

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

**IN RE NORTEL NETWORKS
CORP. "ERISA" LITIGATION**

MDL Docket No. 03:03-MD-1537

**Judge John T. Nixon
Magistrate Judge John S. Bryant**

This Document Relates to: All Cases

COURT-ORDERED LEGAL NOTICE

IF YOU WERE A PARTICIPANT IN THE LONG-TERM INVESTMENT PLAN ("THE PLAN") SPONSORED BY NORTEL NETWORKS, INC., WHO HELD NORTEL STOCK IN YOUR 401(K) INDIVIDUAL ACCOUNT AT ANY TIME FROM MARCH 7, 2000, THROUGH JANUARY 1, 2008,

or

A BENEFICIARY, ALTERNATE PAYEE, REPRESENTATIVE, OR SUCCESSOR-IN-INTEREST OF ANY SUCH PERSON,

THEN YOU MAY BE ELIGIBLE TO RECEIVE A PAYMENT AS A RESULT OF A CLASS ACTION SETTLEMENT.

A proposed Settlement has been preliminarily approved by a federal court in a class action lawsuit alleging breaches of fiduciary duties under the Employee Retirement Income Security Act ("ERISA") in connection with the Plan described above. The terms of the Settlement are contained in a Stipulation of Settlement last dated August 10, 2011, a copy of which is available at www.nortel.hrsclaims.com or by contacting Lead Counsel identified below. Capitalized terms used in this Publication Notice and not defined herein have the meanings assigned to them in the Stipulation of Settlement.

This Settlement will provide for the establishment of a Gross Settlement Fund of \$21,500,000 in cash proceeds. Some of the proceeds in the Gross Settlement Fund will be used to pay for notice to Class Members, settlement administration, potential taxes, and subject to Court approval, attorneys' fees and expenses and Case Contribution Compensation for the Named Plaintiffs. The remaining Net Settlement Fund will eventually be paid to the Plan, which will allocate those proceeds to the Plan Account for each Authorized Claimant in accordance with a Plan of Allocation to be submitted to the Court for approval.

If you qualify, you will receive such an allocation. You do not need to submit a claim or take any other action unless you wish to object to the Settlement or other matters related to the Settlement. The United States District Court for the Middle District of Tennessee (the "Court") authorized this Notice.

THE COURT WILL HOLD A HEARING ON JANUARY 11, 2012, AT 10:00 A.M. TO DECIDE WHETHER TO GRANT FINAL APPROVAL OF THE SETTLEMENT.

Who is Included in the Settlement?

If you were a participant or beneficiary in the Plan at any time during the period from March 7, 2000, through January 1, 2008, and held Nortel stock in your 401(k) individual account, you are a member of the Class. The Class does not include the Settling Defendants, their immediate families, or the legal successors or heirs of any such excluded person or entity.

What Is This Case About?

The Named Plaintiffs in the case allege that the Settling Defendants breached their fiduciary duties under ERISA with respect to the Plan by continuing to allow the investment of participant account balances in Nortel stock, by making false and misleading communications to the Class about Nortel stock, and by other related acts. The Settling Defendants filed a

counterclaim against certain of the Named Plaintiffs and unnamed Class Members for allegedly breaching release agreements that provided them with severance and other benefits. All of the Named Plaintiffs and Settling Defendants deny that they did anything wrong.

The Court has not ruled in favor of either side. However, the Settlement would result in the dismissal of all claims and counterclaims with prejudice. The Named Plaintiffs have agreed to the Settlement because they believe that in light of the risks associated with continuing to prosecute the litigation, especially in view of Nortel's bankruptcy proceedings in Canada and the United States, the Settlement is in the best interests of the Class Members.

How Will the Settlement Money Be Allocated?

If you are a Class member, your share of the Net Settlement Fund will be based on your proportionate share of the losses allegedly suffered by the Plan that were sought to be recovered through the lawsuit from the Settling Defendants. The greater your share of those losses, the larger your share will be of the Net Settlement Fund. However, due to the bankruptcy of Nortel and other factors, it is anticipated that your share of the net settlement proceeds will be less than your actual losses.

What Fees and Expenses are Being Sought by the Attorneys?

The lawyers who have prosecuted this case on behalf of Named Plaintiffs and the Class on a contingent fee basis will file a motion for an award of attorneys' fees and expenses. The attorneys' fees sought will not exceed one-third (1/3) of the Gross Settlement Fund, or \$7,166,667. Lead Counsel's motion will also request Case Contribution Compensation, to come out of the Gross Settlement Fund, of \$10,000 for each of the Named Plaintiffs, as well as an additional amount of \$10,852 to Named Plaintiff Carol Felts to compensate her for the severance she declined in order to participate as a Named Plaintiff in this action. Class Members may file

objections to these requests prior to the Fairness Hearing. The Court must approve any award of attorneys' fees and expenses or Case Contribution Compensation.

Are There More Details to the Settlement?

The Settlement includes a number of other important details. These include, but are not limited to, provisions relating to (1) releases of claims between the Named Plaintiffs and the Class Members, on one hand, and the Settling Defendants, on the other hand; (2) allocation of payments to the Plan Accounts of Authorized Claimants; and (3) instructions for Class Members who wish to object to the proposed Settlement, the request for attorneys' fees and expenses, or the request for Case Contribution Compensation for the Named Plaintiffs.

How Do I Get More Information?

If you have received in the mail a Notice of Proposed Settlement of ERISA Class Action, Motion for Award of Attorneys' Fees and Expenses and Named Plaintiffs' Compensation Awards, and Fairness Hearing regarding this lawsuit, you should read that document for more information. It is more detailed than this Publication Notice. Among other things, it includes a more detailed description of the terms of the Stipulation of Settlement, a description of the history of the case, and an explanation of the reasons for the Settlement.

If you did not receive the Notice of Proposed Settlement in the mail, you may request one by contacting Plaintiffs' Lead Counsel:

Ron Kilgard, Esq.
Keller Rohrback, L.L.P.
3101 N. Central Avenue, Suite 1400
Phoenix, AZ 85012
Phone: 602-248-0088

Todd S. Collins, Esq.
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, PA 19103

Phone: 800-424-6690

James G. Stranch, III
Branstetter, Stranch & Jennings, PLLC
227 2nd Ave. N., 4th Floor
Nashville, TN 37201
Phone: 615-254-8801

Please direct questions to Lead Counsel, not to the Court. Additional information regarding the Settlement is available at www.nortel.hrsclaims.com.

What Are My Options?

Because of the nature of the case, you cannot “opt out” or exclude yourself from the Settlement. If you wish to object to the Settlement, to the Plan of Allocation, to the proposed attorneys’ fees and expenses, or to the request for Case Contribution Compensation for the Named Plaintiffs, you must file an objection with the Court so as to be received no later than fourteen (14) calendar days before the date of the Fairness Hearing. If you do not want to object, you do not have to do anything. If the Court approves the Settlement and you are a member of the Class, you will be entitled to have a share of the Net Settlement Fund (subject to certain Court-approved restrictions) paid into your Plan Account.

What Happens Next?

The Court will hold a Fairness Hearing on January 11, 2012, at 10:00 a.m. At that hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider those objections. After the Fairness Hearing, the Court will decide whether to grant final approval of the Settlement.