

Nortel Networks UK Limited (in Administration)
Administrators' receipts and payments account for the period 14 January 2017 to 13 July 2017

Currency: GBP	Period 14 January 2009 to 13 January 2017	Period 14 January 2017 to 13 July 2017	Total to 13 July 2017	Notes
Opening balance	236,900,621		236,900,621	1
Receipts				1, 2, 3
<i>Trading:</i>				
- Post-appointment intercompany	282,953,815	61,456,723	344,410,538	4
- Post-appointment sales	251,539,923	676,989	252,216,912	
- Realisations from subsidiaries	3,502,720	-	3,502,720	
- TSA receipts	43,322,739	-	43,322,739	
- Asset sales	12,756,209	-	12,756,209	
- Other receipts	5,899,089	120	5,899,209	
- Other taxes	10,840,935	(508,183)	10,332,752	
- Property income	2,420,194	-	2,420,194	
- Pre-liquidation distribution from NN Saudi	1,908,194	-	1,908,194	
- Overpayment refunds	941,104	-	941,104	
<i>Other:</i>				
- Pre-appointment sales	64,978,537	-	64,978,537	
- SPSA locked box proceeds	-	809,890,400	809,890,400	5
- Pre-appointment intercompany - Nortel Networks Limited	-	32,064,494	32,064,494	6
- Pre-appointment intercompany - Asia Pacific entities	14,811,051	-	14,811,051	
- Pre-appointment intercompany - Nortel Networks Israel	203,011	-	203,011	
- US Settlement Allocation on Claims	10,699,825	-	10,699,825	
- Bank interest	7,008,976	187,501	7,196,476	
	<u>713,786,322</u>	<u>903,768,044</u>	<u>1,617,554,366</u>	
Payments				
<i>Trading:</i>				
- Accounts payable - inventory related	(290,691,120)	-	(290,691,120)	
- Payroll, employee benefits, and payroll taxes	(167,785,716)	(1,591,367)	(169,377,083)	
- Property costs	(34,703,057)	(68,464)	(34,771,521)	
- Other payments	(28,012,787)	(125,327)	(28,138,114)	
- Utilities	(8,919,024)	(1,630)	(8,920,654)	
- Pension contributions	(9,054,945)	(209,259)	(9,264,204)	
- Trade payables	(6,726,163)	-	(6,726,163)	
- Contractors	(2,971,076)	-	(2,971,076)	
<i>Other:</i>				
- Legal fees	(188,804,887)	(1,134,117)	(189,939,004)	
- Joint Administrators' fees and disbursements	(106,942,268)	6,156,423	(100,785,844)	7
- Other professional services costs	(14,195,009)	(327,225)	(14,522,233)	
- Liquidators fees for winding up of subsidiaries	(89,646)	-	(89,646)	
- Restructuring costs	(2,236,840)	-	(2,236,840)	
- Other payments	-	(3,052,247)	(3,052,247)	
- FX translation movement on FX transactions within the entity	(2,123,145)	(21,705,227)	(23,828,372)	1, 8
- Bank charges and interest	(1,031,169)	(27,850)	(1,059,019)	
- Capital expenditure	(115,282)	-	(115,282)	
- FX translation movement on foreign currency balances	(4,129,985)	(125,432)	(4,255,417)	1, 8
	<u>(868,532,120)</u>	<u>(22,211,720)</u>	<u>(890,743,840)</u>	
Closing balance	<u>82,154,824</u>	<u>881,556,323</u>	<u>963,711,147</u>	
Account reconciliations:				
Local Accounts	1,216,840	107,547	1,324,387	
Administration Accounts	80,937,984	881,448,776	962,386,761	
	<u>82,154,824</u>	<u>881,556,323</u>	<u>963,711,147</u>	

Nortel Networks UK Limited (in Administration)

Notes to the Joint Administrators' receipts and payments account for the period 14 January 2017 to 13 July 2017

Note 1

Account balances have all been reported in the local currency.

Opening balances have been converted using January 2009 month-end spot rates and closing balances converted using June 2017 month-end spot rates which have been provided by the Company. This approach is in line with the Company's internal reporting procedures.

Transactions that have taken place through the accounts over the course of the reporting period (14 January 2017 to 13 July 2017) have been converted at average spot rates over this period, which have been sourced from Reuters.

Consequently, foreign exchange movements have occurred in the period as a result of fluctuations in currency conversion rates. These are translation movements only and do not reflect an actual receipt or payment.

Note 2

The numbers used to prepare the receipts and payments summary have been provided by the Company and are unaudited. Material items have been reviewed for accuracy and reasonableness.

Note 3

The amounts reported are inclusive of sales tax where applicable.

Note 4

Post-appointment intercompany receipts for the period 14 January 2017 to 13 July 2017 reflect amounts received under certain settlement deeds and recharges of various costs to other Nortel EMEA entities.

Note 5

Settlement Plans Support Agreement ("SPSA") locked box proceeds reflects the amount received by the Company from the locked box, in respect of the global business and intellectual property sales, as agreed under the global settlement agreement.

Note 6

Pre-appointment intercompany receipts for the period 14 January 2017 to 13 July 2017 reflect the first dividend from the Nortel Networks Limited ("NNL") estate at a rate of 41.5c in the \$ in respect of the Company's pre-appointment intercompany claim against NNL.

Note 7

Joint Administrators' fees and disbursements for the period 14 January 2017 to 13 July 2017 are positive due to a recharge of fees incurred in relation to the global business sales, the Allocation Dispute and the American and Canadian claims disputes (details of which are provided in previous progress reports).

Note 8

The total FX translation movement to 13 July 2017 is a result of the fluctuations in exchange rates against the USD. As such the interim FX translation movement does not represent a true monetary gain or loss.

Nortel Networks UK Limited - Saudi Arabia Branch (in Administration)
Administrators' receipts and payments account for the period 14 January 2017 to 13 July 2017

Currency: GBP	Period 14 January 2009 to 13 January 2017	Period 14 January 2017 to 13 July 2017	Total to 13 July 2017
Opening balance	2,076,800		2,076,800
Receipts			
<i>Trading:</i>			
- Other receipts	13,744	-	13,744
<i>Other:</i>			
- Pre-appointment sales	1,530,885	-	1,530,885
- Intercompany	321,640	-	321,640
- Bank interest	27,761	-	27,761
- FX translation movement	58	(334)	(276)
	<u>1,894,088</u>	<u>(334)</u>	<u>1,893,754</u>
Payments			
<i>Trading:</i>			
- Other payments	(613,597)	-	(613,597)
- Trade payables	(326,559)	-	(326,559)
- Other taxes	(211,099)	-	(211,099)
- Payroll, employee benefits, and payroll taxes	(161,925)	-	(161,925)
- Other professional services costs	(133,817)	-	(133,817)
- Property costs	(75,049)	-	(75,049)
- Utilities	(58,264)	-	(58,264)
- Contractors	(23,819)	-	(23,819)
<i>Other:</i>			
- Pre-liquidation distribution - NN UK	(2,352,528)	-	(2,352,528)
- FX Translation movement on FX transactions within the entity	(7,145)	-	(7,145)
- Bank charges and interest	(772)	-	(772)
	<u>(3,964,574)</u>	<u>-</u>	<u>(3,964,574)</u>
Closing balance	<u>6,314</u>	<u>(334)</u>	<u>5,980</u>
Account reconciliations:			
Local Accounts	6,170	(326)	5,844
Administration Accounts	144	(8)	136
	<u>6,314</u>	<u>(334)</u>	<u>5,980</u>

Nortel Networks UK Limited – Saudi Arabia Branch (in Administration)

Receipts and payments comments

There has been a significant reduction in the receipts and payments activity during the interim period against prior periods. This is representative of the wind down position of the business.

Notes to Joint Administrators' receipts and payments account for the period 14 January 2017 to 13 July 2017

Note 1

Account balances are reported in the common currency for NNUK, GBP.

Opening balances have been converted using January 2009 month-end spot rates and closing balances converted using June 2017 month-end spot rates which have been provided by the Company. This approach is in line with the Company's internal reporting procedures.

Transactions that have taken place through the accounts over the course of the reporting period (14 January 2017 to 13 July 2017) have been converted at average spot rates over this period, which have been sourced from Reuters.

Consequently, foreign exchange movements have occurred in the period as a result of fluctuations in currency conversion rates. These are translation movements only and do not reflect an actual receipt or payment.

Note 2

The numbers used to prepare the receipts and payments summary have been provided by the Company and are unaudited. Material items have been reviewed for accuracy and reasonableness.

Note 3

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Note 4

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