

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, Plan Number 520), for the plan year 01/01/2013 through 12/31/2013. 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, and long-term disability claims incurred under the terms of the plan. On January 14, 2009, Nortel Networks Inc. filed for protection under Chapter 11 of the US Bankruptcy Code. The U.S. Court has approved settlement agreements that provide for the termination of such benefits as of June 30, 2013. All claims under the plan must have been incurred by June 30, 2013 and filed by December 31, 2013.

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 12/31/2013 were \$1,093,330.

Basic Financial Statement

The value of plan assets, after subtracting liabilities of the plan, was \$754,824 as of the end of plan year, compared to \$2,442,644 as of the beginning of the plan year. During the plan year the plan experienced a change in its net assets of - \$1,687,820. 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 \$78,931,365 including employer contributions of \$75,261,229, employee contributions of \$3,669,768, and earnings from investments of \$368. Plan expenses were \$80,619,185. These expenses included \$1,465,147 in administrative expenses and \$79,154,038 in benefits paid to participants and beneficiaries.

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, including non-exempt transactions between the plan and parties-in-interest (that is, persons who have certain relationships with the plan).
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 Nortel Networks Inc., 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.