

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**  
**COMPANIES COURT**

**IN THE MATTERS OF:**

<b>NORTEL NETWORKS UK LIMITED ("NNUK")</b>	<b><u>No. 536 of 2009</u></b>
<b>NORTEL GMBH ("NORTEL GERMANY")</b>	<b><u>No. 542 of 2009</u></b>
<b>NORTEL NETWORKS NV ("NORTEL BELGIUM")</b>	<b><u>No. 550 of 2009</u></b>
<b>NORTEL NETWORKS S.P.A. ("NORTEL ITALY")</b>	<b><u>No. 552 of 2009</u></b>
<b>NORTEL NETWORKS BV ("NN NETHERLANDS")</b>	<b><u>No. 553 of 2009</u></b>
<b>NORTEL NETWORKS POLSKA SP. Z.O.O. ("NORTEL POLAND")</b>	<b><u>No. 554 of 2009</u></b>
<b>NORTEL NETWORKS HISPANIA S.A. ("NORTEL SPAIN")</b>	<b><u>No. 535 of 2009</u></b>
<b>NORTEL NETWORKS INTERNATIONAL FINANCE &amp; HOLDINGS BV ("NNIF")</b>	<b><u>No. 549 of 2009</u></b>
<b>NORTEL NETWORKS (AUSTRIA) GMBH ("NORTEL AUSTRIA")</b>	<b><u>No. 537 of 2009</u></b>
<b>NORTEL NETWORKS SRO ("NORTEL CZECH REPUBLIC")</b>	<b><u>No. 538 of 2009</u></b>
<b>NORTEL NETWORKS ENGINEERING SERVICE KFT ("NORTEL HUNGARY")</b>	<b><u>No. 540 of 2009</u></b>
<b>NORTEL NETWORKS PORTUGAL S.A. ("NORTEL PORTUGAL")</b>	<b><u>No. 547 of 2009</u></b>
<b>NORTEL NETWORKS SLOVENSKO S.R.O. ("NORTEL SLOVAKIA")</b>	<b><u>No. 551 of 2009</u></b>
<b>NORTEL NETWORKS FRANCE SAS ("NORTEL FRANCE SAS")</b>	<b><u>No. 544 of 2009</u></b>
<b>NORTEL NETWORKS AB ("NN SWEDEN")</b>	<b><u>No. 548 of 2009</u></b>
<b>NORTEL NETWORKS (IRELAND) LIMITED ("NORTEL IRELAND")</b>	<b><u>No. 541 of 2009</u></b>
<b>NORTEL NETWORKS OY ("NORTEL FINLAND")</b>	<b><u>No. 545 of 2009</u></b>
<b>NORTEL NETWORKS ROMANIA SRL ("NORTEL ROMANIA")</b>	<b><u>No. 546 of 2009</u></b>
<b>NORTEL NETWORKS S.A. ("NNSA")</b>	<b><u>No. 539 of 2009</u></b>

**(EACH A "COMPANY" AND TOGETHER THE "COMPANIES" OR THE "EMEA COMPANIES")  
AND IN THE MATTER OF THE INSOLVENCY ACT 1986**

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**EIGHTEENTH WITNESS STATEMENT OF ALAN ROBERT BLOOM**

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I, **ALAN ROBERT BLOOM** of Ernst & Young LLP, 1 More London Place, London SE1 2AF, United

Kingdom, **DO STATE** as follows:

1. I am a licenced insolvency practitioner and partner in the firm of Ernst & Young LLP ("**E&Y**").
2. I was appointed as a joint administrator of each of the Companies on 14 January 2009 together with Alan Michael Hudson, Christopher John Wilkinson Hill and Stephen John Harris, of E&Y, save in respect of Nortel Ireland where David Martin Hughes, of Ernst & Young Chartered Accountants, and I were appointed as the joint administrators, pursuant to the orders of Mr Justice Blackburne. I will refer to us collectively in this statement as the "**Joint Administrators**". Where I use this term in relation to Nortel Ireland, I am referring to myself and David Martin Hughes.
3. I am duly authorised to make this witness statement on behalf of the Joint Administrators.
4. I make this supplemental witness statement on behalf of the Joint Administrators of the above named companies in support of the following applications:
  - 4.1 the application dated 4 April 2017, which is listed to be heard before Mr Justice Snowden on 6 June 2017 (the "**Application**"); and
  - 4.2 the application dated 31 May 2017 for an order that (i) the confidential exhibit to my sixteenth witness statement dated 25 October 2016 ("**Bloom 16**") not be open to inspection without the prior leave of the Court and (ii) the confidential exhibit to this witness statement not be open to inspection without the prior leave of the Court, both pursuant to Rule 12.39(9) of the Insolvency Rules 2016 (the "**2016 Rules**") (the "**Confidentiality Application**").
5. The Application is also supported by my seventeenth witness statement dated 4 April 2017 ("**Bloom 17**"). Capitalised words and phrases used in the present statement shall, unless otherwise defined herein, have the same meaning as in Bloom 17.
6. Save where I indicate to the contrary, the facts contained in this witness statement are within my own knowledge and are true. Where the facts stated are not within my own knowledge I have identified my sources of information and/or belief. In relation to information pertaining to each of the Companies other than NNUK and Nortel Ireland, the facts have been provided to me by Mr Harris, one of my fellow Joint Administrators who has been principally responsible for those Companies. Mr Harris has confirmed that he is content with the accuracy of this statement insofar as it relates to those Companies. In relation to information pertaining to Nortel Ireland, Mr Hughes is my fellow Joint Administrator in respect of that entity and the facts have been provided to me by him. Mr Hughes has also confirmed that he is content with the accuracy of this statement insofar as it relates to Nortel Ireland.

7. There is now produced and shown to me a bundle of documents marked "**ARB18**" to which I shall refer in this witness statement. Also produced and shown to me is a bundle of confidential documents marked "**ARB18C**" to which I shall also refer in this witness statement.
8. This witness statement is divided into the following sections:
  - (A) Update on the Global Settlement;
  - (B) Update on the CVA Process;
  - (C) Timetable for the Bar Date and distributions to creditors;
  - (D) Notice given to Creditors of the Application;
  - (E) Chubb Claim;
  - (F) List of Accepted Expense Claims; and
  - (G) Confidentiality.

**A. UPDATE ON THE GLOBAL SETTLEMENT**

9. In this section, I seek to update the Court on developments in relation to the Global Settlement. I have previously set out in detail at paragraphs 56 to 60 of Bloom 17 the background to the "Global Settlement" that was agreed between the various global estates dated 12 October 2016. Mr Justice Snowden made an order granting the Joint Administrators liberty to perform and to procure the Companies to perform the Global Settlement on 3 November 2016. The relevant order and judgment given by Mr Justice Snowden are provided at [5/23/1293] of ARB17. In the interests of conciseness, I do not propose to describe the terms of the Global Settlement again in this statement, save as necessary to update the Court in respect of the status of the Global Settlement.
10. As I previously explained at paragraph 59 of Bloom 17, the various agreements, releases, acknowledgements and obligations contained within the Plans Support Agreement were only to become effective upon the satisfaction of various conditions. At the time of Bloom 17, there were three outstanding conditions namely:
  - 10.1 a Plan had not yet been confirmed by the US Court in relation to Nortel Networks India International Inc.;
  - 10.2 all relevant litigation dismissal notices had not yet been executed and delivered; and
  - 10.3 the order of the Canadian Court in relation to the Canadian Debtors' Plan (the "**Canadian Order**") had not yet become a "Final Order" because an application for permission to appeal was lodged against the Canadian Order by two long term disability claimants (the "**LTD Objectors**") in relation to the validity of the Plan (the "**Canadian Appeal**").

11. As to the condition at paragraph 10.1, the parties entered into a waiver on 8 May 2017. A copy of the waiver agreement is provided at **[8/46/2011]** of ARB18.
12. As to the condition at paragraph 10.2, all relevant litigation dismissal notices have now been executed and delivered.
13. As to the condition at paragraph 10.3, the parties entered into a waiver and reserve agreement on 26 April 2017 (the "**Waiver Agreement**") by which that condition was waived insofar as it related to the Canadian Appeal. The Waiver Agreement provides that the Canadian debtor group establish a cash reserve on account of the LTD Objector's appeal of the Canadian Plan. The Waiver Agreement does not impact on the allocation agreed under the Global Settlement. A copy of the Waiver Agreement is provided at **[8/47/2023]** of ARB18. The Waiver Agreement was subject to Court approvals in the US and Canada. The US and Canadian court approvals were secured on 5 May 2017 and 1 May 2017 and are available at **[8/48/2046]** and **[8/49/2073]** of ARB18 respectively.
14. Following the waiver and satisfaction of the conditions listed above, the Plans Support Agreement became effective on 8 May 2017. The Sale Proceeds have been released from the lockbox escrow accounts and the following amounts have now been received by the Joint Administrators (with the final tranche of monies being received on 26 May 2017 (the "**Final Tranche**")):
  - 14.1 NNUK has received US\$1,023,634,365.95.
  - 14.2 Nortel Ireland has received US\$39,830,016.56.
  - 14.3 Nortel France SAS has received US\$3,901,111.38.
  - 14.4 Nortel Germany has received US\$21,727,858.34.
  - 14.5 Nortel Spain has received US\$8,522,344.50.
  - 14.6 Nortel Portugal has received US\$862,705.80.
  - 14.7 Nortel Belgium has received US\$3,913,851.55.
  - 14.8 NN Netherlands has received US\$9,536,456.23.
  - 14.9 Nortel Austria has received US\$848,962.89.
  - 14.10 Nortel Poland has received US\$6,462,950.82.
  - 14.11 Nortel Italy has received US\$5,338,987.42.
  - 14.12 Nortel Czech Republic has received US\$1,876,709.35.
  - 14.13 Nortel Slovakia has received US\$715,604.45.
  - 14.14 Nortel Hungary has received US\$943,998.99.
  - 14.15 Nortel Romania has received US\$354,552.09.

- 14.16 Nortel Finland has received US\$31,383.31.
- 14.17 NN Sweden has received US\$519,962.22.
- 14.18 NNIF has received US\$2,752,119.51.
15. With respect to NNUK, pursuant to the order made by Mr Justice Snowden dated 3 November 2016, the Joint Administrators are required to pay a first distribution to creditors within 10 weeks of the receipt of the Sale Proceeds (being 26 May 2017). Accordingly, the NNUK Administrators are required to pay a first distribution to creditors by no later than 4 August 2017, in any event. In light of the receipt of the above monies and subject to the outcome of the Application, the Joint Administrators are targeting a first distribution to the creditors of NNUK before the end of July 2017. The Joint Administrators of the other Companies (aside from Nortel Ireland, Nortel Romania and Nortel Finland) anticipate paying first distributions to the creditors of the other Companies in autumn 2017. The Joint Administrators of Nortel Ireland anticipate paying a first distribution to creditors in spring 2018. The Joint Administrators of Nortel Romania and Nortel Finland anticipate paying a distribution to creditors no later than 9 December 2017 (as explained below in paragraph 27).
16. Notice regarding the occurrence of the Plans Effective Date and the release of the Sale Proceeds was given to creditors by way of notice posted on the Joint Administrators' website. A copy of the notices is provided at [8/50/2103] and [8/51/2105] of ARB18.
17. As noted below at paragraph 25, now that the Sale Proceeds have been released and the Final Tranche has been paid, the Joint Administrators can simplify the Bar Date that they seek by reference to a date certain.

**B. UPDATE ON THE CVA PROCESS**

18. At paragraph 51 of Bloom 17, I provided the anticipated timetable for the CVAs. The timetable has proceeded as I anticipated, save with respect to two entities, NN Netherlands and NNIF.
19. With respect to NN Netherlands and NNIF, the original proposed date for the CVA meeting was 5 June 2017. On account of this date coinciding with a public holiday in the Netherlands, the CVA Meeting will be adjourned on that date and will be reconvened on 12 June 2017. Copies of the letters sent to creditors of those Companies informing them of the intended reconvening of the CVA meetings are provided at [8/52/2107] and [8/53/2109] of ARB18.
20. I set out in the table below the original and amended timetables for the CVAs for these two Companies:

Company	Notice of CVA	CVA Meeting	Effective Date	Implementation Date	CVA Bar Date
<b><i>Original timetable</i></b>					
NN Netherlands	5 April 2017	5 June 2017	6 June 2017	4 July 2017	6 October 2017
NNIF	5 April 2017	5 June 2017	6 June 2017	4 July 2017	6 October 2017
<b><i>Amended timetable</i></b>					
NN Netherlands	5 April 2017	12 June 2017	13 June 2017	11 July 2017	13 October 2017
NNIF	5 April 2017	12 June 2017	13 June 2017	11 July 2017	13 October 2017

21. With respect to each of the other CVA Companies, Notice of the CVA was sent out on 5 April 2017. With respect to Nortel Ireland, Notice of the CVA was sent out on 28 April 2017. This was in accordance with the anticipated timetable provided in Bloom 17.
22. With respect to the following Companies, the CVA Meetings have now taken place and the proposed CVAs have been approved by the requisite majority without modification. In each case, I have provided a copy, where available, of the relevant Chairman's report, Form 1.1 (Notice to Registrar of Companies of Voluntary Arrangement Taking Effect), and the Notice of Effective Date (which is sent to creditors and posted on the Joint Administrators' website) in ARB18 but I have not provided a copy of the approved CVA. Copies of the proposed CVAs for Nortel Germany and Nortel Czech Republic were provided at pages [4-5/22/1125-1292] and [4/21/953] of ARB17.
- 22.1 Nortel Germany – see pages [8/54/2111] - [8/55/2118] of ARB18;
- 22.2 Nortel France SAS – see pages [8/56/2119] – [8/58/2126] of ARB18;
- 22.3 Nortel Italy – see pages [8/59/2127] – [8/61/2135] of ARB18;
- 22.4 Nortel Portugal – see pages [8/62/2136] – [8/63/2141] of ARB18;
- 22.5 Nortel Spain – see pages [8/65/2143] – [8/67/2151] of ARB18;
- 22.6 Nortel Poland – see pages [8/68/2152] – [8/70/2158] of ARB18;
- 22.7 Nortel Hungary – see pages [8/71/2159] – [8/73/2165] of ARB18;
- 22.8 Nortel Austria – see pages [8/74/2166] – [8/75/2171] of ARB18;
- 22.9 Nortel Slovakia – the documents are not presently available; and
- 22.10 NN Sweden – see pages [8/76/2172] – [8/78/2179] of ARB18.

23. With respect to the following Companies, CVA meetings are scheduled to occur on or after today's date but before the hearing of the Application and an update will be provided to the Court at the hearing on the outcome of those meetings:

23.1 Nortel Czech Republic;

23.2 Nortel Belgium; and

23.3 Nortel Ireland.

24. With respect to NN Netherlands and NNIF, as I explained above, the CVA meetings are scheduled to take place after the Application and an update will be provided to the Court in due course on the outcomes of those meetings.

### **C. TIMETABLE FOR THE BAR DATE AND DISTRIBUTIONS TO CREDITORS**

25. As I described above, now that the Final Tranche has been paid, the Joint Administrators are able to set the Bar Date by reference to a date certain. In the original draft order to the Application, the Bar Date was set by reference to the later of two alternative dates being: (i) the date three months after notice is given to potential Expense Claim creditors by way of the Explanatory Letter of the Court making the order sought – such notice is currently proposed to be sent to administration expense creditors on 13 June 2017; or (ii) the date twelve weeks after the date of receipt by the Joint Administrators of the monies to which the Companies are entitled under the Global Settlement. The Bar Date is now simplified because of the payment of the Final Tranche. The later of the two dates set out in the draft order is accordingly that set out at (i), which is 13 September 2017. With respect to Nortel Italy, as I explained at paragraphs 183 and 184 of Bloom 17, a later Bar Date is sought which is proposed to be 13 December 2017. For ease of reference the proposed Bar Dates for each of the Companies is set out in the table below.

26. With respect to NNUK, the date for the first distribution to be paid to creditors was the subject of an order made by Mr Justice Snowden which extended the deadline for declaration of a first dividend to the earlier of the date ten weeks after the release of the Sale Proceeds to NNUK or 9 November 2017. The NNUK Administrators are accordingly required to declare the first dividend to creditors by 4 August 2017.

27. With respect to Nortel Romania and Nortel Finland, alongside the Application, the Joint Administrators made an application for permission to distribute to creditors. As explained at paragraphs 215 et seq of Bloom 17, the proposed notice to distribute for Nortel Romania and Nortel Finland identifies the last date for proving as 9 October 2017. I understand from my legal advisers that Rule 2.95(4)(a) of the 1986 Rules requires the notice of intention to state that it is the intention of the administrator to make a distribution to creditors within the period of 2 months from the last date of proving. Accordingly, subject to the Court

approving the application for permission to distribute, the Joint Administrators are presently required to declare a first dividend by no later than 9 December 2017.

Company	Expense Bar Date	Declaration of dividend
NNUK	13 September 2017	4 August 2017
Nortel Ireland	13 September 2017	Spring 2018
NNF	13 September 2017	Autumn 2017
Nortel Germany	13 September 2017	Autumn 2017
Nortel Spain	13 September 2017	Autumn 2017
Nortel Portugal	13 September 2017	Autumn 2017
Nortel Belgium	13 September 2017	Autumn 2017
NN Netherlands	13 September 2017	Autumn 2017
Nortel Austria	13 September 2017	Autumn 2017
Nortel Poland	13 September 2017	Autumn 2017
Nortel Italy	13 December 2017	Autumn 2017
Nortel Czech Republic	13 September 2017	Autumn 2017
Nortel Slovakia	13 September 2017	Autumn 2017
Nortel Hungary	13 September 2017	Autumn 2017
Nortel Romania	13 September 2017	9 December 2017
Nortel Finland	13 September 2017	9 December 2017
NN Sweden	13 September 2017	Autumn 2017
NNIF	13 September 2017	Autumn 2017

#### D. NOTICE GIVEN TO CREDITORS OF THE APPLICATION

28. In Bloom 17 I set out the steps that the Joint Administrators proposed to take with respect to providing notice to creditors of the Application. Since the date of Bloom 17, the Joint Administrators have taken the steps set out below.

##### Notice to all creditors

29. Pursuant to paragraph 186.6 of Bloom 17, the Joint Administrators stated their intention that *"the present Applications, the draft orders and the non-confidential supporting materials will be made available on the Joint Administrators' website shortly after this*



*application is issued."* Accordingly, notice was posted on the Joint Administrators' website regarding the Application and witness statement on 6 April 2017, including links to Bloom 17 and the application notices for each of the Companies – see [8/79/2180] of ARB18. This was in addition to the notice which had already been provided to creditors by way of Progress Reports, as described at paragraph 185.1 of Bloom 17.

Notice to creditors of the CVA Companies

30. In paragraph 185.7 of Bloom 17, the Joint Administrators proposed to undertake the following steps:

*"With respect to the CVA Companies, it is anticipated that the proposed CVAs will shortly be sent to all known creditors including all Unknown Expense Claim creditors (i.e. Tax Authorities and SNMP, but not, for example, to law firms which appear in the List of Accepted Expense Claims). Each of the CVAs will include a copy of the relevant Application and the draft order. The supporting evidence will not be provided in hard copy but will be available on the Joint Administrators' website and a link will be provided in the materials sent in hard copy with the proposed CVAs. Also included in the documents sent to the creditors of the CVA Companies will be a copy of the Demand Form, a copy of which appears in the schedule to the draft order."*

31. First, in accordance with the above, proposed CVAs have been sent to all known creditors of the CVA Companies (including Tax Authorities and SNMP). The CVAs include a copy of the application for the relevant Company and a copy of the draft order (which includes in a schedule a copy of the Demand Form). A reference was provided in the CVAs to the Joint Administrators' website where a copy of the supporting evidence (being Bloom 17) is available. By way of example, a copy of the proposed CVA for Nortel Czech Republic is at [4/21/953] of ARB17 and the relevant references in the proposed CVA to the Application can be found at the following page references [4/21/965], [4/21/980], [4/21/1008] and [4/21/1066] of ARB17. A copy of the cover letter which was enclosed with all copies of the proposed CVA is provided at [8/80/2182] of ARB18.

32. Second, in addition, notes were sent to the creditors' committees of the following entities on 5 April 2017 giving notice that the Application had been made and that the application materials would be available on the Joint Administrators' website:

- 32.1 Nortel Italy – see page [8/81/2189] of ARB18;
- 32.2 Nortel Portugal – see page [8/82/2191] of ARB18;
- 32.3 Nortel Belgium – see page [8/83/2193] of ARB18;
- 32.4 Nortel Spain – see page [8/84/2195] of ARB18;
- 32.5 Nortel Austria – see page [8/85/2197] of ARB18;

- 32.6 Nortel France SAS – see page [8/86/2199] of ARB18;
- 32.7 NN Sweden – see page [8/87/2201] of ARB18;
- 32.8 Nortel Germany – see page [8/88/2203] of ARB18;
- 32.9 Nortel Slovakia – see page [8/89/2205] of ARB18;
- 32.10 Nortel Poland – see page [8/90/2207] of ARB18; and
- 32.11 Nortel Ireland – see page [8/91/2209] of ARB18. In Nortel Ireland's case a copy of the creditors' committee minutes is exhibited since the creditors' committee was informed at the meeting rather than by way of a note.
33. NN Netherlands, NNIF, Nortel Czech Republic and Nortel Hungary do not have creditors' committees therefore similar notes were not sent in respect of those Companies.
34. Third, as I describe below at paragraph 59, the Joint Administrators have provided special notice to the Tax Authorities in the jurisdiction of incorporation of each of the CVA Companies.
35. Fourth, as I describe below at paragraph 56, the Joint Administrators have provided special notice to SNMP.

Notice to creditors of Nortel Romania and Nortel Finland

36. In paragraph 185.8 of Bloom 17, the Joint Administrators proposed to undertake the following steps:
- "With respect to Nortel Romania and Nortel Finland, a copy of the relevant Application and the draft order will be sent, with a cover letter and a copy of the Demand Form to the creditors' committee (only for Nortel Romania, since Nortel Finland does not have a creditors' committee) and all known Expense Claim creditors and other known or suspected creditors who may seek to assert Expense Claims (including, for example, SNMP and the local tax authority but excluding the Accepted Expense Claimants)."*
37. With respect to the above, first, the Joint Administrators sent a note to the creditors' committee of Nortel Romania giving notice that the Application had been made and that the application materials would be available on the Joint Administrators' website – see page [8/92/2213] of ARB18. The Joint Administrators did not attach a copy of the application and the draft order to the note sent to the creditors' committee but instead provided a link to the Joint Administrators' website.
38. Second, as I describe below at paragraph 59, the Joint Administrators have provided special notice to the Tax Authorities in Romania and Finland.
39. Third, as I describe below at paragraph 48, the Joint Administrators have provided special notice to SNMP.

#### Notice to creditors of NNUK

40. In paragraph 185.9 of Bloom 17, the Joint Administrators proposed that "*with respect to NNUK, a copy of the relevant Application and the draft order will be sent, with a cover letter and a copy of the Demand Form to the creditors' committee and all known Expense Claim creditors and other known or suspected creditors who may seek to assert Expense Claims (including, for example, SNMP, Kapsch, HMRC, and the French Employees)*".
41. First, the Joint Administrators sent a note to the creditors' committee of NNUK on 11 April 2017 attaching a copy of the Application and the Demand Form – see page [8/93/2216] of ARB18.
42. Second, as I describe below at paragraph 59, the Joint Administrators have provided special notice to the Tax Authorities in the UK.
43. Third, as I describe below at paragraph 57, the Joint Administrators have provided special notice of the Application to SNMP. A copy of the letter to SNMP's lawyers is provided at [8/94/2229] of ARB18.
44. Fourth, as I describe below at paragraph 52, the Joint Administrators provided special notice to Kapsch.
45. Fifth, as I describe below at paragraph 47, the Joint Administrators provided special notice to the French Employees.
46. Sixth, the Joint Administrators' solicitors, Herbert Smith Freehills LLP ("**HSF**"), wrote to Chubb Insurance Company of Europe S.E. ("**Chubb**") on 16 May 2017, enclosing a copy of the Application and the Demand Form – see page [8/95/2438] of ARB18. See for further details at paragraph 68 below.

#### Additional communications with the French Employees

47. At paragraphs 89 and 90 of Bloom 17, I set out the NNUK Administrators' intention to write to the French Employees setting out the factors in Bloom 17, as well as proof forms for NNUK and a description of the proving process, requesting (inter alia) that they particularise the basis on which they assert that their claims should rank as an administration expense (if at all). The NNUK Administrators also intended to write to the lawyer who represents the majority of the French Employees and the AGS to ensure that they were aware of the present Applications.
48. The NNUK Administrators have written to the French Employees, the French Employees' lawyer and the AGS as I foreshadowed in Bloom 17. A copy of the letter from HSF to the lawyer for the French Employees on 10 April 2017 enclosing a copy of the Application and the Demand Form is provided at [9/96/2453] of ARB18. The Joint Administrators also sent a copy of the letter which had been sent to the French Employees' directly to each of the French Employees – see page [9/97/2498] of ARB18.

49. To date no response has been received by the Joint Administrators from the French Employees, the French Employees' lawyer or the AGS.
50. HSF sent a further reminder to the French Employees' lawyer on 31 May 2017 – see page **[9/98/2557]** of ARB18.
51. The Joint Administrators are presently engaged in without prejudice settlement discussions with the French Employees in respect of their claims.

Additional communications with Kapsch

52. At paragraph 93 of Bloom 17, I set out the Joint Administrators' intention to write to Kapsch shortly after the Application was issued describing the Expense Claim Bar Date issue and including an Explanatory Letter (and Demand Form) in relation to NNUK.
53. HSF wrote a letter to that effect to Kapsch's solicitor in order to give special notice of the Application. A copy of the letter is provided at **[9/99/2559]** of ARB18.
54. Kapsch's solicitors responded to the NNUK Administrators' letter on 25 April 2017 – see pages **[1/1/1-9]** of ARB18C. The majority of the letter relates to further information which the NNUK Administrators have requested pursuant to their statutory powers. As that correspondence has been acquired from Kapsch pursuant to those statutory powers, that correspondence is exhibited in the confidential bundle, ARB18C. I note however that Kapsch have acknowledged the hearing of the Application and have indicated that they are considering whether or not to appear or to make submissions at the hearing.
55. HSF sent a further reminder to Kapsch's solicitors on 31 May 2017 – see page **[9/100/2572]** of ARB18.

Additional communications with SNMP

56. At paragraph 123 of Bloom 17, I set out the Joint Administrators' intention to send a letter to SNMP explaining the Applications (including providing a copy of the Applications and the draft orders sought and a link to the witness statement) and the process for claiming against the CVA Companies, NNUK, Nortel Finland and Nortel Romania. It was also intended that a proof form would be provided for NNUK.
57. HSF have written to SNMP's lawyers on behalf of each of the Companies enclosing a copy of the Application and draft orders for each of the Companies. A copy of the letter to SNMP's lawyers is provided at **[8/94/2229]** of ARB18.
58. HSF sent a further reminder to SNMP's lawyer on 31 May 2017 – see page **[9/101/2573]** of ARB18. SNMP's lawyers confirmed on the same date that they did not intend to appear at the hearing.

Additional communications with local Tax Authorities

59. At paragraph 131 of Bloom 17, I set out that the Joint Administrators were in the process of writing to each local Tax Authority (and if possible, speaking to them) prior to the hearing of the Application. Similar letters to those sent to the tax authorities in Poland and Sweden (see pages [1/4-5/41-97] of ARB17C) have been sent to the other tax authorities.
60. In their correspondence with the tax authorities with respect to the CVA Companies, the Joint Administrators have noted that the Application has been made and the hearing of the Application is scheduled for 6 June 2017. I provide copies of the confidential correspondence between the following Companies and the local tax authorities.
- 60.1 NN Netherlands and NNIF – see pages [1/2/10-71] of ARB18C;
- 60.2 Nortel Czech Republic – see pages [1/3/72-127] of ARB18C;
- 60.3 Nortel Germany – see pages [1/4/128-154] of ARB18C;
- 60.4 Nortel Austria – see pages [1/5/155-189] of ARB18C;
- 60.5 Nortel Portugal – see pages [1/6/190-223] of ARB18C;
- 60.6 Nortel Italy – see pages [1/7/224-253] of ARB18C;
- 60.7 Nortel Spain – see pages [1/8/254-289] of ARB18C;
- 60.8 Nortel France SAS – see pages [2/9/290-378] of ARB18C;
- 60.9 Nortel Slovakia – see pages [2/10/379-608] of ARB18C;
- 60.10 Nortel Belgium – see pages [3/11/609-655] and [3/12/656-702] of ARB18C;
- 60.11 Nortel Hungary – see pages [3/13/703-743] of ARB18C; and
- 60.12 Nortel Ireland – see pages [3/14/744-755] of ARB18C.
61. With respect to the Tax Authorities in Romania and Finland on 10 May 2017, the Joint Administrators wrote enclosing a copy of the Application and the Demand Form – see pages [3/15/756-806] and [3/16/807-848] respectively of ARB18C.
62. With respect to the Tax Authorities in the UK, the Joint Administrators sent an email to HMRC on 2 May 2017 enclosing a copy of the Application and the Demand Form – see pages [3/17/849-861] of ARB18C.
63. I provide an update in a confidential schedule to this statement in respect of discussions that have been taking place with the various Tax Authorities.

Other communications with creditors

64. Following receipt of copies of the proposed CVAs, the lawyers for the Canadian Debtors contacted HSF regarding the intended effect of the Application and, in particular, the effect of the order sought on a claim by the Canadian Debtors against NNIF for US\$3 million (the "NNIF Claim"). A copy of the correspondence is provided at page [9/102/2574] of ARB18.

In particular, the Canadian Debtors queried whether they would be required to file a Demand Form in respect of the NNIF Claim. HSF responded to explain the intended effect of the List of Accepted Expense Claims, noting that the NNIF Claim appears in the List of Accepted Expense Claims and therefore it would not be necessary to complete a Demand Form unless the Canadian Debtors were claiming for additional sums. In any event, I note that this payment is expected to be made on or around the date of this statement and, accordingly, it is intended that the NNIF Claim will be removed from the List of Accepted Expense Claims when paid.

65. Other than as outlined above, the Joint Administrators have had no further queries from creditors with regard to the proposed effect of the Expense Bar Date.
66. To date, no creditors have indicated that they intend to appear at the hearing to oppose the Application.
67. The Joint Administrators are not presently aware of any other potential or actual affected administration expense creditors save for those to whom they have given notice (including Chubb, as described below at paragraph 68) and those who appear in the List of Accepted Expense Claims.

#### **E. CHUBB CLAIM**

68. During the course of reviewing their books and records as part of the process of maintaining the List of Accepted Expense Claims, a claim brought by Chubb against NNUK came to the attention of the NNUK Administrators (the "**Chubb Claim**").
69. The Chubb Claim is asserted in relation to an alleged power failure on 14 September 2012 arising at the premises of an insured party, Arrow Electronics UK Limited. A copy of the pre-action letter which was sent to the NNUK Administrators on 20 March 2014 is provided at page [9/103/2577] of ARB18. The Joint Administrators responded to the pre-action letter on 10 April 2014 – see page [9/104/2581] of ARB18. There has been no further formal communication between Chubb and the NNUK Administrators save for ad hoc requests for information from the solicitors to Chubb.
70. The Chubb Claim was not particularised in the pre-action letter as being an unsecured claim or an administration expense. However, the NNUK Administrators considered that there is a chance that the Chubb Claim may be asserted as ranking as an administration expense and accordingly it is appropriate to write to Chubb directly giving notice of the Application, providing a copy of the Demand Form and noting that, as a potentially affected party, Chubb may have the right to appear and be heard if it chooses to do so. To date no response has been received from Chubb to the Joint Administrators' letter. HSF sent a further reminder to Chubb's lawyers on 31 May 2017 – see page [9/105/2585] of ARB18.

**F. LIST OF ACCEPTED EXPENSE CLAIMS**

71. An updated version of the List of Accepted Expense Claims is provided at page [9/106/2586] of ARB18 to this statement showing the amendments that have been made in track changes.

**G. CONFIDENTIALITY**

72. Mr Justice Snowden's order dated 3 November 2016 provides that the confidential exhibit to Bloom 16, together with the letter of Herbert Smith Freehills LLP dated 1 November 2016 ("**ARB16C**"), should not be open to inspection without the prior leave of the Court, up until the date on which the distribution to the Companies of all of the monies to which they are entitled under the terms of the Settlement and Plans Support Agreement is concluded.

73. At paragraph 52 of Mr Justice Snowden's judgment, he described the contents of ARB16C as follows:

*"In addition, I have been supplied with a number of confidential documents including projected outcome statements for EMEA Companies and various pieces of legal advice provided to the Administrators by their lawyers in the relevant jurisdictions, namely England, Canada, the US and France. It is particularly to be noted that the Administrators, the Conflict Administrator and Mr. Hughes have had separate advice from different law firms dealing with the position of NNUK and the EMEA Companies, the position of NNSA in relation to the Allocation Dispute, and the position of Nortel Ireland respectively. Among other things, the legal advice given analyses the likely course of the appellate stages of the Allocation Dispute in Canada and the US, and of the litigation between the NNSA Main and Secondary Proceedings if the Global Settlement were not to become effective. I shall, for obvious reasons, be making an order in due course preserving the confidentiality of that material, at least until after the Global Settlement has become effective and the Lockbox proceeds have been distributed."*

74. As described above at paragraph 14, the distribution of those monies has now been concluded as of 26 May 2017 and accordingly the confidentiality protections will have expired.

75. The contents of ARB16C still remain acutely sensitive and accordingly confidentiality should be preserved over those materials. There are still on-going and potential disputes between the Companies and certain of their creditors. In addition, various rights, clauses and obligations under certain of the settlement documents (in particular, the NNSA Settlement Deed) are still yet to accrue, come into effect or be implemented. Accordingly, it would be prejudicial for legal advice pertaining to the affairs of the Companies and the Settlement Agreements to be made publicly available at this time. Accordingly, the Joint Administrators respectfully request that the confidentiality protections that were placed on

the contents of ARB16C should be extended to the earlier of 6 June 2018 or the date on which the final distribution has been paid to the creditors of each of the Companies.

76. I would also respectfully request that, due to the confidentiality of the correspondence included in ARB18C and the confidentiality of the Confidential Schedule to this statement, those materials are ordered not to be open to inspection without the prior leave of the Court pursuant to Rule 12.39(9) of the 2016 Rules.

**STATEMENT OF TRUTH**

I believe that the facts stated in this witness statement are true.

A handwritten signature in black ink, appearing to read 'Alan Robert Bloom', is written over a horizontal dotted line.

**ALAN ROBERT BLOOM**

Date: 31 May 2017



IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTERS OF:

NORTEL NETWORKS UK LIMITED	<u>No. 536 of 2009</u>
NORTEL GMBH	<u>No. 542 of 2009</u>
NORTEL NETWORKS NV	<u>No. 550 of 2009</u>
NORTEL NETWORKS S.P.A.	<u>No. 552 of 2009</u>
NORTEL NETWORKS BV	<u>No. 553 of 2009</u>
NORTEL NETWORKS POLSKA SP. Z.O.O.	<u>No. 554 of 2009</u>
NORTEL NETWORKS HISPANIA S.A.	<u>No. 535 of 2009</u>
NORTEL NETWORKS INTERNATIONAL FINANCE & HOLDINGS BV	<u>No. 549 of 2009</u>
NORTEL NETWORKS (AUSTRIA) GMBH	<u>No. 537 of 2009</u>
NORTEL NETWORKS SRO	<u>No. 538 of 2009</u>
NORTEL NETWORKS ENGINEERING SERVICE KFT	<u>No. 540 of 2009</u>
NORTEL NETWORKS PORTUGAL S.A. NORTEL	<u>No. 547 of 2009</u>
NETWORKS SLOVENSKO S.R.O. NORTEL	<u>No. 551 of 2009</u>
NETWORKS FRANCE SAS NORTEL	<u>No. 544 of 2009</u>
NETWORKS AB	<u>No. 548 of 2009</u>
NORTEL NETWORKS (IRELAND) LIMITED	<u>No. 541 of 2009</u>
NORTEL NETWORKS OY	<u>No. 545 of 2009</u>
NORTEL NETWORKS ROMANIA SRL	<u>No. 546 of 2009</u>
NORTEL NETWORKS S.A.	<u>No. 539 of 2009</u>

AND IN THE MATTER OF THE INSOLVENCY ACT  
1986

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EIGHTEENTH WITNESS STATEMENT OF  
ALAN ROBERT BLOOM

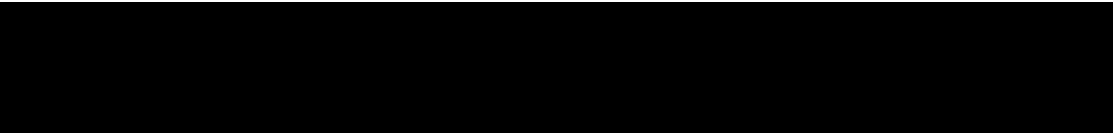
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CONFIDENTIAL SCHEDULE

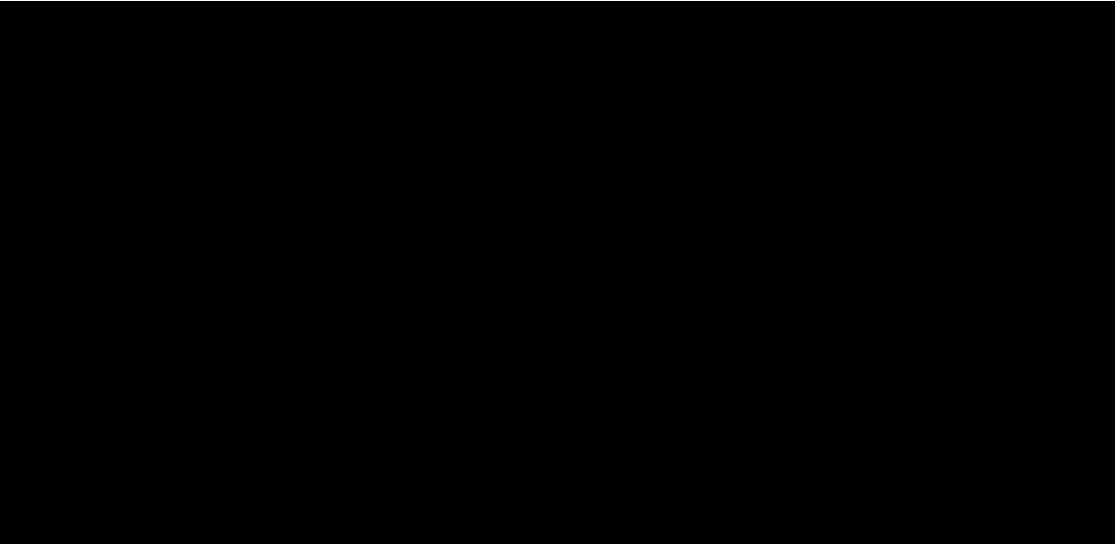
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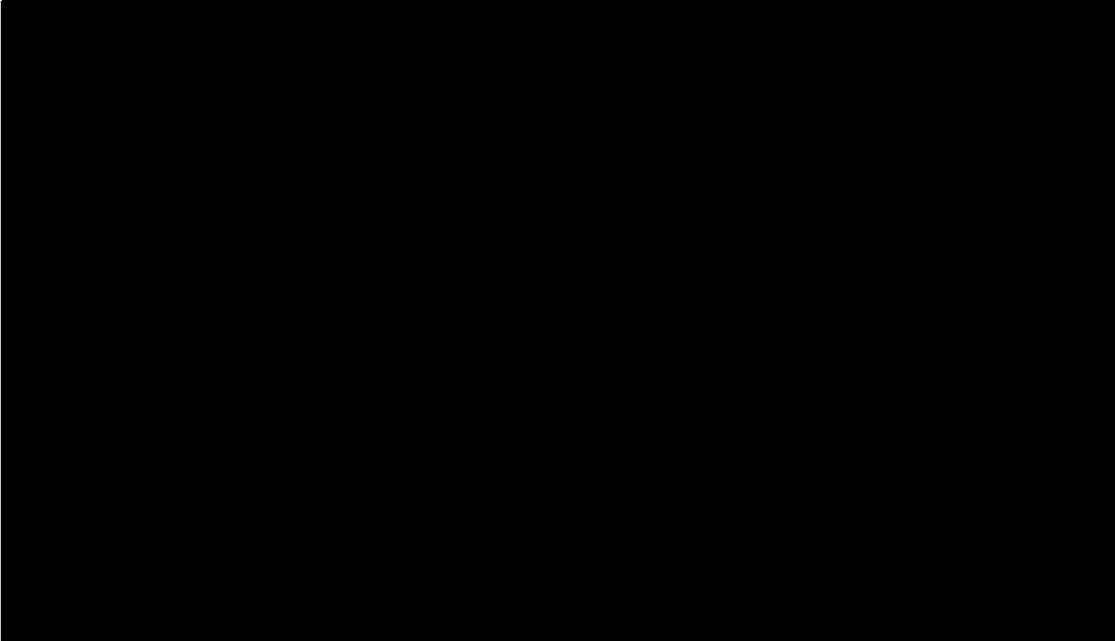
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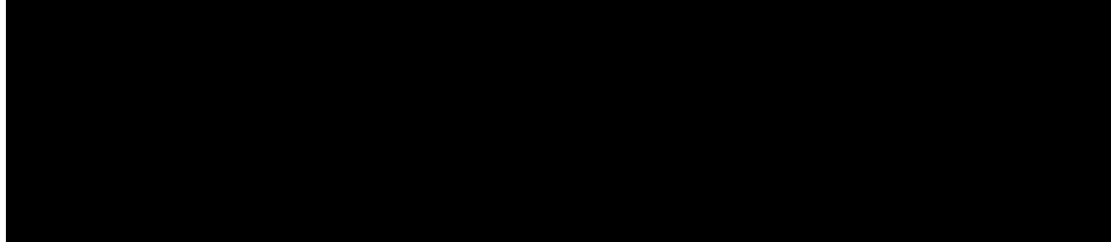
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## 2. **COMMUNICATIONS WITH LOCAL TAX AUTHORITIES**

- 2.1 The Joint Administrators have also been proactively engaging with local Tax Authorities since the date of Bloom 17. Other than the correspondence described above, the Joint Administrators or their local tax advisors have also either exchanged further emails/letters, or had meetings in person or had telephone calls with the local Tax Authorities in each of the jurisdictions other than Portugal since the date of the Application in order to discuss various tax issues, including draft tax computations, closing out the estates and the Application.
- 2.2 With respect to Nortel Portugal, I understand from my local tax advisers that it is not ordinary practice to communicate with the Tax Authority directly and accordingly the Joint Administrators have not taken further steps to contact the Tax Authority other than sending through the initial letter described at paragraph 60 above (which contained the CVA materials and the Application materials).
- 2.3 To date, no Tax Authority has indicated that it objects to the Application or to the concept of being required to file a Demand Form. The Joint Administrators are not aware of any Tax Authority which intends to appear at the Application hearing.
- 2.4 If the Joint Administrators consider that tax is payable in any estate but the Tax Authorities, for reasons so far not expressed – are unable or unwilling to file a Demand Form by the Bar Date, the Joint Administrators propose to either pay or reserve for tax obligations which they consider are owed and not take advantage of any procedural defect in compliance suffered by the relevant Tax Authority because of its internal systems. In such circumstances, the Joint Administrators would propose to rely on: (i) their own analysis of the post-appointment liability expected to be owed based on local tax advice; or (ii) in the

event of any disagreement between the quantum as assessed by the Joint Administrators' local advisers and the relevant Tax Authority (either through formal or informal channels), the Joint Administrators would propose to pay and/or reserve for the higher amount. The Joint Administrators do not consider that this has the effect of preferring the Tax Authorities or treating them differently from other creditors. The only reason that the Tax Authorities have not been included in the draft List of Accepted Expense Claims for at least the amount of tax that the Joint Administrators consider is owed is because of the potential issue of the ranking of the claims.

- 2.5 In any event, given the proactive engagement and discussions with Tax Authorities to date since the Application was lodged, the Joint Administrators presently do not anticipate being required to proceed in accordance with the procedure described at paragraph 2.4 above for Companies other than Nortel Slovakia. So far, none of the Tax Authorities (other than as described with respect to Nortel Slovakia) have indicated that they will be unable to comply with the Bar Date.