

Innovative Research Group, Inc.

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Political implications of Nortel's foreign asset sale



Special Report: *Canada 20/20 Survey Series*

National Survey Results ▶▶

July 28, 2009

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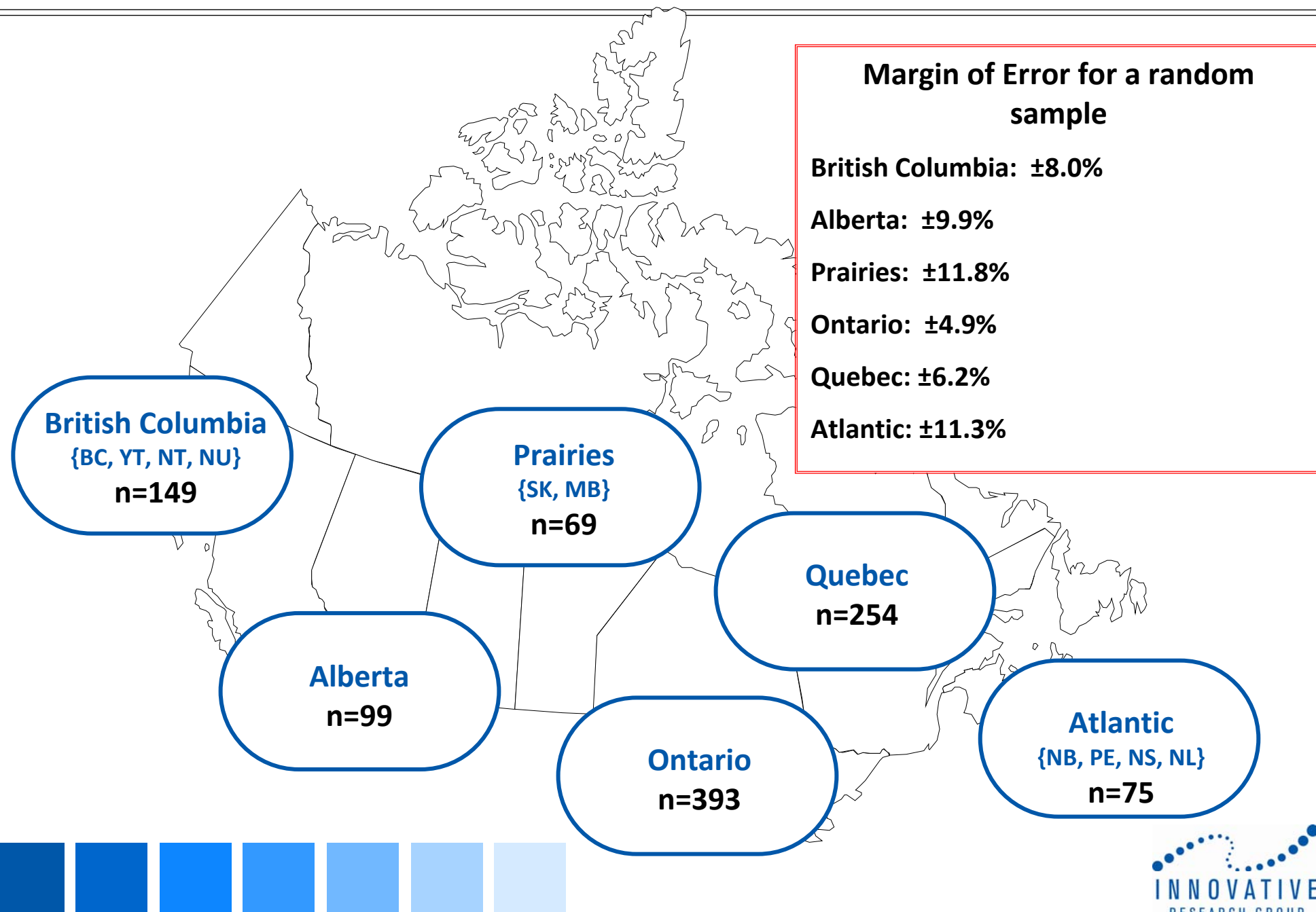
Methodology

- This online survey was conducted among 1,101 current members of the INNOVATIVE's Canada 20/20 panel from **5pm EDT, July 24th to 10am EDT, July 28th, 2009**.
- The Canada 20/20 Panel is recruited from a wide variety of sources to be representative of the known distribution of Canadians by age, gender, region and language.
- Each survey is administered to a series of randomly selected sub samples of the panel and weighted according to Census data to ensure that the sample is representative of the age, gender, region and language breakdown of the Canadian population to provide results that are intended to approximate a probability sample.
- Each panellist is provided with a unique URL in their invitation so that only invited panel members are able to complete any specific survey. Each URL can only be used to complete one survey.
- The weighted total sample included **1,038** responses eligible for inclusion in our analysis as regions with proportionately larger samples were weighted down.
- An unweighted probability sample of **1,101** would have an estimated margin of error of **±3.0** percentage points, 19 times out of 20.
- The margin of error will be larger within each sub-grouping of the sample.

Note: *Graphs and tables may not always total 100% due to rounding values rather than any error in data. Sums are added before rounding numbers.*



Regional Breakdown



Key Findings

Canadian attitudes towards Nortel's foreign asset sales ▶▶



Overview

- The issue of the Nortel asset sales right now is only a mild problem for the government, but that is because people are not very familiar with the leading edge technology.
- As voters learn more about the value of Nortel's existing assets, the appetite for intervention grows and the government becomes more at risk.
 - Once people become aware of the leading edge technology angles, Nortel becomes more important as a company in the minds of Canadians. After priming respondents with information on Nortel's wireless technology, 44% say they see the company as an important national asset vs. only 27% who felt this way before this information was presented.
 - After presented with information on the value of Nortel's wireless technology, over 4-in-10 Canadians (44%) believe the federal government should intervene in Nortel's bankruptcy proceeding on behalf of RIM, while 26% think it would be a mistake and 30% of Canadian don't know what the federal government should do.
 - A majority of Liberals (56%) and NDP supporters (56%) think the government should intervene.
 - At the regional level, a majority of Prairie (64%) and Ontario (52%) residents believe the government should intervene.
 - If Nortel's technology ends up being controlled by a foreign company, nearly 1-in-5 Canadians (18%) say they're less likely to vote for the Conservatives in the next election.
 - With that said, most of those who say they would be less likely to vote for a Conservative government under this scenario would vote for another party other than the Conservatives regardless of the ownership outcome of Nortel's technology.
 - However, 19% of Ontarians say they'd be less likely to vote for the Conservatives in the next election if Nortel's technology ends up being controlled by foreigners.
 - As well, 16% of Undecided voters say they'd be less likely to vote Conservative if this situation occurs.
- Nearly half of Canadians (45%) are opposed to EDC funding support to foreign companies interested in purchasing Nortel's assets. Just over 1-in-10 Canadians (12%) support EDC funding to foreign firms, 13% neither support nor oppose, while 30% don't know enough to say.



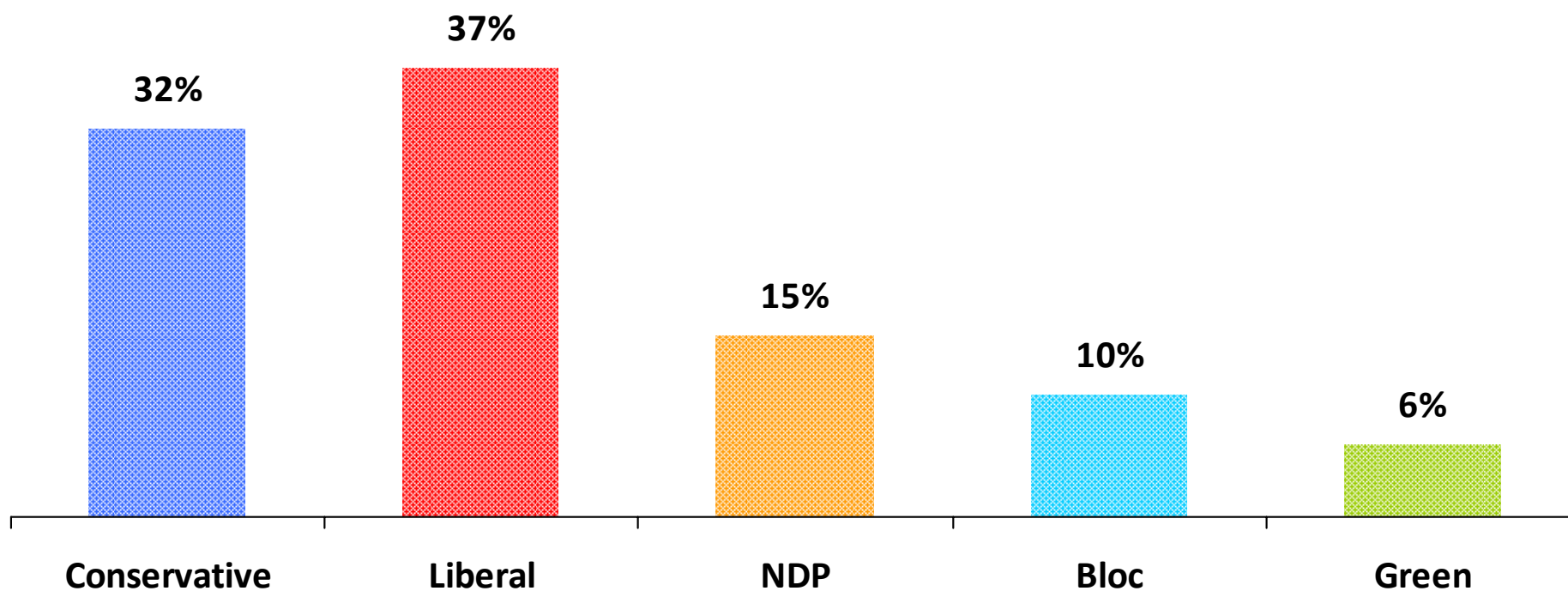
Detailed Findings



National Decided Vote

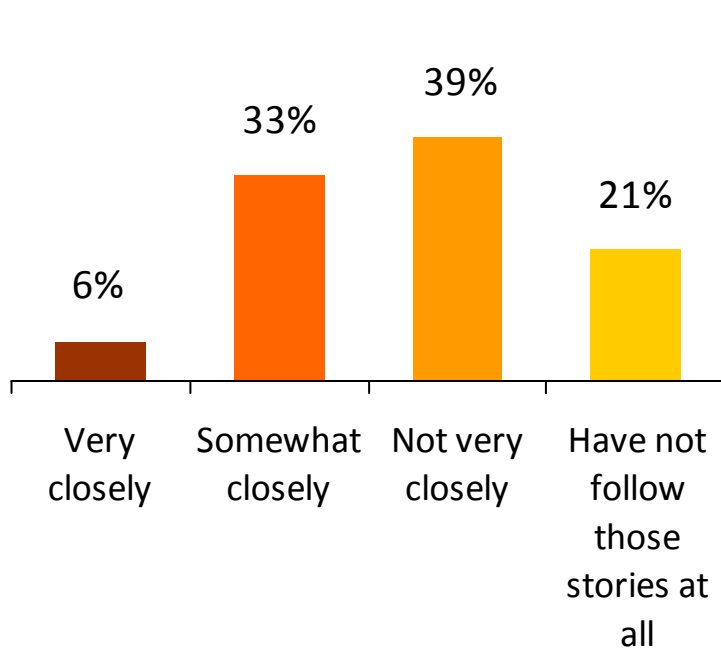


If a Federal election were held today, which party would you vote for? In that case, which party do you lean toward slightly? [Excluding Other, Undecided/DK and Would not vote]



Limited engagement with Nortel story to date

Q How closely have you been following the news stories regarding the financial troubles of Nortel Networks?

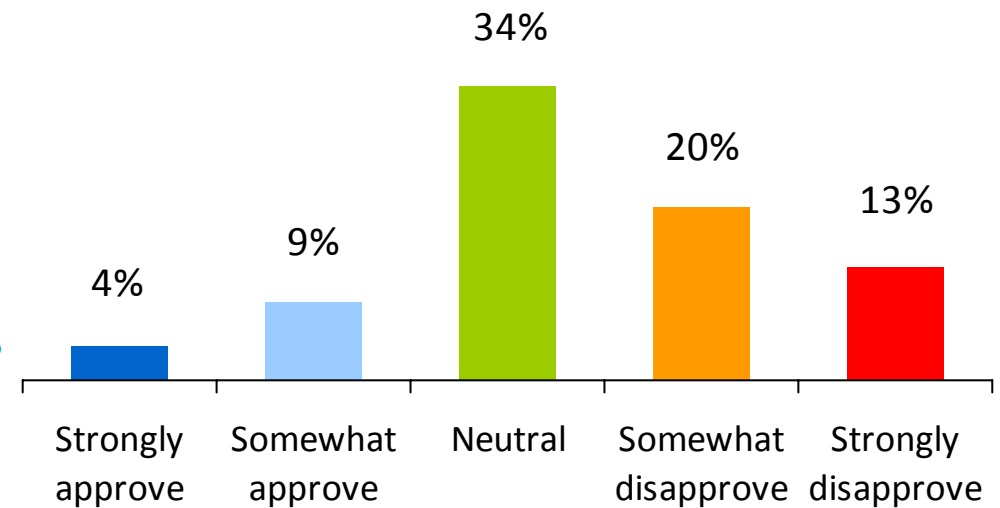


Note: 'Don't Know' (2%) not shown



Q From what you have read, seen and heard so far, do you approve or disapprove of the way the federal government has managed the Nortel issue?

[only those who have followed Nortel in the news were asked this question; n=825]

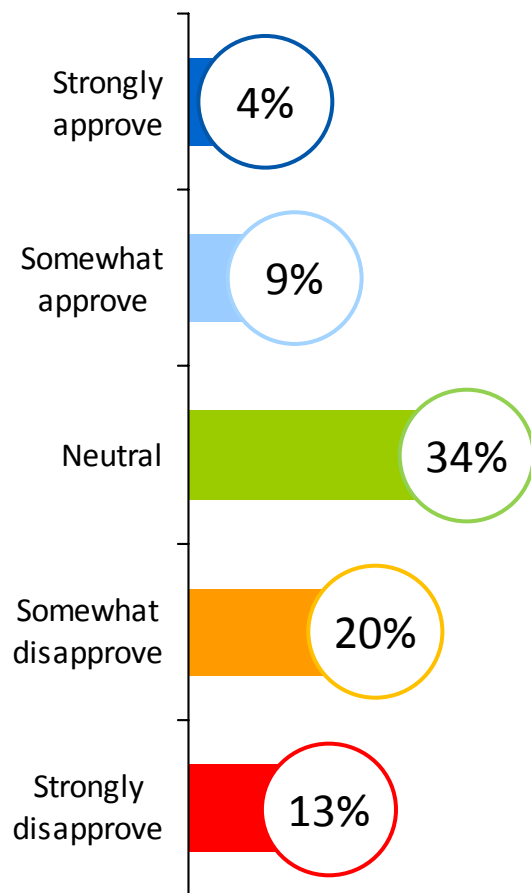


Note: 'Don't Know' (21%) not shown

Government approval by vote intention

Q From what you have read, seen and heard so far, do you approve or disapprove of the way the federal government has managed the Nortel issue?

National Approval / Disapproval



	CPC	Liberal	NDP	Bloc	Green	Undecided
Strongly approve	6%	1%	0%	12%	6%	4%
Somewhat approve	16%	7%	3%	4%	6%	4%
Neutral	40%	31%	37%	33%	22%	24%
Somewhat disapprove	14%	27%	15%	14%	25%	22%
Strongly disapprove	5%	15%	21%	19%	17%	13%

Note: 'Don't Know' (21%) not shown

19%

18%

24%

19%

25%

35%

Government approval by region



From what you have read, seen and heard so far, do you approve or disapprove of the way the federal government has managed the Nortel issue?

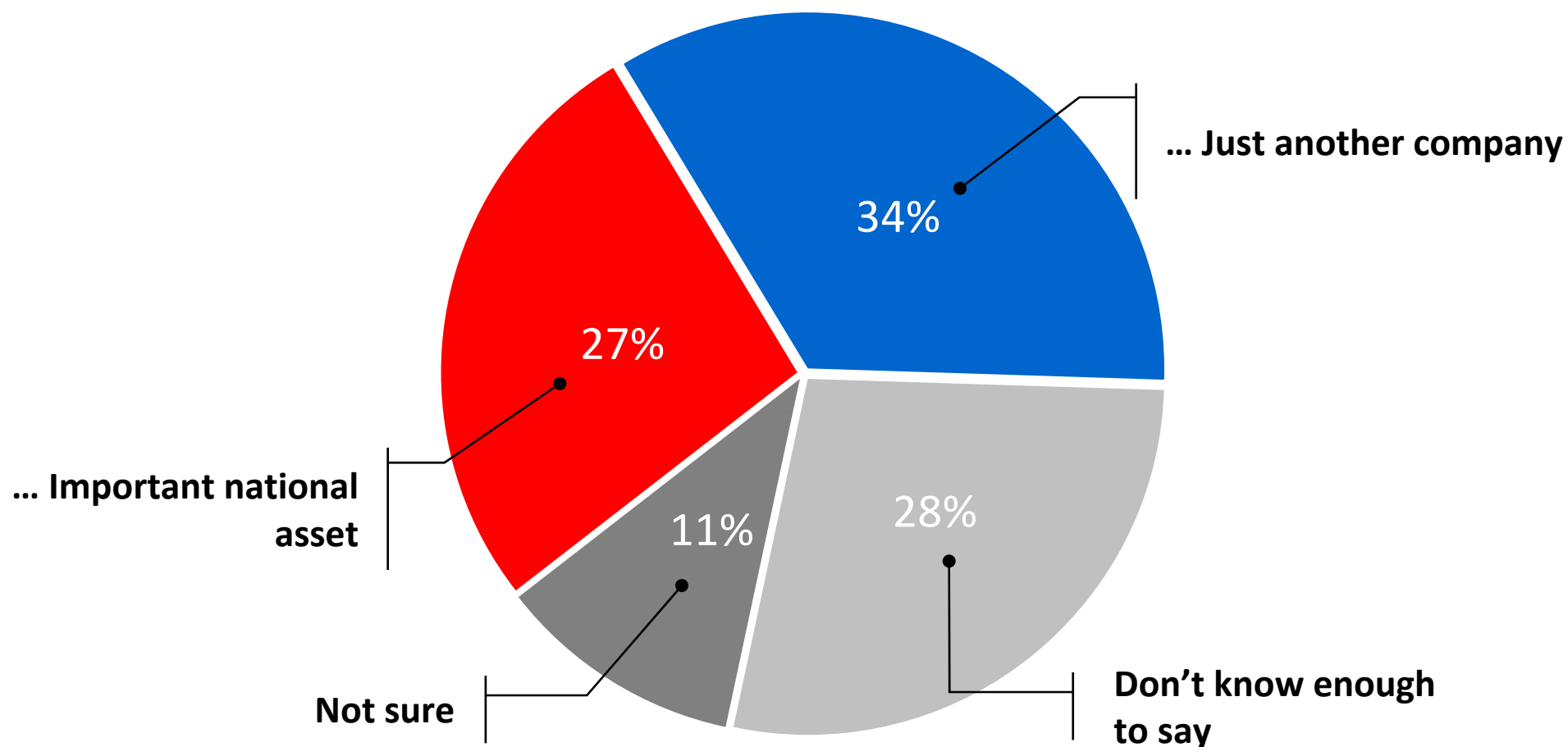
	National	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
Strongly approve	4%	1%	6%	2%	3%	8%	4%
Somewhat approve	9%	7%	19%	12%	8%	7%	11%
Neutral [Neither approve nor disapprove]	34%	32%	27%	37%	32%	38%	35%
Somewhat disapprove	20%	20%	23%	28%	22%	16%	9%
Strongly disapprove	13%	9%	7%	7%	21%	11%	2%
Don't Know	21%	31%	18%	14%	16%	20%	40%



Perspectives of Nortel

Q From your perspective, do you see Nortel as an important national asset for Canada, do you see Nortel as just another company, or do you not know enough to say one way or the other?

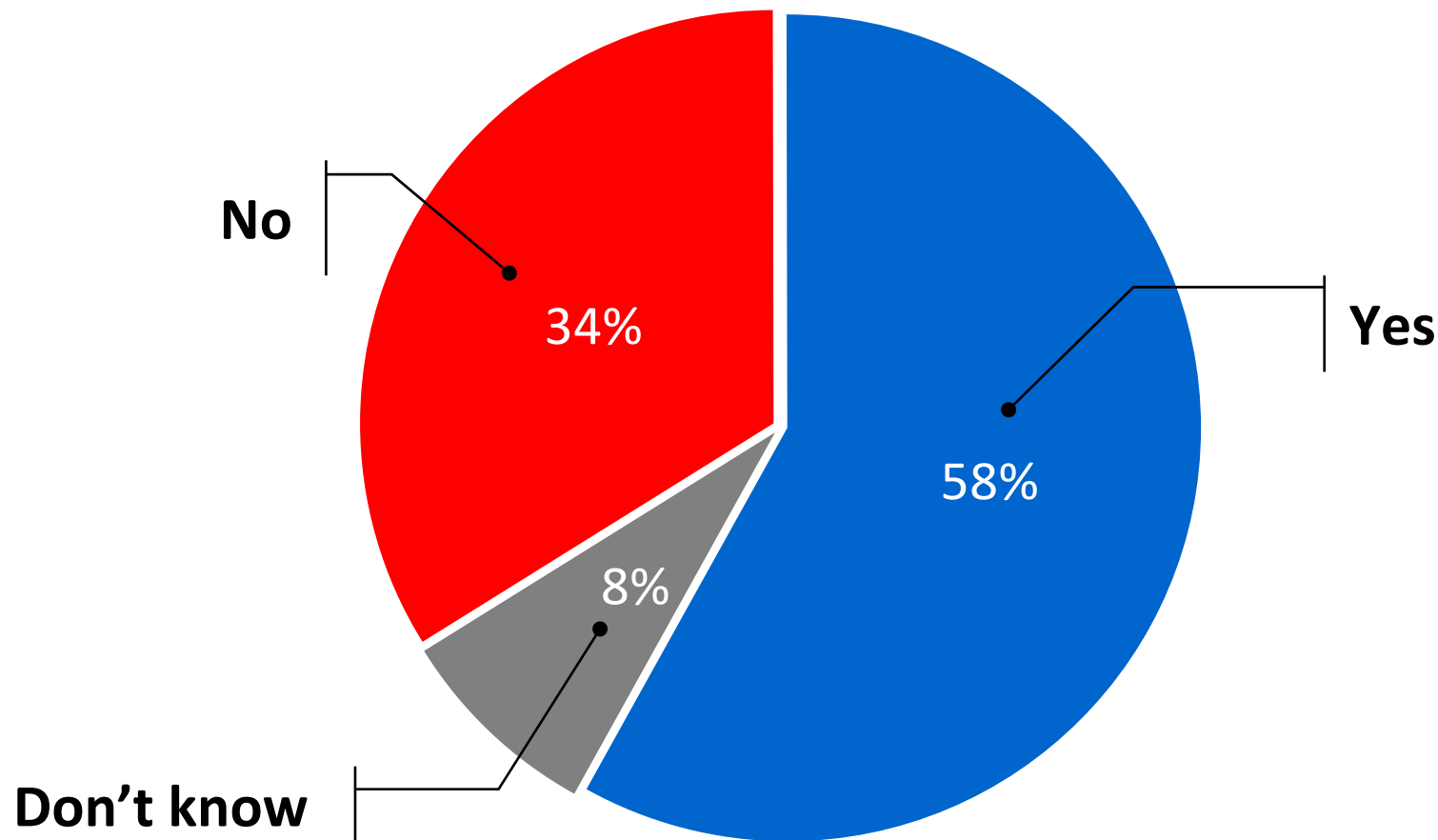
Initially, more see Nortel as **JUST ANOTHER COMPANY** as see Nortel as an **IMPORTANT NATIONAL ASSET**



Awareness of RIM's interest in Nortel assets

Q Have you heard anything in the last week about Waterloo, Ontario-based Research in Motion (RIM), maker of the Blackberry, interest in buying Nortel's wireless division?

Over half the panelists (58%) have heard something about RIM's interest in buying Nortel's wireless division.



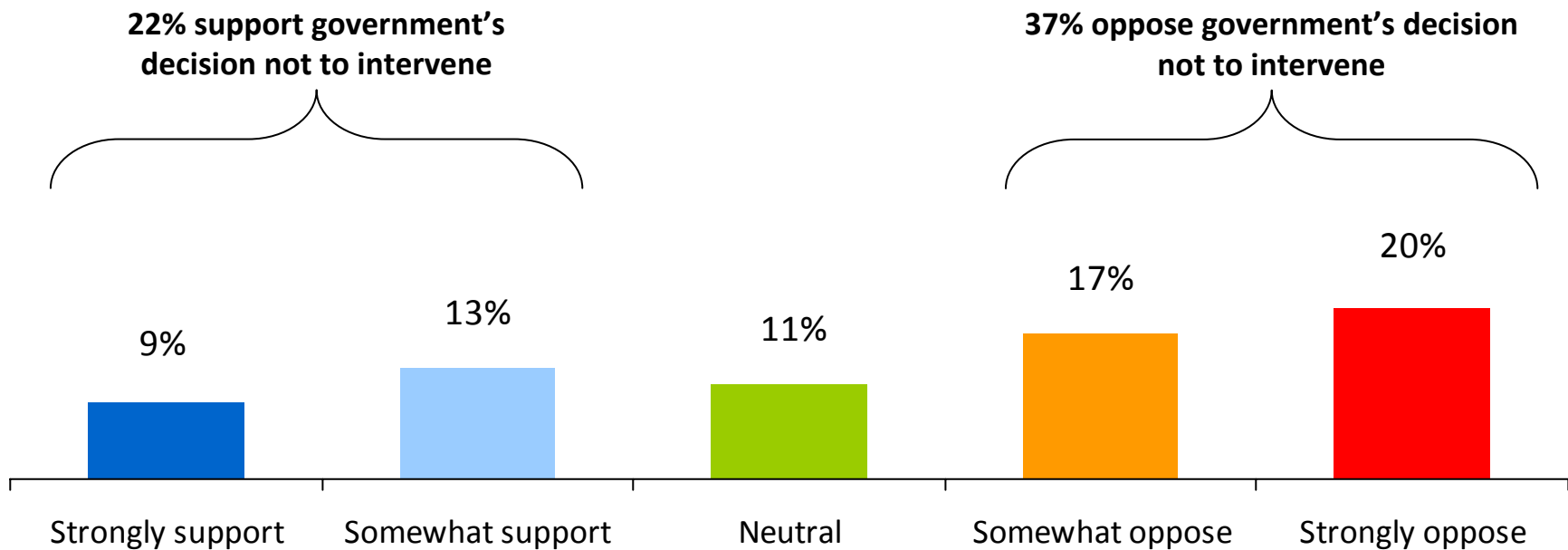
Plurality oppose Government's decision not to intervene



Right now the bankruptcy courts are running an auction to sell Nortel's assets. Only three bidders have made it through the official process to be recognized bidders, Nokia Siemens from Finland and Germany, Ericsson from Sweden and a private investment bank from New York.

A Canadian company, RIM, has argued that the auction rules were unfair and requested the federal government intervene to allow it to participate in auction. The government has chosen not to intervene.

Do you support or oppose the federal government's decision not to intervene in the bankruptcy proceedings or do you not know enough to say?

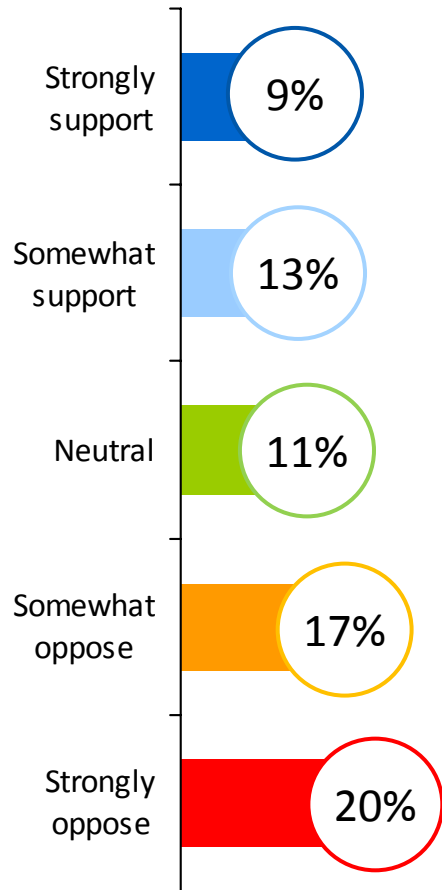


Note: 'Don't Know' (30%) not shown

Support | opposition to federal government intervention by vote intention

Q Do you support or oppose the federal government's decision not to intervene in the bankruptcy proceedings or do you not know enough to say?

National Support | Opposition



	CPC	Liberal	NDP	Bloc	Green	Undecided
Strongly support	16%	5%	3%	10%	11%	7%
Somewhat support	15%	11%	14%	20%	9%	10%
Neutral	14%	9%	18%	7%	11%	6%
Somewhat oppose	18%	19%	12%	17%	9%	19%
Strongly oppose	8%	31%	29%	12%	22%	11%

28% 26% 25% 35% 38% 47%

Note: 'Don't Know' (30%) not shown

Support | opposition to federal government intervention by region

Q Do you support or oppose the federal government's decision not to intervene in the bankruptcy proceedings or do you not know enough to say?

Prairie residents (54%) and Ontarian (48%) most likely to oppose the government's decision not to intervene in the Nortel bankruptcy proceedings on behalf of RIM.

	National	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
Strongly support	9%	5%	13%	7%	8%	11%	8%
Somewhat support	13%	13%	11%	12%	12%	17%	14%
Neutral [Neither support nor oppose]	11%	9%	16%	10%	8%	15%	16%
Somewhat oppose	17%	15%	17%	19%	21%	13%	16%
Strongly oppose	20%	20%	15%	35%	27%	8%	12%
Don't Know	30%	37%	27%	17%	25%	36%	34%

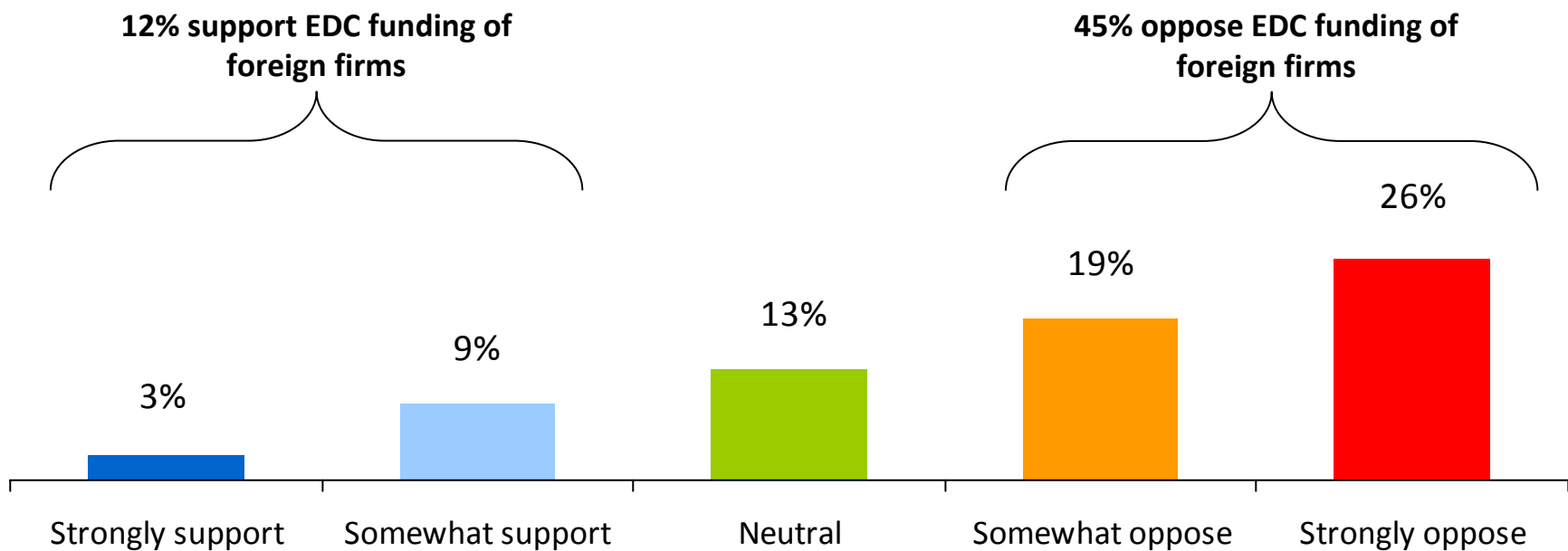


Significant opposition to EDC funding for a foreign firm



Currently the Nokia Siemens \$650 million bid for some of Nortel's assets has \$300 million in funding through a loan from the federal government owned Export Development Corporation (EDC). The EDC says it will offer funding to any Canadian or foreign company on commercial terms if there is a benefit to Canada.

Do you support or oppose the EDC's decision to provide funding to a foreign company to purchase part of Nortel or do you not know enough to say?

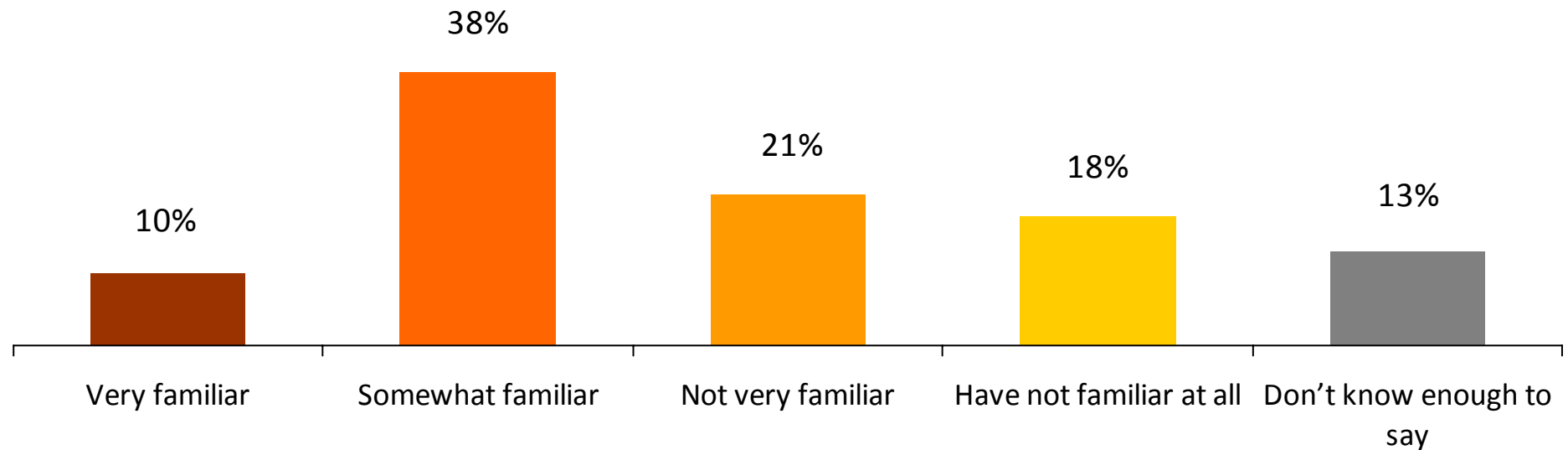


Note: 'Don't Know' (30%) not shown

Low familiarity with Nortel's leading technology

Q How familiar are you with the fact that Nortel controls leading edge technology in demand throughout the world for the next generation of wireless networks?

Less than half of Canadians (48%) say they are very familiar or somewhat familiar with Nortel's leading edge wireless technology.

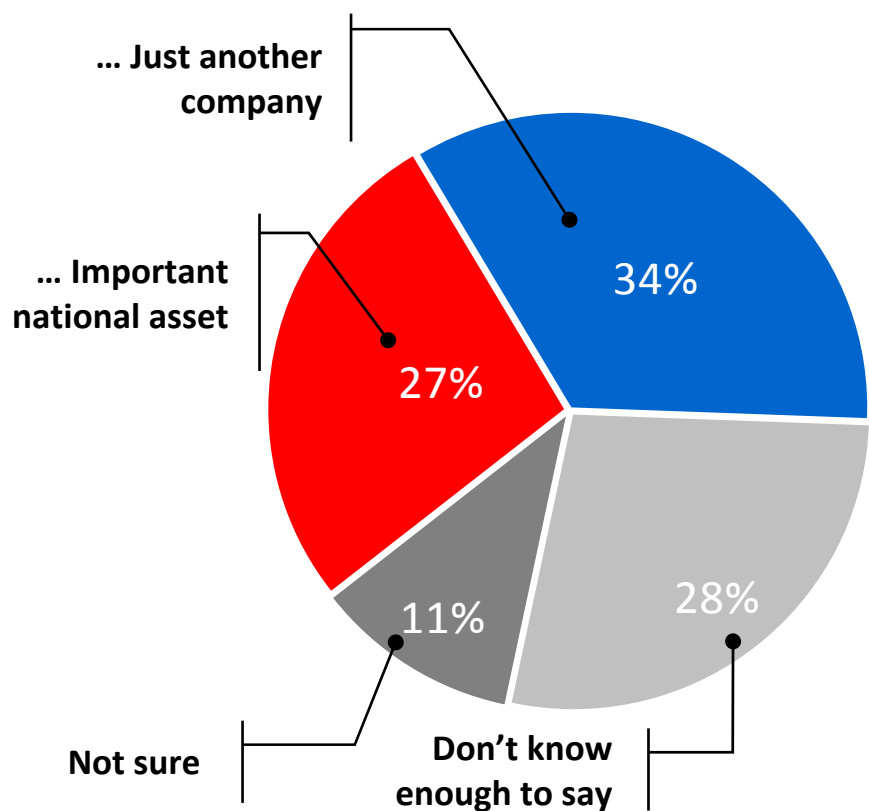


Importance of Nortel grows after learning about technology



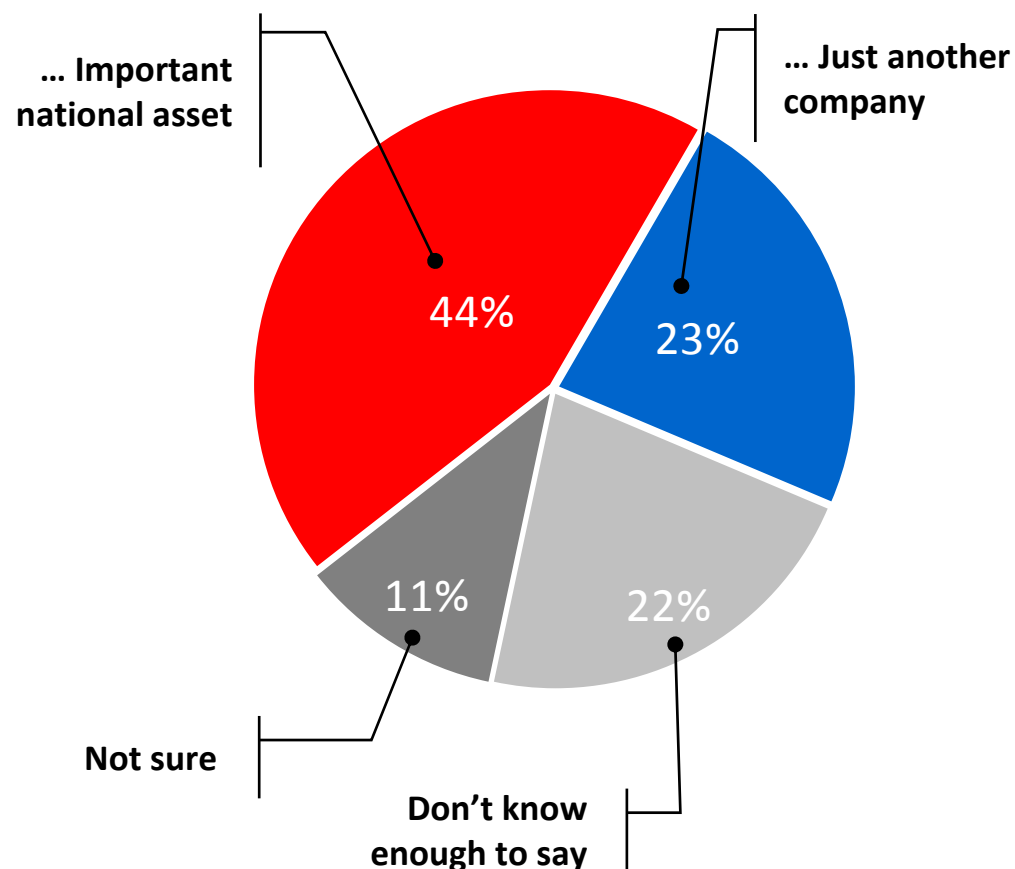
PREVIOUSLY ASKED QUESTION:

From your perspective, do you see Nortel as an important national asset for Canada, do you see Nortel as just another company, or do you not know enough to say one way or the other?



NEW QUESTION:

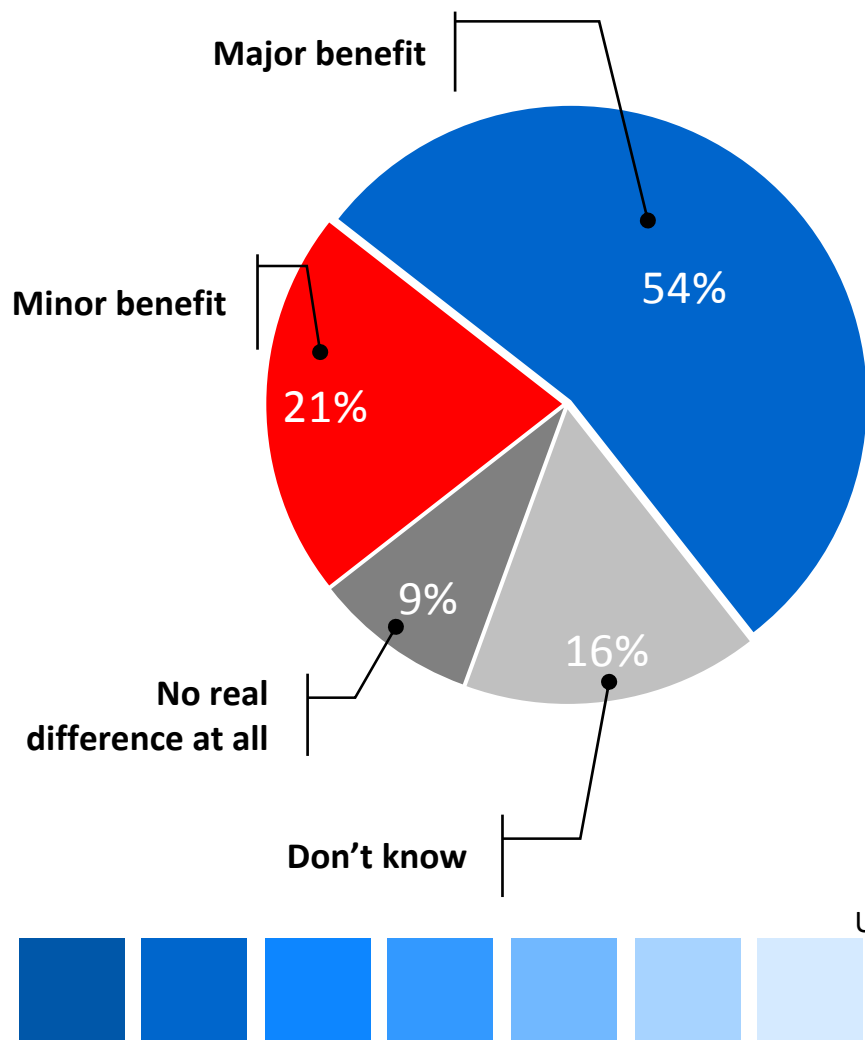
Given Nortel controls leading edge wireless technology, do you now see Nortel as an important national asset for Canada or is Nortel just another company, or do you not know enough to say one way or the other?



World class Canadian wireless company seen as major economic benefit

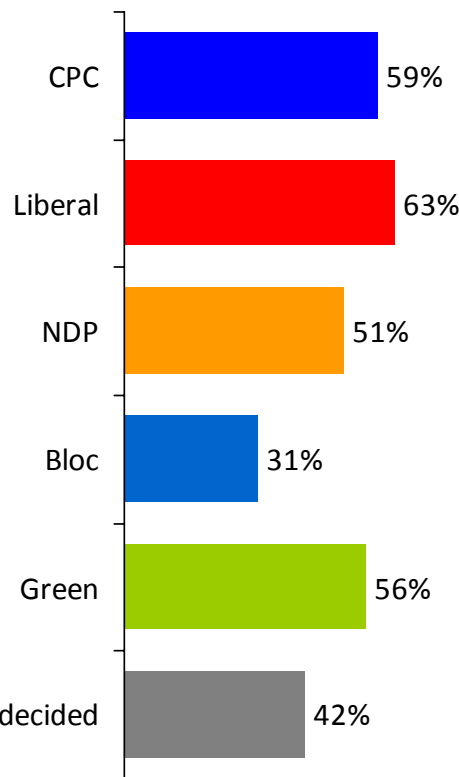
Q Commentators have noted that if you combine RIM's success with the Blackberry and Nortel's wireless technology, it would allow a Canadian company to become one of the dominant international players in wireless technology.

In your opinion, if Canada had a company that was one of the dominant international players in wireless technology, would that provide a major benefit to the Canadian economy, a minor benefit to the Canadian economy or would it make no real difference.

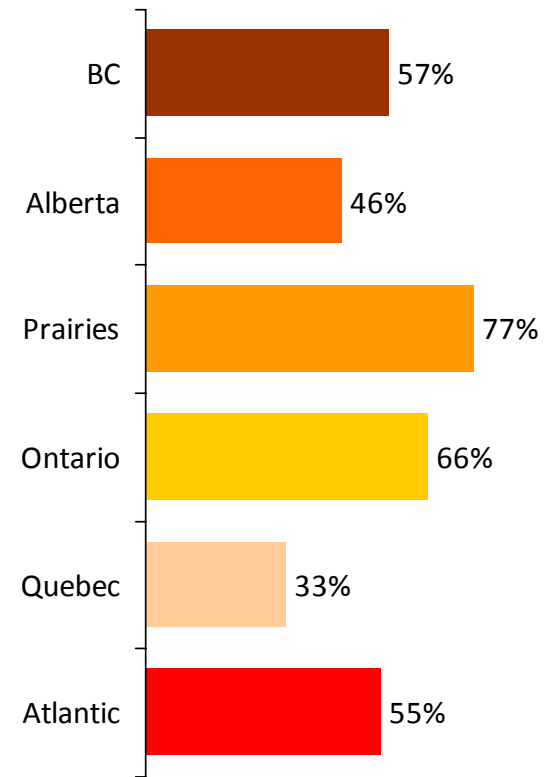


International player in wireless would have a MAJOR BENEFIT to the Canadian economy

By Vote Intention



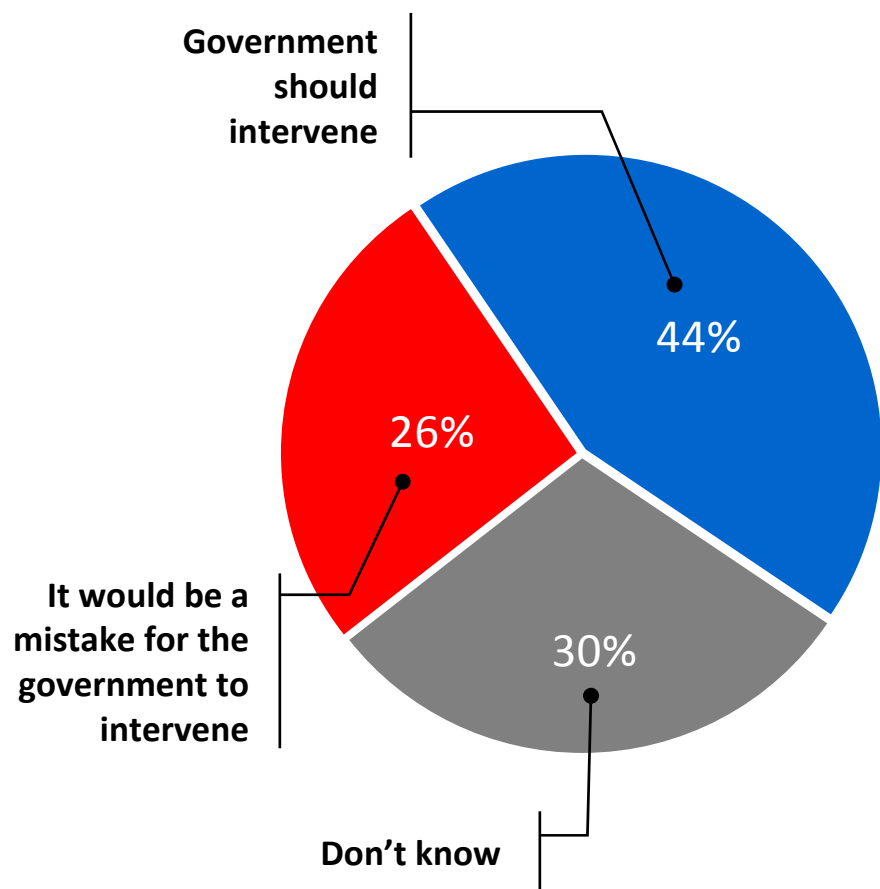
By Region



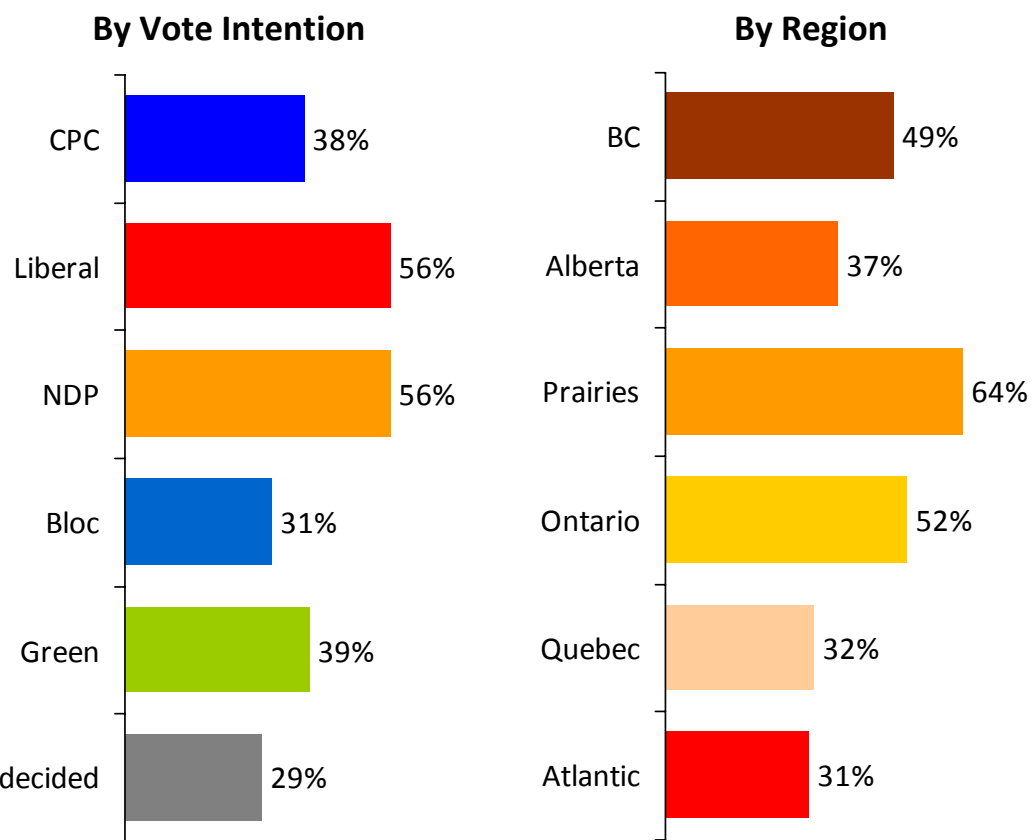
Should the federal government intervene?



Do you think the federal government should intervene in the Nortel bankruptcy to help facilitate the development of a major Canadian wireless company or do you think it would be a mistake for the government to intervene in the market?



Federal government should intervene in the Nortel bankruptcy to help facilitate the development of a major Canadian wireless company



Fallout of foreign acquisition of Nortel's technology



Will it make a difference to your likelihood to vote for the Conservative government if Nortel's technology ends up being controlled by a foreign company?

	National	CPC	Liberal	NDP	Bloc	Green	Undecided
Yes, MORE likely to vote Conservative	4%	3%	2%	8%	7%	5%	3%
Yes, LESS likely to vote Conservative	18%	11%	27%	15%	15%	20%	16%
No, I have already made up my mind	30%	30%	37%	33%	30%	32%	4%
No, other issues are more important to me	33%	49%	23%	28%	16%	41%	36%
Don't Know	15%	7%	10%	16%	32%	2%	41%

	National	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
Yes, MORE likely to vote Conservative	4%	7%	1%	4%	2%	7%	0%
Yes, LESS likely to vote Conservative	18%	20%	17%	29%	19%	14%	13%
No, I have already made up my mind	30%	26%	22%	36%	36%	28%	24%
No, other issues are more important to me	33%	37%	53%	25%	33%	22%	44%
Don't Know	15%	12%	6%	6%	10%	30%	19%

Summary



Summary

- The recent stories about the financially troubled Nortel Networks have a relatively low profile among Canadians with only 6% saying they have been following related stories about the company very closely and 33% saying somewhat closely.
- Among those who have been following the story to varying degrees, 13% approve of the way the federal government has managed the “Nortel issue” while 33% say they disapprove of the way the federal government has handled the issue.
 - Among voters, the strongest approval rating of the federal government’s management of this situation comes from Conservative supporters (22%), followed by Bloc supporters (16%).
 - The strongest disapproval of how the federal government is managing the Nortel issue comes from Liberal supporters (42%) and NDP supporters (36%).
 - From a regional perspective, Ontario (43%) and the Prairies (35%) are most likely to say they disapprove of the how the federal government is managing the Nortel issue.
 - Albertans (25%) are most likely to approve of the federal governments management on this issue.
- Nortel as a company is not particularly special in the minds of Canadians (34% say it’s just another company vs. 27% saying it’s an important national asset). However, once people become aware of the leading edge technology angles the company becomes more important . After priming respondents with information on Nortel’s wireless technology, only 23% of Canadians believe Nortel is just another company vs. 44% who see the company as an important national asset.
- Almost 6-in-10 Canadians (58%) recall having heard something about Research In Motion’s interest in buying Nortel’s wireless division.
- In terms of public opinion over the government’s decision not to intervene in Nortel’s bankruptcy proceeding on behalf of RIM, 22% of Canadians support the federal government’s decision not to intervene; 37% oppose the government’s decision; while 30% of Canadians don’t know enough to say.
 - Half of all Liberal supporters (50%) oppose the government’s decision, followed by NDP supporters (41%) , Green supporters (31%) and undecided voters (30%).
 - 1-in-3 Conservative supporters (34%) say they support the government’s decision, followed by Bloc supporters (30%).



Summary [2]

- Prairie residents (54%) and Ontarians (48%) are most likely to oppose the government's decision not to intervene in the Nortel bankruptcy proceedings on behalf of RIM.
- Nearly half of Canadians (45%) are opposed to the EDC funding a foreign company's purchase of Nortel's assets.
- Over half of Canadians (54%) see the creation of a dominant international Canadian wireless company to have a MAJOR benefit to the economy.
 - A majority of Liberals (63%), Conservatives (59%), Greens (56%) and NDPs (51%) believe the combination of RIM's success with the Blackberry and Nortel's wireless technology would have a MAJOR benefit to the Canadian economy.
 - A majority of respondents from all regions except Alberta and Quebec also believe this combination would have a MAJOR benefit to the Canadian economy.
- A plurality of Canadians (44%) believe the federal government should intervene in Nortel's bankruptcy proceeding on behalf of RIM, while 26% think it would be a mistake and 30% of Canadian don't know what the federal government should do.
 - A majority of Liberals (56%) and NDP supporter (56%) think the government should intervene.
 - At the regional level, a majority of Prairie (64%) and Ontario (52%) residents believe the government should intervene.
- If Nortel's technology ends up being controlled by a foreign company, nearly 1-in-5 Canadians say they're less likely to vote for the Conservatives in the next election.
 - With that said, most of those who say they would be less likely to vote for a Conservative government under this scenario would vote for another party other than the Conservatives regardless of the ownership outcome of Nortel's technology.
 - However, 19% of Ontarians say they'd be less likely to vote for the Conservatives in the next election if Nortel's technology ends up being controlled by foreigners.
 - As well, 16% of Undecided voters say they'd be less likely to vote Conservative if this situation occurs.





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