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Nortel's Loss Triples on Revamping Charges

By REUTERS

TORONTO (Reuters) — The [Nortel Networks Corporation](#), the telecommunications equipment company, said Friday that its quarterly loss tripled on revamping charges and currency exchange losses, and it warned that a tough market in the United States was choking wireless spending by carriers.

The loss widened to \$113 million, or 23 cents a share, from \$37 million, or 7 cents a share, a year earlier. The latest results included \$67 million in revamping charges.

“The macro environment in the U.S. and the U.S. carrier spend continues to be challenging,” the chief executive Mike Zafirovski told analysts. He said the slowdown in the United States had hurt sales related to CDMA, or Code Division Multiple Access, wireless technology.

This has already started to show up in Nortel's results: its orders fell to \$2.15 billion in the quarter, from \$2.68 billion a year earlier, mostly because of a weaker CDMA market in North America and lower orders from the company's joint venture with South Korea's LG Electronics.

CDMA is one of several widely used mobile communications technologies for networks that offer cellphone service.

Edward Snyder, principal analyst at Charter Equity Research, said it could be 2009 before CDMA spending recovers as major carriers like [Sprint](#) and [Verizon](#) clamp down on spending.

“Obviously, the quarter is a disappointment to the Street,” Mr. Snyder said. He said the company did well at controlling costs and keeping margins steady.

Revenue rose 2 percent to \$2.62 billion from \$2.56 billion, exceeding the analysts' average estimate of \$2.51 billion. But that was partly because of a deferred revenue release during the quarter.

Nortel has recently cut hundreds of jobs and moved others to Asia, where costs are lower, as part of its effort to bring down expenses. But Mr. Zafirovski said in an interview that there was no additional revamping planned “as of now.”

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