

TO ALL KNOWN CREDITORS

9 February 2015

Ref: MLP/7E/SJH/DM/ST/L03554/PCF16

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Dear Sirs

Nortel Networks Oy (In Administration) (the "Company")

**High Court of Justice of England and Wales, Chancery Division, Companies Court
Case number 545 of 2009**

We write, in accordance with Rule 2.47 of The Insolvency Rules 1986, to provide creditors with a twelfth report on the progress of the Administration (the "**Report**"). This Report covers the period from 14 July 2014 to 13 January 2015 and should be read in conjunction with the Joint Administrators' previous reports dated 13 August 2009, 13 February 2010, 12 August 2010, 11 February 2011, 12 August 2011, 9 February 2012, 6 August 2012, 6 February 2013, 6 August 2013, 6 February 2014 and 6 August 2014 as well as the Joint Administrators' Statement of Proposals dated 23 February 2009. Additional copies of this Report, and the previous reports referred to, can be made available on request or can be obtained at the following address:

www.emeanortel.com

The Company entered administration (the "**Administration**") on 14 January 2009 when A R Bloom, A M Hudson, S J Harris and C J W Hill of Ernst & Young LLP, 1 More London Place, London SE1 2AF, were appointed to act as joint administrators (the "**Joint Administrators**") by an order (the "**Order**") of the High Court of Justice of England and Wales (the "**Court**"), following an application made by the Company's directors.

This was part of a wider restructuring of the Nortel group of companies. Nortel Networks Corporation ("**NNC**"), the ultimate parent company of the Nortel group, Nortel Networks Limited ("**NNL**") and certain of its other Canadian subsidiaries filed an application for creditor protection under the Companies' Creditors Arrangement Act ("**CCAA**") in Canada to facilitate a comprehensive business and financial restructuring. Nortel Networks Inc ("**NNI**"), Nortel Networks Capital Corporation and a number of other US Nortel group companies filed petitions in the United States under Chapter 11 of the US Bankruptcy Code.

At the same time as the appointment of the Joint Administrators, the Court, following applications made by the directors of each company, made administration orders in respect of 18 other Nortel group companies based in the Europe, Middle East and Africa region (“**EMEA**”). Article 3 of the EC Regulation on Insolvency Proceedings 1346/2000 (the “**EC Regulation**”), states that the relevant court of the EU Member State in which the centre of main interests (“**COMI**”) of a company is situated has jurisdiction to open main insolvency proceedings in respect of that company. In the case of the 19 EMEA group companies (the “**EMEA Companies**”), the Court was satisfied that each had its centre of main interests in England and, as such, the Court had jurisdiction to open main insolvency proceedings, namely administration, in respect of each company. Details of all 19 companies that entered administration are provided at Appendix 1.

The Nortel group of companies (the “**Group**”) reports in US dollars (“**US\$**”), and accordingly all amounts referred to in this report are in US\$ unless otherwise stated.

The official version of this report is in English. In the event of a conflict between the English version and any translated version, the English version shall be the definitive version to rely upon.

Please refer to the disclaimer at the end of the principal section of this report.

1. Executive Summary of Progress of the Administration

Purpose of the Administration

The Joint Administrators continued to trade the Company's businesses with a view to achieving either a rescue of the Company as a going concern or a better result for the Company's creditors as a whole than would be likely if the Company were wound up. In 2009, it became clear that, owing to the financial and market pressures facing the Nortel businesses, the sale of all businesses would be necessary and a rescue of the Company as a going concern would not be possible.

The Joint Administrators considered that the decision to continue to trade, even at a carefully monitored loss, in order to achieve going concern values for the businesses and business assets, and to avoid contingent claims, would be to the benefit of creditors as a whole. This decision is justified by the realisations achieved (subject to a final apportionment of those proceeds to the Company) and contingent claims avoided.

Sale of Businesses and Assets

The Group principally operated in four business segments: Enterprise Solutions ("**Enterprise**"); Metro Ethernet Networks ("**MEN**"); Carrier Networks, which comprises Global System for Mobile Communications ("**GSM**"), Carrier VoIP Application Solutions ("**CVAS**") and the Multi Service Switch business ("**MSS**"); and Code Division Multiple Access ("**CDMA**").

The disposals of all core global businesses and the principal assets of the Group were completed in 2011. Following the global sales, the Group has very few assets left to realise. The headline aggregate gross sale proceeds of the global disposals, including the gross sale proceeds from the sale of the residual Intellectual Property, total approximately \$7.5 billion (before transaction costs, adjustments and escrow balances) and in accordance with the agreed basis for the global disposals, the sale proceeds remain in escrow pending allocation within the Group.

A total of 4 employees of the Company were transferred to purchasers as part of the business sales.

Next Steps

The Joint Administrators, having completed the principal trading phase of the Administration, remain focused on winding down the Company's affairs and resolving outstanding issues with the other Group companies.

The key remaining issues for the Company are to deal with the allocation of sales proceeds within the Group (Purchase Price Allocation, or "**PPA**") and, in due course, the development of an appropriate process to agree creditors' claims and distribute available funds to them.

Further information is contained in the sections that follow.

2. Receipts and Payments Account

Attached at Appendix 2 is the Joint Administrators' receipts and payments ("R & P") account for the period from 14 July 2014 to 13 January 2015 in respect of the Company. The R & P shows total receipts of US\$3,457 and payments of US\$17,713 excluding FX translation movements.

The Company held cash in various currencies equivalent to US\$0.30 million at 13 January 2015. The majority of the Company's cash is held in EUR.

The R & P account is a statement of cash received and cash paid out, and does not reflect estimated future receipts or payments, including proceeds from the sales of businesses held in escrow pending allocation amongst the Group Companies.

Further detailed notes are provided in Appendix 2.

3. Joint Administrators' Remuneration and Disbursements

As previously reported, where there is no committee of the unsecured creditors formed, Rule 2.106 of the Insolvency Rules 1986 provides that the Joint Administrators' remuneration may be fixed by resolutions of a meeting of creditors. The Joint Administrators, through a meeting by correspondence dated 12 February 2010, obtained approval from the general body of creditors:

1. That the Joint Administrators' remuneration be fixed on the basis of the time properly given by them and their staff in attending to matters arising in the Administration;
2. That the Joint Administrators be permitted to draw future time costs from time to time at the Joint Administrators' discretion without further recourse to creditors.

For your information, the Joint Administrators have incurred time costs of GB£93,432.14 for the period from 31 May 2014 to 28 November 2014.

We continue to apportion between the EMEA Companies certain other time costs for workstreams undertaken for the benefit of all EMEA entities. During the period from 31 May 2014 to 28 November 2014, GB£244.32 has been allocated to the Company in respect of these apportionments.

An analysis of the time spent is at Appendix 3 which includes a statement of the Joint Administrators' policy in relation to charging time and disbursements.

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Information regarding the Office Holders' Charging Policy for Fees and Disbursements is given in Appendix 4.

Payments to Other Professionals

The Joint Administrators continue to engage the following professional advisors to assist them in the Administration. These professionals work on a time cost basis and internal review processes are undertaken to assess their invoices. During the period from 14 July 2014 to 13 January 2015 the following has been paid:

Local Counsel (Engaged by Herbert Smith Freehills LLP) - US\$12,935.39 (Legal Advisors)

Please note the above legal fees figure has been converted using monthly spot rates. As such, there may be a minimal difference between this figure and the figure reported in our R&Ps in Appendix 2 (which uses an average spot rate over the period 14 July 2014 to 13 January 2015).

Since the Joint Administrators' appointment, various professional costs (and in particular legal costs) have been incurred for the benefit of EMEA as a whole in respect of the various business sales and the PPA process. These costs have mainly been paid by Nortel Networks UK Limited ("NNUK") and have not yet been charged to the individual entities. At the conclusion of the PPA process, it is intended that these costs will be apportioned between the EMEA entities in proportion to each company's share of global sale proceeds and any realisations from North American claims settlements.

The costs of professional advisors who assist the Company with discrete matters in the usual course of business (for instance, debt collection proceedings) are not included above.

4. Future Conduct of the Administration

Purchase Price Allocation

There has been a lengthy process of mediation, court applications and hearings to resolve the issue of apportioning between the broad primary Nortel estates (EMEA, Canada and the US) and certain other relevant parties the proceeds of the sales of the global businesses and assets, and also to resolve the various inter-estate claims.

Despite the objections of the Joint Administrators (which included subsequent appeals), the various US and Canadian courts held that the allocation dispute should be determined following a joint hearing of the US and Canadian courts in Delaware and Toronto respectively, with the Judges deciding independently on the outcome in the absence of any settlement.

The allocation trial commenced in May 2014 and the closing statements were heard between 22 and 24 September 2014.

In November 2014, the US Judge convened a meeting of the parties to the allocation dispute to allow them to explore further the possibility of some or all of the outstanding allocation matters being resolved consensually. No agreement was reached.

The Joint Administrators await the judgments of the US and Canadian courts in relation to allocation. However, there has been no indication from the Judges as to when the judgments might be delivered. There continues to be a great deal of uncertainty as to the nature of any appeals process, should any of the parties wish to pursue such an appeal.

In the meantime, the Joint Administrators continue to consider carefully whether any settlement can be reached with the other allocation parties, should a settlement be available and in the interests of creditors.

Inter-estate Claims

In December 2013, the Joint Administrators reached a settlement with the US estate in respect of the EMEA Companies' claims brought against various Nortel entities in the US. In July 2014, a settlement was reached with the Canadian estate in respect of the EMEA Companies' claims brought against the Nortel entities in Canada.

Distributions to Creditors

The Joint Administrators continue to invite submissions of claim forms as part of the informal claims process, which commenced in July 2010.

In advance of the sixth anniversary of their appointment in respect of the EMEA Companies, the Joint Administrators considered that it would be in the interests of the creditors of each of the EMEA Companies to enter into a deed poll providing that limitation periods in respect of certain claims would not expire on 14 January 2015. The Joint Administrators also considered that the deed poll would promote the efficient conduct of the administrations by avoiding the need to deal with requests from individual creditors for separate bilateral arrangements.

A copy of the deed poll can be found at www.emeanortel.com/#deed and its effect is to legally bind the EMEA Companies to the course of action detailed therein. Creditors should have regard to the specific

terms of the deed poll and not seek to rely on this short summary, which is provided for creditors' information only.

At this time, given the extant issues in respect of PPA it is not possible to make a distribution to the creditors of the Company or any of the other Nortel entities over which the Joint Administrators are appointed or to say when a formal creditor claims process can be commenced. However, the Joint Administrators continue to explore all possible avenues to resolve the issues, accelerate a distribution to creditors and minimise the expenses of the Administration.

The Joint Administrators anticipate that there will be, absent any unforeseen liabilities arising, a distribution to the creditors of the Company. The Joint Administrators are, however, still neither able to confirm the quantum of the pre-appointment creditor claims nor the likely return for individual creditors or classes of creditor. These will be determined for the most part by the following key factors:

- a. Continued analysis of the claims notified to the Joint Administrators in the informal claims process and the outcome of a subsequent formal proof of debt procedure;
- b. Finalisation of quantum of certain complex liabilities and claims;
- c. Finalisation of ranking of creditor claims which will be determined as part of the distribution process; and
- d. The outcome of the PPA process.

Exit Strategy

The Joint Administrators successfully applied to Court in November 2013 for a further extension of the Administration of each of the EMEA Companies until 13 January 2016 to allow for the completion of an orderly wind down process and the resolution of issues with other group companies.

The Joint Administrators continue to explore the most appropriate exit route from the Administration for the Company and the other EMEA companies in Administration; including the method by which creditors' claims are agreed, funds are distributed to creditors and the Company's affairs generally are brought to a conclusion.

The Joint Administrators will be required to carry out statutory obligations such as formalising the calling of proofs of debt, obtaining creditor agreements, finalising all asset realisations, dealing with all sale proceeds and intercompany claims, agreeing all other creditor claims and establishing the mechanics of distributing funds.

In any scenario, the distribution process used will be subject to timing implications, cost, the size of the entity under review, relevant currencies, local law provisions on claims and local processes of other Group entities in relation to intra group dividends, in addition to UK legislation.

The appropriate process of agreeing claims and distributing funds to creditors has not yet been determined. However, the process could be done within the Administration (with the Court's approval), within a company voluntary arrangement under the English Insolvency Act 1986, or a liquidation process. The appropriate process will be determined based on what is in the best interests of the Company and its creditors as a whole.

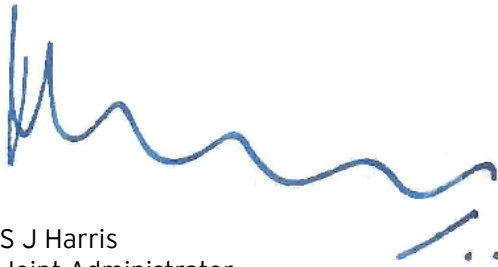
5. Other Matters

The Prescribed Part

Section 176A of the Insolvency Act 1986 does not apply to this Administration as there is no qualifying floating charge security, and as such there is no Prescribed Part to be set aside for non-preferential creditors.

The Joint Administrators will report to creditors again in six months' time or at the conclusion of the Administration, whichever is sooner.

Yours faithfully
for Nortel Networks Oy (In Administration)



S J Harris
Joint Administrator

Enc: Company information
Joint Administrators' Receipts and Payments Account
Summary of Joint Administrators' Time Costs
Joint Administrators' Policy on Fees and Disbursements
Form 2.24B Administrators' Progress Report

For the Companies listed below, The Institute of Chartered Accountants in England and Wales in the UK authorises A R Bloom, S J Harris and C J W Hill to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986 and the Association of Chartered Certified Accountants in the UK authorises A M Hudson and D M Hughes to act as an Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Companies are being managed by the Joint Administrators, A R Bloom, S J Harris, A M Hudson and C J W Hill who act as agents of the Companies only and without personal liability.

The Companies are Nortel Networks UK Limited; Nortel Networks S.A.; 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.; 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..

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

Nortel Networks S.A. was placed into French *liquidation judiciaire* on 28 May 2009. The business and assets of the company that are situated in France are now under the control of *la liquidateur judiciaire*.

We advise that this report is provided pursuant to our appointments as Joint Administrators of the Company. It is provided solely for the purpose of informing creditors of certain aspects of the current status of the Administration. As this report is only an interim indication of the overall position of the Company, and not a valuation of the current or future value of any particular item of debt, and is liable to change, it should not be relied upon as an indication of the final return to creditors and, in particular, neither we nor the Company shall have any responsibility to any person who relies on our report for the purpose of trading in debt of the Company.

The Joint Administrators may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data"). They may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

Appendix 1

Nortel Networks Oy (In Administration)

Company Information

Registered number:	10391404 (Y Reg no)
Company name:	Nortel Networks Oy
Registered office address	c/o BDO Oy, Vatteniemenranta 2, 002 10 Helsinki, Finland
Previous names:	Bay Networks Finland Oy

Details of the Administrators and of their appointment

Administrators:	A R Bloom, A M Hudson, S J Harris and C J W Hill of Ernst & Young LLP, 1 More London Place, London, SE1 2AF
Date of appointment:	14 January 2009
By whom appointed:	The appointment was made by the High Court of Justice, Chancery Division, Companies Court on the application of the Company's directors.
Court reference:	High Court of Justice, Chancery Division, Companies Court - case 545 of 2009
Division of the Administrators' responsibility:	Any of the functions to be performed or powers exercisable by the administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting jointly.

Statement Concerning the EC Regulation on Insolvency Proceedings 2000

The EC Council Regulation on Insolvency Proceedings 2000 applies to this administration and the proceedings are main proceedings. This means that this administration is conducted according to English insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

Share Capital

Class	Authorised		Issued & Fully paid	
	Number	€	Number	€
Ordinary	100	8,500.00	100	8,500.00

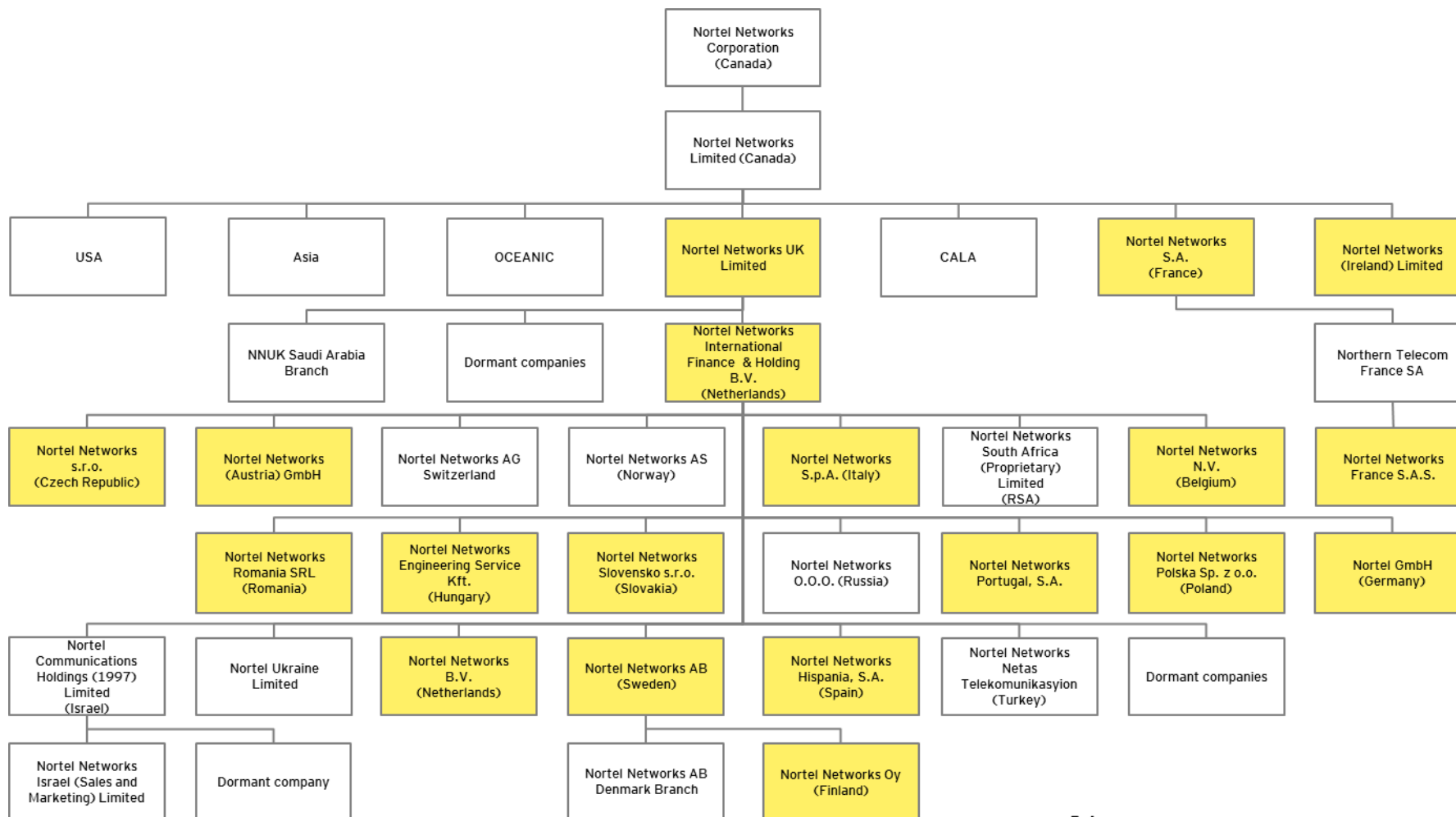
Shareholders

Nortel Networks AB - 100.00%

Directors (current and for the last three years) and company secretary (current)

Name	Director or secretary	Date appointed	Date resigned	Current shareholding
Simon Freemantle	Director	14/01/2009	-	-
David Quane	Director	31/03/2010	-	-
John Freebairn	Director	30/09/2010	30/06/2012	-
BDO - Corporate Secretary	Secretary	N/A	-	-

Summary of Nortel Group Structure



Reference

The EMEA Companies in UK administration procedures

The EMEA Companies in English administration proceedings

<i>Legal Entity</i>	<i>Country of Incorporation</i>
Nortel Networks UK Limited	England
Nortel Networks S.A.	France
Nortel Networks France S.A.S.	France
Nortel Networks (Ireland) Limited	Ireland
Nortel GmbH	Germany
Nortel Networks Oy	Finland
Nortel Networks Romania SRL	Romania
Nortel Networks AB	Sweden
Nortel Networks N.V.	Belgium
Nortel Networks S.p.A.	Italy
Nortel Networks B.V.	Netherlands
Nortel Networks International Finance & Holding B.V.	Netherlands
Nortel Networks Polska Sp. z o.o.	Poland
Nortel Networks (Austria) GmbH	Austria
Nortel Networks s.r.o.	Czech Republic
Nortel Networks Engineering Service Kft	Hungary
Nortel Networks Portugal, S.A.	Portugal
Nortel Networks Hispania, S.A.	Spain
Nortel Networks Slovensko s.r.o.	Slovakia

Appendix 2

Nortel Networks Oy (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 14 January 2009 to 13 January 2015

Nortel Networks Oy (In Administration)			
Administrators' receipts and payments account for the period: 14 January 2009 to 13 January 2015			
Currency: USD	Period 14 January 2009 to 13 July 2014	Period 14 July 2014 to 13 January 2015	Total to 13 January 2015
Opening balance	51,636		51,636
Receipts			
<i>Trading:</i>			
- Intercompany	2,474,884	-	2,474,884
- Other taxes	141,763	3,378	145,141
- Overpayment refunds	25,038	-	25,038
- Other receipts	16,359	-	16,359
- Post appointment sales	11,287	-	11,287
- FX translation movement	18,394	-	18,394
<i>Other:</i>			
- US Settlement Allocation on Claims	478	-	478
- Bank interest	3,427	79	3,507
	2,691,631	3,457	2,695,088
Payments			
<i>Trading:</i>			
- Payroll, employee benefits, and payroll taxes	(537,238)	-	(537,238)
- Other payments	(157,695)	-	(157,695)
- Property costs	(123,751)	-	(123,751)
- Utilities	(82,313)	-	(82,313)
- Pension contributions	(74,821)	-	(74,821)
- Contractors	(2,233)	-	(2,233)
<i>Other:</i>			
- Joint Administrators' fees and disbursements	(890,794)	-	(890,794)
- Legal fees	(318,977)	(12,112)	(331,090)
- Other professional services costs	(183,056)	(5,333)	(188,389)
- FX translation movement	(21,074)	(37,452)	(58,526)
- Bank charges and interest	(3,090)	(267)	(3,357)
	(2,395,042)	(55,165)	(2,450,207)
Closing balance	348,225		296,517
Account reconciliations:			
Local Accounts	7,243		5,105
Administration Accounts	340,983		291,412
	348,225		296,517

Nortel Networks Oy (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 14 January 2009 to 13 January 2015

Nortel Networks Oy (in Administration)			
Administrators' receipts and payments account for the period: 14 January 2009 to 13 January 2015			
Currency: EUR	Period 14 January 2009 to 13 July 2014	Period 14 July 2014 to 13 January 2015	Total to 13 January 2015
Opening balance	40,093		40,093
Receipts			
<i>Trading:</i>			
- Intercompany	1,799,054	-	1,799,054
- Other taxes	104,915	2,617	107,532
- Overpayment refunds	18,870	-	18,870
- Other receipts	12,407	-	12,407
- Post appointment sales	8,511	-	8,511
<i>Other:</i>			
- US Settlement on Claims	349	-	349
- Bank interest	2,610	61	2,672
	<u>1,946,715</u>	<u>2,679</u>	<u>1,949,394</u>
Payments			
<i>Trading:</i>			
- Payroll, employee benefits, and payroll taxes	(386,586)	-	(386,586)
- Other payments	(115,900)	-	(115,900)
- Property costs	(89,184)	-	(89,184)
- Utilities	(60,383)	-	(60,383)
- Pension contributions	(53,709)	-	(53,709)
- Contractors	(1,603)	-	(1,603)
<i>Other:</i>			
- Joint Administrators' fees and disbursements	(655,736)	-	(655,736)
- Legal fees	(231,979)	(9,387)	(241,366)
- Other professional services costs	(134,422)	(4,133)	(138,555)
- Bank charges and interest	(2,271)	(207)	(2,478)
	<u>(1,731,773)</u>	<u>(13,727)</u>	<u>(1,745,500)</u>
Closing balance	<u>255,035</u>		<u>243,987</u>
Account reconciliations:			
Local Accounts	5,305		4,201
Administration Accounts	249,731		239,786
	<u>255,035</u>		<u>243,987</u>

Nortel Networks Oy (In Administration)

Receipts and payments comments

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

Notes to R & P

Note 1

Account balances have all been reported in a local currency, Euro, in addition to a common currency across all entities, USD.

Opening balances have been converted using January 2009 month end spot rates and closing balances converted using January 2015 month end spot rates which have been provided by the Company. This approach is in line with the Company's internal reporting procedures.

Transactions that have taken place through the accounts over the course of the reporting period (14 July 2014 to 13 January 2015) have been converted at average spot rates over this period, which have been sourced from Reuters.

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

Note 2

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

Note 3

The amounts reported are inclusive of sales tax where applicable.

Note 4

All amounts referred to below are in USD unless stated otherwise.

RECEIPTS

There was cash on appointment held in local Euro accounts totalling \$52,000.

Total receipts during the reporting period equate to c.\$3,500. This relates to other taxes and bank interest.

PAYMENTS

Total payments made during the reporting period equate to c.\$17,700 (net of FX translation). This comprises of legal fees, other professional services fees and bank charges.

Appendix 3

Nortel Networks Oy (In Administration)

The Joint Administrators' fees comprise the following three elements:

Administration time costs

Administration time costs are those fees incurred by the Joint Administrators in respect of the overall management of the Administration of the Company. They do not include core fees in relation to the sales of the businesses nor any reallocation of centrally incurred costs.

These time costs are categorised into various workstreams and detailed in a table in accordance with the Statement of Insolvency Practice 9, an English regulatory requirement. These workstreams include, amongst others, creditors, employees, property, pensions and statutory.

Reallocated time costs

Throughout the Administration process, certain fees of the Joint Administrators have been charged centrally, for activities relating to all EMEA filed entities. Appropriate apportionment rates have been applied to these fees and the costs are apportioned accordingly between the various EMEA entities, including the Company. Please note, not all workstreams are apportioned to all EMEA entities.

Total reallocated time costs across all EMEA entities for the period were GB£2,708,572.09.

Transaction time costs

The Joint Administrators have incurred fees in respect of the global business and asset sales. Apportionment rates have been applied to these fees, based on a provisional purchase price allocation ("PPA") scenario, and the respective portions have been charged to each entity in EMEA, including the Company. In the fullness of time, there will be a true - up of transaction time costs in accordance with actual PPA to each EMEA entity.

Total transaction time costs across all EMEA entities for the period were GB£6,105.00.

Total time costs for the Administration in respect of the period from 31 May 2014 to 28 November 2014

Time costs for the Administration for the period 31/05/2014 to 28/11/2014	£
Administration time costs	93,432.14
Reallocation of time costs	244.32
Transaction time costs	-
Total time costs	93,676.46

Nortel Networks Oy (In Administration)

Summary of Joint Administrators' time costs in respect of the period from 31 May 2014 to 28 November 2014 (GBP)
Excluding core M&A transaction time

Activity	Hours						Total sum of hours	Average hourly rate	Time costs for period	Time costs for the Administration to date
	Partner / Executive Director	Director	Assistant Director	Manager	Executive	Analyst				
Cash forecasting	-	-	-	-	-	-	-	-	-	690.00
Communications	-	-	-	-	-	-	-	-	-	95,747.61
Creditors	-	-	-	11.5	-	5.0	16.5	285.65	4,713.24	270,732.65
Customers	-	-	-	-	-	-	-	-	-	3,943.58
Day 1	-	-	-	-	-	-	-	-	-	-
Debtors	-	-	-	-	-	-	-	-	-	3,685.95
Directors	-	-	-	-	-	-	-	-	-	612.00
Employees	-	-	-	-	-	-	-	-	-	14,464.49
Estimated outcome	-	-	-	-	-	-	-	-	-	16,072.00
Fees	-	-	-	3.1	10.5	13.7	27.3	168.46	4,599.00	38,398.88
Finance, accounting and administration	-	-	-	-	-	-	-	-	-	27,446.91
Legal	-	-	-	3.5	-	-	3.5	328.40	1,149.40	14,955.34
M&A	-	-	-	-	-	-	-	-	-	3,026.98
Other assets	-	-	-	-	-	-	-	-	-	2,046.59
Pensions	-	-	-	-	-	-	-	-	-	60.00
Pre administration	-	-	-	-	-	-	-	-	-	21,480.00
Property	-	-	-	-	-	-	-	-	-	23,695.15
Statutory	-	-	-	-	-	3.8	3.8	170.00	646.00	39,342.00
Strategy	-	-	0.7	-	-	-	0.7	490.00	343.00	7,553.00
Suppliers	-	-	-	-	-	-	-	-	-	8,889.18
Tax	25.3	-	54.0	35.0	13.9	4.2	132.4	619.20	81,981.50	370,518.03
Trading	-	-	-	-	-	-	-	-	-	51.00
Grand Total	25.3	-	54.7	53.1	24.4	26.7	184.2		93,432.14	963,411.34
Average hourly rate	785.26	-	664.32	493.45	253.36	181.37				
Time costs for the period	19,867.00	-	36,338.50	26,201.97	6,182.00	4,842.67				
Time costs for the Administration to date	97,403.28	130,354.68	224,645.51	324,161.04	84,344.74	102,502.09				

Time costs for the Administration to date may show minor variances from one progress report to the next, owing to timing differences and adjustments being made to prior period time reports. This information should not be considered definitive and is provided to creditors only for guidance.

Administration fee analysis (GBP)

Summary of total reallocated time costs for all EMEA filed entities in respect of the period from 31 May 2014 to 28 November 2014

Activity	Hours						Total sum of hours	Average hourly rate (£)	Total reallocated time costs for the Period (£)	Total reallocated time costs to 28 November 2014 (£)
	Partner	Director / Executive Director	Assistant Director	Manager	Executive / Assistant Executive	Analyst				
PPA, Claims & Strategy	369.2	528.6	725.4	396.0	489.2	156.7	2,665.1	467.82	1,246,800.00	20,422,363.15
IT	214.0	3.0	0.5	569.5	681.5	-	1,468.5	366.01	537,482.50	10,601,742.30
Finance, Accounting & Administration	0.5	48.2	40.0	69.3	495.9	447.9	1,101.8	254.20	280,077.00	9,855,162.00
EMEA tax & VAT advisory	36.9	65.8	238.5	206.1	104.2	348.1	999.6	454.90	454,716.86	4,423,724.35
Creditors	-	15.5	1.2	2.5	22.1	23.5	64.8	330.63	21,424.50	2,795,332.13
Trading	-	-	-	-	-	-	-	-	-	2,794,148.50
Transfer Pricing	-	-	-	-	-	-	-	-	-	1,745,006.00
Exit Strategy	-	0.5	9.6	7.9	10.7	0.2	28.9	385.61	11,144.00	1,667,720.40
Customers	-	-	-	-	-	-	-	-	-	1,446,875.50
Debtors	-	-	-	-	-	-	-	-	-	1,077,322.00
Canada / USA	-	-	-	-	-	-	-	-	-	1,005,375.00
Intellectual Property Portfolio	-	-	-	-	-	-	-	-	-	494,581.00
Estimated Outcome Statement	-	2.0	-	-	-	-	2.0	570.00	1,140.00	485,435.50
Branches & equity interests	-	2.9	13.3	17.8	2.1	11.6	47.7	443.93	21,175.62	373,893.62
Progress Reports	-	6.0	1.9	15.0	136.2	315.7	474.8	210.85	100,113.00	296,424.06
France settlement	-	-	-	-	-	-	-	-	-	128,740.50
CVA Planning	-	17.1	-	-	-	-	17.1	670.35	11,463.00	90,449.50
EMEA billing	-	-	-	19.5	28.9	52.3	100.7	228.75	23,035.61	23,035.61
Grand Total	620.6	689.6	1,030.4	1,303.6	1,970.8	1,356.0	6,971.0		2,708,572.09	59,727,331.12
Average hourly rate (£)	729.63	596.96	557.54	403.37	263.72	165.22				
Total reallocated time costs for the Period (£)	452,807.00	411,660.48	574,488.50	525,836.00	519,742.60	224,037.51				
Total reallocated time costs to 28 November 2014 (£)	5,278,172.13	7,308,662.30	15,515,149.94	12,796,166.07	12,485,331.74	6,343,848.94				

Administration fee analysis (GBP)

Summary of total core M&A transactions time costs for all EMEA filed entities in respect of the period from 31 May 2014 to 28 November 2014

Activity	Hours						Total sum of hours	Average hourly rate (£)	Total transaction time costs for the Period (£)	Total transaction time costs to 28 November 2014 (£)
	Partner	Director / Executive Director	Assistant Director	Manager	Executive	Analyst				
M&A / Transitional Services	-	-	-	-	-	-	-	-	-	8,054,151.50
Purchase Price Allocation	-	-	-	-	-	-	-	-	-	5,328,074.50
M&A / Equinox	-	4.5	-	-	-	-	4.5	680.00	3,060.00	4,525,643.50
M&A / Netas	-	-	-	-	-	-	-	-	-	2,197,907.50
M&A Snow	-	3.0	-	-	-	-	3.0	680.00	2,040.00	1,795,477.00
M&A / GSM	-	-	-	-	-	-	-	-	-	1,584,505.50
M&A / Carrier	-	-	-	-	-	-	-	-	-	1,326,202.50
M&A / Passport	-	-	-	-	-	-	-	-	-	1,120,485.00
Other Assets	-	-	-	-	-	-	-	-	-	638,704.39
M&A	-	-	-	-	-	-	-	-	-	563,375.00
M&A Iceberg	-	1.5	-	-	-	-	1.5	670.00	1,005.00	541,699.50
M&A / Velocity	-	-	-	-	-	-	-	-	-	97,436.50
Grand Total	-	9.0	-	-	-	-	9.0	-	6,105.00	27,773,662.39
Average hourly rate (£)	-	678.33	-	-	-	-	-	-	-	-
Total transaction time costs for the Period (£)	-	6,105.00	-	-	-	-	-	-	-	-
Total transaction time costs to 28 November 2014 (£)	2,559,860.00	7,173,303.50	7,962,916.00	5,874,389.89	3,639,797.50	563,395.50	-	-	-	-

Note

Time costs in respect of transactions for the period from 31 May 2014 to 28 November 2014 have been apportioned on a provisional basis, having regard to the nature of the work done and the extent of progress made in respect of some, but not all, core M&A transactions. The allocation is provisional and will change as the transactions progress and the outcome of the PPA is clear.

Please note the Joint Administrators have only apportioned core M&A transaction time costs in respect of those transactions that have made sufficient progress. Therefore further core M&A transaction time costs will be apportioned in due course to the Company, and reapportioned as the outcome of the PPA process becomes clear.

Appendix 4

Nortel Networks Oy (In Administration)

Office Holders' Charging Policy for Fees

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication "*A Creditors' Guide to Administrators' Fees*", a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Administrators.

The creditors have determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

The Administrators have engaged managers and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the Company's bank accounts and statutory compliance diaries, secretaries providing typing and other support services and filing clerks. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ("**SIP 9**") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from Creditors' Committee as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company Nortel Networks Oy	Company number 10391404 (Y Reg no)
In the High Court of Justice of England and Wales, Chancery Division, Companies Court	Court case number 545 of 2009

We A R Bloom, A M Hudson, S J Harris and C J W HillErnst & Young LLP, 1 More London Place, London, SE1 2AF

administrators of the above company attach a progress report for the period

From

to

<u>14 July 2014</u>	<u>13 January 2015</u>
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Signed



 Joint Administrator
Dated 9 February 2015**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Sam Taylor	
Ernst & Young LLP, 1 More London Place, London, SE1 2AF	
	Tel: +44 (0) 20 7951 6984
DX Number:	DX Exchange:

Companies House receipt date barcode

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ**DX 33050 Cardiff**