IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF FRANK DUNN,
DOUGLAS BEATTY AND MICHAEL GOLLOGLY

STATEMENT OF ALLEGATIONS OF STAFF OF THE ONTARIO SECURITIES COMMISSION

Further to a Notice of Hearing dated March 12, 2007 Staff of the Ontario Securities Commission make the following allegations:

I/ The Respondents and Related Corporate Entities

i) The Respondents

Frank Dunn

1. Frank Dunn ("Dunn") became the Chief Executive Officer ("CEO") and President of Nortel (as defined in paragraph 4) on November 1, 2001. Dunn joined Nortel in 1976 and held a variety of finance positions covering a broad spectrum of Nortel's business areas. In 1980, Dunn received his Certified Management Accounting designation. During the 1990s, Dunn held the position of Deputy Controller, Corporate Control, and was the Senior Finance Executive for the North American business. In 1999, Dunn was appointed Chief Financial Officer ("CFO") of Nortel. In 2001, Dunn was appointed

President and CEO, positions he held until his termination on April 28, 2004. During the period February 2002 to July 2002, Dunn served both as Nortel's CEO, President and CFO. Dunn became a Director of NNC (as defined below) on March 7, 2000, and a Director of NNL (as defined below) on April 30, 2000, positions which he held until his resignation as a director on May 21, 2004. Dunn was terminated on April 28, 2004. The allegations respecting Dunn are for the conduct described below as improper Revenue Recognition and Provisioning.

Douglas Beatty

2. From July 2002 until April 2004, Douglas Beatty ("Beatty") was Nortel's CFO. Beatty is a Chartered Accountant. Beatty joined Nortel in 1985 where he held a number of finance positions before becoming Vice-President of Customer Finance, for North America. In 1995, Beatty left Nortel. Beatty returned to Nortel as its Controller in 1999 and was appointed CFO on July 17, 2002. Beatty was terminated on April 28, 2004. The allegations respecting Beatty are for the conduct described below as improper Revenue Recognition and Provisioning.

Michael Gollogly

3. Michael Gollogly ("Gollogly") became Nortel's Controller on July 25, 2002. Gollogly is a Chartered Accountant and joined Nortel in 1996. He held various finance positions in the Company, including Vice President of Finance for the Wireless business unit and Vice President of Finance for the Asia Region. Gollogly was terminated on April 28, 2004. The allegations respecting Gollogly are for the conduct described below as Provisioning.

ii) Related Corporate Entities

4. Nortel Networks Corporation ("NNC") is a reporting issuer in Ontario and its shares are listed on both the Toronto and New York Stock Exchanges under the symbol

"NT". Nortel Networks Limited ("NNL") is the principal direct operating subsidiary of NNC. NNL is a reporting issuer in Ontario and its preferred shares are also listed on the Toronto Stock Exchange. The Head Offices of NNC and NNL, collectively known as Nortel, are located in Brampton, Ontario. Nortel provides networking and communication services to customers internationally.

II/ Overview of Staff's Allegations

5. The conduct at issue relates to Nortel's financial results for the fiscal year ended December 31, 2000, the third and fourth quarters of 2002 and the first and second quarters of 2003. These time periods are referred to herein individually as the "Relevant Fiscal Periods" and collectively as the "Material Time".

6. As required by the Act, for each of the Relevant Fiscal Periods, each of NNC and NNL prepared and filed with the Commission financial statements which were represented to have been prepared in accordance with generally accepted accounting principles ("GAAP") in either Canada or the U.S., as the case may be. The results in the financial statements were reflected in further financial disclosure filed with the Commission and more particularly described in Schedule "A" attached hereto and described as Nortel's "Public Financial Disclosure". The results in the financial statements for each Relevant Fiscal Period continued to be reflected in subsequent time period filings. All dollar amounts reflected herein are in U.S. dollars.

7. Sections 77 and 78 of the Act direct that all financial statements filed with the Commission must be prepared in accordance with GAAP. Moreover, all financial statements and material filed with the Commission must not be misleading or untrue or omit a fact which would render it misleading.

8. Staff allege that the Respondents (in the manner described herein) authorized, permitted or acquiesced in the making of material misstatements in Nortel's Public Financial Disclosure in circumstances where they knew or ought to have known that such

statements were materially misleading, contrary to the Act. Further, the Respondents, each officers of Nortel, breached their duty of care by failing to act prudently and on a reasonably informed basis in respect of ensuring the fairness and completeness of Nortel's financial disclosure.

9. During the Material Time, the Respondents failed to implement appropriate internal controls and procedures to identify, supervise, monitor, control and to fully disclose accounting practices relating to the recognition of revenue and/or the proper recording and release of accrued liabilities and other provisions.

10. Moreover, the manner in which the achievement of earnings targets was emphasized by the Respondents led to a corporate culture of non-compliance with GAAP. That culture was instigated and/or reinforced by the Respondents, who failed to apply reasonable internal controls in circumstances where they knew or ought to have known that such conduct could or would lead to unreliable and materially misleading financial disclosure.

11. The conduct described herein relates to two types of improper accounting practices. During the year ended December 31, 2000, there was a material amount of revenue improperly recognized ("Revenue Recognition"). During the third and fourth quarters of 2002 and the first and second quarters of 2003, accrued liabilities and provisions (including accruals and reserves and collectively referred to as "Provisions") were improperly recorded and/or released into income ("Provisioning").

i) Revenue Recognition

12. The Respondents Dunn and Beatty, along with other Nortel senior corporate finance management, inappropriately changed Nortel's accounting policies and/or practices several times during the 2000 fiscal year, either to recognize revenue prematurely or to defer the recognition of revenue to a subsequent period. These same senior corporate finance managers did not understand the relevant U.S. GAAP

requirements, misapplied these U.S. GAAP requirements and, in certain circumstances, "turned a blind eye" to these U.S. GAAP requirements. As a result, revenue was recognized for numerous transactions for the fiscal year ended December 31, 2000 in a manner not in accordance with U.S. GAAP. The Respondents Dunn and Beatty participated and/or acquiesced in this conduct which they knew or ought to have known was driven by the objective of closing the gap between actual and targeted revenue and earnings.

ii) Provisioning

13. In respect of the Provisioning conduct, the Respondents, along with Nortel finance staff, engaged in a course of conduct where Provisions were recorded and released in subsequent periods for purported valid business contingencies during the second half of 2002 and the first half of 2003. The Provisioning conduct was undertaken to ensure Nortel met earnings targets and was undertaken in a manner inconsistent with Canadian and U.S. GAAP.

14. The Provisioning conduct occurred in circumstances in which finance employees carried out accounting practices relating to the recording and release of certain accrued liabilities and provisions that were not in accordance with U.S. or Canadian GAAP during the third and fourth quarters of 2002 and the first and second quarters of 2003. The aggregate value of the Provisions was material in that the amount recorded resulted in the difference between a profit and a reported loss, on a pro forma basis, in the fourth quarter of 2002 and the difference between a loss and a reported profit, on a pro forma basis, in the first and second quarters of 2003. The pro forma calculations were used by Nortel to make its determination on whether to award various bonus payments and were further used in the preparation of its Public Financial Disclosure.

15. The Respondents participated, acquiesced in and/or knew or ought to have known of this conduct and failed to implement and effect proper controls to prevent this conduct.

iii) Particular Allegations of Conduct against the Respondents

16. In respect of the Respondents:

(i) It is alleged that Dunn and Beatty authorized, permitted or acquiesced in the Revenue Recognition conduct described in paragraph 12 above and, further, knew or ought to have known of such conduct by Nortel employees under their control and supervision;

(ii) It is alleged that Dunn, Beatty and Gollogly authorized, permitted or acquiesced in the Provisioning conduct described in paragraphs 13 to 15 above and, further, knew or ought to have known of such conduct by Nortel employees under their control and supervision; and

(iii) It is alleged that Dunn, Beatty and Gollogly breached their duty of care by failing to act prudently and on a reasonably informed basis, and thereby acted contrary to the public interest.

iv) Admissions by Nortel

17. Nortel has admitted in its public disclosure made since 2003 that these inappropriate accounting practices and lack of internal controls contributed to the issuance of financial statements by the Company during the Material Time that were not in compliance with U.S. and/or Canadian GAAP. As a result of these practices and control failures, Nortel was required to restate its publicly disclosed U.S. and Canadian GAAP financial statements for the Relevant Fiscal Periods and other fiscal periods as described herein.

III/ The Restatements and Independent Reviews

i) First Restatement

18. In May 2003, Gollogly initiated certain balance sheet reviews at the direction of certain members of management that led to a comprehensive review and analysis of the Company's assets and liabilities (the "Comprehensive Review").

19. The Comprehensive Review focused on: (i) identifying balance sheet accounts that, as at June 30, 2003, were not supportable and required adjustment; (ii) determining whether such adjustments related to the third quarter of 2003 or prior periods; and (iii) documenting certain account balances in accordance with Nortel's accounting policies and procedures.

20. The Comprehensive Review was supplemented by additional procedures carried out between July and November 2003 to quantify the effects of potential adjustments and to review the appropriateness of releases of certain contractual liabilities and other related provisions (also called accruals, reserves or accrued liabilities) in the six fiscal quarters ending with the fiscal quarter ended June 30, 2003.

21. The Comprehensive Review, as supplemented, resulted in the restatement (effected in December 2003) of Nortel's consolidated financial statements for the years ended December 31, 2002, 2001 and 2000 and for the quarters ended March 31, 2003 and June 30, 2003 (the "First Restatement").

22. The net effect of the adjustments made to NNC's financial statements in the First Restatement was a reduction in accumulated deficit of $497 million, $178 million and $31 million as at December 31, 2002, 2001 and 2000, respectively. Among the adjustments made as part of the First Restatement, approximately $935 million and $514 million of certain liabilities (primarily Provisions) carried on NNC's previously reported

consolidated balance sheet as at December 31, 2002 and 2001, respectively, were released to income in prior periods.

23. On December 23, 2003, each of NNC and NNL filed with the United States Securities and Exchange Commission (the "SEC") its amended Annual Report on Form 10-K/A for the year ended December 31, 2002 and amended Quarterly Reports on Form 10-Q/A for the quarters ended March 31, 2003 and June 30, 2003 reflecting the First Restatement. On the same date, these documents, together with the corresponding filings represented to have been prepared in accordance with Canadian GAAP, were filed with the Commission.

24. In conjunction with the First Restatement, Nortel's external auditors, Deloitte & Touche LLP ("D&T"), informed the Audit Committees of the Boards of Directors of NNC and NNL (collectively, the "Audit Committee") that there were two "reportable conditions", each of which constituted a "material weakness" in Nortel's internal control over financial reporting (as such terms were formerly defined under standards established by the American Institute of Certified Public Accountants (the "AICPA"), which were applicable in 2003). These reportable conditions, which were disclosed in NNC's and NNL's Quarterly Reports on Form 10-Q for the quarter ended September 30, 2003, filed with the SEC and the Commission in November 2003, were as follows:

(i) lack of compliance with established Nortel procedures for monitoring and adjusting balances relating to certain accruals and provisions, including restructuring charges; and

(ii) lack of compliance with established Nortel procedures for appropriately applying U.S. GAAP to the initial recording of certain liabilities, including those described in Statement of Financial Accounting Standards ("SFAS") No. 5, "Accounting for Contingencies" ("SFAS No. 5"), and to foreign currency translation as described in SFAS No. 52, "Foreign Currency Translation" ("SFAS No. 52").

25. In a Financial Reporting Update dated November 11, 2003, Gollogly reported to the Audit Committee that the results of the balance sheet review would require a restatement and that the causal factors of the restatement were:

- "Provisions recorded incorrectly in prior periods or not properly released in appropriate periods;
- Provisions not adjusted for changes in estimates in appropriate periods;
- Costs incorrectly charged to operations rather than appropriate provisions;
- Accruals were recorded in excess of the amounts that now have been determined would have been appropriate at the time of the recording;
- Revenue recognition on certain contracts should have been deferred to later periods."

ii) Independent Review

26. In late October 2003, the Audit Committee initiated an independent review of the facts and circumstances leading to the First Restatement (the "Independent Review"), and engaged the law firm Wilmer Cutler Pickering Hale and Dorr LLP ("WilmerHale") to advise it in connection with the Independent Review. WilmerHale retained Huron Consulting Services LLC ("Huron") to provide expert accounting assistance.

27. Through the Independent Review, the Audit Committee sought to gain a full understanding of the events that caused significant excess liabilities to be maintained on Nortel's balance sheet that needed to be restated, and to recommend that the Boards of Directors of NNC and NNL (collectively, the "Board") adopt, and direct management to implement, necessary remedial measures to address personnel, controls, compliance and discipline.

28. The Independent Review focused initially on events relating to the establishment and release of contractual liabilities and other related provisions in the second half of 2002 and the first half of 2003, including the involvement of the Company's senior corporate leadership. As the review evolved, its focus broadened to include specific provisioning activities in each of the Company's business units and geographic regions and expanded to include provisioning activities in the third and fourth quarters of 2003.

29. Based on periodic reports by WilmerHale on the progress of the Independent Review, the Audit Committee recommended, and the Board approved, the termination for cause in April 2004 of the Respondents, and in August 2004 of seven additional senior

finance employees with significant responsibility for Nortel's financial reporting as a whole or for their respective business units and geographic regions.

30. In January 2005, the Audit Committee reported to the Board the findings of the Independent Review as set forth in a document entitled "Summary of Findings and of Recommended Remedial Measures of the Independent Review" submitted to the Audit Committee by WilmerHale and Huron (the "Independent Review Summary"). The Audit Committee adopted the findings of the Independent Review and the recommended remedial measures set forth in the Independent Review Summary in their entirety. The Independent Review Summary was appended to a press release issued by Nortel on January 11, 2005 and filed with the Commission and was reproduced in NNC's and NNL's Annual Reports on Form 10-K for the year ended December 31, 2003 (collectively, the "2003 Annual Report") filed with the SEC and the Commission in January 2005.

31. The Independent Review concluded that former corporate management (who had been terminated for cause) and former finance management in Nortel's finance organization (who had also been terminated for cause) endorsed, and employees carried out, accounting practices relating to the recording and release of provisions that were not in compliance with U.S. GAAP in at least four quarters, including the third and fourth quarters of 2002 and the first and second quarters of 2003. In three of those four quarters – when Nortel was at, or close to, break even – these practices were undertaken to meet internally imposed pro forma earnings before taxes ("EBT") targets. While the dollar value of most of the individual provisions was relatively small, the aggregate value of the provisions made the difference between a profit and a reported loss, on a pro forma basis, in the fourth quarter of 2002 and the difference between a loss and a reported profit, on a pro forma basis, in the first and second quarters of 2003. This conduct caused Nortel to report a loss in the fourth quarter of 2002 and to pay no employee bonuses, and to achieve and maintain profitability in the first and second quarters of 2003, which, in turn, caused it to pay bonuses to all Nortel employees including significant bonuses to senior management under bonus plans tied to a pro forma profitability metric.

32. At the request of the Audit Committee, the Independent Review Summary also set forth governing principles for remedial measures recommended by WilmerHale. The recommendations were directed at:

(i) establishing standards of conduct to be enforced through appropriate discipline;

(ii) infusing strong technical skills and experience into the Finance organization;

(iii) requiring comprehensive, on-going training on increasingly complex accounting standards;

(iv) strengthening and improving internal controls and processes;

(v) establishing a compliance program throughout the Company which is appropriately staffed and funded;

(vi) requiring management to provide clear and concise information, in a timely manner, to the Board to facilitate its decision-making; and

(vii) implementing an information technology platform that improves the reliability of financial reporting and reduces opportunities for manipulation of results.

33. The Audit Committee recommended, and the Board approved, the adoption of all of the recommendations contained in the Independent Review Summary including the following findings and conclusions:

- " ... Former corporate management (now terminated for cause) and former finance management (now terminated for cause) in the Company's finance organization endorsed, and employees carried out, accounting practices relating to the recording and release of provisions that were not in compliance with U.S. generally accepted accounting principles ("U.S. GAAP") in at least four quarters, including the third and fourth quarters of 2002 and the first and second quarters of 2003 ...";

- "These practices were undertaken to meet internally imposed pro-forma earnings before taxes ("EBT") targets. ... The aggregate value of the provisions made the difference between a profit and a reported loss, on a pro forma basis, in the fourth quarter of 2002 and the difference between a loss and a reported profit, on a pro forma basis, in the first and second quarters of 2003. This conduct caused Nortel to report a loss in the fourth quarter of 2002 and to pay no employee bonuses, and to achieve and maintain profitability in the first and second quarters of 2003, which in turn, caused it to pay bonuses to all Nortel employees and significant bonuses to senior management under bonus plans tied to the pro forma profitability metric." ... ;

- "When Frank Dunn became CFO in 1999, and then CEO in 2001, he drove senior management in his finance organization to achieve EBT targets that he set with his senior management team. The provisioning practices adopted by Dunn and other finance employees to achieve internal EBT targets were not in compliance with U.S. GAAP. ... Dunn and others stretched the judgment inherent in the provisioning process to create a flexible tool to achieve EBT targets";

- "The failure to follow U.S. GAAP with respect to provisioning can be understood in light of the management, organizational structure, and internal controls that characterized Nortel's finance organization. The characteristics, discussed below, include:

    - Management "tone at the top" that conveyed the strong leadership message that earnings targets could be met through application of accounting practices that finance managers knew or ought to have known were not in compliance with U.S. GAAP and that questioning these practices was not acceptable;

    - Lack of technical accounting expertise which fostered accounting practices not in compliance with U.S. GAAP;

    - Weak or ineffective internal controls which, in turn, provided little or no check on inaccurate financial reporting;

    - Operation of a complicated "matrix" structure which contributed to a lack of clear responsibility and accountability by business units and by regions; and

    - Lack of integration between the business units and corporate management that led to a lack of transparency regarding provisioning activity to achieve internal EBT targets."

iii) Second Restatement

34. As the Independent Review progressed, the Audit Committee directed Nortel's new corporate management to examine in depth the concerns identified by WilmerHale regarding Provisioning activity. That examination, and other errors identified by management including errors relating to revenue recognition, led to the restatement of Nortel's financial statements for the years ended December 31, 2002 and 2001 and the quarters ended March 31, 2003 and 2002, June 30, 2003 and 2002 and September 30, 2003 and 2002 (the "Second Restatement"), and the revision of NNC's previously announced unaudited results for the year ended December 31, 2003.

35. Overall in the Second Restatement, as a result of adjustments to correct errors related to revenue recognition, NNC increased revenue by an aggregate of $1.492 billion in 2001 and $439 million in 2002. NNC also increased previously announced 2003 revenue by an aggregate of $386 million. Most of these adjustments constituted the recognition of revenue that had previously been improperly recognized in prior years and should have been deferred (often over a number of years). This also had the effect of reducing previously reported revenue in 1998, 1999 and 2000 by approximately $158 million, $355 million and $2.866 billion, respectively. Of these adjustments identified in the Second Restatement, approximately $750 million of revenue was deferred to years after 2003, while approximately $250 million of revenue was permanently reversed.

36. On January 11, 2005, NNC filed with the SEC its Annual Report on Form 10-K for the year ended December 31, 2003 reflecting the Second Restatement. On the same date, this document, together with the corresponding filings represented to have been prepared in accordance with Canadian GAAP, were filed with the Commission. On January 18, 2005, NNL filed with the SEC its Annual Report on Form 10-K for the year ended December 31, 2003 reflecting the Second Restatement. On the same date, this document was filed with the Commission. On January 19, 2005, NNL filed with the Commission the corresponding filings represented to have been prepared in accordance with Canadian GAAP.

37. Some of the adjustments related to errors involving issues in connection with arrangements known as “bill and hold” transactions. With respect to the fourth quarter of 2000, approximately $1 billion of revenue was recognized incorrectly from bill and hold transactions which failed to meet the appropriate accounting guidance as set out in the SEC’s Staff Accounting Bulletin 101, “Revenue Recognition in Financial Statements”.

38. Over the course of the Second Restatement process, management and D&T identified a number of additional reportable conditions, each constituting a material weakness, in Nortel’s internal control over financial reporting as at December 31, 2003. At the time of the Second Restatement, a total of six material weaknesses had been identified. The material weaknesses identified were:

(i) lack of compliance with written Nortel procedures for monitoring and adjusting balances related to certain accruals and provisions, including restructuring charges and contract and customer accruals;

(ii) lack of compliance with Nortel procedures for appropriately applying applicable GAAP to the initial recording of certain liabilities, including those described in SFAS No.5, and to foreign currency translation as described in SFAS No. 52;

(iii) lack of sufficient personnel with appropriate knowledge, experience and training in U.S. GAAP and lack of sufficient analysis and documentation of the application of U.S. GAAP to transactions, including, but not limited to, revenue transactions;

(iv) lack of a clear organization and accountability structure within the accounting function, including insufficient review and supervision, combined with financial reporting systems that are not integrated and which require extensive manual interventions;

(v) lack of sufficient awareness of, and timely and appropriate remediation of, internal control issues by Nortel personnel; and

(vi) an inappropriate “tone at the top”, which contributed to the lack of a strong control environment. As reported in the Independent Review Summary, there was a “[m]anagement ‘tone at the top’ that conveyed the strong leadership message that earnings targets could be met through application of accounting practices that finance managers knew or ought to have known were not in compliance with U.S. GAAP and that questioning these practices was not acceptable”.

iv) Revenue Independent Review

39. In light of the magnitude of the Second Restatement adjustments to previously reported revenue, the Audit Committee determined to review the facts and circumstances leading to the restatement of these revenues for specific transactions identified in the Second Restatement (the "Revenue Independent Review"), with a particular emphasis on the underlying conduct that led to the initial recognition of these revenues. The Revenue Independent Review also considered any appropriate additional remedial measures, including those involving internal controls and processes.

40. The Audit Committee engaged WilmerHale to advise it in connection with the Revenue Independent Review. WilmerHale retained Huron to provide expert accounting assistance.

41. The Revenue Independent Review focused principally on transactions that accounted for approximately $3.0 billion of the $3.4 billion in restated revenue from the Second Restatement, with a particular emphasis on transactions that accounted for approximately $2.6 billion in 2000.

42. The findings of the Revenue Independent Review were presented to the Audit Committee and the Board and disclosed in NNC's and NNL's amended Annual Reports on Form 10-K/A for the year ended December 31, 2005 (collectively, the "2005 Annual Report") filed with the SEC and the Commission.

43. The Revenue Independent Report concluded in the 2005 Annual Report:

> "the Revenue Independent Review found that in an effort to meet internal and external targets, the senior corporate finance management team ... changed the accounting policies of the Company several times during 2000, either to defer revenue out to a subsequent period or pull revenue in to the current period. After changing internal accounting policies, senior corporate finance management did not understand relevant U.S. GAAP, misapplied these GAAP requirement, and, in certain circumstances, turned a blind eye to these U.S. GAAP requirements. As a result, Nortel recognized revenue for numerous transactions with disregard for the

> proper accounting and this conduct was driven by the need to close revenue and earnings gaps."

v) Third Restatement

44. As part of its remediation efforts and to compensate for the material weaknesses in Nortel's internal control over financial reporting, management undertook in 2005 and early 2006 to enhance Nortel's internal controls and procedures relating to recognition of revenue. These efforts included extensive documentation and review of customer contracts for revenue recognized in 2005 and earlier periods. As a result of the contract review, it became apparent that certain of the contracts had not been accounted for properly under U.S. GAAP. Most of these errors related to contractual arrangements involving multiple deliverables, for which revenue recognized in prior periods should have been deferred to later periods, under SEC Staff Accounting Bulletin 104, "Revenue Recognition" and AICPA Statement of Position ("SOP") 97-2, "Software Revenue Recognition".

45. In addition, based on Nortel's review of its revenue recognition policies and discussions with D&T as part of the 2005 audit, Nortel determined that in its previous application of these policies, it had misinterpreted certain of these policies principally related to complex contractual arrangements with customers where multiple deliverables were accounted for using the percentage-of-completion method of accounting under SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". In correcting the application errors, the timing of revenue recognition was frequently determined to be incorrect, with revenue having generally been recognized prematurely when it should have been deferred and recognized in later periods.

46. Management's determination that these errors required correction led to the Audit Committee's decision on March 9, 2006 to effect a restatement of Nortel's financial statements for the years ended December 31, 2004, 2003, 2002 and 2001 and the first three quarters of 2005 (the "Third Restatement"). Overall in the Third Restatement, as a result of adjustments to correct errors related to revenue recognition, NNC decreased

revenue by an aggregate of $261 million, $312 million and $520 million in 2003, 2004 and the first nine months of 2005, respectively. These adjustments constituted the recognition of revenue that had previously been improperly recognized in prior periods and should have been deferred to future periods. This also had the effect of reducing NNC's previously reported revenue in 2001 and 2002 by approximately $67 million and $270 million, respectively.

47. Following the announcement of the Third Restatement on March 10, 2006, the Audit Committee directed the Internal Audit group to conduct a review of the facts and circumstances surrounding the Third Restatement principally to review the underlying conduct of the initial recording of the errors and any overlap of items in the Third Restatement and the Second Restatement. Internal Audit engaged third party forensic accountants to assist in the review. On completion of its review, Internal Audit reported to the Audit Committee that, among other things, it found no evidence of intent to improperly record revenue associated with the contracts included in the Third Restatement nor any evidence of misconduct other than what was previously reported by WilmerHale in connection with the Independent Review and Revenue Independent Review. The findings of Internal Audit were disclosed in NNC's and NNL's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2006 filed with the SEC and the Commission.

IV/ Allegations relating to the Provisioning Conduct during the Second Half of 2002 and the First Half of 2003

i) U.S. and Canadian GAAP for the Accounting of Accrued Liabilities

48. The criteria for the establishment of Provisions are similar under U.S. and Canadian GAAP. Generally, both require that a reasonable estimate be made of the amount and that it be probable that some future economic benefit will be given up by the company.

49. In respect of estimating Provisions within a range, U.S. GAAP provides that where there is a reasonable range and where the amounts within the range are equally

probable, the minimum amount of the range should be accrued. Similar guidance can be found in respect of Canadian GAAP.

50. Nortel, in recording Provisions, used a measure it coined "conservatism". Contrary to commonly accepted accounting usage of the term "conservatism", in the accounting culture at Nortel "conservatism" was utilized to support estimates based on the worst case scenario, which resulted in the maximum value in a range being recorded. Such application of "conservatism" in the estimation of Provisions is contrary to Canadian and U.S. GAAP.

51. Both Canadian and U.S. GAAP provide that changes in estimates should be accounted for in the period of the change, rather than deferred to subsequent time periods.

52. It is the admission of Nortel, through its Audit Committee Report, that the inherent judgment in applying GAAP to determine when to record and adjust or release Provisions to estimate their quantum was stretched in the Provisioning process to bridge the gap between actual and targeted EBT. This strategic use of Provisions was contrary to both Canadian and U.S. GAAP and led to misstated Public Financial Disclosure.

ii) Journal Entry Practices

53. During the Material Time, practices relating to the posting of journal entries deviated from prior Nortel policy and/or practice. These practices demonstrated the absence of appropriate internal controls over the posting of journal entries and contributed to the practice of estimating and recording Provisions without consideration of GAAP, thereby leading to misstated financial statements. Nortel has admitted that during the second half of 2002 and the first half of 2003 the recording of Provisions was done without sufficient internal controls and monitoring or in a manner which failed to provide reasonable assurance as to the reliability of financial reporting in compliance with GAAP.

54. Despite U.S. and Canadian GAAP guidance requiring the application of a probability analysis that an event will occur and that the amount is reasonably estimable, Nortel finance employees engaged in a practice in which Provisions were improperly recorded and retained as reserves and/or released into income, as needed, to meet quarterly earnings targets. The establishment of excessive reserve accounts for Provisions, and the failure to release reserves when appropriate may be described as the creation of a "cookie jar". The practice of establishing excess Provisions and in not releasing Provisions appropriately was engaged in throughout operational, regional and corporate levels at Nortel, to close the gap between targeted and actual EBT in subsequent quarters. Dunn, Beatty and Gollogly each knew or ought to have known of this practice. Dunn was aware of this practice as early as the year 2000.

55. These practices were so prevalent at Nortel that the finance employees developed their own language to describe this practice. For example, "hardness" was a term used to describe Provisions which could be released or retained to meet earnings targets in a future quarter. Similarly, "scrubbing" was a term used to describe a process whereby the balance sheet was reviewed to establish "hardness" or to identify additional Provision adjustments, also known as "opportunities", that could be used to manipulate earnings. As set out above, "conservatism" was a term used in estimating the value of a Provision using the worst case scenario.

56. The aggregate effect of the Provisioning activity on reported income levels was significant and material.

iii) The Third Quarter of 2002 ("Q3 2002") - The Accrued Liabilities Project

57. In August 2002, Beatty ordered a company-wide accrued liabilities analysis (the "Accrued Liabilities Project"). The focus of the Accrued Liabilities Project was to determine the cash and non-cash impact of the release of accrued liabilities (Provisions) and to assess which profit and loss accounts were affected by the release of accrued liabilities.

58. As a result of the Accrued Liabilities Project, by Q3, 2002, $303 million of Provisions were identified as no longer required and available for release effective June 30, 2002. Despite the foregoing, approximately half of the $303 million was not released in Q3, 2002. Rather, finance employees were permitted to maintain a “cookie jar” and to release the Provisions on an “as-needed” basis to close the gap between targeted and actual EBT in future quarters. As at the date the excess Provisions were identified the financial statements were not adjusted nor did Nortel make reference in its Public Financial Disclosure to these Provisions. No effort was made to determine when the liabilities had arisen and in what quarter the Provisions were extinguished and should have been released or adjusted.

59. Subsequently, as part of the Second Restatement, Nortel determined in March of 2004 that the $303 million worth of Provisions identified as appropriate for release in Q2, 2002 were either not released or released into subsequent time periods.

60. The release of Provisions in subsequent time periods was done in contravention of both U.S. and Canadian GAAP and contributed to a misstatement in the Public Financial Disclosure for both the periods in which the accrued liabilities were released and for the periods in which they should have been released. The Respondents were each aware or ought to have been aware of the above facts and should have taken steps to **e**nsure that the Provisions were released in the proper period and properly disclosed. Moreover, the Respondents were each aware or ought to have been aware, that as a result of the Accrued Liabilities Project, the internal controls and procedures regarding the estimating, recording and monitoring of liabilities were not effective or reliable and immediate steps ought to have been taken to monitor and remedy the situation.

iv) The Fourth Quarter of 2002 (“Q4, 2002”) – The Late Accruals List Converted a Profit to a Loss

61. In November 2002, Dunn announced the Return to Profit (“RTP”) bonus plan, available to all employees, including the Respondents. The RTP provided that bonuses

would be paid out in the first quarter of pro forma profitability. Nortel stated publicly that it expected to achieve profitability by Q2, 2003.

62. During the first three quarters of 2002, Nortel experienced significant losses and on December 19, 2002 management reported to the Board it expected losses to continue into the fourth quarter of 2002 at an estimated $100 million of pro forma loss before taxes ("LBT"). Despite the foregoing, there was a significant differential between what was reported to the Board and the internal estimate of LBT, known to Dunn and Beatty. In fact, during the closing period of Q4, 2002 the internal consolidated results showed that Nortel achieved a pro forma earnings before taxes ("EBT"), contrary to what was previously reported to the Board.

63. On or about January 5, 2003, the operational and regional groups and Global Operations were advised by Nortel's head office financial planning group, at the direction of Gollogly, to seek additional accrued liabilities to record during the closing process. This "call-out" to look for further accrued liabilities resulted in a "Late Accruals List", which over a two-day period systematically identified a total of $176.3 million worth of additional accrued liabilities.

64. Of the $176.3 million of accruals, a significant portion were reported in the final financial statements and had the effect of converting a pro forma profit into a pro forma loss at the close of the quarter, such that no bonus was paid out pursuant to the RTP.

65. Through the subsequent Audit Committee Report and Restatement, Nortel determined that of the late accruals, $66.3 million were improperly recorded. The effect is that while some of the Provisions recorded following the call-out were not improper, but for the recording of the $66.3 million of improper accrued liabilities, the pro forma loss of $62 million would have been a $4.3 million pro forma profit. That profit was not expected by the market, nor was it sufficient to support the RTP.

66. Dunn, Beatty and Gollogly knew or ought to have known that this call-out for additional Provisions was undertaken in an improper manner for the purpose of returning results to target. They each knew that Nortel was on the cusp of returning to profitability, an event of material importance to the market and a trigger for significant bonus payments. As such, they ought to have exercised an appropriate degree of care and due diligence in preparing and supervising the preparation of the financial results. They each failed to ensure that proper care was taken and, therefore, each failed in their duties and acted contrary to the public interest.

v) The First Quarter of 2003 ("Q1, 2003") – Operating Loss Converted to a Profit

67. During the first quarter of 2003 there was a slight decline in revenue at Nortel, however, the publicly announced push to profitability by Q2, 2003 continued. Internal senior management targets for EBT reflected a drive towards profitability in Q1, 2003. At the close of Q1, 2003 a pro forma profit was reported and, as a result, the first tranche of the RTP was awarded.

68. In Q1, 2003 releases of Provisions were required to meet senior management's EBT targets. During this quarter, the ongoing analysis of Provisions available for "hardness" and release continued. Senior finance management engaged in a pattern of identifying and shifting Provisions between reporting periods without regard to GAAP to bridge the gap between earnings and targets.

69. When reporting to the Audit Committee, Beatty and Gollogly identified $361 million of releases of Provisions. They advised that the bulk of the releases were in the ordinary course and that the remainder of the releases were one time, non-recurring events.

70. Through the Restatement process, Nortel determined that a portion of the $361 million was attributable to what it describes as accounting "errors" and but for those

"errors" the pro forma profit of $40 million would not have been achieved and the first tranche of the RTP would not have been awarded.

71. Dunn, Beatty and Gollogly knew or ought to have known about the improper Provisioning activity which led to a material misstatement, converting a loss to a profit in the quarterly reported financial statements and should have taken steps to ensure Nortel properly reported its results.

vi) The Second Quarter of 2003 ("Q2, 2003") – Pro Forma Loss Converted to a Profit

72. During the second quarter of 2003, Nortel's revenue expectations faced a more pronounced decline than the previous quarter. As in the previous quarter, EBT targets were established by senior management at Head Office, which continued to press for profitability. Bridging the gap between the targets set in the internal forecasts and the projected EBT from management at the product and regional levels required a release into income of Provisions. During this quarter the release of Provisions again converted a pro forma loss to a pro forma profit and the second tranche of the RTP was awarded.

73. Through the Restatement process, Nortel determined that a portion of the $372 million released in this quarter was attributable to accounting "errors" and but for those "errors" a pro forma profit of $34 million would not have been achieved and the second tranche of the RTP would not have been awarded.

74. Dunn, Beatty and Gollogly knew or ought to have known of the improper Provisioning activity which led to the filing of materially misstated Public Financial Disclosure.

vii) RTP Bonuses Awarded and Paid

75. On the basis of the 2003 pro forma results, the Respondents were awarded and received the following RTP bonuses:

Dunn	$3,540,000.00
Beatty	$1,275,000.00
Gollogly	$300,000.00

V/ Issues Respecting the Recognition of Revenue for the Year Ending December 31, 2000

76. As concluded by Nortel in the Revenue Independent Review, during 2000, accounting practices and/or policies were changed in order that the recording of revenue could be manipulated to meet publicly announced revenue and earnings targets.

77. One of the accounting practices manipulated to meet revenue and earnings targets related to the improper recognition of revenue on bill and hold transactions. During the year 2000, in excess of $1 billion of revenue was recognized incorrectly from bill and hold transactions which failed to meet the appropriate accounting guidance as set out in the SEC's Staff Accounting Bulletin titled "Revenue Recognition in Financial Statements" SAB 101.

78. In particular, revenue recognized on bill and hold transactions was supported, in part, by Risk of Loss ("ROL") letters. ROL letters received from customers acknowledged that title to goods and the risk of loss to those goods had transferred to the customer even though Nortel maintained possession of the goods.

79. In the second quarter of 2000, revenue was greater than analysts' expectations and the use of ROL letters was banned at Nortel to assist in the reduction of revenue to meet expectations. In the fourth quarter of 2000, revenue was less than anaylsts' expectations and the use of ROL letters was reinstated to facilitate the recognition of more than $1 billion of revenue. Such changes in practices and/or policies on a quarterly basis for the purpose of achieving pre-determined results were inconsistent with U.S. and Canadian GAAP. The practice and/or policy changes were not disclosed. Moreover, during this period the manner in which ROL letters were used at Nortel was inappropriate, in part, as the letters were initiated by Nortel, not by the customer.

80. The foregoing conduct regarding the use of ROL letters was in violation of U.S. and Canadian GAAP and was conducted in an environment where revenue recognition practices and/or policies were amended and utilized to meet internal and external revenue targets rather than for any bona fide accounting reason. The amendments to accounting practices and/or policies particularly in relation to the use of ROL letters, were done at a time and in circumstances where Dunn and Beatty knew or ought to have known of such conduct that was not in accordance with GAAP and would lead to materially misleading Public Financial Disclosure.

81. In addition to the foregoing, during the process of reviewing the financial results of Nortel for the year ended December 31, 2000, Dunn determined that revenue results were higher than analysts' expectations while EBT was within analysts' expectations. Dunn instructed Beatty, then the Controller of Nortel, to 'scrub' revenue in a manner which would have minimal impact on EBT while ensuring that revenue was recorded at a level more consistent with analysts' expectations. As a result of the scrub, $630 million of revenue was reversed.

82. Although the results of the scrub did not form part of Nortel's restatement process as an accounting irregularity, Staff alleges that the conduct was inappropriately motivated by a culture of non-compliance with GAAP to meet earnings and revenue targets. Such conduct was contrary to the public interest.

VI/ Financial Disclosure During the Material Time

83. The Respondents authorized, permitted or acquiesced in Nortel making statements in its Public Financial Disclosure, as set out in Schedule "A" attached hereto, filed under Ontario securities law, that in a material respect and at the time and in light of the circumstances under which they were made, they knew or ought to have known were misleading or untrue or did not state a fact that was required to be stated or that was necessary to the make the statements not misleading.

84. During the second half of 2002 and the first half of 2003, the Respondents, failed to implement appropriate policies and controls to identify and prevent the recording and release of accrued liabilities to manage earnings contrary to Canadian or U.S. GAAP. In addition, during the year ending December 31, 2000, Dunn and Beatty failed to implement appropriate policies to recognize revenue in accordance with GAAP.

85. During the Material Time, for the conduct and time periods described above, the Respondents authorized, permitted and/or acquiesced in a culture of non-compliance with both Canadian and U.S. GAAP in circumstances where they knew or ought to have known that such conduct would lead to materially misstated financial disclosure. Such conduct was contrary to the public interest.

VII/ Conduct Contrary to the Public Interest

86. Staff alleges that the conduct set out above of the Respondents violates Ontario securities law as specified and constitutes conduct contrary to the public interest.

SCHEDULE "A"

NNC filed the following list of documents with the Ontario Securities Commission for the Material Time:

- News release announcing financial results for the quarter and year ended December 31, 2000 dated January 18, 2001 and filed on SEDAR on January 18, 2001;
- Annual report for the fiscal year ended December 31, 2000 dated March 1, 2001 and filed on SEDAR on March 13, 2001;
- Form 10-K for the fiscal year ended December 31, 2000 filed on SEDAR on March 13, 2001 (105 page document);
- Audited annual financial statements for the fiscal year ended December 31, 2000 dated March 1, 2001 and filed on SEDAR on March 13, 2001;
- MD&A for the fiscal year ended December 31, 2000 filed on SEDAR on March 13, 2001;
- Form 8-K dated June 15, 2001 and filed on SEDAR on June 15, 2001;
- Form 8-K dated August 8, 2001 and filed on SEDAR on August 8, 2001;
- Restated audited annual financial statements for the fiscal year ended December 31, 2000 and restated un-audited financial statements for the quarter ended March 31, 2001 filed on SEDAR on August 8, 2001;
- Amended MD&A for the fiscal year ended December 31, 2000 filed on SEDAR on November 6, 2001;
- Form 8-K dated November 6, 2001 and filed on SEDAR on November 6, 2001;
- News release announcing financial results for the quarter and year ended December 31, 2001 dated January 17, 2002 and filed on SEDAR on January 17, 2002;
- Form 8-K/A dated February 12, 2002 and filed on SEDAR on February 12, 2002;
- Annual report for the fiscal year ended December 31, 2001 dated March 5, 2002 and filed on SEDAR on March 11, 2002;
- Form 10-K for the fiscal year ended December 31, 2001 filed on SEDAR on March 11, 2002 (126 page document);
- Audited annual financial statements for the fiscal year ended December 31, 2001 dated March 5, 2002 and filed on SEDAR on March 11, 2002;

- MD&A for the fiscal year ended December 31, 2001 filed on SEDAR on March 11, 2002;
- Form 10-K for the fiscal year ended December 31, 2001 filed on SEDAR on March 11, 2002 (126 page document);
- Amended annual financial statements for the fiscal year ended December 31, 2001 filed on SEDAR on May 13, 2002;
- Preliminary short form base shelf prospectus dated May 13, 2002 and filed on SEDAR on May 13, 2002;
- Form 8-K dated May 13, 2002 and filed on SEDAR on May 15, 2002;
- Nortel Networks S.A. annual financial statements for three years ended December 31, 2001 filed on SEDAR on May 15, 2002;
- Exhibit 12.1 – Computation of ratio of earnings from continuing operations to fixed charges for the quarter ended March 31, 2002 filed on SEDAR on May 29, 2002;
- Short form base shelf prospectus dated May 29, 2002 and filed on SEDAR on May 30, 2002;
- Preliminary prospectus supplement dated June 3, 2002 and filed on SEDAR on June 3, 2002 (82 page document);
- Preliminary prospectus supplement dated June 3, 2002 and filed on SEDAR on June 3, 2002 (108 page document);
- Prospectus supplement dated June 6, 2002 and filed on SEDAR on June 10, 2002 (82 page document);
- Prospectus supplement dated June 6, 2002 and filed on SEDAR on June 10, 2002 (106 page document);
- Underwriting agreement dated June 6, 2002 and filed on SEDAR on June 10, 2002 (23 page document);
- Underwriting agreement dated June 6, 2002 and filed on SEDAR on June 10, 2002 (26 page document);
- News release dated October 17, 2002 and filed on SEDAR on October 17, 2002;
- Form 8-K dated October 11, 2002 and filed on SEDAR on October 11, 2002;
- Form 10-Q for the quarterly period ended September 30, 2002 filed on SEDAR on November 12, 2002 (106 page document);
- Form 10-Q for the quarterly period ended September 30, 2002 filed on SEDAR on November 14, 2002 (105 page document);
- MD&A for the three months ended September 30, 2002 filed on SEDAR on November 26, 2002;

- Unaudited consolidated financial statements for the three months ended September 30, 2002 filed on SEDAR on November 26, 2002;
- 2002 third quarter shareholder report for the quarterly period ended September 30, 2002 filed on SEDAR on November 26, 2002;
- News release dated January 23, 2003 and filed on SEDAR on January 23, 2003;
- Form 8-K dated January 23, 2003 and filed on SEDAR on January 24, 2003;
- Form 10-K for the fiscal year ended December 31, 2002 filed on SEDAR on March 10, 2003 (189 page document);
- Audited annual financial statements for the fiscal year ended December 31, 2002 dated March 10, 2003 and filed on SEDAR on March 10, 2003;
- Form 10-K for the fiscal year ended December 31, 2002 filed on SEDAR on March 10, 2003 (257 page document);
- MD&A for the fiscal year ended December 31, 2002 filed on SEDAR on March 10, 2003;
- Annual report for the fiscal year ended December 31, 2002 dated March 10, 2003 and filed on SEDAR on March 10, 2003;
- News release dated April 24, 2003 and filed on SEDAR on April 24, 2003;
- Form 8-K dated April 24, 2003 and filed on SEDAR on April 24, 2003;
- Form 10-Q for the quarterly period ended March 31, 2003 filed on SEDAR on May 9, 2003;
- MD&A for the three months ended March 31, 2003 filed on SEDAR on May 20, 2003;
- Unaudited consolidated financial statements for the three months ended March 31, 2003 filed on SEDAR on May 20, 2003;
- 2003 first quarter shareholder report for the quarterly period ended March 31, 2003 filed on SEDAR on May 20, 2003;
- Form 10-Q for the quarterly period ended March 31, 2003 filed on SEDAR on Jun 19, 2003;
- News release dated July 24, 2003 and filed on SEDAR on July 24, 2003;
- Form 8-K dated July 24, 2003 and filed on SEDAR on July 25, 2003;
- Form 10-Q for the quarterly period ended June 30, 2003 filed on SEDAR on August 12, 2003;
- MD&A for the six months ended June 30, 2003 filed on SEDAR on August 25, 2003;

- o Unaudited consolidated financial statements for the six months ended June 30, 2003 filed on SEDAR on August 25, 2003;
- o 2003 second quarter shareholder report for the quarterly period ended June 30, 2003 filed on SEDAR on August 25, 2003;
- o Form 10-K/A for the fiscal year ended December 31, 2002 filed on SEDAR on December 23, 2003 (220 page document);
- o Form 10-Q/A for the quarter ended March 31, 2003 filed on SEDAR on December 23, 2003 (88 page document);
- o Form 10-Q/A for the quarter ended June 30, 2003 filed on SEDAR on December 23, 2003 (103 page document);
- o Restated audited annual financial statements for the fiscal year ended December 31, 2002 dated December 23, 2003 and filed on SEDAR on December 23, 2003; and
- o Amended MD&A for the fiscal year ended December 31, 2002 filed on SEDAR on December 23, 2003.

- NNL filed the following list of documents with the Ontario Securities Commission for the Material Time:
  - o Prospectus supplement filed on SEDAR on February 6, 2001;
  - o Annual report for the fiscal year ended December 31, 2000 dated March 1, 2001 and filed on SEDAR on March 13, 2001;
  - o Form 10-K for the fiscal year ended December 31, 2000 filed on SEDAR on March 13, 2001 (106 page document);
  - o Audited annual financial statements for the fiscal year ended December 31, 2000 dated March 1, 2001 and filed on SEDAR on March 13, 2001;
  - o MD&A for the fiscal year ended December 31, 2000 filed on SEDAR on March 13, 2001;
  - o Form 8-K dated June 15, 2001 and filed on SEDAR on June 15, 2001;
  - o Form 8-K dated August 8, 2001 and filed on SEDAR on August 8, 2001;
  - o Restated audited annual financial statements for the fiscal year ended December 31, 2000 and restated un-audited financial statements for the quarter ended March 31, 2001 filed on SEDAR on August 8, 2001;
  - o Amended MD&A for the fiscal year ended December 31, 2000 filed on SEDAR on November 6, 2001;
  - o Form 8-K dated November 6, 2001 and filed on SEDAR on November 6, 2001;
  - o News release announcing financial results for the quarter and year ended December 31, 2001 dated January 17, 2002 and filed on SEDAR on January 21, 2002;

- Form 8-K/A dated February 12, 2002 and filed on SEDAR on February 12, 2002;
- Amended MD&A for the fiscal year ended December 31, 2000 filed on SEDAR on February 13, 2002;
- Annual report for the fiscal year ended December 31, 2001 dated March 5, 2002 and filed on SEDAR on March 11, 2002;
- Form 10-K for the fiscal year ended December 31, 2001 filed on SEDAR on March 11, 2002 (130 page document);
- Audited annual financial statements for the fiscal year ended December 31, 2001 dated March 5, 2002 and filed on SEDAR on March 11, 2002;
- MD&A for the fiscal year ended December 31, 2001 filed on SEDAR on March 11, 2002;
- Amended annual financial statements for the fiscal year ended December 31, 2001 and December 31, 2000 filed on SEDAR on May 13, 2002;
- Preliminary short form base shelf prospectus dated May 13, 2002 and filed on SEDAR on May 13, 2002;
- Form 8-K filed on SEDAR on May 15, 2002;
- Short form base shelf prospectus dated May 29, 2002 and filed on SEDAR on May 30, 2002;
- News release dated October 17, 2002 and filed on SEDAR on October 17, 2002;
- Form 8-K dated October 11, 2002 and filed on SEDAR on October 11, 2002;
- Form 10-Q for the quarterly period ended September 30, 2002 filed on SEDAR on November 12, 2002 (79 page document);
- Form 10-Q for the quarterly period ended September 30, 2002 filed on SEDAR on November 14, 2002 (78 page document);
- MD&A for the three months ended September 30, 2002 filed on SEDAR on November 26, 2002;
- Unaudited consolidated financial statements for the three months ended September 30, 2002 filed on SEDAR on November 26, 2002;
- 2002 third quarter shareholder report for the quarterly period ended September 30, 2002 filed on SEDAR on November 26, 2002;
- News release dated January 23, 2003 and filed on SEDAR on January 23, 2003;
- Form 8-K dated January 23, 2003 and filed on SEDAR on January 24, 2003;

- Audited annual financial statements for the fiscal year ended December 31, 2002 dated March 10, 2003 and filed on SEDAR on March 10, 2003;
- Form 10-K for the fiscal year ended December 31, 2002 filed on SEDAR on March 10, 2003 (196 page document);
- Form 10-K for the fiscal year ended December 31, 2002 filed on SEDAR on March 10, 2003 (258 page document);
- MD&A for the fiscal year ended December 31, 2002 filed on SEDAR on March 10, 2003;
- Annual report for the fiscal year ended December 31, 2002 dated March 10, 2003 and filed on SEDAR on March 10, 2003;
- News release dated April 24, 2003 and filed on SEDAR on April 24, 2003;
- Form 8-K dated April 24, 2003 and filed on SEDAR on April 24, 2003;
- Form 10-Q for the quarterly period ended March 31, 2003 filed on SEDAR on May 9, 2003;
- MD&A for the three months ended March 31, 2003 filed on SEDAR on May 20, 2003;
- Unaudited consolidated financial statements for the three months ended March 31, 2003 filed on SEDAR on May 20, 2003;
- MD&A for the three months ended March 31, 2003 and unaudited consolidated financial statements for the three months ended March 31, 2003 filed on SEDAR on May 20, 2003;
- Form 10-Q for the quarterly period ended March 31, 2003 filed on SEDAR on Jun 19, 2003;
- News release dated July 24, 2003 and filed on SEDAR on July 24, 2003;
- Form 8-K dated July 24, 2003 and filed on SEDAR on July 25, 2003;
- Form 10-Q for the quarterly period ended June 30, 2003 filed on SEDAR on August 12, 2003;
- MD&A for the six months ended June 30, 2003 filed on SEDAR on August 25, 2003;
- Unaudited consolidated financial statements for the six months ended June 30, 2003 filed on SEDAR on August 25, 2003;
- 2003 second quarter shareholder report for the quarterly period ended June 30, 2003 filed on SEDAR on August 25, 2003;
- MD&A for the nine months ended September 30, 2003 filed on SEDAR on November 28, 2003;
- Form 10-K/A for the fiscal year ended December 31, 2002 filed on SEDAR on December 23, 2003 (208 page document);

- Restated audited annual financial statements for the fiscal year ended December 31, 2002 dated December 23, 2003 and filed on SEDAR on December 23, 2003;
- Amended MD&A for the fiscal year ended December 31, 2002 filed on SEDAR on December 23, 2003;
- Form 10-Q/A for the quarter ended March 31, 2003 filed on SEDAR on December 23, 2003 (85 page document);
- Form 10-Q/A for the quarter ended June 30, 2003 filed on SEDAR on December 23, 2003 (100 page document); and
- Form 10-K/A for the fiscal year ended December 31, 2002 filed on SEDAR on December 23, 2003 (208 page document).