

**SUMMARY ANNUAL REPORT FOR
NORTEL NETWORKS WELFARE BENEFITS PLAN**

This is a summary of the annual report of the NORTEL NETWORKS WELFARE BENEFITS PLAN, a health, life insurance, dental, vision and long-term disability plan (Employer Identification Number 04-2486332), for the plan year 01/01/2012 through 12/31/2012. The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Nortel Networks Inc. has committed itself to pay certain health, dental, long-term disability claims incurred under the terms of the plan.

Insurance Information

The plan has insurance contracts with EYEMED VISION CARE, METROPOLITAN LIFE INSURANCE COMPANY, PRUDENTIAL INSURANCE COMPANY OF AMERICA and SUN LIFE FINANCIAL to pay certain vision, long-term disability, life insurance, and stop-loss claims incurred under the terms of the plan. The total premiums paid for the plan year ending 12/31/2012 were \$2,263,663.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$2,442,644 as of the end of plan year, compared to \$2,539,947 as of the beginning of the plan year. During the plan year the plan experienced a change in its net assets of -\$97,303. This change includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. During the plan year, the plan had total income of \$29,001,434 including employer contributions of \$20,472,159, employee contributions of \$8,527,755, gains/(losses) of \$0 from the sale of assets, and earnings from investments of \$1,520. Plan expenses were \$29,098,737. These expenses included \$2,403,918 in administrative expenses, \$26,694,819 in benefits paid to participants and beneficiaries, and \$0 in other expenses.

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An accountant's report.
2. Financial information and information on payments to service providers.
3. Assets held for investment.
4. Fiduciary information.
5. Transactions in excess of 5 percent of the plan assets.
6. Insurance information, including sales commissions paid by insurance carriers.

To obtain a copy of the full annual report, or any part thereof, write or call the plan administrator, at 4001 E. Chapel Hill-Nelson Hwy, Research Triangle Park, NC 27709 and phone number, 800-676-4636.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report.

You also have the legally protected right to examine the annual report at the main office of the plan: 4001 E. Chapel Hill-Nelson Hwy, 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.