

IN THE HIGH COURT OF JUSTICE
THE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD) IN THE MATTERS OF:

NORTEL NETWORKS UK LIMITED

No. 536 of 2009 / CR-2016-006154

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

TWENTY-FIRST
WITNESS STATEMENT OF
ALAN ROBERT BLOOM

I, **ALAN ROBERT BLOOM** of Ernst & Young LLP, 1 More London Place, London SE1 2AF, **DO STATE** as follows:

1. I am a licensed insolvency practitioner and, prior to my retirement, was a Partner in the firm of Ernst & Young LLP ("**EY**"). Since my retirement I have continued to be engaged by EY as a senior advisor. I was appointed as a joint administrator of Nortel Networks UK Limited (the "**Company**") on 14 January 2009 together with Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill, of EY, pursuant to an Order of Mr Justice Blackburne. A copy of the Order of Mr Justice Blackburne is at **[1/1]** of ARB21.
2. Mr Hill ceased to practice as an insolvency practitioner and resigned as a joint administrator on 20 September 2017. Where I use the term "**Joint Administrators**" in relation to matters or events before 20 September 2017, I am referring collectively to myself, Mr Harris, Mr Hudson and Mr Hill. Where I use this term in relation to matters or events on or after 20 September 2017, I am referring collectively to myself, Mr Harris and Mr Hudson.
3. I make this witness statement on behalf of the Joint Administrators in support of our application, in our capacity as the current Joint Administrators of the Company, under paragraph 103 to Schedule B1 to the Insolvency Act 1986 ("**Schedule B1**" and "**the Act**" respectively) for an order appointing Mr Simon Jamie Edel of EY as an additional administrator of the Company, to exercise any and all of the existing functions of the Joint Administrators jointly with us. If appointed, as an additional administrator Mr Edel will assist Messrs Harris and Hudson (and me until my anticipated resignation as Joint Administrator, which I explain in more detail in paragraph 23), in dealing with the remaining issues in the administration of the Company and subsequently bringing it to an end.

4. The Joint Administrators consider that, given the historic size and complexity of the Company and its administration, as well as the outstanding tasks which are yet to be completed in the Company's administration, it is appropriate for three persons to continue to act as its joint administrators going forwards and up until the termination of the administration in due course.
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. Nothing in this witness statement is intended, nor should be taken, as a waiver of privilege in relation to matters dealt with in this witness statement.
7. There is now produced and shown to me an electronic bundle of documents marked "**ARB21**" to which I shall refer in this witness statement. References in this document to exhibits are in the form [Tab/Page].
8. I am duly authorised to make this witness statement on behalf of the Joint Administrators in support of our application for the appointment of Simon Jamie Edel as additional joint administrator of the Company (the "**Application**"), seeking an order in the following terms:
 - 8.1 Mr Simon Jamie Edel of Ernst & Young LLP, 1 More London Place, London SE1 2AF is appointed, with effect from 23:59 on the date the order is made, as an additional administrator of the Company jointly with the Joint Administrators pursuant to paragraph 103(2) of Schedule B1 to the Act (the "**Additional Administrator**");
 - 8.2 The Additional Administrator shall exercise any and all of the existing functions of the Joint Administrators jointly with them; and
 - 8.3 the costs of and incidental to the Application be paid as an expense of the administration and paid out of the assets of the Company.
9. Mr Edel's consent to act, provided under rule 3.2 of the Insolvency (England and Wales) Rules 2016, is annexed to the present Application.

A. BACKGROUND

10. Until 14 January 2009, Nortel Networks Corporation 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.
11. Nortel Networks Corporation (Canada) 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". The Company sat at the top level of

companies within the Nortel Group companies which were incorporated and operating in Europe, the Middle East and Africa (the "**Nortel EMEA Group**").

12. On 14 January 2009, most of the Nortel entities filed for bankruptcy protection. In Canada, the Canadian incorporated entities filed for protection under the Companies' Creditors Arrangement Act. In the United States, most of the U.S. incorporated entities filed under chapter 11 of the U.S. Bankruptcy Code. In England, 18 entities (including the Company) making up the Nortel EMEA Group were granted administration orders under the Act pursuant to orders of Mr Justice Blackburne.
13. The Joint Administrators' term of office and the administration of the Company was extended by Orders of:
 - 13.1 Registrar Derrett on 12 January 2010 and 6 December 2011 (**[2/7]** and **[3/10]** of ARB21);
 - 13.2 Registrar Baister on 1 November 2013 (**[4/13]** of ARB21);
 - 13.3 Mr Justice Snowden (as he then was) on 2 December 2015, 14 December 2017, 17 December 2018, 17 December 2019, and 30 November 2020 (**[5/16]**, **[7/31]**, **[8/34]**, **[9/37]** and **[10/39]** of ARB21); and, most recently,
 - 13.4 ICC Judge Prentis dated 15 November 2022 (**[12/56]** of ARB21), pursuant to which the Joint Administrators' term of office is set to expire at 12:01 pm on 13 January 2026.

B. PROGRESS OF THE ADMINISTRATION

14. The Joint Administrators provided a comprehensive update to the Court regarding the progress of the administration as recently as 14 November 2022, when they applied for a 36-month extension to their term of office. The application of 14 November was supported by the twenty-third witness statement of Stephen John Harris ("**Harris 23**") which is at **[11/40]** of ARB21. A copy of Harris 23 remains available on the Nortel EMEA Administration proceedings website (<http://www.emeanortel.com/proceedings.html>). That 36-month extension of the Joint Administrators' term of office was granted by ICC Judge Prentis, on the papers, by Order dated 15 November 2022 (**[12/56]** of ARB21).
15. Given that Harris 23 provides a detailed update in relation to the Company's administration up to 14 November 2022, and rather than repeating the contents of Harris 23 here, I would instead simply refer the Court in particular to the following passages of Harris 23:
 - 15.1 Paragraphs 18 and 19 of Harris 23 (**[11/44]** of ARB21), where Mr Harris summarised the sales of the Nortel Group's business lines which concluded in 2010 and resulted in aggregate global realisations of circa US\$ 7.3 billion as well as the subsequent dispute and settlement regarding the allocation of these realisations;

- 15.2 Paragraphs 20 and 21 of Harris 23 ([11/44-45] of ARB21), where he summarised the circumstances around the Order dated 9 June 2017 of Mr Justice Snowden (as he then was) ([6/18] of ARB21), which sets an expense bar date for any claims which are asserted to rank as administration expenses under English law;
- 15.3 Paragraphs 22 to 25 of Harris 23 ([11/45-46] of ARB21), where he described the proof process in the administration and the five interim distributions totalling approximately £1.07 billion resulting in unsecured creditors receiving 47.4 pence in the pound;
- 15.4 Paragraphs 29 to 31 of Harris 23 ([11/47] of ARB21), where he described the realisation of pre-appointment intra-group claims; and
- 15.5 Paragraph 42 of Harris 23 ([11/50] of ARB21), where he set out the Company's five indirect subsidiaries and former members of the Nortel EMEA Group which had been dissolved in the previous two years.
16. For completeness the Joint Administrators' progress report (issued after Harris 23) for the period from 14 July 2022 to 13 January 2023 dated 10 February 2023 is exhibited at [13/57] of ARB21.
17. There are no material updates, in addition to the contents of this most recent progress report dated 10 February 2023, that need to be brought to the Court's attention for the purposes of the present Application, save for those matters set out in the paragraphs below.

C. REMAINING WORK IN THE ADMINISTRATION AND EXIT

18. As noted above, on 15 November 2022, ICC Judge Prentis made an Order ([12/56] of ARB21), on the papers, that the Joint Administrators' period in office be extended for a further period of 36 months (until 13 January 2026).
19. The Joint Administrators' intention is to use the remaining time prior to the termination of their appointment to complete the remaining tasks in the administration, which were summarised in Harris 23 (and are not repeated in full here), and to do so as soon as practicable (prior to 13 January 2026 if practicable).
20. In this regard, I would draw the Court's attention specifically to the following passages of Harris 23:
- 20.1 Paragraph 25 of Harris 23 ([11/46] of ARB21), where Mr Harris noted that the Joint Administrators of the Company may make a sixth interim distribution and will make a final distribution at the conclusion of the administration;
- 20.2 Paragraph 26 and 27 of Harris 23 ([11/46] of ARB21), in which Mr Harris noted that 30 creditors' claims remain to be adjudicated;

- 20.3 Paragraphs 32 to 43 of Harris 23 ([11/47-50] of ARB21), where Mr Harris described the four subsidiaries or branches of the Company (i.e., Nortel Networks Australia, the Company's Saudi Arabia branch, Nortel Networks Northern Ireland Limited, and Nortel Networks International Finance & Holdings B.V. ("**NNIF**")) which have assets to be recovered and Nortel Networks Optical Components Limited, which was restored to the register and may require further attention from the Joint Administrators; and
- 20.4 Paragraph 49 of Harris 23 ([11/52] of ARB21), in which Mr Harris listed certain other administrative tasks which are required to wind down the Company's affairs.
21. By way of update regarding the winding up of NNIF's affairs:
- 21.1 The Joint Administrators understand that the liquidators in NNIF's Dutch law governed liquidation have submitted what is expected to be the final VAT return (and have applied for de-registration of NNIF for VAT purposes and await formal confirmation of de-registration) and intend to: (i) cause NNIF to make a final return of capital to the Company on or before 30 June 2023 (the "**NNIFH Dissolution Date**", from which time NNIF will be dissolved as a matter of Dutch law); and promptly thereafter (ii) de-register NNIF from the Dutch trade registry;
- 21.2 The Joint Administrators also understand that, promptly following the dissolution of NNIF, the former liquidators of NNIF intend to submit a final tax return of NNIF (the "**NNIF Tax Return**"); and
- 21.3 Finally, the Joint Administrators and the liquidators of NNIF expect to be able to agree, in reasonably short order, their contractual arrangements to take effect pending certain milestones being reached, including final confirmation from the Dutch tax authorities in respect of the NNIF Tax Return ("**NNIF Tax Confirmation**"). The Joint Administrators are advised that this final tax confirmation will be given at a point in time within three years after the filing of the NNIF Tax Return following the dissolution of NNIF.
22. The Joint Administrators are mindful of their obligation to perform their functions as quickly and efficiently as reasonably possible. The Joint Administrators intend to make an application, in compliance with their duty under paragraph 80 of Schedule B1 to the Act, as and when they consider that the purpose of the administration of the Company has been sufficiently achieved (which, again, may well be prior to the current date of expiry of their appointment). As explained in paragraphs 47 and 51 of Harris 23 ([11/51-53] of ARB21), this will likely occur at some point after receipt of the NNIF Tax Confirmation.

D. MY ANTICIPATED RESIGNATION AS JOINT ADMINISTRATOR

23. After more than 13 years in office as Joint Administrator, I intend to bring my advisory role with EY to an end and cease to practice as an insolvency practitioner with effect from 30 June 2023.
24. Accordingly, my current intention is to resign from my office as Joint Administrator of the Company, by notice to the Court pursuant to paragraph 87 of Schedule B1 to the Act, with effect from a date following the NNIF Dissolution Date (and in any event on or before 30 June 2023).

E. RELIEF SOUGHT

25. As noted above, the Joint Administrators consider that the outstanding tasks which need to be completed prior to the termination of the Company's administration are of sufficient complexity that it would be prudent for there to remain three Joint Administrators up to the conclusion of these various workstreams.
26. Noting my intention to resign from office within the coming weeks (as explained above), the Joint Administrators also consider that it would be prudent and appropriate, given the nature and complexity of the outstanding tasks in the administration, for there to be a short period of overlap between my time and the Additional Administrator's time in office as joint administrators of the Company. One key driver for seeking the Additional Administrator's appointment at this precise stage is so that the Additional Administrator can be party to, and involved in negotiating, the arrangements referred to in paragraph 21.3 above in his capacity as a joint administrator of the Company. However, the Joint Administrators' view that a period of overlap between my appointment and that of the Additional Administrator is driven primarily by our view that he is likely to benefit from some time in which he can make himself familiar with the administration of the Company before my resignation (so that he can be brought fully up to speed during that period between his appointment and my resignation). Therefore, once I have resigned as a Joint Administrator, it is intended that the Additional Administrator should jointly assume significant day-to-day responsibilities in the running of the administration together with the two other remaining Joint Administrators.
27. The Application therefore contemplates the Additional Administrator's appointment to take effect from the date of the order sought, with the (otherwise arbitrary) time of 23:59 being selected for the sake of precision, i.e. so as to make it clear when precisely the Additional Administrator's appointment shall take effect.
28. I understand that paragraph 100(2) of Schedule B1 to the Act provides that the appointment of a number of persons as administrator must specify the functions which are to be exercised by the persons acting jointly and the functions which are to be exercised by any and all persons appointed. Accordingly, for the avoidance of doubt, paragraph 2 of the draft order

filed with the present application (the “**Draft Order**”) makes it clear that Mr Edel shall be authorised, from the outset, to exercise any and all of the existing functions of the current Joint Administrators jointly with them (i.e. as a full Joint Administrator).

29. Without waiving privilege, I note that consideration was given by the Joint Administrators as to whether it might be more appropriate for the other Joint Administrators (i.e. all of them save for me) to apply instead for an order under paragraph 91 of Schedule B1 to the Act for Mr Edel to replace me as a Joint Administrator. However, this approach would have resulted in my resignation and the Additional Administrator's appointment taking effect simultaneously, and would not have been appropriate in circumstances where, for the reasons explained above, a period of overlap between Mr Edel's appointment and my own would be highly desirable.
30. Accordingly, the Joint Administrators respectfully request that this Honourable Court makes the order for the Application on behalf of the Joint Administrators and the Company.

F. URGENCY/ DETERMINATION ON THE PAPERS (IF POSSIBLE)

31. Finally, it is respectfully requested that the present Application, and the documents filed in support hereof, be placed before an Insolvency & Companies Court Judge, with a request that this be considered on an urgent basis for the reasons set out in Section E above regarding the relevant timings of Mr Edel's proposed appointment and my own proposed date of resignation (and, if at all possible, on the papers).
32. This request for an urgent determination (on the papers, if at all possible) is also endorsed on the face of the application notice itself, in the manner suggested by paragraph 21.49 of the Chancery Guide.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.



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ALAN ROBERT BLOOM

Date: 4 May 2023