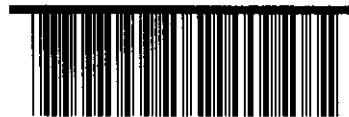


Company No: 2480308

NORTHERN TELECOM PCN LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002



A20 *AF8T8RYF* 0669
COMPANIES HOUSE 22/01/04

NORTHERN TELECOM PCN LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2002

The directors submit their annual report and accounts for the year ended 31 December, 2002.

PRINCIPAL ACTIVITY AND RESULTS

The Company has not traded during the year ended 31 December 2002. 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
G Davies (resigned 17 January 2003)

Subsequent to the year-end, DS Gill was appointed to the Board on 17 January 2003.

DIRECTORS' INTERESTS

The directors held no declarable interests in any Group company at 31 December 2002.

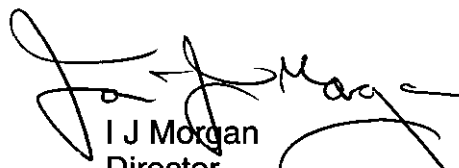
AUDITORS

For the year ended 31 December 2002 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


I J Morgan
Director
Date 19 January 2004

NORTHERN TELECOM PCN LIMITED
BALANCE SHEET at 31 December 2002

	Note	2002 £	2001 £
CURRENT ASSETS			
Debtors - Amounts owed by fellow subsidiary undertakings		30	30
CURRENT LIABILITIES			
Creditors – Amounts owed to fellow subsidiary undertakings		(9,200)	(9,200)
		_____	_____
NET ASSETS		(9,170)	(9,170)
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	2	5	5
Profit and Loss Account		(9,175)	(9,175)
		_____	_____
TOTAL SHAREHOLDERS FUNDS		(9,170)	(9,170)
		=====	=====

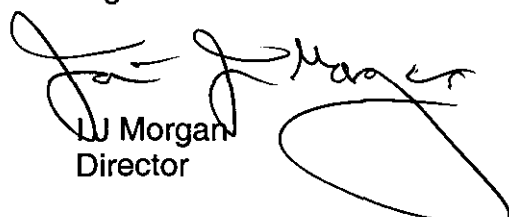
For the year ended 31 December 2002 the company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

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 Board of Directors on 19 January 2004.

Signed on behalf of the Board of Directors


 IJ Morgan
 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 2002**

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.