

**SUMMARY ANNUAL REPORT FOR
NORTEL NETWORKS SEVERANCE ALLOWANCE PLAN**

This is a summary of the annual report of the NORTEL NETWORKS SEVERANCE ALLOWANCE PLAN, a severance pay plan (employer identification number 04-2486332), for the plan year 01/01/2011 through 12/31/2011. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Prior to January 14, 2009, Nortel Networks Inc. paid claims incurred under the terms of the Plan.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. To obtain a copy of the full annual report, or any part thereof, write or call Nortel HR Shared Services, Mailstop 570/02/0C2, P. O. Box 13010, Research Triangle Park, NC 27709-3010, (800) 676-4636.

You also have the legally protected right to examine the annual report at the main office of the plan: Nortel HR Shared Services, 4001 East Chapel Hill Nelson Highway, Research Triangle Park, NC 27709, and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N-1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Additional Explanation: On January 14, 2009, Nortel Networks Inc. filed for protection under Chapter 11 of the US Bankruptcy Code. Claims payments under the plan were suspended following that filing. For information on the process of filing claims under the Chapter 11 proceedings and for other information about the Chapter 11 proceedings, you may contact the U.S. claims agent, Epiq Bankruptcy Solutions, LLC, at 1-866-897-6435 or go to the U.S. claims agent website at <http://chapter11.epiqsystems.com/nortel>.