

19 January 2009

Supplier Helpline
Stephen Scott
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Dear Sirs

Nortel Networks (Ireland) Limited (In Administration) ("the Company")

On 14 January 2009 the Company entered administration, an English insolvency procedure pursuant to Article 3 of the EC Council Regulation on Insolvency proceedings, Alan Bloom and I were appointed as Joint Administrators. The appointment was made by the High Court of Justice of England and Wales, under the provisions of paragraph 13 of Schedule B1 to the Insolvency Act 1986.

Background

The administration order for Nortel Networks (Ireland) Limited was made as part of a step towards a global reorganisation of the Nortel Group. Nortel Networks Limited, the ultimate parent company of the Nortel Group based in Canada, and certain of its other Canadian subsidiaries filed an application for creditor protection under the Companies' Creditors Arrangement Act ("CCAA") in Canada to facilitate a comprehensive business and financial restructuring. In addition, Nortel Networks Inc., Nortel Networks Capital Corporation and certain U.S. subsidiaries have filed in the United States a concurrent voluntary petition under Chapter 11 of the U.S. Bankruptcy Code.

Following the Canadian CCAA filing of the ultimate parent company, the Company entered administration proceedings.

Continuation of trade and payment for goods and services

The Company is continuing to trade whilst in administration. Goods and services supplied to the Company during the period of administration will be paid for on normal credit terms as an expense of the administration, until such time as the administration is concluded or such services are no longer required.

Any sums due that become due to the Company arising after our appointment should be paid in full and without set-off against any debts incurred by the Company prior to our appointment.

The administration process and amounts owed to creditors and suppliers at the date administration

The administrators' task and purpose is to achieve the optimum solution for the Company and the creditors of Company. The objectives of the administration are to rescue the company as a going concern or if that is not achievable, to achieve a better result for its creditors as a whole than would be likely if the company were wound up. We are reviewing the operations of the Company in conjunction with the wider restructuring of the Nortel Group. We will be writing to creditors with our proposals for the purposes of the administration in due course.

Amounts owed to creditors and suppliers as at the date of administration can not be paid at the current time. We are assessing the potential outcome for creditors in respect of these pre appointment liabilities, and shall write to inform creditors in due course as to the treatment of the pre-appointment liabilities.

Please note that the Administration Order creates a moratorium against any action or legal process being commenced or continued against the Company without the prior consent of the Joint Administrators or the High Court of England and Wales.

Other

Please note that the administrators act as agents of the company and without personal liability.

We thank creditors and suppliers for their continued support.

Yours faithfully

For Nortel Networks (Ireland) Limited



D Hughes
Joint Administrator

Enc: Copy of Form 2.12B Notice of Administrator's Appointment

The Association of Chartered Certified Accountants authorises D Hughes to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and The Institute of Chartered Accountants in England and Wales authorises A R Bloom to act as an Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of Nortel Networks (Ireland) Limited are being managed by the Joint Administrators, D Hughes and A R Bloom, who act as agents of Nortel Networks (Ireland) Limited only and without personal liability.