

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
United States Securities and Exchange Commission**

v.

**Nortel Networks Corporation and
Nortel Networks Limited
Civil Action No. 07-CV-8851 (LAP)**

United States Securities and Exchange Commission

v.

**Frank A. Dunn, et al.
Civil Action No. 07-CV-2058 (LAP)**

SUMMARY DISTRIBUTION PLAN NOTICE OF SEC FAIR FUND TO NORTEL INVESTORS

If you purchased Nortel common stock between October 24, 2000 through the close of the markets on February 15, 2001 and/or April 24, 2003 through the close of the markets on April 27, 2004 (the “Recovery Period”), you may be eligible for compensation.

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
YOU MAY BE ELIGIBLE FOR RECOVERY FROM THE SEC FAIR FUND. THIS
NOTICE CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.**

What this Case is About

On October 15, 2007, the SEC filed its Complaint in this action alleging that Nortel Networks Corporation (“Nortel”) engaged in two fraudulent accounting schemes, one involving revenue recognition fraud and the other involving earnings management fraud, which enabled Nortel to meet the unrealistic revenue and earnings guidance that it had provided to Wall Street in 2000 and again in 2002 and 2003. Without admitting or denying the allegations in the SEC’s Complaint, Nortel and Nortel Networks Limited (together, the “Company”) consented to a Final Judgment entered by the United States District Court for the Southern District of New York (the “Court”) on October 25, 2007. As required by the Final Judgment, the Company paid to the Clerk of the Court disgorgement of \$1 and a civil penalty of \$35,000,000, which the Clerk deposited into an interest-bearing account with the Court Registry Investment System (“CRIS”).

In a related SEC action against former executives of Nortel, without admitting or denying the allegations in the SEC’s Complaint against them, certain defendants, Craig A. Johnson, James B. Kinney and Kenneth R. W. Taylor (the “Settling Officers”) consented to Final Judgments entered by the Court on May 2, 2008, which required them to each pay a civil penalty of \$75,000 plus disgorgement including prejudgment interest in the amount of \$88,031, \$68,481 and \$68,481, respectively, to the Clerk of the Court. The funds paid by the Settling Officers – in the aggregate amount of \$449,993 – were deposited by the Clerk of the Court into the CRIS. As of October, 2011, the balance of the funds held with the CRIS was approximately \$35.5 million.

The Final Judgments provided that the SEC may propose a plan to distribute the deposited funds, subject to the Court’s approval, pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. On October 29, 2009, the SEC submitted its Motion to Create a Fair Fund and Appoint a Distribution Agent, which was approved by order dated November 2, 2009 (the “Order”). The SEC Fair Fund consists of all of the funds paid by the Company and the Settling Officers which were deposited into the CRIS, plus accrued interest. The Order also appointed The Garden City Group, Inc. (“GCG”) as Distribution Agent to assist in developing a Distribution Plan pursuant to which monies in the SEC Fair Fund will be distributed to investors harmed by the violations alleged in the Complaints. The Order also authorizes the Distribution Agent to oversee the administration of claims and the distribution of the SEC Fair Fund pursuant to the terms of the Distribution Plan, in coordination with the staff of the SEC, and subject to oversight by the Court. The Court approved the Distribution Plan on October 5, 2011.

Who is Eligible for Compensation

If you purchased Nortel common stock during the Recovery Period (i.e., between October 24, 2000 through the close of the markets on February 15, 2001 and/or April 24, 2003 through the close of the markets on April 27, 2004), you may be eligible for partial recovery of losses you incurred.

How to Obtain Compensation

The SEC Fair Fund is separate and independent from the settlement funds previously established in the securities class action litigations involving Nortel, which were brought in various courts in the United States and Canada (the “Nortel Class Actions”). However, like the class action settlements, the SEC Fair Fund relates to purchases of Nortel common stock during the Recovery Period of October 24, 2000 through the close of the markets on February 15, 2001 and/or April 24, 2003 through the close of the markets on April 27, 2004.

Therefore, if you submitted a proof of claim form in connection with the Nortel Class Actions and your claim was approved for a recovery, you do not need to submit another Proof of Claim form for those same purchases to be eligible to participate in the SEC Fair Fund. However, if you made additional purchases of Nortel common stock during the Recovery Period that were not approved by the courts in the Nortel Class Actions, or did not submit a proof of claim that was approved in the Nortel Class Actions, you must submit a completed Proof of Claim form with the necessary documentation by March 16, 2012 to be eligible to recover from the SEC Fair Fund.

You may download and print the Proof of Claim Form from the SEC Fair Fund's website, www.nortelsecsettlement.com. Completed Proof of Claim Forms can be submitted directly through this website or by sending the form to:

**Nortel SEC Fair Fund
c/o The Garden City Group, Inc.
Distribution Agent
P.O. Box 9530
Dublin, OH 43017-4830**

If you have any questions, you may visit www.nortelsecsettlement.com, send an email to Questions@nortelsecsettlement.com, or call (888) 561-9182.