel Networks ("Trade 23") on the basis of the same ratio as currently determined under the Exchange Rights, subject to the right of Nortel Networks to redeem all of the Nortel Networks Series 4 Shares ("Trade 24"), New Nortel will agree with Nortel Networks to deliver New Nortel Common Shares upon the exercise of the Exchange Rights ("Trade 25"). Nortel Networks will agree to issue to New Nortel the number of Nortel Networks Common Shares ("Trade 26") having a value equal to the value of the New Nortel Common Shares delivered pursuant to the exercise of the Exchange Rights.

21.14 Each Nortel Networks Option outstanding on the Effective Date will be assumed by New Nortel and deemed to constitute an option (the "New Nortel Options") ("Trade 27") to acquire, on the same terms and conditions of the Nortel Networks Option, the same number of New Nortel Common Shares ("Trade 28")

as were issuable pursuant to the exercise of the Nortel Networks Option immediately prior to the assumption.

21.15 New Nortel will assume the Nortel Networks Plans (the "New Nortel Plans") which will permit participants to acquire New Nortel Common Shares either directly under the New Nortel Plans or through the exercise of options granted thereunder ("Trade 29").

21.16 Any fractional New Nortel Common Shares receivable by BCE Common Shareholders pursuant to the above will be aggregated and issued to a third party trustee on behalf of the BCE Common Shareholders. The trustee will sell all of the New Nortel Common Shares so received for cash proceeds in the open market ("Trade 30") and remit to each BCE Common Shareholder the holder's pro rata share of such proceeds.

21.17 Any undertaking by Nortel Networks, or an affiliate of Nortel Networks, that is outstanding on the Effective Date and that requires Nortel Networks, or an affiliate of Nortel Networks to deliver or sell Nortel Networks Common Shares or to deliver a benefit based on the value or market trading price of a Nortel Networks Common Share, at any time on or after the Effective Date will become an undertaking to deliver or sell New Nortel Common Shares ("Trade 31") (the "Entitlements"), or to deliver a benefit based on the value or market trading price of a New Nortel Common Share, on a share-for-share basis.

21.18 The issued and outstanding New Nortel Common Shares will be subdivided on a two-for-one basis.

22. It is possible that New Nortel will be a party to transactions after the Effective Date involving the issuance of New Nortel Common Shares pursuant to registration and prospectus exemptions contained in the Legislation ("Future Acquisition Trades"), which New Nortel Common Shares could subsequently be traded by the holders thereof within the twelve-month period following the Effective Date.

23. It is intended that registration and prospectus exemptions contained in the Legislation will be relied upon to effect Trades 1 through 31 or that those trades will not be subject to such requirements.

24. The fees required to be paid under the Legislation in connection with the Arrangement by New Nortel and BCE, respectively, assuming that all Nortel Networks Common Shareholders other than BCE, Stockco and 3263207 (the "Nortel Networks Public Shareholders") and all BCE Common Shareholders are resident in Ontario will be approximately \$28,886,857 and \$21,470,896 (based upon the closing price of the Nortel Networks Common Shares and the BCE Common Shares on the Toronto Stock Exchange on March 2, 2000).

25. On the Effective Date, New Nortel will own all of the Nortel Networks Common Shares and such shares will be the sole assets of New Nortel on such date. As a result, on the Effective Date,

the assets, liabilities and operations of New Nortel, on a consolidated basis, will be, in all material respects, the same as the assets, liabilities and operations of Nortel Networks as it will be constituted immediately prior to the Effective Date.

26. On the Effective Date, New Nortel will become a reporting issuer in each of the Jurisdictions where such concept exists, other than Nova Scotia and Newfoundland.

27. The New Nortel Common Shares will be listed and posted for trading on the Toronto and New York stock exchanges.

28. The Nortel Networks Series 4 Shares will continue to trade on the Canadian Venture Exchange.

29. As a Successor Issuer (as defined in NP 47) under NP 47, New Nortel may distribute securities under the POP System if it satisfies certain requirements, including the filing of an annual information form for the first time (an "Initial AIF") in the Jurisdictions promptly after the Arrangement.

30. The Arrangement is subject to shareholder and regulatory approvals and receipt of appropriate tax rulings and requires the final approval of the Superior Court of Justice of Ontario.

31. A special committee of the board of directors of Nortel Networks received a fairness opinion from its financial advisors that the Arrangement is fair from a financial point of view for the Nortel Networks Public Shareholders. The special committee concluded that the Arrangement is fair to the Nortel Networks Public Shareholders and in the best interests of Nortel Networks.

32. The BCE Common Shareholders and the Nortel Networks Common Shareholders will be asked to approve the Arrangement at separate special meetings (the "Special Meetings") to be held on April 26, 2000 and April 27, 2000, respectively.

33. In connection with the Special Meetings, a joint management proxy circular (the "Circular") prepared in conformity with the provisions of the Legislation and the CBCA and containing prospectus level disclosure regarding the particulars of the Arrangement has been forwarded to the BCE Common Shareholders and the Nortel Networks Common Shareholders.

34. BCE Common Shareholders and Nortel Networks Common Shareholders who do not vote in favour of the Arrangement will be entitled to exercise their right to dissent and seek to be paid the fair value of their shares.

AND WHEREAS under the System this MRRS Decision Document evidences the decision of the Decision Makers (the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under NP 47 and the Legislation is that the requirements of subsection 4.1(3)(a) of NP 47, as read in conjunction with subsection 4.4(3) of NP 47, are waived so that New Nortel may participate in and make distributions under the POP System without first having to file an Initial AIF, in reliance upon the Current AIF of Nortel Networks filed on March 27, 2000 under section 5.2 of NP 47, until the earlier of May 20, 2001 and the date that New Nortel files a Renewal AIF in respect of its 2000 financial year; and

THE DECISION of the Decision Makers under NP 47 and the Legislation is that New Nortel be permitted to:

Short Form Prospectus

1. incorporate by reference in any short form prospectus filed by New Nortel prior to the approval by the directors of New Nortel of its financial statements for the year ended December 31, 2000:

(a) the audited financial statements relating to Nortel Networks for the year ended December 31, 1999, giving effect to reclassifications, if any, to make such financial statements consistent with the presentation of New Nortel's financial statements, together with the report of the auditor thereon;

(b) the interim financial statements of Nortel Networks for the three-month periods ended March 31, 2000 and March 31, 1999, and, if applicable, the interim financial statements of Nortel Networks for the six-month period ended June 30, 1999 and the interim financial statements of Nortel Networks for the nine-month period ended September 30, 1999, giving effect to reclassifications, if any, to make such financial statements consistent with the presentation of New Nortel's financial statements; and

(c) any material change reports and annual filings filed by Nortel Networks from January 1, 2000 to April 30, 2000, including the Circular;

2. calculate the coverage ratios required by the form of short form prospectus specified in NP47 (the "Prospectus Form"), to the extent that the calculation would include information from periods pre-dating the Effective Date, on the basis of the combined results of the operations of Nortel Networks during such periods;

3. include in any short form prospectus of New Nortel, in lieu of information in respect of New Nortel, the description of the business, financial information and management's discussion and analysis of financial condition and results of operation in respect of Nortel Networks for periods pre-dating the Effective Date to the extent that such information would otherwise be required by the Prospectus Form in respect of New Nortel; and

THE DECISION of the Decision Makers under NP 47 and the Legislation is that BCE be permitted to participate in and make distributions under the POP System without first having to file an Initial AIF, in reliance upon the Current AIF of BCE filed March 27, 2000 under section

5.2 of NP 47, until the earlier of May 20,2001 and the date that BCE files a Renewal AIF in respect of its 2000 financial year.

Dated at Toronto this "25th" day of April, 2000.

THE DECISION of the Decision Makers under the Legislation is that the prospectus and registration requirements contained in the Legislation shall not apply to Trades 1 through 31 to the extent that there are no registration or prospectus exemptions available in the Legislation for such trades.

THE DECISION of the Decision Makers under the Legislation is that the first trade in New Nortel Common Shares acquired pursuant to the exercise of New Nortel Options, New Nortel BCE Options, the Exchange Rights or the Entitlements, or under the New Nortel Plans is a distribution under the Legislation unless;

- (a) at the time of the first trade, New Nortel is a reporting issuer in the Jurisdiction where the trade occurs, or is exempt from such requirement pursuant to a ruling;
- (b) if the seller effecting the first trade is in a special relationship with New Nortel, the person or company has reasonable grounds to believe that New Nortel is not in default under the Legislation of the Jurisdiction where the trade occurs;
- (c) disclosure to the Decision Makers has been made of the issuance of New Nortel Common Shares acquired under the New Nortel Plans or pursuant to the exercise of New Nortel Options, New Nortel BCE Options, the Exchange Rights or the Entitlements, and provided further that it shall be sufficient for the purposes of this subparagraph (c) if such disclosure in respect of New Nortel Common Shares issued upon the exercise of New Nortel BCE Options is made contemporaneously with the disclosure made by New Nortel in connection with the issuance of New Nortel Common Shares upon the exercise of New Nortel Options;
- (d) no unusual effort has been made to prepare the market or to create a demand for the New Nortel Common Shares and no extraordinary commission or consideration has been paid in respect of the trade; and
- (e) the trade is not a distribution from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of New Nortel so as to affect materially the control of New Nortel or more than 20% of the outstanding voting securities of New Nortel except where there is evidence showing that the holding of those securities does not affect materially the control of New Nortel;

provided that the first Trades of shares acquired upon the exercise of Entitlements shall also be subject to the hold periods, if any, that would have applied pursuant to the Legislation to Nortel Networks Common Shares acquired pursuant to the

exercise of the Entitlements if the Entitlements had been exercised prior to the Effective Date.

THE DECISION of the Decision Makers under the Legislation is that the first trade in New Nortel Common Shares acquired pursuant to Future Acquisition Trades occurring within twelve months after the Effective Date, where such first trade would otherwise be a distribution under the Legislation but for the satisfaction of certain conditions, including that, at the time of the first trade, New Nortel has been a reporting issuer for twelve months, shall be a distribution under the Legislation unless:

- (a) at the time of the first trade, New Nortel is a reporting issuer in the Jurisdiction where the trade occurs, or is exempt from such requirement pursuant to a ruling;
- (b) if the seller effecting the first trade is in a special relationship with New Nortel, the person or company has reasonable grounds to believe that New Nortel is not in default under the Legislation of the Jurisdiction where the trade occurs;
- (c) disclosure to the Decision Makers has been made of the issuance of the New Nortel Common Shares acquired pursuant to the exempt trade;
- (d) no unusual effort has been made to prepare the market or to create a demand for the New Nortel Common Shares and no extraordinary commission or consideration has been paid in respect of the trade; and
- (e) the trade is not a distribution from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of New Nortel so as to affect materially the control of New Nortel or more than 20% of the outstanding voting securities of New Nortel except where there is evidence showing that the holding of those securities does not affect materially the control of New Nortel;

provided that the first trades of shares acquired pursuant to Future Acquisition Trades shall also be subject to the hold periods, if any, that would have applied pursuant to the Legislation to Nortel Networks Common Shares acquired pursuant to the Future Acquisition Trades if such trades had been effected prior to the Effective Date.

THE DECISION of the Decision Makers under the Legislation is that New Nortel be permitted to:

Fiscal 2000 Statements

- (a) prepare interim financial statements for the six-month period ended June 30, 2000 based on four months of Nortel Networks' results (January 1 to April 30) and two months of New Nortel's results (May 1 to June 30) which will be compared to Nortel Network's results for the

comparable period in 1999, giving effect to reclassifications, if any, to make such results consistent with the presentation of New Nortel's results;

(b) prepare interim financial statements for the nine-month period ended September 30, 2000 based on four months of Nortel Networks' results (January 1 to April 30) and five months of New Nortel's results (May 1 to September 30) which will be compared to Nortel Network's results for the comparable period in 1999, giving effect to reclassifications, if any, to make such results consistent with the presentation of New Nortel's results; and

(c) prepare audited financial statements for the year ended December 31, 2000 based on four months of Nortel Networks' results (January 1 to April 30) and eight months of New Nortel's results (May 1 to December 31) which will be compared to Nortel Network's results for the year ended 1999, giving effect to reclassifications, if any, to make such results consistent with the presentation of New Nortel's results;

Fiscal 2001 Statements

(d) prepare interim financial statements for the three-month period ended March 31, 2001 based on a comparison of New Nortel's actual results to Nortel Networks' results for the comparable period in 2000, giving effect to reclassifications, if any, to make such results consistent with the presentation of New Nortel's results;

(e) prepare interim financial statements for the six-month period ended June 30, 2001 based on a comparison of New Nortel's actual results to the combined financial statements for the six-month period ended June 30, 2000, as described above in clause (a) under "Fiscal 2000 Statements";

(f) prepare interim financial statements for the nine-month period ended September 30, 2001 based on a comparison of New Nortel's actual results to the combined financial statements for the nine-month period ended September 30, 2000, as described above in clause (b) under "Fiscal 2000 Statements"; and

(g) prepare audited 2001 year-end financial statements based on a comparison of New Nortel's actual results to the combined annual financial statements for the year ended December 31, 2000, as described above in clause (c) under "Fiscal 2000 Statements";

provided that the basis of presentation note to the financial statements includes an explanation in the cases where the financial statements of Nortel Networks and New Nortel are combined; and

THE DECISION of the Decision Makers in Ontario under the Legislation is that New Nortel and BCE are exempt from the requirements contained in the Legislation to pay the fees payable in Ontario in respect of the trades made in securities in connection with the Arrangement.

DATED at Toronto, Ontario this "25th" of April, 2000.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications -relief from prospectus and registration requirements in respect of trades made pursuant to a statutory arrangement; relief from strict application of resale provisions requiring twelve month reporting issuer history - reporting issuer history of predecessor issuer considered in granting relief following plan of arrangement; relief granted to "successor issuer" as defined in the rule regarding the Prompt Offering Qualification System, from requirement to file an annual information form promptly after a reorganization; issuer granted relief from form and legislative requirements to allow issuer's short form prospectus and 2000 and 2001 financial statements to be prepared on the basis of combined results of the issuer and the predecessor issuer; Subsection 59(1) of Schedule 1 - issuers granted exemption from the payment of fees in respect of certain trades in securities pursuant to a statutory arrangement, where the issuers will not acquire new or additional capital from the public as a result of such trades, or where such trades would merely reorganize interests represented by currently outstanding securities.

Applicable Ontario Statutory Provisions

Statute Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 53,74(1), 80(b).

Regulation Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 23(3)(b), 59(1) of Schedule 1.

Rules Cited

Rule 45-501 Exempt Distributions (1998) 21 O.S.C.B. 6548, 2.8

National Policies Cited

National Policy Statement No. 47, ss. 4.1(1)(b), 4.1(3)(a), 4.4(3), 4.5