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<input checked="" type="checkbox"/>	Trading – Equity and Index Derivatives	<input checked="" type="checkbox"/>	Technology
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CIRCULAR
May 21, 2004

**NORTEL NETWORKS CORPORATION – TRADING PROHIBITION ISSUED BY
REGULATORY AUTHORITIES**

Various Canadian regulatory authorities issued, on May 17, 2004, orders prohibiting directors, officers and other insiders of Nortel Networks Corporation and Nortel Networks Limited to trade in the securities of these two corporations. These orders are valid until May 31, 2004 at which date the regulatory authorities will determine whether or not the trading prohibition to the concerned persons must be extended or not.

Although the orders issued by these regulatory authorities do not specifically refer to the Nortel Networks Corporation equity options that are listed on Bourse de Montréal Inc. (the “Bourse”), confirmation has been obtained by the Bourse to the effect that the orders were worded in general enough terms to consider that the trading prohibition also applies to the equity options of Nortel Networks Corporation. These orders specify, among other things, that it is prohibited to trade directly or indirectly the securities of the corporations mentioned in the orders. The Bourse is of the opinion that the trading of equity options constitutes “indirect” trading and, consequently, considers that all the trading prohibition orders presently in force also apply to the Nortel Networks Corporation equity options listed on the Bourse.

The Bourse therefore wishes to remind its approved participants that they must comply with the above-mentioned orders for what concerns the trading of Nortel Networks Corporation equity options. Approved participants of the Bourse must ensure that no transactions on these options are made by or for the account of clients who have been identified by the various regulatory authorities as being directors, officers or insiders of Nortel Networks Corporation and this as long as the trading prohibition will be maintained by regulatory authorities.

For further information, please contact the undersigned at (514) 871-3518 or by e-mail at jtanguay@m-x.ca.

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