

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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IN RE NORTEL NETWORKS CORP. : **CIVIL ACTION NO. 2001-CV-1855 (RMB)**
SECURITIES LITIGATION :
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THIS DOCUMENT RELATES TO :
ALL ACTIONS :
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**AFFIDAVIT OF NEIL L. ZOLA REGARDING
THE MAILING OF THE NORTEL I SETTLEMENT NOTICE
AND PROOF OF CLAIM FORM**

STATE OF NEW YORK)
) ss.:
COUNTY OF SUFFOLK)

NEIL L. ZOLA, being first duly sworn, deposes and says:

1. I am the Executive Vice President and Chief Operating Officer for The Garden City Group, Inc. ("GCG"), the Claims Administrator authorized by the Court, pursuant to the Preliminary Order for Notice and Hearing in Connection with Settlement Proceedings (the "Preliminary Order"), dated June 29, 2006, in connection with the settlement of the above-captioned action (the "Nortel I Settlement"). I have personal knowledge of the facts stated herein.

INTRODUCTION

2. This Court charged GCG with the responsibility of executing the notice program, which includes (1) a direct mailing component to known record holders during the Nortel I Class Period identified previously in connection with the Notice of Pendency that was given in March 2004 or identified by Nortel's transfer agent, (2) a mailing campaign to thousands of nominee purchasers of Nortel securities during the Nortel I Class Period so that they could provide GCG

with the names and addresses of beneficial purchasers of Nortel securities, or request bulk copies to mail to their beneficiaries themselves, and (3) an extensive and ongoing supplemental notice publication program, which publication program will be described in a separate affidavit (GCG has abided by the terms of the notice publication program to date). This affidavit discusses GCG's mailing efforts and other ancillary services related to the mailing.

3. GCG was required to mail notice of the Nortel I Settlement to all persons and entities who bought Nortel common stock or call options or who sold put options (the "Nortel Securities") between October 24, 2000 and February 15, 2001 (the "Nortel I Class Period") "who could be identified with reasonable effort."

4. In order to complete a mailing of the magnitude required in this case, GCG initially needed to proceed on two tracks. First, working with plaintiffs' counsel, GCG proofed, formatted, translated from English into French, and ultimately printed hundreds of thousands of copies of the Court-approved notice documents. Second, GCG sought to identify as many potential Class Members as possible.

THE NOTICE DOCUMENTS

5. The notice packet being mailed to potential Nortel I Class Members is comprised of two documents: the "Notice of Certifications in Canada and Proposed Settlements of Class Actions, Motions for Attorneys' Fees and Settlement Fairness Hearings (Nortel I Notice)" (the "Nortel I Settlement Notice") and the "Proof of Claim and Release Form" (the "Nortel I Proof of Claim") (collectively, the "Nortel I Claim Packet"). A copy of the Nortel I Claim Packet is attached hereto as Exhibit A.

6. Pursuant to the Preliminary Order, GCG was also required to mail a French translation of the documents to all potential Nortel I Class Members located in the province of

Quebec (the “Quebec Claim Packet”). To eliminate any confusion that Quebec Class Members might have about whether to submit the French or English version of the claim form (and to minimize duplicate filings), GCG designed one custom form that was printed in English on one side and in French on the other. A copy of the Quebec Claim Packet is attached hereto as Exhibit B.

7. In addition, when GCG mailed notice of the settlements to nominee purchasers, these notice packets also included a cover letter that alerted the nominees to the fact that there are two different notices and class periods, and explained to nominee purchasers various aspects of the settlements that were relevant to such nominee purchasers (the “Nominee Cover Letter”).

8. All of the notice documents were provided to GCG in Word format as filed with the Court. Upon receipt, GCG formatted all documents and typeset them for printing. The formatting and typeset process requires that text be moved and the font and size be changed; therefore, it is crucial that all documents be carefully proofread for consistency and accuracy. We assigned an experienced team dedicated to formatting and type-setting of all notice documents to work extensively with plaintiffs’ counsel -- once formatted, all documents were then sent to plaintiffs’ counsel for review, comments, and ultimately approval. Any necessary changes were then made, and new documents were re-circulated.

9. Due to the nature of these documents, as well as the number of counsel involved and the complexity of the French translations, multiple rounds of changes were made prior to printing. The bilingual proofing of the Quebec Claim Packet, in coordination with Quebec Counsel, was particularly time-consuming.

THE MAILING DATABASE

10. While we were preparing the necessary documents for printing, we were also working to create the mailing database. In the Nortel I case, we had a head start on the compilation of the mailing database from our having mailed the Notice of Pendency, dated March 10, 2004. *See* Affidavit of Jack R. DiGiovanni dated July 2, 2004. We began our mailing database for the Nortel I Settlement with 414,890 names and addresses and four Nominees (who requested 91,820 notices in total for forwarding to their clients) compiled as a result of the mailing of the Notice of Pendency.

11. In July 2006, we received a compact disk from Nortel's transfer agent, Computershare, which contained an additional 226,990 unique names and addresses of record transferees of Nortel Securities during the Nortel I Class Period. These names and addresses were added to the 414,890 records and four Nominees mentioned in paragraph 10 above, along with four manually entered names and addresses of potential Nortel I Class Members who contacted GCG by telephone requesting a Nortel I Claim Packet, to create the initial mailing list of Nortel I Class Members. Thus, our initial database contained some 641,884 unique names and addresses of potential Nortel I Class Members along with 4 Nominees to whom we would send 91,820 bulk copies of the Nortel I Claim Packets for forwarding to their clients. The final component of the initial mailing was the creation of the broker database.

THE NOMINEE AND BROKER DATABASE

12. As in most securities class actions, the large majority of the Nortel I Class Members are beneficial purchasers of Nortel Securities who are not record owners known to any of the parties to the litigation. Most securities are held in "street name" – i.e., the stock is purchased by banks, brokers and other third-party nominees ("Nominees") in the name of the

Nominee, on behalf of the beneficial purchaser. Thus, GCG needed to identify those third party Nominees in the U.S. and Canada that could supply necessary information regarding the identities of potential Nortel I Class Members.

13. Accordingly, GCG compiled the Nominee mailing list from two sources. The first was GCG's own proprietary broker database. During its 20-year history of performing class action settlement administration, GCG has built and maintains a proprietary database with the names and addresses of the largest brokerage firms, banks, institutions and other nominees (the "Broker Database"). GCG's Broker Database is continually monitored and updated as brokerage firms change addresses, merge, go out of business and/or come into existence. Due to the significant Canadian component of this settlement, GCG supplemented its Broker Database by obtaining a mailing list of 2,000 Canadian Nominees from Dunn & Bradstreet. From these sources, GCG prepared three Nominee mailing lists: (i) 2,710 Nominees contained in the Broker Database and not located in Canada; (ii) 858 Nominees contained in the Broker Database or listed by Dunn & Bradstreet as located in the province of Quebec; and (iii) 1,483 Nominees contained in the Broker Database or listed by Dunn & Bradstreet as located in other provinces of Canada.

THE INITIAL MAILING

14. Once the English and French versions of the Nortel I Settlement Notice were finalized and printed, and the databases described above were set up, in coordination with counsel for the Nortel I Class, GCG scheduled the initial mailing for July 21, 2006. GCG performed the initial mailing by disseminating a total of 733,704 Nortel I Claim Packets (of which 91,820 Nortel I Claim Packets were mailed to the four Nominees described in paragraph 10 for forwarding to their clients) and 5,051 "Nominees Packets" (which included copies of the

Nominee Cover Letter, Nortel I Claim Packet, and Nortel II Claim Packet) were mailed to potential Nominee purchasers. Included in the foregoing total of Nortel I Claim Packets and Nominee Packets mailed, 96,780 Quebec Claim Packets and 858 Nominee Packets (both of which included a French translation of the Nominee Cover letter) were sent to potential Nortel I Class Members and potential Nominees who were located in Quebec, respectively.

15. Consistent with other securities settlements, the majority of the class member mailings result from responses to the broker mailing. Here, there was potential for confusion among the Nominee firms since there are two Nortel settlements, both of which required that very similar notice documents be sent simultaneously. To help minimize this potential confusion, GCG, in consultation with counsel for both the Nortel I Class and the Nortel II Class, prepared and sent the Nominee Cover Letter, which explained the difference between this settlement and the related settlement with Nortel on behalf of purchasers of Nortel securities during the period April 24, 2003 through and including April 27, 2004 (the "Nortel II Settlement"). (We also necessarily sent the Nortel II notice claim packets to all names on the Broker Database and identified to us by Dunn & Bradstreet.) In addition, it explained that if the Nominee had provided GCG with the names and addresses of all of its clients that were potential Class Members in 2004 in response to the Notice of Pendency, it need not resubmit those names to GCG. A copy of this letter and the French translation are attached as Exhibit C.

16. If a Nominee did not provide GCG with the names and addresses of its clients who were potential Nortel I Class Members in response to the 2004 Notice of Pendency, they were required to respond to GCG in one of two ways, either (a) by providing GCG with the names and addresses of persons for whom they had purchased Nortel Securities so that GCG could mail the documents directly to such persons, or (b) by requesting Nortel I Claim Packets in

bulk from GCG for forwarding directly to their clients. In either case, the brokers were required to indicate which names and addresses or requests for packets related to the Nortel I Settlement and which related to the Nortel II Settlement.

17. In order to ensure that Nominees were receiving the Nominee Packets, and in an effort to prompt them to respond in a timely manner, GCG conducted an extensive telephone "outreach campaign." Due to the size and international complexity of this settlement, GCG expanded the usual scope of its outreach campaign. On August 3, 2006, we began to call the largest 500 U.S. Nominees and 300 of the largest Canadian Nominees. Throughout August 2006, GCG continued to call these 800 Nominees to the extent that they had not yet responded to the initial mailing or prior calls. In addition, by mid-August, GCG expanded its telephone outreach campaign and included the next 400 largest U.S. and 600 largest Canadian Nominees in our Broker Database. In total, GCG's outreach campaign included 900 of the largest U.S. Nominees and 900 of the largest Canadian Nominees.

18. In response to these efforts, as of August 31, 2006, GCG has received 96 responses from Nominees, including 29 Nominees from Canada. Of these, 55 Nominees provided GCG with 253,160 names and addresses of potential Nortel I Class Members and 41 Nominees requested 217,622 Nortel I Claim Packets for forwarding to their clients. In addition, 3 Nominees confirmed that they had no clients who were potential Nortel I Class Members.

19. Also, as a result of the mailings for the Nortel I Settlement, GCG received returned mail from the U.S. Postal Service. To date, 21,889 Nortel I Claim Packets were returned with forwarding addresses. These packages were promptly re-mailed to the updated address. In addition, 31,090 Nortel I Claim Packets were returned as undeliverable without a forwarding address. GCG periodically ran these undeliverable records through the U.S. Postal

Service's National Change of Address ("NCOA") database to see if updated address information was available. When it was, GCG re-mailed Nortel I Claim Packets to those potential Nortel I Class Members. To date, GCG has re-mailed 8,748 Nortel I Claim Packets to updated addresses identified through an NCOA search. To the extent that GCG continues to receive any such returned mail, it will try to locate new addresses where practical.

THE NORTEL WEBSITE

20. In order to assist Nominees and potential Nortel I and II Class Members, GCG established an interactive website and toll-free hotline. Due to the international component of this settlement and complexity of the mailing process detailed above, it was important to provide a means by which Nominees and potential Nortel I and II Class Members could obtain information in a timely and cost effective manner. As a result and in coordination with counsel for the Nortel I and II Classes, GCG designed, implemented and now maintains an interactive website and toll-free hotline.

21. The website is located at www.nortelsecuritieslitigation.com and became fully operational as of July 21, 2006. This website is dedicated to the notice, administration, and claim filing process for the Nortel I and Nortel II Settlements. The opening page shows pictures of the national flags of Canada and the United States. Each flag is a link to a "Home Page" for each country. Clicking to the Home Page through the Canadian flag allows the individual to proceed in either English or French.

22. The Home Page then provides general information about the Nortel I and Nortel II Settlements, and provides a Nortel I Settlement link and a Nortel II Settlement link. Clicking on the Nortel I Settlement link brings the viewer to a page that provides much more detail and information (including relevant dates and deadlines) about the Nortel I Settlement. It also

contains downloadable copies of all relevant court documents pertaining to the Nortel I Settlement, the Nortel I Settlement Notice, and the Nortel I Claim Form.

23. In addition, the Nortel I page contains: (i) a Frequently Asked Questions section, which presents a list of fifteen common questions and answers for the Nortel I Settlement, fifteen common questions and answers for the Nortel II Settlement and eleven common questions and answers related to both settlements; (ii) instructions for institutions to file their claims electronically instead of by hard-copy, and (iii) a "Contact" page, which lists toll-free numbers to reach the Call Center, as well as a mailing address. All pages were translated into French to accommodate the French-speaking portion of the classes.

24. Since the website became operational, GCG has monitored, and regularly reported to counsel for the Nortel I and II Classes, the number of visits made to the website. As of August 31, 2006 the website had received 52,396 visits.

THE NORTEL CALL CENTER

25. In addition to the website, GCG set-up a toll-free and interactive hotline for potential Nortel I and II Class Members to access. The hotline is manned by a trained staff of operators during the hours of 8 a.m. and 6 p.m., Eastern Time. The Call Center is manned by both English-speaking operators and French-speaking operators. The Call Center representatives were trained on the specifics of the settlements prior to the initial mailing, with all of the training materials prepared in consultation with counsel for the Nortel I and II Classes. The material covered in the training classes included an extensive review of all documents related to the settlements and a list of scripted Frequently Asked Questions similar to those posted on the website. The training classes also included discussions and role-playing exercises with the Call

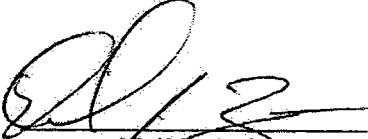
Center representatives. As with the website, the Call Center became operational on July 21, 2006.

26. Once a caller reaches the hot-line, he or she is connected to an Interactive Voice Response system ("IVR") which allows the caller to continue in English or French. The IVR then recites detailed information about the settlements, provides detailed assistance with the claim filing process for both settlements, and allows callers to request a claim packet for either the Nortel I or II settlements by mail.

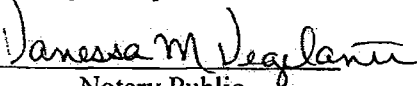
27. As is typical with its cases, GCG is monitoring call volume and call patterns in order to assess the needs of potential Nortel I and II Class Members and keep costs of administration as reasonable as possible. Once call volume declines, and after consultation with counsel for the Nortel I and II Classes, GCG will reduce the operator availability as appropriate. Nevertheless, there is an option to leave a message. These messages are returned within 48 hours by an operator who speaks the applicable language. As of August 31, 2006, GCG has received a total of 14,209 calls to the Call Center, out of which 6,646 callers requested to speak with a live operator for assistance, and 5,122 potential Nortel I Class Members requested a Nortel I Claim Packet. Also, GCG mailed another 94 Nortel I Claim Packets to potential Nortel I Class Members who contacted GCG's main office number.

CONCLUSION

28. As of August 31, 2006, GCG has disseminated a total of 1,245,390 Nortel I Claims Packets. This total includes the re-mailing of Nortel I Claim Packets where an updated address was located.


Neil L. Zola

Sworn to before me this
1st day of September, 2006


Notary Public

VANESSA M. VIGILANTE
Notary Public, State of New York
No. 01VI6143817
Qualified in Queens County
My Commission Expires 4-17-2010

EXHIBIT A

NOTICE OF CERTIFICATIONS IN CANADA AND PROPOSED SETTLEMENTS OF CLASS ACTIONS, MOTIONS FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARINGS (NORTEL I NOTICE)

This Notice relates to the following actions (the "Nortel I Actions"):

- *In Re Nortel Networks Corp. Securities Litigation*, Consolidated Civil Action No.: 2001-CV-1855 (RMB) in the United States District Court for the Southern District of New York;
- *Frohlinger v. Nortel Networks Corporation et al.*, Court File No.: 02-CL-4605 in the Ontario Superior Court of Justice;
- *Association de Protection des Épargnants et Investisseurs du Québec v. Corporation Nortel Networks*, No.: 500-06-000126-017 in the Superior Court of Quebec; and
- *Jeffery et al. v. Nortel Networks Corporation et al.*, Court File No.: S015159 in the Supreme Court of British Columbia.

If you bought Nortel Networks Corporation ("Nortel") common stock or call options on Nortel common stock, or you wrote (sold) put options on Nortel common stock, during the period October 24, 2000 through February 15, 2001, inclusive (the "Class Period"), your rights may be affected by class action lawsuit(s) and you may be entitled to a payment from a proposed class action settlement.

*Courts in the United States and Canada have authorized this notice.
This is not a solicitation from a lawyer.*

- The "Settlement" described herein will provide total proceeds worth approximately \$1,142,775,308, including \$438,667,428 in cash, plus 314,333,875 shares of common stock of Nortel ("Settlement Shares"), having an aggregate market value as of June 30, 2006 of approximately \$704,107,880, for the benefit of the Class described herein (See response to question 1 below defining the "Class" and "Class Members"). Unless otherwise stated, all dollar amounts referenced herein are in U.S. dollars.
- In addition, Nortel will adopt the corporate governance provisions described in Appendix A of this Notice. Nortel will also contribute to the Class one-quarter of the recovery, if any, it obtains in existing litigation by Nortel against certain former senior corporate officers.
- The Settlement resolves lawsuits over whether Nortel misled investors about its historic and future earnings during the Class Period. The Settlement is contingent upon court approval of the settlement of several related actions against Nortel and other defendants in the United States and Canada.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM BY November 20, 2006	The only way to get a distribution from the Net Settlement Fund and Net Settlement Shares.
EXCLUDE YOURSELF (Opt-out of the Class) BY September 19, 2006	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Nortel and the other Released Parties about the Settled Claims (as those terms are defined herein at question 12).
OBJECT BY September 19, 2006	Write to the Court(s) about why you do not like the Settlement, Plan of Allocation, or Attorneys' Fee Applications. See responses to questions 18, 20 and 22 below.
GO TO HEARINGS	Ask to speak in Court(s) about the Settlement, Plan of Allocation, or Attorneys' Fee Applications. See responses to questions 18, 20 and 22 below.
DO NOTHING	Get no payment. Give up rights.

- These rights and options - and the deadlines to exercise them - are explained in this notice.
- The Courts in charge of the various U.S. and Canadian actions subject to this Settlement still have to decide whether to approve the Settlement. Payments will be made if all of the Courts approve the Settlement and after appeals, if any, are resolved. Please be patient.

Le présent avis est aussi disponible en français. Vous pouvez l'obtenir sans frais en vous adressant à Nortel I Securities Litigation Settlement, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9000 #6446, Merrick, NY 11566-9000 www.nortelsecuritieslitigation.com ou à Belleau Lapointe.

