Applicant
Stephen John Harris
Sixth Statement
Exhibit "SJH6"
21 June 2018

THE BUSINESS AND PROPERTY COURTS OF ENGLAND & WALES
COMPANY & INSOLVENCY LIST

IN THE MATTER OF NORTEL NETWORKS SA **No. 539 of 2009 / CR-2009-000048**
AND IN THE MATTER OF THE INSOLVENCY ACT 1986

SIXTH WITNESS STATEMENT OF STEPHEN JOHN HARRIS

I, **STEPHEN JOHN HARRIS** 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 Associate Partner in the firm of Ernst & Young LLP ("**E&Y**").

2. I was appointed as a joint administrator of Nortel Networks SA ("**NNSA**") on 14 January 2009 together with Alan Michael Hudson, Christopher John Wilkinson Hill and Alan Robert Bloom, of E&Y. A Conflict Administrator has been appointed in respect of NNSA – see the Order of Registrar Briggs dated 2 June 2015 provided at [1/1/1] of SJH6. Mr Hill has ceased to practice as an insolvency practitioner and gave notice that he was to resign as a joint administrator of NNSA on 11 September 2017. Mr Hill formally resigned as a joint administrator on 20 September 2017 and a notice of his resignation is exhibited at [1/2/3] of SJH6. I will refer to us collectively in this statement as the "**Joint Administrators**". Where I use the term "Joint Administrators" in relation to matters or events before 20 September 2017, I am referring collectively to myself, Mr Bloom, Mr Hudson, Mr Hill and (from 2 June 2015) also to Mr Taylor. Where I use this term in relation to matters or events on or after 20 September 2017, I am referring collectively to myself, Mr Bloom, Mr Hudson and Mr Taylor.

3. I am also appointed as a joint administrator of a number of other group companies[1] (the

[1] Nortel Networks UK Limited; Nortel GmbH; Nortel Networks France S.A.S.; Nortel Networks N.V.; Nortel Networks S.p.A.; Nortel Networks B.V.; Nortel Networks Polska Sp. z o.o.; Nortel Networks Hispania, S.A.; Nortel Networks (Austria) GmbH; Nortel Networks s.r.o.; Nortel Networks Engineering Service Kft.;

"**Non-NNSA Companies**"). The present application (the "**Application**") is not made in relation to any of the Non-NNSA Companies.

4. I am duly authorised to make this witness statement on behalf of the Joint Administrators of NNSA, in support of the Application. The Joint Administrators' solicitors, Herbert Smith Freehills LLP ("**HSF**"), have provided the Conflict Administrator with a draft of this witness statement and he has confirmed to them that, so far as it relates to NNSA for the period since his appointment and to the best of his knowledge, he considers it to be accurate and that, in his capacity as the Conflict Administrator, he authorises the making of this Application in respect of NNSA.

5. 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.

6. There is now produced and shown to me a bundle of documents marked "**SJH6**" to which I shall refer in this witness statement.

7. References in this document to Exhibits are in the form [**Volume/Tab/Page**].

8. I make reference in a number of places in this application to the seventeenth and eighteenth witness statements of Mr Bloom ("**Bloom 17**" and "**Bloom 18**") and my fourth witness statement ("**Harris 4**"). Those statements were made in support of an application by the Non-NNSA Companies for relief analogous to the relief sought by NNSA in the present Application. The nature of the relief sought by NNSA is set out in further detail at paragraph 12 below.

9. The Joint Administrators' term of office and the administration of NNSA was extended by a period of 24 months by an order of Registrar Derrett on 12 January 2010 ([1/3/4] of SJH6), by a further period of 24 months by an order of Registrar Derrett on 6 December 2011 ([1/4/7] of SJH6), by a further period of 24 months by an order of Registrar Baister on 1 November 2013 ([1/5/10] of SJH6), for a further period of 24 months by Mr Justice Snowden on 2 December 2015 ([1/6/13] of SJH6), and for a further period of 12 months by Mr Justice Snowden on 14 December 2017, so that the Joint Administrators' term of office now expires on 13 January 2019 (1/7/14 of SJH6).

Nortel Networks Portugal, S.A.; Nortel Networks Slovensko s.r.o.; Nortel Networks Oy; Nortel Networks Romania SRL; Nortel Networks AB; Nortel Networks International Finance & Holding B.V.; Nortel Networks (Ireland) Limited.

A. INTRODUCTION

(a) Reading List and Structure of this Statement

10. The information provided in this witness statement is intended to give a full explanation of the background to the administration of NNSA, the current status of the administration of NNSA, the rationale for the order sought, and an explanation of the effect of the order sought. I note that in the Expense Claim Judgment (as defined at paragraph 13) the Court considered these issues closely. In order to assist the Court I would draw particular attention to paragraphs 52 to 105 of this statement (recent developments and NNSA's potential expense creditors), as well as to paragraphs 140 to 141 (notice to creditors), as being the critical paragraphs for the Court to focus on for the purpose of the present Application. The other paragraphs of this statement are concerned with: (i) background or other matters which the Court may well recall having read in evidence lodged previously, in particular the seventeenth and eighteenth witness statements of Mr Bloom filed in support of last year's bar date application (see in particular paragraphs 19 to 51); and (ii) the structure of the order sought, which is materially identical to the structure of the orders granted on last year's bar date application (see in particular paragraphs 106 to 139).

11. The structure of this witness statement is as follows:

Section B: Background

(a) The Nortel Business and Insolvency

(b) EMEA Administration Applications

(c) Purpose of the Administrations

(d) Progress of the Administrations

Section C: The Problem Posed by the Potential Expense Claims

(a) The French Employee Claims

(b) The SNMP Claim

(c) Potential landlord claim

(d) Potential Claims by the French Tax Authority

(e) The Impact of Potential Expense Claims on Distributions to Unsecured Creditors

Section D: The Relief Sought

(a) The Purpose and Intended Effect of the Draft Order

(b) Detailed explanation of the provisions in the Draft Order

(c) Notice to creditors

(b) The Relief Sought

12. The Joint Administrators seek an order in the form set out in the application notice being an order which:

12.1 requires the Joint Administrators to pay:

(a) those Expense Claims (as defined below at paragraph 15) which are accepted by the Joint Administrators in the ordinary course of the administration and are included on a list of accepted Expense Claims (the "**List of Accepted Expense Claims**"), which is to be uploaded on to the website www.emeanortel.com (and which is to be updated from time to time as required), the current version of which is set out in Schedule IV to this statement;

(b) any Expense Claim in respect of which a "**Demand Form**" (in the form provided at Schedule II to this statement) is received by the Joint Administrators prior to 29 January 2019 (the "**Bar Date**"), if and to the extent that such Expense Claim is accepted by the Joint Administrators to be payable as an expense of the administration; and

(c) any Expense Claim in respect of which a Demand Form is received by the Joint Administrators on or after the Bar Date (a "**Late Expense Claim**"), if and to the extent that such Late Expense Claim is accepted by the Joint Administrators to be payable as an expense of the administration, but without disturbing: (i) any payments or distributions that have already been made (either to unsecured creditors or in respect of other Expense Claims); or (ii) any reserve already made in respect of any other (including any disputed, future or forecast) Expense Claim; and

12.2 grant the Joint Administrators liberty to treat the balance of the assets of NNSA as thereafter being funds available for distribution to unsecured creditors, subject to making any reserve as may be required to ensure payment in full of any (including any disputed) Expense Claim of which they are aware and any future Expense Claim which they foresee at that time.

13. As foreshadowed above, the Non-NNSA Companies have previously made a successful application seeking relief equivalent to that sought in the present Application. Bloom 17 and 18 were made in support of those applications (see [1/8/17] and [1/9/113] of SJH6).

Mr Justice Snowden granted the orders sought on 9 June 2017. A copy of the order granted in respect of Nortel Networks France SAS ("**Nortel France**"), by way of example, is provided at [1/10/133] of SJH6. Mr Justice Snowden handed down his judgment granting the relief sought on 16 June 2017 (the "**Expense Claim Judgment**") (see [1/11/143] of SJH6). In order to prevent overburdening the Court with extensive evidence, where possible in this statement I refer back to Bloom 17, Bloom 18 and the Expense Claim Judgment and I highlight the paragraphs describing the most recent developments in the administration of NNSA.

14. By way of brief explanation (and as set out in fuller detail in Section C below), the Joint Administrators seek the relief described above because there are a number of potential Expense Claims of which they are aware (some of which are potentially substantial), and the potential existence of such Expense Claims is likely to prevent them from making any or any substantial distributions to unsecured creditors (or, as the case may be, payments to the supervisors of any company voluntary arrangement which may successfully be promulgated). Indeed it is possible that, unless the Court grants the relief sought, some of these potential Expense Claims would not be formally asserted for some years, requiring the Joint Administrators in the meantime to hold back substantial reserves which could otherwise go to unsecured creditors. This is, in practical terms, the Joint Administrators' motivation for seeking the Court's sanction of a Bar Date for the assertion of those Expense Claims which have not yet been accepted by them in the ordinary course of the administration of NNSA.

15. Expense Claims for these purposes means any claim that ranks as an expense of the administration in the manner provided for under English law, including but not limited to:

    15.1 paragraph 99 of Schedule B1 to the Insolvency Act 1986 ("**Schedule B1**"); and

    15.2 Rules 3.50 and 3.51(2) of the Insolvency (England and Wales) Rules 2016 (the "**2016 Rules**"),

    and a person asserting an Expense Claim is, for the purposes of this statement, an "**Expense Creditor**".

(b) The Timing of this Application

16. As explained above, this Application is being made at a different time to the Applications made for the Non-NNSA Companies. Mr Bloom explained why this was the case at paragraphs 53 to 55 of Bloom 17.

17. In essence, the rationale for the delay in making the present Application was that the Joint Administrators of NNSA – including Mr Taylor, who is currently the Conflict Administrator of NNSA and is also proposed to be a joint supervisor in respect of the proposed company voluntary arrangement in relation to NNSA (the "**CVA**") (see below for further details at

paragraph 52), in which role he will conduct a more general function in relation to the affairs of NNSA going forward – determined that:

17.1 they would delay the promulgation of the CVA pending sufficient progress being made in NNSA's administration (noting that the present Application, as with last year's equivalent applications in relation to the Non-NNSA Companies – save for NNUK, Nortel Romania and Nortel Finland – contemplates the operation of an Expense Claim bar date in tandem with a CVA); and

17.2 it was necessary for the Secondary Proceeding to make further progress in dealing with potential claims against NNSA and, where possible, to gain clarity on priority claims (such as pre-appointment tax claims) before making this Application.

18. The Joint Administrators have, since the date of Bloom 18, made sufficient progress with regard to the administration of NNSA and are now in a position to shortly launch a CVA for NNSA. As explained in further detail below the Joint Administrators consider that, this progress having been made, it is now incumbent on them to take the necessary steps to facilitate distributions to creditors. The present Application is envisaged as an integral part of that process.

B. BACKGROUND

19. This section sets out the background to the insolvency of NNSA and the Nortel Group. I note that the following sections closely follow the substance of paragraphs 14 to 64 of Bloom 17 and accordingly much of this material has already been brought to the attention of the Court in the context of last year's bar date application in relation to the Non-NNSA Companies. Since the date of Bloom 18, a further update was also given to the Court in the application for an extension of the administrations of NNSA and the Non-NNSA Companies dated 29 November 2017, in support of which I gave my fifth witness statement ("**Harris 5**") (a copy of which is provided at [1/12/165] of SJH6).

20. Insofar as the Court will be assisted by a summary of the developments in the NNSA Administration since the date of my last witness statement, please refer to paragraphs 49 to 56 below.

(a) The Nortel Business and Insolvency

21. In order to assist the Court in understanding the progress made by the Joint Administrators in achieving the statutory purpose of the administration of NNSA, I briefly set out below certain background information that is relevant in the context of the present Application.

(i) Global Structure

22. A group structure chart is provided at [1/13/196] of SJH6.

23. Until 14 January 2009, Nortel Networks Corporation ("**NNC**") was a publicly-traded Canadian company and the direct or indirect parent of more than 130 subsidiaries located in more than 100 countries, collectively known as the "**Nortel Group**" or "**Nortel**". It operated a global networking solutions and telecommunications business.

24. Nortel Networks Limited ("**NNL**") is the primary Canadian operating company and holding company for most of the Nortel global subsidiaries.

25. Nortel Networks Inc. ("**NNI**") is a private company incorporated in the United States of America (the "**US**") and is the primary US Nortel operating company. It is a direct subsidiary of NNL.

26. The companies in respect of which the Joint Administrators have been appointed (i.e. NNSA and the Non-NNSA Companies, together the "**EMEA Companies**") form part of the Nortel Group and in particular form part of the Nortel Group operating in Europe, the Middle East and Africa (the "**Nortel EMEA Group**").

(ii) Nortel Business

27. The Nortel Group was a global supplier of networking solutions (i.e. telecommunications, computer networks and software) serving customers in Canada, the US, EMEA, the

Caribbean, Latin America and Asia. The Nortel Group operated on a highly integrated basis across multiple jurisdictions affecting the operation of the global group. The Nortel Group's business was based on the development, licensing and maintenance of intellectual property and the marketing of products and services based on that intellectual property. Research and development ("**R&D**") was an important part of the Nortel Group's business and was carried out by entities across the group, including several of the EMEA Companies.

28. The Nortel Group operated as a matrix organisation along business lines which straddled the legal and geographic entities in the Nortel Group. Key functions were coordinated across the different companies in the Nortel Group in order to serve global R&D, manufacturing, sales and marketing needs for each category of products or services offered globally by the Nortel Group. This meant that each of the entities in the Nortel Group held some of the assets and/or business which ended up being the subject of the post-insolvency sales.

(iii) Canada and the US

29. On 14 January 2009 (the same day as the EMEA Companies had applied to go into administration), NNC and NNL (together with certain of their Canadian subsidiaries, which I collectively refer to as the "**Canadian Debtors**") sought protection under Canadian bankruptcy law, under the Companies' Creditors Arrangement Act ("**CCAA**") in the Canadian Court (the Ontario Superior Court of Justice (Commercial List)), to facilitate the reorganization of the Nortel Group for the benefit of its creditors. The Canadian Court appointed Ernst & Young Canada as the CCAA Monitor of the Canadian Debtors (the "**Monitor**").

30. On the same day, NNI and Nortel Networks Capital Corporation (together with certain of their direct and indirect US subsidiaries, which I collectively refer to as the "**US Debtors**") filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the "**US Bankruptcy Court**") pursuant to Chapter 11 of the US Bankruptcy Code.

31. On 26 January 2009, the Office of the United States Trustee for the District of Delaware appointed an Official Committee of Unsecured Creditors pursuant to Chapter 11 (the "**UCC**"). An ad hoc committee of bondholders holding notes issued by certain of the US Debtors and certain of the Canadian Debtors has also been organised (the "**Bondholders**").

(b) EMEA Administration Applications

32. As I explained above, on 14 January 2009, the 19 EMEA Companies were placed into administration in England by order of Mr Justice Blackburne. The administration order for NNSA is provided at [1/14/197] of SJH6. Since then the Joint Administrators have managed the conduct of the administration of the EMEA Companies generally. With

respect to NNSA, the Conflict Administrator was appointed on 2 June 2015 as joint administrator to represent that entity's interests to the extent that they conflicted (or might conflict) with the interests of the other EMEA Companies following the outcome of the Allocation Trial (as explained in more detail below).

(i) Administration orders made by the High Court of England & Wales

33. In making the administration orders, Blackburne J held that the centre of main interests for each of the companies within the Nortel EMEA Group was, for the purposes of the EC Regulation on Insolvency Proceedings 2000 (No. 1346/2000) (the "**EC Regulation**"), in England & Wales.

34. Each of the administrations is a main insolvency proceeding as defined in Article 3(1) of the EC Regulation and the administration in respect of NNSA is referred to as the "**Main Proceeding**".

(ii) Secondary Proceedings

35. The Joint Administrators considered that it would be in the interests of creditors to avoid secondary proceedings being opened in the jurisdictions in which the EMEA Companies were incorporated. This was because the opening of secondary proceedings was considered at the time by the Joint Administrators to be likely to erode confidence in the post-filing trading and stability of the Companies and to disrupt and/or prevent the various Companies' participations in a coordinated global reorganisation of the Nortel Group thereby reducing the value realised for the benefit of its creditors. It was also considered that the opening of secondary proceedings would almost certainly increase costs, multiply formalities and cause delay.

36. In order to discourage the opening of secondary proceedings in the various local jurisdictions in question, the Joint Administrators of each of the EMEA Companies gave various assurances in their statements of proposals dated 25 February 2009 which were approved by a creditors' meeting of each Company (the "**Statements of Proposals**") that, if creditors did not seek to open secondary proceedings, they would be in no worse position than they would be if the relevant company were subject to secondary proceedings. A copy of the Statement of Proposals for NNSA is provided at [1/15/206] of SJH6. The Statements of Proposals for the other Companies were in substantially similar form and have not been included in SJH6 in the interests of avoiding duplication. The Joint Administrators also sought relief from the Court that letters of request be sent to the Courts in each local jurisdiction.

37. With the exception of NNSA, no secondary proceedings have been opened in respect of any of the EMEA Companies.

38. The Joint Administrators subsequently considered that it was in the best interests of the creditors of NNSA to commence secondary proceedings in France. This was because NNSA was unable, unless it entered into a French insolvency process, to carry out a major and urgent part of its required restructuring programme and, in particular, to effect efficaciously certain redundancies that were necessary. Accordingly, a secondary proceeding was opened in respect of NNSA (the "**Secondary Proceeding**") on 28 May 2009 and by a judgment of the Tribunal de Commerce de Versailles (the "**French Commercial Court**"), Maître Cosme Rogeau was appointed as liquidator of NNSA (the "**Secondary Liquidator**") and Maître Franck Michel was appointed as administrator of NNSA (the "**Secondary Administrator**") (together the "**French Officeholders**").

(iii) Recognition of the Administrations in the US

39. Following the opening of proceedings in England & Wales in January 2009, the Joint Administrators considered that, because the sale proceeds from the business disposals which had been undertaken would be held in escrow in bank accounts in New York, it was important to obtain recognition of the administrations of the EMEA Companies in the US. They therefore made applications in the US Bankruptcy Court to have the UK administrations of the EMEA Companies to be recognised as foreign main proceedings under Chapter 15 of the US Bankruptcy Code, with the attendant protections such recognition provides. On 26 June 2009, the US Bankruptcy Court ordered that the administration of NNUK be recognised as a foreign main proceeding under paragraph 1517 of the US Bankruptcy Code – a copy of the order is at [1/16/234] of SJH6. On 31 January 2011, the US Bankruptcy Court further ordered that the administrations of the remaining EMEA Companies be recognised as foreign main proceedings under Chapter 15 of the US Bankruptcy Code – a copy of the order is at [1/17/238] of SJH6.

(c) Purpose of the Administrations

40. The Joint Administrators set out their approach for achieving the statutory purpose of administration for each of the EMEA Companies in their Statements of Proposals. As the Joint Administrators explained in the Statements of Proposals, the proposals for each of the EMEA Companies in relation to the continued trading of the EMEA Companies were, *inter alia*:

    40.1 to continue to manage each EMEA Company's businesses, affairs and property during the period of the administration whilst the possibilities for a global restructuring of the Nortel business and/or a global sale of all or part of the Nortel business (together defined as the "**Global Restructuring**") were considered, progressed and given effect to by each EMEA Company as appropriate;

    40.2 during the process of the Global Restructuring, for each EMEA Company to continue trading and paying its suppliers and employees in respect of goods or

services supplied to that EMEA Company after 14 January 2009 for so long as the Company required such goods or services;

40.3 to monitor the cash and asset position of each EMEA Company and the general progress and prospects of the Global Restructuring in order to be satisfied that it may still be possible to rescue the Company as a going concern and/or achieve a sale of all or part of each EMEA Company's businesses as part of the Global Restructuring and that it was appropriate that each EMEA Company continue to trade rather than cease to trade and/or be placed into liquidation;

40.4 if the Joint Administrators decided that a Global Restructuring was not in the best interests of creditors or that the cost of continuing to trade was no longer in the best interests of creditors, to seek to achieve a better result for creditors of each EMEA Company as a whole than would be likely if that EMEA Company were wound up, by seeking to realise the best price for the business and/or assets of each EMEA Company as was obtainable in the circumstances, and then by taking steps to enable the assets of that EMEA Company to be distributed to its creditors.

41. Although the Joint Administrators continued to trade the EMEA Companies' businesses with a view to achieving a rescue of the EMEA Companies as a going concern, it soon became clear that, owing to the financial and market pressures facing the businesses of the Nortel Group, the sale of all businesses would be necessary and a rescue of the EMEA Companies as a going concern would not be possible. As such, the disposal of all core businesses and of the principal assets of the Nortel Group was commenced in 2009 and completed in 2011, giving rise to realisations in the amount of approximately US$7.3 billion (net of costs).

(d) Progress of the Administration

42. Following their appointment, the Joint Administrators have informed creditors of the progress of the administrations. Pursuant to Rule 2.47 of the Insolvency Rules 1986 (the "**1986 Rules**"), the Joint Administrators have prepared progress reports for NNSA on a six-monthly basis since the beginning of the administration. Since I signed my fifth witness statement in these proceedings, dated 29 November 2017 and provided at [1/12/165] of SJH6, the Joint Administrators have prepared a progress report for NNSA for the period 14 July 2017 to 13 January 2018 ("**Eighteenth Progress Report**") (a copy of which is provided at [1/18/242] of SJH6). The Eighteenth Progress Report was posted on or before 9 February 2018.

(i) Allocation

43. Various sales of the Nortel Group's business lines were concluded between 2009 and 2011

with total global realisations of approximately US$7.3 billion ("**Sale Proceeds**"). Further details of the post-insolvency asset sales are set out in paragraphs 43 to 47 of Mr Bloom's sixteenth witness statement ("**Bloom 16**") – see [2/19/272 – 274] of SJH6. In summary:

43.1 The officeholders of the various entities comprising the Nortel Group determined that it made most commercial sense for the Nortel Group entities to collaborate in selling the assets of the Nortel Group in a coordinated manner to maximise the proceeds that would likely be generated.

43.2 The Nortel Group did in fact succeed in selling its business lines and associated assets for approximately US$3.285 billion between 2009 and 2011.

43.3 The Nortel Group entities then sold the residual intellectual property (being patents, patent applications and related rights) which were remaining after the business sales for approximately US$4.5 billion.

43.4 The net total of all such sale proceeds (i.e. the Sale Proceeds) was approximately US$ 7.3 billion.

44. The dispute in relation to the allocation of the Sale Proceeds between the EMEA Companies, the US Debtors and the Canadian Debtors, among other creditor constituencies, was heard between May and June 2014 simultaneously before the US and Canadian Courts (the "**Allocation Trial**").

45. Judgments were handed down in the Allocation Trial by Mr Justice Newbould and Judge Gross in Ontario and Delaware respectively on 12 May 2015 (the "**Judgments**"). Under the Judgments a "Modified Pro Rata" approach to Allocation was found to be the appropriate methodology for splitting the Sale Proceeds, meaning that Allocation should be pro rata to the "Allowed Claims" made against each Selling Debtor.

46. A global settlement was reached on 12 October 2016. The terms of the Global Settlement are set out in detail in Bloom 16 and are not repeated here – see in particular paragraphs 201 to 211 at [2/19/309 – 316] of SJH6.

47. 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 (provided at [2/20/344] of SJH6). The judgment given by Mr Justice Snowden is provided at [2/21/348] of SJH6.

48. NNSA received a fixed allocation of US$220,000,000 from the settlement.

(ii) Appointment of Conflict Administrator in respect of NNSA

49. Following the outcome of the Allocation Trial, the Joint Administrators identified that the interests of NNSA and the other EMEA Companies had diverged on account of NNSA's

unexpected outcome from the Allocation Dispute following the orders of Judge Gross and Justice Newbould.

50. Given this potential or actual conflict, the Joint Administrators of NNSA applied to Court for the appointment of the Conflict Administrator, Stephen Taylor, as an additional administrator of NNSA and he was duly appointed pursuant to the Order of Registrar Briggs on 2 June 2015 (provided at [1/1/1] of SJH6). The Conflict Administrator agreed to separately and independently represent NNSA in respect of the Allocation Dispute and in determining whether any appeal should be made in those proceedings. From that point onwards the Conflict Administrator was solely responsible for progressing NNSA's appeal in the Allocation Dispute, and ultimately the Global Settlement. In relation to matters other than the Allocation Dispute, the Joint Administrators of NNSA continued to carry out the day to day functions of the administration of the Company, where appropriate in consultation with the Conflict Administrator.

51. While I shall continue to refer to Mr Taylor as Conflict Administrator, the Joint Administrators agreed that Mr Taylor's role be expanded following the Global Settlement, which greatly diminished the actual or potential conflicts such that he and the Joint Administrators now have conduct of matters generally in the administration of NNSA, with any conflict matters that arise referred to the Conflicts Administrator.

(iii) Proposed CVA for NNSA

52. With respect to NNSA, the Joint Administrators determined that the most appropriate process by which to determine the liabilities of the Company and effect a distribution to creditors would be by promulgating a CVA in respect of the Company. Liberty to promulgate a CVA in respect of NNSA was granted by order of Mr Justice Snowden dated 23 July 2015 – provided at [2/22/368] of SJH6.

53. The principles and certain key terms of the NNSA CVA will include those agreed between the NNSA Administrators and the Secondary Liquidator and set out in Schedule 4 (The NNSA CVA) to the NNSA Settlement Deed, as amended and restated on 1 March 2017, a copy of which is provided at [2/23/373] of SJH6.

54. As explained above, the timing of the CVA and this application for NNSA is later than for the Non-NNSA Companies. As noted above, the Joint Administrators made the decision to delay the CVA in relation to NNSA and the present Application, in particular because the Secondary Proceeding was taking steps to proceed with its own claims process. As part of that process, it was anticipated that priority claims in the Secondary Proceeding which would potentially rank as unsecured claims in the Main Proceeding (and certain of which are disputed in the Main Proceeding) might end up being resolved in their entirety. It was also envisaged that certain potential claims could also be substantially resolved by the Secondary Proceeding, which would mean that the proving process in the Main Proceeding

could be simplified, at least in part. For example, if claims by former employees of NNSA (which are described in greater detail below in Section C of the statement) were brought against the Secondary Proceeding and significantly progressed, then that would simplify dealing with claims in the Main Proceeding. Under the NNSA Settlement Deed (which is described in detail in Bloom 16), it was envisaged that the Secondary Proceeding would be primarily responsible for the payment of priority creditors. The burden of any tax arising as a result of any action taken by the Joint Administrators after their appointment or by the Secondary Liquidator following the French liquidation order was agreed to be allocated between the Main Proceeding and the Secondary Proceeding.

55. As a result, the Joint Administrators considered that no application of a type similar to the present Application should be made in relation to NNSA at the same time as the application issued last year in relation to the Non-NNSA Companies because requiring the French Employees (see further below at paragraphs 63 to 75) to assert their claims against NNSA at that time, and in any event prior to the Secondary Proceeding making sufficient progress, would have been likely to lead to a more complex claims process than would otherwise have been the case.

56. The Joint Administrators anticipate sending copies of the proposed CVA for NNSA to all of NNSA's unsecured creditors shortly after the hearing of this Application by the Court (and, most likely, by no later than 27 July 2018). At present the anticipated timetable for the CVA is as follows:

56.1 Notice of creditors' decision procedure (which the Joint Administrators anticipate will involve a physical meeting) regarding the CVA sent on or around 20 July 2018.

56.2 CVA Meeting to take place in mid-September 2018.

56.3 Effective Date – i.e. the day the Chairman's report of the decision of the creditors is filed at Court (pursuant to section 4(6) of the Insolvency Act 1986), which is expected to be the business day after the completion of the CVA decision procedure (assuming that the CVA is approved by the creditors) – to be in mid-September 2018.

56.4 The "**Implementation Date**", being the date 28 days after the Effective Date, to be in mid-October 2018.

56.5 The "**CVA Bar Date**", being the date four months after the Effective Date, to be in mid-January 2019.

C. THE PROBLEM POSED BY EXPENSE CLAIMS

57. The Joint Administrators are aware of two categories of actual or potential Expense Claims against NNSA. Broadly, I refer to these as "**Accepted Expense Claims**", being those various Expense Claims which arise from contracts entered into by the Joint Administrators

(such as certain of the Global Settlement documents), as well as other on-going or transactional obligations, which the Joint Administrators anticipate that they will admit in the ordinary course on the basis that they are accepted and uncontroversial. The second category is comprised of the unknown and disputed claims which I refer to as the "**Potential Expense Claims**" in the remainder of this statement.

58. As to "**Accepted Expense Claims**", there are a number of claims that fall into that category:

58.1 Legal and advisors' fees: Fees have been incurred by NNSA and are owed to legal and other advisors (in particular, tax and accounting). These service providers are asked to invoice NNSA periodically.

58.2 Administration costs: Various administrative costs have been and continue to be incurred in relation to the on-going conduct of the administrations, including, for example, for payment of suppliers such as printers, translators and delivery companies.

58.3 Administrators' remuneration: The Joint Administrators continue to draw remuneration for the work they are undertaking for NNSA, subject to approvals of creditor committees, the general body of creditors or the Court.

59. The Joint Administrators propose to continue paying these accepted (and uncontroversial) Expense Claims in the normal course, subject to the necessary approvals (for example in relation to their remuneration). This proposal is reflected in paragraph (2) of the draft order, and considered further at paragraphs 108 to 111 below.

60. In addition to the Accepted Expense Claims (referred to at the end of the previous Section), the Joint Administrators are aware of a number of Potential Expense Claims, the uncertainty surrounding which is, unless the relief sought by way of the present Application is granted, likely to lead to further delays to distributions to NNSA's unsecured creditors.

61. This Section addresses these Potential Expense Claims and their impact on NNSA's administration. The Joint Administrators' proposed solution to the problem raised by these Potential Expense Claims is addressed at paragraphs 112 to 115 below.

62. As explained in detail below, there are four categories of known Potential Expense Claim which are likely to be asserted against NNSA.

(a) French Employee Claims

63. I refer to Bloom 17 which sets out in detail the background to the French Employee Claims (see [1/8/36 – 41] of SJH6). In summary, the background to the French Employee Claims is as follows:

64. The Joint Administrators believe there to be approximately 494 former employees of NNSA

who were made redundant by the secondary proceeding.

65. Certain claims had been brought in the French Courts by 176 former employees of NNSA (the "**French Employees**") against a number of Nortel entities, including NNSA, NNUK, and NNL (Canada) (the "**French Employee Claims**").

66. As against NNUK, the French Employee Claims have been asserted as "superprivilège" claims as a matter of French law, which, subsequently, in letters written by certain French Employees to Mr Justice Snowden in October and November 2015, were characterised as constituting administration expenses.

67. In accordance with paragraph 1(b) of the order granted by Mr Justice Snowden in relation to NNUK on 9 June 2017 (the "**NNUK Expense Order**") (see [2/24/468] of SJH6), the Joint Administrators sent each of the French Employees who had made such claims an Explanatory Letter (in the specific form set out Annex I to the Order) and, where applicable, a Demand Form relating to NNUK. A copy of the Explanatory Letter and Demand Form were also sent to counsel acting for the French Employees. No response was received by NNUK to the Explanatory Letter and Demand Form sent to the French Employees.

68. Following negotiations between the Joint Administrators, the Secondary Liquidator and the legal advisors for the French Employees, settlements were entered into between, among others, NNUK, NNSA, the Joint Administrators, the Secondary Liquidator and the French Employees (the "**Employee Settlements**"). Pursuant to the Employee Settlements, all claims by the French Employees against any Nortel Group companies (other than NNSA) are released and waived.

69. The Employee Settlements were approved by the French Court in a judgment dated 6 July 2017. At a hearing on 28 September 2017 before the Fifth Chamber of the Court of Appeal of Versailles, counsel for the French Employees withdrew the claims pending determination by the Fifth Chamber. On 19 October 2017 the Fifth Chamber handed down judgments acknowledging the withdrawal of the claims of the French Employees, save in relation to one French Employee, John McMullan whose claim was not allocated to the Fifth Chamber. Counsel for Mr McMullan withdrew his claims at a hearing before the Fifteenth Chamber of the Court of Appeal of Versailles on 21 November 2017 and the decision of that Court acknowledging the withdrawal was handed down on 6 December 2017.

70. The Employee Settlements and subsequent withdrawal of claims brings an end to the litigation between the Nortel entities (other than NNSA) and the French Employees. On receipt of the judgment of the Court of Appeal of Versailles confirming the withdrawal of the claims of the French Employees against NNUK, the Joint Administrators of NNUK released the reserves made by the Joint Administrators of NNUK in respect of those claims.

71. The Joint Administrators of NNUK have not received notice from any other former

employees of NNSA that they intend to bring any claims against NNUK or any other Company with the sole exception of NNSA where such claims will be dealt with by the Secondary Proceeding and/or under the terms of the CVA.

72. As against NNSA, on the basis that all claims against NNSA have not been waived in full under the Employee Settlements (notwithstanding that the French Employees' claims before the French Court have been withdrawn), it is possible that the French Employees (or indeed other of the former employees of NNSA who were made redundant) may seek to assert claims against NNSA on the basis that any such claims rank as an expense in NNSA's administration. To date, claims have been asserted by French Employees against NNSA only in the Secondary Proceeding. In the Employee Settlements the Former Employees expressly reserved their rights to submit claims into the Main Proceeding (including but not limited to any CVA) and the Main Proceeding reserved its right not to admit in whole or in part any claims submitted by the Former Employees. If the French Employees do seek to bring claims against the Main Proceeding on a similar basis to that previously pleaded before the French Courts the Joint Administrators consider those claims would be uncertain and that they would dispute them.

73. A notice was placed on the Joint Administrators' website on 7 June 2018 explaining that an application would shortly be made in the terms set out in this statement – see [2/25/481] of SJH6. It was further indicated in that website notice that the evidence in support of the present Application, along with the Application itself and the draft order, would be made available online.

74. On 11 June 2018, the Joint Administrators also wrote to the lawyers who are understood to represent the French Employees (being Messrs Metin, Pinel, Debay, Vernier and Tourniquet) to give notice of their intention to issue the present Application and describing the effect of the order sought: see [2/26/482 – 505] of SJH6. In the event that the Application is granted, and as envisaged by paragraph 1(a) of the relief sought, the Joint Administrators will send an Explanatory Letter and Demand Form relating to NNSA to the legal representatives for the French Employees. It is anticipated that a copy of the Explanatory Letter and Demand Form will also be sent out in the CVA which will be sent to all 494 employees described at paragraph 64 above.

75. The Joint Administrators have also given notice to the lawyer who represents the majority of the former employees to ensure that he is aware of the present Application – see [2/27/506] of SJH6.

(b) The SNMP Claim

76. A claim has been brought by SNMP International, Inc. and SNMP Research, Inc. (together, "**SNMP**") against the US Debtors and the Canadian Debtors (the "**SNMP Claim**"). I refer to the background to this claim which has been set out in Bloom 17 at paragraphs 94 to

124. In summary:

76.1 SNMP brought claims against the US Debtors and the Canadian Debtors in respect of fees for pre- and post-administration use of its software in Nortel products and on the basis that some of SNMP's intellectual property was wrongly transferred during the Nortel global business sales and/or that the sales violated SNMP's intellectual property rights. The litigation in the US has now been dismissed.

76.2 While the SNMP Claim has never formally been made against NNSA, the Joint Administrators consider there is a risk that SNMP may seek to assert claims against NNSA and to assert that they should rank, at least in part, as administration expenses as a matter of English law (albeit that risk may be smaller now given that the US proceedings have been dismissed).

76.3 In advance of the application made last year for an administration expense bar date in respect of the Non-NNSA Companies (the "**Expense Application**"), HSF wrote to SNMP's lawyers on behalf of each of the Non-NNSA Companies enclosing copies of the Expense Application and draft orders for each of the Non-NNSA Companies. HSF sent a further reminder to SNMP's lawyers on 31 May 2017. SNMP's lawyers confirmed on the same date that they did not intend to appear at the hearing. In accordance with the various orders granted by Mr Justice Snowden on 9 June 2017 (the "**Expense Orders**"), the Joint Administrators sent an Explanatory Letter and a Demand Form relating to NNUK to SNMP. To date, no response to the Explanatory Letter from SNMP, nor any completed Demand Form, has been received by the joint administrators of any of the Non-NNSA Companies. Following the occurrence of the bar dates provided by the Expense Orders, the joint administrators of NNUK released the reserves made in respect of the SNMP Claim for distribution to the creditors of NNUK and distributions to creditors of the other EMEA Companies have become possible as well.

77. In light of the above, there appears to be a small risk that SNMP may seek to assert claims against NNSA and to assert that they should rank, at least in part, as administration expenses as a matter of English law in NNSA's administration. SNMP has had ample opportunity to bring a claim against NNSA if it intends to do so. The Joint Administrators consider that they need certainty as to whether or not such a claim will be asserted against NNSA. The Joint Administrators consider it incumbent on them to determine whether such claims will be asserted against NNSA and, if so, whether such claims (if successful) would rank as administration expenses.

78. On 11 June, the Joint Administrators wrote to the legal representatives for SNMP to give

notice of this application and describing the effect of the order sought: see [2/28/508] of SJH6. In the event that the Application is granted, the Joint Administrators will send an Explanatory Letter and Demand Form relating to NNSA to the legal representatives for SNMP.

(c) Potential Landlord claim

79. The former landlord of premises occupied by NNSA, GIE Les Jeunes Bois (the "**Landlord**"), has filed a number of claims in the Secondary Proceeding in respect of a finance lease contract dated 15 July 1999 (the "**Lease**") relating to (i) termination of the Lease, (ii) a claim for dilapidations, and (iii) a rent arrears claim.

80. The claims relating to the termination of the lease have been asserted in the maximum amount of €51,974,566.10 and are asserted to arise from the termination of a contract which was entered into pre-insolvency. The Joint Administrators understand that the Secondary Proceeding listed this claim as an admitted claim on the French Court list in the erroneous amount of €73 million.

81. The dilapidation claim has been asserted in the amount of €1,064,679 and is alleged to arise out of the obligation of NNSA to reimburse the Landlord for the amount of any repair work which NNSA is obliged to have carried out under the terms of the Lease. It is unclear whether the dilapidations arose before our appointment or during the period in which the property continued to be occupied following our appointment.

82. The rent arrears claim has been asserted to be a claim for unpaid rent after the opening of the administration but before the opening of the Secondary Proceeding. The claim has been asserted in the maximum amount of €1,797,000.

83. It is not clear to the Joint Administrators whether the Landlord intends to bring these claims (or any of them) against the Main Proceeding nor, if so, whether it intends to assert that these claims rank as an administration expense. The Conflicts Administrator has been engaged in discussions with the Landlord's representatives but to date the claims have not been more fully particularised by the Landlord, pending the issue of the proposal for a CVA.

84. In light of the above, there appears to be a risk that the Landlord may seek to assert these claims (or some of them) against NNSA and to assert that they should rank, at least in part, as administration expenses as a matter of English law.

85. On 11 June, the Joint Administrators wrote to the English legal representatives for the Landlords, Macfarlanes LLP, to give notice of this application and describing the effect of the order sought: see [2/29/516] of SJH6. In the event that the Application is granted, the Joint Administrators will send an Explanatory Letter and Demand Form relating to NNSA to Macfarlanes LLP.

(d) Potential Claims by the French Tax Authority

86. As explained in Bloom 17, following receipt of the Sale Proceeds by NNSA and the non-NNSA Companies in May 2017, the Joint Administrators anticipated receiving claims from some or all local tax authorities ("**Local Tax Authorities**") for tax potentially payable on those Sale Proceeds by the relevant Company. The Expense Application supported by Bloom 17 was in part made as a result of the complexities around seeking clearance in relation to whether or not a claim would be brought against the relevant Companies in relation to that tax and the quantum of that claim.

87. The terms of the NNSA Settlement Deed provided for burden of any tax arising as a result of any action taken by the Joint Administrators after their appointment or by the Secondary Liquidator following the French liquidation order being agreed to be allocated equally between the Main Proceeding and the Secondary Proceeding. The Joint Administrators were advised by their local tax advisers that the amount due from NNSA to the Direction des Grandes Enterprises (the "**French Tax Authority**") in respect of the receipt of the Sale Proceeds was the sum of €24,131,397. A tax return was duly submitted by the Secondary Proceeding to the French Tax Authority. The Main Proceeding paid an amount of €12,065,698.50 (i.e. representing half of the total amount owed, the other half falling to be paid by the Secondary Proceeding) to the French Tax Authority on 11 May 2018. We understand from the Secondary Liquidator that the Secondary Proceeding's allocation of the tax due on the Sale Proceeds was paid on the same day.

88. The Joint Administrators have taken tax advice in France in order adequately to understand the mechanisms available to achieve tax finality in the context of a winding-up of a company. As was explained in Bloom 18 at paragraph 127.2 with regard to Nortel France, there is no recognised procedure by which tax clearance can be secured in France until the expiry of the relevant limitation period. There is a risk, therefore, that the Joint Administrators may not have certainty regarding the quantum of the tax paid in May 2018 or of any potential post-filing tax claims that may be asserted by the French Tax Authority for a number of years.

89. On the basis of local tax advice received, the Joint Administrators decided that the Secondary Liquidator should take primary charge of liaising with the French Tax Authority and the Joint Administrators have historically had little on-going contact with the French Tax Authority. However, in preparation for this Application, since May 2018 the Joint Administrators have been in direct correspondence with the French Tax Authority regarding updates on the Main Proceeding and the Joint Administrators' intention to issue the current Application. The Joint Administrators subsequently wrote to the French Tax Authority on 15 June 2018 notifying them of the present application and the effect of the draft Order sought: see [2/30/518] of SJH6.

90. To date, the Secondary Proceeding has submitted tax returns to the French Tax Authority up to 31 December 2017 and both the Secondary Proceeding and the Main Proceeding have paid certain taxes associated with the receipt of the Sale Proceeds. The Joint Administrators intend to continue to engage with the French Tax Authority. In particular, the Joint Administrators intend to submit a pro forma tax calculation from 1 January 2018 up to the exit from administration by no later than 29 October 2018. The Joint Administrators understand that the Company will be required to submit a "long form" tax computation for each of the years of the liquidation of the Company which would permit the Company to utilise its losses (which were not usable for tax set-off purposes to date). The Joint Administrators' intention is also to submit a pro forma "long form" tax computation by 29 October 2018. The Joint Administrators anticipate that, if accepted, the "long form" tax computation would result in a refund of all post-appointment tax paid to date on the basis that there has been no net taxable income and therefore no tax payable.

91. The submission of those pro formas will give the French Tax Authority a minimum of three months to complete the Demand Form before the Bar Date. The Joint Administrators have had no indication that the French Tax Authority would be unable to respond in the timeframe envisaged.

92. The potential claims by the French Tax Authority give rise to certain issues for NNSA.

I. Ranking issues

93. I am advised that the question of whether or not a foreign tax claim can rank for payment as an administration expense is not straightforward and may ultimately require judicial determination. I understand that there is a possibility that the French Tax Authority may seek to assert claims which they may contend rank as an administration expense on the basis of, for example, the provision at Rule 3.51(2)(j) of the 2016 Rules which provides that "*the amount of any corporation tax on chargeable gains accruing on the realisation of any asset of the company*" ranks as an administration expense. Even if that were found not to be the case, I understand that there is a possibility that pursuant to case law there could be an argument that tax in France constitutes an administration expense.

94. In the event that claims are asserted on that basis, the Joint Administrators consider it is possible that they would seek directions from the Court pursuant to paragraph 63 of Schedule B1 in relation to the proper ranking of any such tax claim asserted by a foreign revenue authority.

II. Potential paragraph 66 payments

95. Even if such tax claims do not ultimately rank as administration expenses, in order to avoid the cost and expense of litigating the point, it may be (in the appropriate circumstances) incumbent upon or desirable for the Joint Administrators to make such payments or

compromised payments pursuant to their powers under paragraph 66 of Schedule B1. The tax payments made on an on-going basis by the Joint Administrators to date have been paid in this way.

III. Timing issues

96. For present purposes, the critical issue that the Joint Administrators face with respect to claims being brought by the French Tax Authority, is that there is a risk that the French Tax Authority are unable to give any finality as to the quantum of the tax due until the expiry of the relevant limitation period.

(e) The Impact of Potential Expense Claims on Distributions to Unsecured Creditors

97. The uncertainty surrounding the Potential Expense Claims will lead to further delays to distributions to unsecured creditors. The uncertainty relates to: (i) the timing of claims; (ii) the quantum of claims; and/or (iii) the ranking of claims. The Joint Administrators are seeking the Bar Date in order to ensure that each of the potential expense claimants takes steps to claim against NNSA so that the Joint Administrators are able to pay distributions to unsecured creditors.

98. In the absence of clarity as to whether or not the Potential Expense Claims (identified above and any other Expense Claims which are presently unknown) will be asserted, the Joint Administrators would be required (subject to the Court granting them the relief sought by way of the present Application) to continue to reserve very substantial sums which would significantly limit the ability of the Joint Administrators to pay distributions to unsecured creditors for a significant time to come or at all.

99. Indeed, if the Joint Administrators are unable to obtain some degree of certainty in relation to the Potential Expense Claims, there will at the very least be a substantial further delay in distributing to unsecured creditors. The Joint Administrators consider such delays to be highly undesirable.

100. For example, on the basis of the potential SNMP Claim alone, the quantum of the claim at its lower-end (between ca. US$60 million and US$80 million) is equal to all of the assets likely to be available for distribution in respect of NNSA. Obviously, if SNMP issued a claim, it would have to particularise the loss it alleges NNSA has caused.

101. Similarly, without certainty in respect of whether, for example, the French Tax Authority will bring a claim against NNSA Main Proceeding (certainty in respect of which, as explained at paragraph 96, cannot otherwise be secured until the claim is made or the limitation period expires) the Joint Administrators may be unable to distribute to creditors of NNSA.

102. The Joint Administrators envisage that by January 2019 NNSA may be in an advanced stage of determining its unsecured creditor base since it is anticipated, on the assumption

that the CVA is successfully promulgated, that NNSA will have a bar date for unsecured claims by the end of January 2019 (and that by that time the Joint Administrators will have already collected in all or substantially all of NNSA's assets ready for distribution).

103. Accordingly, the Joint Administrators consider that they now need to know, to the extent possible: (a) what Expense Claims are being asserted against NNSA and in what amount; and (b) the basis upon which it is asserted that any such claims should rank as administration expenses.

104. As is noted above, if the Joint Administrators were to reserve for all of the Potential Expense Claims, no distributions would likely be capable of being made for several years (or, at the very least, any distributions made before then would likely be very small). An order in the terms sought by way of the present Application would give the Joint Administrators the certainty they need to enable them to distribute assets to the creditors of NNSA (or make payments to the Supervisors of the CVA, if a CVA is successfully promulgated), as soon as is practicable. The process envisaged in the draft order as to how such Expense Claims will be asserted and determined will, if endorsed by the Court, assist the Joint Administrators in the objective of making expeditious distributions to creditors.

105. If such claims are asserted in accordance with the process provided for by the order sought, then the Joint Administrators will be in a position to determine whether or not such claims should be accepted in good time. At present, the Joint Administrators are unable to accurately determine the post-insolvency costs for which NNSA is liable and therefore the amount of assets available for payment to unsecured creditors.

D. THE RELIEF SOUGHT

106. The explanation of the relief sought that follows at paragraphs 107 to 139 below closely follows the explanation that was provided at paragraphs 150 to 184 of Bloom 17 (and was explained at paragraphs 57 to 70 of the Expense Claim Judgment). To assist the Court in seeing that the draft order sought in the present case has been closely modelled on last year's Expenses Orders, a redline of the draft order sought in the present case against the Expenses Order that was granted in relation to Nortel Netherlands is provided at [2/31/520] of SJH6.

(a) The Purpose and Intended Effect of the Draft Order

107. The thrust of the relief sought by the Joint Administrators by way of the present Application is to provide certainty with respect to certain actual or potential Expense Claims (some of which may be significant) which, if they are (or have already been) asserted, are likely to be disputed and/or in respect of which the basis on which they are asserted as ranking as an administration expense has not yet been established to the Joint Administrators'

satisfaction.

(i) The Accepted Expense Claims

108. As to the Accepted Expense Claims, these are uncontroversial and/or accepted claims, i.e. claims arising out of transactions which the Joint Administrators have entered into (and continue to enter into) and which give rise to Expense Claims which will not be disputed by the Joint Administrators (including, but not limited to, legal fees, accountants' fees and management recharges). Such obligations will ordinarily be paid by the Joint Administrators on an ongoing basis as administration expenses and future Expense Claims of this kind will be reserved for in the ordinary course too.

109. As reflected in paragraph (2) of the draft order, the Joint Administrators propose to maintain a List of Accepted Expense Claims, a draft of which is set out at Schedule IV to this statement. The List of Accepted Expense Claims is to be uploaded to the Joint Administrators' website (www.emeanortel.com) and is to be updated from time to time with the details of any further accepted administration expenses which may be incurred in NNSA's administration going forwards.

110. The Joint Administrators consider that it would be unnecessary (and a disproportionate administrative burden for the creditors in question) to ask the Court to require these creditors to submit a claim in the form of the Demand Form prior to the Bar Date. Indeed, in respect of future administration expenses which may be incurred after the Bar Date (and which will be added to the List of Accepted Expense Claims, as necessary), it would obviously not be possible for such creditors to comply with the Bar Date.

111. Accordingly, the Joint Administrators propose not to require the claims listed in the List of Accepted Expense Claims to be subject to the requirement that a Demand Form be submitted in respect of them. Instead, the Joint Administrators propose to pay these administration expenses (and/or to reserve for them) prior to making distributions to unsecured creditors and to continue to do so in the ordinary course of the administration. Paragraphs (2) and (7)(a) of the draft order are intended to give effect to the Joint Administrators' intentions in this regard.

(ii) The mechanics of the proposed Bar Date

112. As noted above, paragraphs (3) and (4) of the draft order set out the Joint Administrators' proposed mechanism for the assertion and determination of Expense Claims.

113. By way of paragraph (3) of the draft order, the Joint Administrators seek an order which would set a bar date (i.e. the Bar Date) for the submission of claims (i.e. claims other than those listed in the List of Accepted Expense Claims) which creditors may wish to assert as administration expenses.

114. In broad terms, the intended effect of this provision of the draft order is that, in the event that an Expense Claim is not asserted before the Bar Date (and the claim is not included in the List of Accepted Expense Claims, as updated from time to time), the Joint Administrators of NNSA will be able to distribute assets to creditors of NNSA other than expense creditors, i.e. unsecured creditors, notwithstanding the potential existence of any such claim. Again, the position of any foreseen future Expense Claim creditors, i.e. those whose claims the Joint Administrators foresee accruing after a distribution or payment is made to unsecured creditors or the Supervisors of the CVA under paragraph (7) of the draft order, is protected by the Joint Administrators' right to make a reserve in respect of such Expense Claims as provided by paragraph (7) of the draft order (and those future accepted Expense Claims, once they have accrued and been accepted by the Joint Administrators, will be added from time to time to the List of Accepted Expense Claims).

115. The following paragraphs address in detail the form and intended effect of the various provisions of the draft order which relate to the Bar Date, the mechanism for calling upon Potential Expense Claim creditors to submit Demand Forms and the Joint Administrators' treatment of Late Expense Claims.

(b) Detailed explanation of the provisions in the Draft Order

(i) Paragraph (1) of the draft order: Explanatory Letter

116. Paragraph (1(a)) of the draft Order provides that, in the event that the Court is minded to grant the relief sought by the Joint Administrators, an Explanatory Letter (as therein defined) should be sent to potential Expense Claim creditors of NNSA (in the form appearing in Schedule I to this statement), save for those creditors whose claims are included in the List of Accepted Expense Claims (as at stands at the date on which the Explanatory Letter is sent out). Since the Expense Claim creditors who appear in the List of Accepted Expense Claims are not affected by paragraphs (3) and (4) of the draft order, and the Joint Administrators do not anticipate there being any dispute as to the quantum of the claims included in the List of Accepted Expense Claims, it is not proposed that the Explanatory Letter should be sent to them.

117. As noted in paragraph (1(b)) of the draft order, it is also proposed that, if made, the order should be advertised in the French publication Les Echos (or, if the circumstances so require – i.e. if for some unexpected reason the Joint Administrators are unable to advertise in that specific publication – an equivalent publication of similar standing and circulation) in the form provided for in Annex III to the draft order (translated into French) (the "**Advertisement**"). Les Echos was selected because I understand it is a leading French publication, with a particular focus on economic, financial and business matters, enjoying a wide circulation.

118. It is currently proposed that the deadline for the Explanatory Letter to be sent to potential

administration expense creditors is 27 July 2018.

(ii) Paragraph (3)(a) of the draft order: Bar Date

119. The proposed Bar Date is intended to be 29 January 2019. It is the Joint Administrators' considered view, having carefully balanced the competing interests at stake, that by calibrating the Bar Date in this way they will give Potential Expense Claim creditors sufficient notice to comply with the Bar Date, whilst not jeopardising the expeditious return of assets to unsecured creditors.

120. By the Bar Date, the relevant Expense Claim creditors are required to submit a written demand in the form of the Demand Form (as defined in paragraph (1) of the draft order), which is annexed as Annex II of the draft order.

121. The Bar Date is intended to be a general bar date against all Expense Claim creditors who are not included on the List of Accepted Expense Claims (as updated from time to time), subject to the Joint Administrators' obligation to pay Late Expense Claims, i.e. those Expense Claims in respect of which a Demand Form is received by the Joint Administrators on or after the Bar Date (see paragraph (5) of the draft order), in certain circumstances as set out in paragraphs (5), (6) and (7)(b) of the draft order (and as addressed in further detail below).

122. As noted above, the Joint Administrators propose to require all Expense Claim creditors to assert their claim in the form of the Demand Form (other than those who appear on the List of Accepted Expense Claims): see paragraph (3)(a) of the draft order. The Demand Form provides guidance as follows in relation to what constitutes an Expense Claim:

"Expense Claims are a specific category of claims arising under English Law. "Expense Claim" means any claim that ranks as an expense of the administration in the manner provided for under English law, including but not limited to:

(a) paragraph 99 of Schedule B1 to the Insolvency Act 1986; and

(b) Rules 3.50 and 3.51(2) of the Insolvency (England and Wales) Rules 2016.

Expense Claims may include, for example, any fees, costs, charges and other expenses incurred after 14 January 2009 and during the course of the administration. Expense Claims are payable out of the assets of the company before any payments to preferential creditors, unsecured creditors or members. A person asserting an Expense Claim is an "Expense Creditor"."

(iii) Paragraph (2) of the draft order: the List of Accepted Expense Claims

123. As noted above, whilst the requirement under paragraph (3)(a) of the draft order for Expense Claim creditors to submit Demand Forms by the Bar Date is intended to have general effect, there are some Expense Claims which the Joint Administrators wish to

carve out from this requirement on the basis that they are accepted and uncontroversial. These are the claims which appear in the List of Accepted Expense Claims (as updated from time to time).

(iv) Paragraph (4) of the draft order: dispute resolution mechanism

124. In the event that an Expense Claim is made in the form of the Demand Form and the Joint Administrators of NNSA reject that claim, whether in whole or in part, the Joint Administrators propose to have a process for settling such claims (and to reserve for them pending settlement or determination by the Court).

125. In such circumstances, the Joint Administrators propose to take such steps as they consider appropriate to agree the amount and existence of the relevant claim. Failing such agreement, the Joint Administrators would make an application to Court for directions pursuant to paragraph 63 of Schedule B1. This dispute resolution mechanism (and the requirement to make a reserve in respect of disputed claims pending their settlement or determination by the Court) is set out in paragraph (4) of the draft order.

(v) Paragraphs (5) and (6): Late Expense Claims

126. The Joint Administrators consider that, in the event that they receive a completed Demand Form in respect of an asserted Expense Claim on or after the Bar Date (a "**Late Expense Claim**") and they have not yet distributed any or all of NNSA's funds to its unsecured creditors (or other expense creditors), then they are required (if such Late Expense Claim is valid, whether in whole or in part) to pay that Late Expense Claim. This is reflected in paragraph (5) of the draft order.

127. The Joint Administrators consider it likely that there will be more than one distribution to unsecured creditors. In these circumstances, it is possible that there may be Demand Forms in respect of Late Expense Claims received by the Joint Administrators in the interim period after a distribution to unsecured creditors in circumstances where the Joint Administrators still hold funds (but potentially insufficient to pay all Expense Claims and Late Expense Claims in full).

128. Paragraphs (5) and (7)(b) of the draft order, together, are intended to provide a structured and explicit statement of the mechanism for payment of Late Expense Claims, without undermining the Joint Administrators' ability to make distributions to unsecured creditors pursuant to paragraph (7)(a).

129. Specifically, paragraphs (5) and (7)(b) of the draft order contemplate that, if a Late Expense Claim is made after a distribution has already been made to unsecured creditors under paragraph (7)(a) (and it is accepted), then the Joint Administrators shall pay that Late Expense Claim pari passu with any other outstanding Expense Claim: (a) provided that the payment of that Late Expense Claim is made out of funds which have not already

been paid to creditors (whether other Expense Claim creditors or unsecured creditors); and (b) subject to any reserve that has already been made in respect of Expense Claims. The rationale for this approach is that it is fair that a (non-Late) Expense Claim creditor in respect of whose claim a reserve has been made (e.g. because it was disputed but, in the event, accepted) should be paid 100p/£ (to the extent that sufficient funds are available to do so after taking into account (a) and (b) above), just like all other Expense Claim creditors who will have been paid in full prior to the relevant distribution to unsecured creditors.

130. Paragraph (6) provides for a dispute resolution mechanism where a Late Expense Claim is not agreed. Paragraph (6) mirrors, in substantial part, the dispute resolution mechanism provided by paragraph (4) in relation to non-Late Expense Claims.

(vi) Paragraph (7) of the draft order: Distribution and Reserve

131. Paragraph (7) sets out the liberty of the Joint Administrators to distribute to unsecured creditors (or to make payment to the Supervisors of the CVA), notwithstanding the existence of any Expense Claims which: (a) are not included on the List of Accepted Expense Claims (as updated from time to time); or (b) have not been asserted by way of a Demand Form prior to the Bar Date (subject to the provisions for the payment of Late Expense Claims in certain circumstances, as considered in sub-section (v) above).

132. Such distribution to unsecured creditors is intended to be subject to the making of a reserve as may be required to pay all Expense Claims of which the Joint Administrators are aware and any future Expense Claims which they foresee, in full. This is reflected in paragraph (7) of the draft order.

133. As noted above, paragraph (8) provides that, if a Late Expense Claim is made after one or more distributions have already been made pursuant to paragraph (7)(a), then that claim will be paid out of funds available to do so without disturbing previous distributions and future or forecast Expense Claims (whether to other Expense Claim creditors or unsecured creditors) or amounts already reserved for the payment in full of any Expense Claims.

(vii) Summary of paragraphs (5) to (7) of the draft order: Late Expense Claims

134. In simplified terms, the practical impact of paragraphs (5) to (7) of the draft order on the sequence of events surrounding the making of payments to (Late) Expense Claimants and unsecured creditors would be as follows:

134.1 Demand Forms in respect of Expense Claims (other than those set out in the List of Accepted Expense Claims) are to be submitted to the Joint Administrators by way of the Demand Form, as set out in Annex II to the draft order, by no later than the Bar Date (as defined at paragraph (2) of the draft order).

134.2 Sometime later, the Bar Date occurs (the proposed date set out at paragraph (3) of the draft order being 29 January 2019).

134.3 Timely Expense Claims (and Expense Claims included in the List of Accepted Expense Claims) are then paid to the extent possible (paragraphs (2) and (3)), subject to any dispute in respect of an Expense Claim asserted in a Demand Form which may need to be resolved by way of the process provided in paragraph (4) and reserved for in the interim.

134.4 If a Late Expense Claim is made after the Bar Date but before the first distribution to unsecured creditors (the "**First Distribution**"), then pursuant to paragraph (5) any such Late Expense Claims will be paid pari passu with the Expense Claims described immediately above.

134.5 Provided that NNSA holds sufficient funds, the First Distribution is made to unsecured creditors pursuant to paragraph (7(a)) of the order, subject to appropriate reserves being made in respect of: (a) Expense Claims of which the Joint Administrators are aware (including, for example, any Expense Claim asserted prior to that distribution which as at the date of that distribution has not yet been finally determined by the Court); and (b) any future Expense Claim which they foresee.

134.6 In the event that any (or any further) Late Expense Claim is made after the First Distribution, any such Late Expense Claim shall be paid out of any available amounts but without disturbing: (a) any existing reserves for payment of Expense Claims (including future Expense Claims); or (b) any distributions already made to unsecured creditors. See paragraphs (5) and (7)(b) of the draft order.

134.7 To the extent that there is a dispute in respect of a Late Expense Claim (whether as to liability or as to quantum), then the Joint Administrators shall reserve for the full amount of that Late Expense Claim before making a further distribution to unsecured creditors (paragraph (7)(a)).

(viii) Engagement by Expense Claim creditors

135. As detailed in the section below in relation to notice to creditors, the Joint Administrators consider that the process that they propose to follow will give adequate notice to potential Expense Claim creditors (both known and unknown), such that it is reasonable to expect Expense Claim creditors to file a Demand Form prior to the Bar Date (if and to the extent that they are required to do so).

136. However, there is nonetheless some risk that certain Expense Claim creditors may nonetheless fail to engage in time, and the Joint Administrators wish to be free to pay any such Late Expense Claim (to the extent such claim is agreed) and for it to be clear how and

in what circumstances they may pay such Late Expense Claims.

137. This risk of non-compliance with the Bar Date relates in particular (and most obviously) to the French Tax Authority which, the Joint Administrators understand, may be slower than other creditors to process and submit Demand Forms in respect of possible Expense Claims, given the nature of their internal administrative processes, their status as public bodies, and given that tax authorities can typically retain the right to challenge a company's tax affairs at any time prior to the expiry of the relevant limitation period. As set out in greater detail above at paragraph 89, the Joint Administrators have been engaging proactively with the French Tax Authority and intend to continue to do so in the coming weeks and months in respect of the Bar Date in order to minimise the risk that has been identified.

138. This risk of tardy engagement with the Demand Form process may also arise in relation to the French Employees. As set out in greater detail above at paragraph 74, the Joint Administrators have been engaging with the individual French Employees through their legal advisors in respect of the Bar Date also in order to minimise this risk. In addition, the risk will be minimised given that the French Employees having previously been served Demand Forms pursuant to the Bar Date for NNUK and SNMP has been served with Demand Forms pursuant to the Bar Date for the non-NNSA Companies. Notice has also been given of this application to the NNSA creditors' committee. The legal representative of the NNSA Works Council, Mr Dammann, is a member of the creditors' committee.

139. In light of the above, the Joint Administrators consider it desirable for the order, if granted, to include a mechanism by which they are able, if appropriate, to deal with Expense Claims which are valid save for their having been filed late while not disturbing any payments already made in respect of other Expense Claims, any amounts already reserved for (including the remuneration of the Joint Administrators and foreseen future Expense Claims) and any distributions already made to unsecured creditors, without this mechanism undermining their ability to pay distributions to unsecured creditors expeditiously. Paragraphs (5) to (7) are designed to provide the appropriate mechanism.

(c) Notice to Creditors

140. The Joint Administrators are cognisant of the importance of providing adequate notice of the proposed Bar Date to creditors. The Joint Administrators have provided the following notice and also intend to proceed as follows with regards to notifying potential Expense Claim creditors:

140.1 Provisional notice of the intention of the Joint Administrators to seek an order for a bar date in relation to potential administration expense claims was given to creditors of NNSA in the Progress Report on 11 August 2017 – see [2/32/531] of SJH6, the Progress Report for NNSA. All known creditors of NNSA receive the

Progress Reports, save for certain potential Expense Claim creditors (in particular, SNMP, which has never sought to bring a claim against NNSA and therefore does not receive copies of the Progress Reports).

140.2 The notice given in the NNSA Progress Reports was as follows:

"*In addition to a bar date for unsecured claims, it is currently intended that the Joint Administrators will make an application to the English Court (the "Expense Application"). The Expense Application will seek an order requiring creditors who consider that they have a claim against any of the Company that ranks as an administration expense (a claim for payment of a debt or liability arising after 14 January 2009 as an expense of the Administration as a matter of English law) (an "Expense Claim") to submit a written demand setting out that claim before a certain date. The failure to submit an Expense Claim before the specified date may result in that claim not being paid. Further information on any such application will be made available at www.emeanortel.com.*"

140.3 A notice was placed on the Joint Administrators' website on 7 June 2018 – see [2/25/481] of SJH6.

140.4 As described above at paragraphs 74, 78, 85 and 89, letters were sent to the potential administration expense creditors (or to their legal representatives) on 11 June 2018.

140.5 The present Application, the draft order and the materials will be made available on the Joint Administrators' website shortly after this Application is issued.

140.6 Following the hearing of the present Application, and in the event that the Court is minded to grant the relief sought, the Joint Administrators propose then to write to potential expense creditors, including the French Employees, the French Tax Authority, the Landlord and SNMP, giving notice of the Bar Date in respect of Expense Claims in a form similar to the Explanatory Letter set out at Annex I of the draft order. It is proposed that the Explanatory Letter will also be placed on the Joint Administrators' website. As set out below other known creditors of NNSA (including other employees made redundant by NNSA) will be made aware of the Bar Date through the proposal for the CVA.

140.7 It is anticipated that the proposal for the CVA will be sent shortly after the hearing of the present Application to all known creditors including all known Potential Expense Claim creditors (but not to Expense Claim creditors which appear in the List of Accepted Expense Claims and whose Expense Claims are accepted). The CVA will Annex and enclose the Explanatory Letter. The evidence supporting the Application will not be provided in hard copy with the CVA but will

be available on the Joint Administrators' website and a link will be provided in the materials sent in hard copy with the proposal for the CVA. Also included in the documents sent to the creditors of NNSA will be a copy of the Demand Form, a copy of which appears in the schedule to the draft order. It is also proposed that in relevant subsequent correspondence to creditors (for example, in the Implementation Letters sent to all CVA creditors) attention will be drawn to the Explanatory Letter and the order, all of which will continue to be available on the website.

140.8 Following the hearing of the present Application, and in the event that the Court is minded to grant the relief sought, the Joint Administrators anticipate taking steps to advertise the Bar Date in the French publication Les Echos (or, if necessary, in equivalent publications), which represents the main country in which NNSA traded and/or had a footprint.

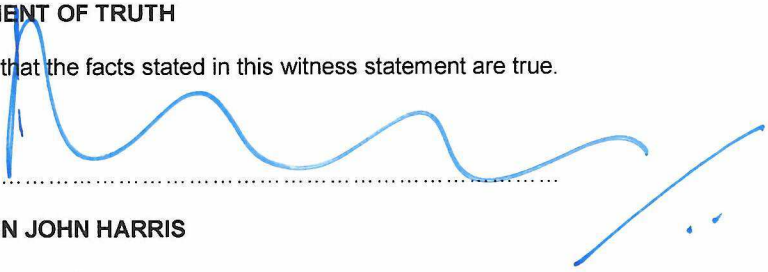
141. The Joint Administrators intend to update the Court prior to the hearing of the present Application of any responses received from creditors.

CONCLUSION

142. For the reasons mentioned above, I respectfully request that this Honourable Court grants the relief sought at paragraph 12 by the present Application.

STATEMENT OF TRUTH

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



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STEPHEN JOHN HARRIS

Date: 21 June 2018

IN THE HIGH COURT OF JUSTICE

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTERS OF:

NORTEL NETWORKS SA

No. 539 of 2009 / CR-2009-000048

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

SIXTH WITNESS STATEMENT OF STEPHEN JOHN HARRIS

SCHEDULE I – EXPLANATORY LETTER

[EY letter headed paper]

[31 July] 2018

Dear Sir / Madam

Re Nortel Networks SA ("the Company")

This letter requires you to take action if you consider that you have a claim for the payment of a debt or liability as an expense in the administration of the Company under English law, ("an Expense Claim") but have not yet notified the Administrators of such a claim.

An Expense Claim includes claims pursuant to any of paragraph 99 of Schedule B1 of the Insolvency Act 1986 or Rules 3.50 or 3.51 of the Insolvency (England & Wales) Rules 2016.

This letter only relates to creditors who believe they have an Expense Claim. For all other claims, including unsecured claims, please contact the Joint Administrators.

We are writing to you in our capacity as Joint Administrators of the Company.

We refer to the notice published on the website www.emeanortel.com on 7 June 2018 (the "**Notice**").

In the Notice, the Joint Administrators informed creditors that an application would be heard by Mr Justice Snowden in the High Court on 12 July 2018.

As referred to in the Notice, the Joint Administrators made an application for directions in relation to the proper distribution of the assets of the Company.

On [12 July] 2018 Mr Justice Snowden gave directions which, in summary, enable the Joint Administrators:

(a) to pay:

i. those Expense Claims which are accepted by the Joint Administrators in the ordinary course of the administration and are included on a list of accepted Expense Claims (the "**List of Accepted Expense Claims**"), which has now been uploaded on to the website www.emeanortel.com (and which is to be updated from time to time as required). A draft of the List of Accepted Expense Claims was set out in Schedule IV to Mr Stephen John Harris's sixth witness statement;

ii. any Expense Claim in respect of which a "**Demand Form**" is received by the Joint Administrators prior to the "**Expense Bar Date**" (being 29 January 2019), if and to the extent to that such Expense Claim is admitted by the Joint Administrators to be payable as an expense of the administration; and

iii. any Expense Claim in respect of which a Demand Form is received by the Joint Administrators on or after the Expense Bar Date (a "**Late Expense Claim**"), if and to the extent that such Late Expense Claim is admitted by the Joint Administrators to be payable as an expense of the administration, but without disturbing: (i) any distributions that have already been made (either to unsecured creditors or in respect of other Expense Claims); or (ii) any reserve already made in respect of any other (including any disputed) Expense Claim; and

(b) to treat the balance of the assets of the Company, subject to such payments and/or reserve that they may have already made (see sub-paragraph (a) above), as thereafter being funds available for distribution to unsecured creditors.

If you consider you have an Expense Claim and it has not been included on the List of Accepted Expense Claims, you should send the Joint Administrators a completed Demand

Form (enclosed), stating on what basis and in what amount you make that claim. Any Demand Form should be submitted as soon as possible and in any event it must be received by the Joint Administrators prior to the Expense Bar Date. If a Demand Form is submitted after that date, the Expense Claim shall be treated as a Late Expense Claim, and it is possible that any such Late Expense Claim will not be paid.

[IN LETTER TO TAX AUTHORITY ONLY] If you consider that pursuant to the French Tax Authority's internal procedures or for some other reason the French Tax Authority will not be able to comply with the Expense Bar Date, please let the Joint Administrators know as soon as possible.

Yours faithfully

Stephen Harris

Joint Administrator

Enclosure

SCHEDULE II – EXPENSE DEMAND FORM

DEMAND FORM

Nortel Networks SA (in administration) (the "Company")

This Demand Form is for Expense Claims only.

Expense Claims are a specific category of claims arising under English Law. "**Expense Claim**" means any claim that ranks as an expense of the administration in the manner provided for under English law, including but not limited to:

(a) paragraph 99 of Schedule B1 to the Insolvency Act 1986; and
(b) Rules 3.50 and 3.51(2) of the Insolvency (England and Wales) Rules 2016.

Expense Claims may include, for example, any fees, costs, charges and other expenses incurred after 14 January 2009 and during the course of the administration. Expense Claims are payable out of the assets of the company before any payments to preferential creditors, unsecured creditors or members. A person asserting an Expense Claim is an "**Expense Creditor**".

You should seek independent legal advice if you are unclear on whether your claim is an Expense Claim.

As set out in the order of the English Court dated 12 July 2018, if you consider that you have an Expense Claim against the Company, you must complete, sign and return this form to the Administrators so that it is received on or before 29 January 2019. If your Demand Form is received after this date, it is possible that your Expense Claim will not be paid.

For all other claims, including unsecured claims which are dealt with under the terms of the Company's CVA, please complete the Claim Form provided by the Supervisors. Further information on the CVA (including a copy of the Claim Form) is available at https://cva.emeanortel.com.

Details of Expense Creditor	
Name of Expense Creditor *(please give full legal name and company number if applicable)*	
Contact name *(if different from above)*	
Address of Expense Creditor *(if the Expense Creditor is a company, this should be the registered address)*	
City	**Country**
Telephone	
Email address	
Expense Claim	
Currency	**Amount of Expense Claim** *(please also state the amount of any tax or interest which is applicable)*
Details of Expense Claim *(please use a continuation sheet if necessary and attach any supporting documentation)*	
Details of why your claim is an Expense Claim, rather than some other category of claim (such as a provable debt) under English law	

I confirm that the information I have given in this Demand Form is true to the best of my knowledge and belief.

Signature	
Date	
Name in BLOCK LETTERS	
Position with or relation to Expense Creditor	
Address of person signing (if different from above)	

Please return this signed Demand Form to the Administrators by email to claims@emeanortel.com or by post to the below address, in each case so that it is received on or before 29 January 2019.

The Administrators of Nortel Networks SA (in administration)
Nortel Networks
PO Box 4725
Maidenhead
SL60 1HN
United Kingdom

If you wish to deliver this Demand Form by hand please contact the Administrators by phone or email for separate address details.

For an Expense Claim to be valid, this Demand Form must be signed by the person asserting the Expense Claim or by a person authorised to act on his behalf.

Supporting documentation does not need to be provided with this form but the Administrators may require you in future to provide any information necessary to substantiate your Expense Claim.

It is possible that you will not receive a payment for an Expense Claim if your Demand Form is received by the Administrators after 29 January 2019.

For questions relating to completion of this Demand Form, you may call +44 (0)20 7951 6160 or send an email to claims@emeanortel.com.

SCHEDULE III – ADVERTISEMENT

IN THE HIGH COURT OF JUSTICE **NO. 539 Of 2009 / CR-2009-000048**

CHANCERY DIVISION

COMPANIES COURT

IN THE MATTER OF:

NORTEL NETWORKS SA (IN ADMINISTRATION)

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE OF EXPENSE CLAIM BAR DATE PURSUANT TO ORDER DATED 12 JULY 2018

TO: ALL EXPENSE CREDITORS

[DATE]

Notice is hereby given by Alan Robert Bloom, Stephen John Harris and Alan Michael Hudson of Ernst & Young LLP and Stephen Taylor, the conflict administrator (the "**Joint Administrators**") of an order of Mr Justice Snowden dated 12 July 2018, the effect of which is that persons considering that they have a claim for the payment of a debt or liability as an expense in the administration (an "**Expense Claim**") which has not been agreed by the Joint Administrators, such persons should send the Joint Administrators a completed Demand Form.

For further information, contact details and Demand Forms, please visit www.emeanortel.com.

Any Demand Form should be submitted to the Joint Administrators as soon as possible and in any event it must be received by the Joint Administrators prior to 12 July 2018, in default of which the Expense Claim shall be treated as a Late Expense Claim. Please note that it is possible that any such Late Expense Claim will not be paid, subject to the Joint Administrators' qualified liberty to pay Late Expense Claims. Certain Expense Claim creditors are not required to file a Demand Form. The list of those creditors who are not affected by the terms of the order is provided on www.emeanortel.com.

Demand Forms should be submitted, together with relevant supporting documents to The Administrators of Nortel Networks SA (in administration), Nortel Networks, PO Box 4725,

Maidenhead, SL60 1HN, United Kingdom. Alternatively, you can email a completed Demand Form to claims@emeanortel.com.

SCHEDULE IV – DRAFT LIST OF ACCEPTED EXPENSE CLAIMS

Part 1: Claims or obligations arising out of the provision of employment, property, goods or services (the scope of which is set out in Column 3), which have been or will be rendered in the ordinary course of business by the Payee (in Column 2) to the relevant Nortel entity (in Column 1), to the extent they have been or will be accepted as Expense Claims by the Joint Administrators.

Part 2: Obligations owed under the agreements, arrangements or assurances (in Column 3) by the relevant Nortel entity (in Column 1) to the relevant Payee (in Column 2), to the extent that they have been or will be accepted as Expense Claims by the Joint Administrators.

Updates to this list: This list, which will be uploaded to the Joint Administrators' website, will be updated from time to time to reflect: (a) any Expense Claims that the Joint Administrators agree or propose to agree with additional payees; and (b) any further obligations owed to existing payees which the Joint Administrators accept as Expense Claims.

	Nortel entity	Payee	Scope
PART 1			
Nortel Networks S.A.			
1.	Nortel Networks S.A.	Betto Seraglini	Legal Fees
2.	Nortel Networks S.A.	David Shearer	Administrative expenses
3.	Nortel Networks S.A.	Ernst & Young France	Joint Administrators' costs – fees and disbursements relating to the Administration
4.	Nortel Networks S.A.	Ernst & Young UK	Joint Administrators' costs – fees and disbursements relating to the Administration
5.	Nortel Networks S.A.	Herbert Smith France	Legal Fees
6.	Nortel Networks S.A.	Herbert Smith UK	Legal Fees
7.	Nortel Networks S.A.	Isonomy	Conflict Administration's Fees
8.	Nortel Networks S.A.	Lax O'Sullivan Scott Lisus LLP	Legal Fees

	Nortel entity	Payee	Scope
9.	Nortel Networks S.A.	Nortel Networks International Finance & Holding B.V.	Professional Charges – FSD costs and CVA costs
10.	Nortel Networks S.A.	Nortel Networks UK Limited	Management fees and Allocation-related legal Fees
11.	Nortel Networks S.A.	Skadden Arp	Legal Fees
12.	Nortel Networks S.A.	Stikeman Elliot	Legal Fees
13.	Nortel Networks S.A.	Xplanation	Translation Services
14.	Nortel Networks S.A.	Nortel Networks (Ireland) Limited	Management recharge
15.	Nortel Networks S.A.	Creditors' Committee	Committee Fees
16.	Nortel Networks S.A.	Bank of Scotland plc Barclays Bank plc The Royal Bank of Scotland plc	Bank charges

	Nortel entity	Payee	Agreement / Arrangement / Assurance
PART 2			
None.			