



Nortel Enterprise Auction FAQ

1. What happened with Nortel's auction to sell its Enterprise business?

Nortel announced that it has concluded a successful auction of substantially all of the assets of Nortel's global Enterprise Solutions business as well as the shares of Nortel Government Solutions Incorporated and DiamondWare, Ltd. Avaya Inc. (Avaya) has emerged as the winning bidder agreeing to pay US\$900 million in cash to Nortel, with an additional pool of US\$15 million reserved for an employee retention program.

The sale is subject to court approvals in the U.S., Canada, France and Israel as well as regulatory approvals, other customary closing conditions and certain post-closing purchase price adjustments.

Nortel will work diligently with Avaya to close the sale later this year, subject to the timing of regulatory approvals. The sale close is expected late in the fourth quarter of 2009. In some EMEA jurisdictions this transaction is subject to information and consultation with employee representatives.

Avaya's purchase of Nortel's Enterprise assets maximizes Nortel value while preserving innovation, customer relationships and jobs to the greatest extent possible.

It is our intention to announce an integrated product and services roadmap as soon as we have these items identified through a thorough integration process. At this time, we cannot speculate further on details.

2. When will the sale be final?

Nortel must now seek Canadian and U.S. court approval of the successful bid at a joint hearing currently scheduled for September 15, 2009. The sale is subject to court approvals in France and Israel as well as regulatory approvals, other customary closing conditions and certain post-closing purchase price adjustments.

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3. What parts of Enterprise are included in the sale?

Substantially all of Nortel's Enterprise Solutions assets globally, including Nortel Government Services and DiamondWare, Ltd. The deal also includes intellectual property rights/patents used in the Enterprise business.

4. Why did Nortel sell these assets if they are so valuable?

As Nortel stated on [June 19th](#), after completing a careful analysis, it has become clear that the optimal path for each of our businesses is to find buyers which can carry Nortel's rich innovation platforms into the future. The Company recently announced the sale of wireless assets to Ericsson, and is advancing in discussions with external parties to sell its other businesses. We expect this will provide an opportunity to maximize value while preserving innovation and jobs to the greatest extent possible.

5. Why is this path good for Nortel's Enterprise business?

Seeking a strong and stable buyer is the best path forward for our Enterprise Solutions businesses. If successfully completed, this transaction would give many of our customers a clear roadmap for the future evolution of their networks and the opportunity to extend their relationship with a long-term partner.

Nortel has a long track record of Enterprise innovation, which has helped us secure a strong and loyal customer base. Throughout this sale process, our customers will continue to receive the highest quality support for their current networks. If successfully concluded, the buyer would gain access to leading-edge technology, know-how, and embedded resources to support this significant customer base.

6. Does Nortel expect to have similar success with the sale of its MEN and CVAS businesses?

As previously announced, Nortel is advancing in its discussions with external parties to sell its other businesses, but we can not speculate further on the outcome of future auctions.