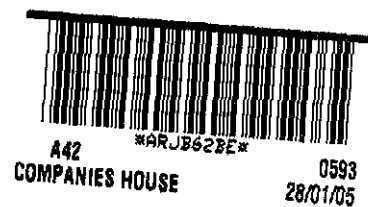


Company No: 2480308

**NORTHERN TELECOM PCN LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2003**



**NORTHERN TELECOM PCN LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**

The director submits the annual report and accounts for the year ended 31 December, 2003.

**PRINCIPAL ACTIVITY AND RESULTS**

The Company has not traded during the year ended 31 December 2003. There has been no income or expenditure and therefore no change in the Company's position. Any expenses have been met by the Company's parent company, Nortel Networks UK Limited.

**DIRECTORS**

The following served as directors of the Company during the period:

I J Morgan (resigned 30<sup>th</sup> April 2004)

G Davies (resigned 17 January 2003)

DS Gill (appointed 17 January 2003)

**DIRECTORS' INTERESTS**

The directors held no declarable interests in any Group company at 31 December 2003.

**POST BALANCE SHEET EVENTS**

In July 2003, Nortel Networks Corporation, the ultimate parent of the Company, announced that it was initiating a comprehensive review of its assets and liabilities. The outcome of that review was a restatement of Nortel Networks Corporation's consolidated financial statements for the first and second quarter of 2003 and fiscal years 2002, 2001 and 2000 in accordance with generally accepted accounting principles in the US.

The Nortel Networks Corporation Audit Committee is undertaking an independent review of the circumstances leading to the restatement of the consolidated financial statements. On 28 April 2004, Nortel Networks Corporation publicly announced an additional restatement of their consolidated financial statements for each fiscal quarter of 2003 and for earlier periods including 2002 and 2001. On 11 January 2005, Nortel Networks Corporation completed this restatement and the filing of its audited financial statements for the year 2003 prepared in accordance with United States and Canadian generally accepted accounting principles, and related Annual Report on Form 10-K and corresponding Canadian filings.

The Director has considered the impact on the financial statements of the Northern Telecom PCN Limited and confirms that he is not aware of any

restatements that would impact the reported financial position of this Company.

**AUDITORS**

For the year ended 31 December 2003 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

BY ORDER OF THE BOARD

Registered Office:

Maidenhead Office Park  
Westacott Way  
Maidenhead  
Berkshire  
SL6 3QH

A handwritten signature in black ink, appearing to read 'DS Gill', is written over the printed name and title.

DS Gill  
Sole Director

Date: 20<sup>th</sup> January 2005

	Note	2003 £	2002 £
<b>CURRENT ASSETS</b>			
Debtors - Amounts owed by fellow subsidiary undertakings		30	30
<b>CURRENT LIABILITIES</b>			
Creditors – Amounts owed to fellow subsidiary undertakings		(9,200)	(9,200)
<b>NET ASSETS</b>			
		(9,170)	(9,170)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	2	5	5
Profit and Loss Account		(9,175)	(9,175)
<b>TOTAL SHAREHOLDERS FUNDS</b>			
		(9,170)	(9,170)

For the year ended 31 December 2003 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249b(2).

The director's acknowledge their responsibility for: (i) ensuring the company keeps accounting records which comply with section 221: and (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Sole Director on 20th January 2005.

Signed by Sole Director



DS Gill  
Director

The accompanying notes are an integral part of this balance sheet.

**NORTHERN TELECOM PCN LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policy, which has been applied consistently, is set out below.

**Basis of Accounting:**

The financial statements have been prepared in accordance with the historical cost basis of accounting.

**2. CALLED UP SHARE CAPITAL**

The authorised share capital consists of five thousand Ordinary shares of £1 each which are allotted and fully paid up.

**3. ULTIMATE HOLDING COMPANY**

The Company's ultimate parent company and the parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Nortel Networks Corporation, a company registered in Canada. The parent undertaking of the smallest such group is Nortel Networks UK Limited, a company registered in England. Copies of the group financial statements of Nortel Networks Corporation are available from Nortel Networks, One Brunswick Square, Atrium Suite 100, Saint John, New Brunswick, E2L 4VL, Canada. Copies of the group financial statements of Nortel Networks UK Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.