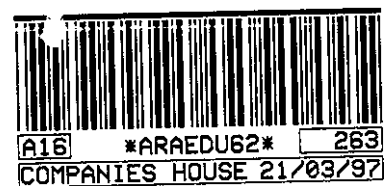


NORTHERN TELECOM PCN LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996



NORTHERN TELECOM PCN LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1996

The directors submit their annual report together with accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY AND RESULTS

The Company has not traded during the year to 31 December 1996. There has been no income or expenditure and therefore no change in the Company's position has arisen. Any expenses have been met by the Company's parent company, Nortel Limited.

DIRECTORS

The following served as directors of the Company during the year:-

M J Thompson	(Resigned 30 November 1996)
I G Dawson	(Resigned 11 October 1996)
B Harris	(Appointed 11 October 1996)
D J E Roberts	(Appointed 30 November 1996)

DIRECTORS' INTERESTS

The directors in office at 31 December 1996 held no declarable interests in any Group company.

AUDITORS

Pursuant to Section 250 of the Companies Act 1985, a special resolution not to appoint auditors was passed on 1 October 1993.

BY ORDER OF THE BOARD

Registered Office:

Maidenhead Office Park
Westacott Way
Maidenhead
Berkshire
SL6 3QH



D J E Roberts
Secretary

18th March 1997

NORTHERN TELECOM PCN LIMITED

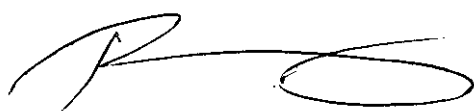
BALANCE SHEET at 31 December 1996

	Note	1996 £'000	1995 £'000
CURRENT ASSETS			
Debtors: Amount owed by fellow subsidiary undertakings		30	30
CURRENT LIABILITIES			
Creditors: Amount owed to fellow subsidiary undertakings		(9,200)	(9,200)
NET LIABILITIES		<u>(9,170)</u>	<u>(9,170)</u>
CAPITAL AND RESERVES			
Called up share capital	2	5	5
Profit and loss account		(9,175)	(9,175)
SHAREHOLDERS' FUNDS		<u>(9,170)</u>	<u>(9,170)</u>

This Company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the accounting reference period ended 31 December 1996.

These financial statements were approved by the Board of Directors on 18th March 1997.

Signed on behalf of the Board of Directors



B Harris
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 1996

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 £5,000 ordinary shares of £1 each which are issued and fully paid.

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 BCE Inc., a company registered in Canada. The parent undertaking of the smallest such group is Nortel Limited, a company registered in England. Copies of the group financial statements of BCE Inc. are available from 1000 Rue de la Gauchetière Ouest, Bureau 3700, Montreal, Quebec, Canada. Copies of the group financial statements of Nortel Ltd are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.