

TO ALL KNOWN CREDITORS

9 February 2017

Ref: MLP/5W/SJH/DM/SL/LO3551/PCF16

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Dear Sirs

Nortel Networks Portugal, S.A. (In Administration) (the "Company")

High Court of Justice of England and Wales, Chancery Division, Companies Court
Case number 547 of 2009

We write, in accordance with Rule 2.47 of The Insolvency Rules 1986, to provide creditors with a sixteenth report on the progress of the Administration (the "Report"). This Report covers the period from 14 July 2016 to 13 January 2017 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, 6 August 2014, 9 February 2015, 11 August 2015, 9 February 2016 and 8 August 2016 as well as the Joint Administrators' Statement of Proposals dated 23 February 2009 and interim update dated 15 November 2016. 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 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, as at 14 January 2009 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 each of the business lines would be necessary and a rescue of the Company as a going concern would not be possible.

Sale of Businesses and Assets

The disposals of the Group's global businesses and principal assets were completed in 2011 with aggregate gross sale proceeds of the global disposals, including the gross sale proceeds from the sale of the residual Intellectual Property, totalling c. \$7.3billion net of certain costs and adjustments. In accordance with the agreed basis for the global disposals, the sale proceeds remain in escrow pending allocation within the Group.

Purchase Price Allocation ("PPA")

On 12 October 2016, the Joint Administrators entered into arrangements with companies in the wider Group, including those in Canada and the USA and with certain other major stakeholders, to initiate steps to end and settle on agreed terms for the Purchase Price Allocation dispute ("the Settlement"). This Settlement followed years of extensive negotiation, mediation and litigation (further details of which can be found in my previous reports to creditors) and is considered a major milestone in the overall disposal process and extremely good news for the creditors of the EMEA Companies.

Financial Support Directive ("FSD")

The Pensions Regulator ("TPR"), a statutory body in the United Kingdom, had commenced proceedings against several Nortel group companies in EMEA ("Target Companies"), including the Company, and North America. The Determinations Panel issued a decision in June 2010 stating that it would be reasonable to issue FSDs, which would require the Target Companies to provide financial support to the Nortel Networks UK Limited pension scheme (the "UK Pension Scheme"). The Joint Administrator's appealed the decision of the Determinations Panel.

As described in the interim update on 15 November 2016, as part of the Settlement, the Joint Administrators have entered into arrangements which will, if approved by creditors of certain companies in EMEA, provide a route to conclude the FSD Proceedings brought against these companies in EMEA by TPR. This approval will sought by way of a Company Voluntary Arrangement ("CVA") process (see Section 4).

Implementation of the Settlement

Before the Settlement becomes effective, certain formal steps were required in England, France, Canada and the USA.

The steps in England and France have been successfully completed with orders of the English Court and French Court granted on 3 November 2016 and 27 October 2016 respectively.

On 24 January 2017, both the Canadian and U.S. courts approved the distribution plans put forward by the U.S. and Canadian debtor groups. Whilst there are still some final steps to be undertaken and a short period during which appeals could be launched in Canada, we believe that, assuming no appeals

are made, the PPA proceeds should be released from the business disposal escrow accounts during the first quarter of 2017.

Next Steps

The key remaining issues for the Company are to await the Settlement becoming effective, receive its allocation of the PPA proceeds from the business disposal escrow accounts and propose a CVA to, amongst other things, 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 2016 to 13 January 2017 in respect of the Company.

The Company held cash in various currencies equivalent to US\$2.43 million at 13 January 2017. 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

It is the responsibility of the committee of creditors (the "Creditors' Committee") that was formed at the creditors' meeting held on 20 March 2009 to approve the Joint Administrators' remuneration.

The creditor's committee has been provided with full details of the Joint Administrators' remuneration for the periods to 28 June 2013.

During the period from 28 May 2016 to 27 November 2016 the Joint Administrators incurred time costs of GB£9,832.26, no transaction costs were incurred during this period.

Nortel Networks International Finance & Holding B.V. ("NNIFH") has undertaken the overall coordination of the pension claim litigation across EMEA and any costs with respect to these matters were paid by NNIFH. These costs for the period 28 May 2016 to 27 November 2016, totalling GB£15,054.00, have now been reallocated to each of the relevant entities, with an amount of GB£66.82 being allocated to the Company.

We continue to apportion between the EMEA Companies certain other time costs for workstreams undertaken for the benefit of those EMEA entities. During the period from 28 May 2016 to 27 November 2016, GB£48,208.95 has been allocated to the Company in respect of these apportionments.

As such, total time costs incurred in respect of the Company for the period from 28 May 2016 to 27 November 2016 were GB£58,108.03.

An analysis of the time spent is at Appendix 3.

Payments to Other Professionals

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 (excluding Nortel Networks S.A. in respect of work carried out since 3 July 2015). 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 relevant EMEA entities in proportion to each company's benefit arising from the global sale proceeds and realisations from North American claims settlements.

The Joint Administrators continue to engage professional advisors to assist them in the Administration. These professionals work on a time cost basis and internal review processes are undertaken to review their invoices. During the period from 14 July 2016 to 13 January 2017 no such payments were made.

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

Distributions to Creditors

Although the Settlement (described in more detail at paragraph 1 (*Executive Summary of Progress of the Administration*)) was signed in October 2016, a number of formal steps must take place in the US and Canada before the Settlement becomes fully effective. Only when the Settlement becomes fully effective will the Company receive its share of the PPA proceeds. Information on the proposed process to distribute the Company's assets (including PPA proceeds) is set out below. It is anticipated that all remaining formal steps in the US and Canada will be completed in late February 2017, which would (subject to further appeals being issued) result in the Company receiving its share of the PPA proceeds between late February 2017 and August 2017.

On 23 July 2015 the English Court granted the Joint Administrators liberty to promulgate a CVA in respect of the Company. If approved by the Company's creditors, the CVA will, amongst other things, establish a bar date by which claims must be filed and a mechanism for making distributions to creditors. The Joint Administrators intend to provide further updates to creditors over the coming weeks in respect of the CVA process on www.emeanortel.com. The proposal for the CVA will, when it is issued, be sent to all known creditors and also made available online. It is currently anticipated that the proposal for the CVA will be issued during the course of Spring 2017.

In addition to the bar date for unsecured claims, it is currently intended that the CVA will provide that any creditor with a claim that ranks as an administration expense under English law will be required to submit a written demand to the Joint Administrators before the bar date. Claims which rank as an administration expense are payable in priority to unsecured claims. Whether or not claims will rank as an administration expense will be determined by the Joint Administrators or the Court but a liability cannot be an administration expense if it was incurred prior to 14 January 2009. The failure to submit an administration expense claim before the specified date may result in that claim not being paid. It is also intended that an application will be made to the English Court in March or April 2017 seeking an order requiring creditors with administration expense claims to submit a written demand before the bar date, as provided for by the CVA. Creditors will be advised of the Court's decision thereafter. Creditors who would like further information, including specific details of the application, should contact the Administrators. The application, when made, details of the court hearing, the order sought

from the Court and non-confidential supporting materials will be made available on www.emeanortel.com.

The key matters which must be finalised before we can determine the final return for individual creditors and classes of creditors are:

- a. the proposal of the CVA and decision of creditors whether to approve the CVA;
- b. the Joint Administrators' application to the English Court in support of the bar date for English law administration expenses;
- c. subject to the successful completion of the above, finalising the quantum of adjudicated claims submitted before the bar date and resolving any dispute as to asserted administration expense claims.

Assuming the formal steps are successfully completed in the US and Canada and the Settlement becomes fully effective and the CVA is approved by the creditors of the Company, the Joint Administrators estimate that the third party (non-intragroup) creditors of the Company may expect to recover at or close to 100p in the £ of their admitted pre-appointment claim, plus the potential payment of an element of post filing interest.

We have made these estimates based upon a current view of the Company's position and its creditors. We note however that no formal proof of debt process has been undertaken and insolvency outcomes are inherently uncertain.

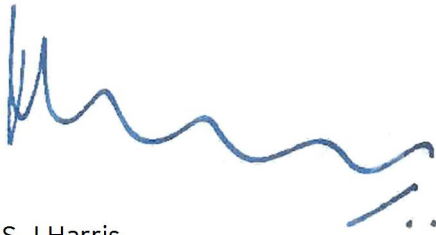
5. Other Matters

The Committee

The Joint Administrators continue to provide detailed information to the members of the Creditors' Committee as the Administration progresses and matters evolve (including an analysis of their time costs for approval). The Joint Administrators will continue to keep the Creditors' Committee apprised of developments.

The Joint Administrators will continue to update creditors as matters progress in the next few months, particularly regarding the Settlement and the CVA and progress generally towards distributing monies to creditors. The Joint Administrators will be updating the website: www.emeanortel.com. The Joint Administrators will also submit a further progress report in six months' time.

Yours faithfully
for Nortel Networks Portugal, S.A. (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, C J W Hill and S J Taylor 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 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 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.

The affairs, business and property of Nortel Networks S.A. are being managed by the Joint Administrators, A R Bloom, S J Harris, A M Hudson, C J W Hill and S J Taylor who act as agents of Nortel Networks S.A. 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 Portugal, S.A. (In Administration)

Company Information

Registered number:	502 338 393
Company name:	Nortel Networks Portugal, S.A.
Registered office address	c/o Ernst & Young, Avenida da Republica 90 3o, 1649-024 Lisbon, Portugal.
Previous names:	Northern Telecom (Portugal) S.A.

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 547 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	35,000	174,650.00	35,000	174,650.00

Shareholders

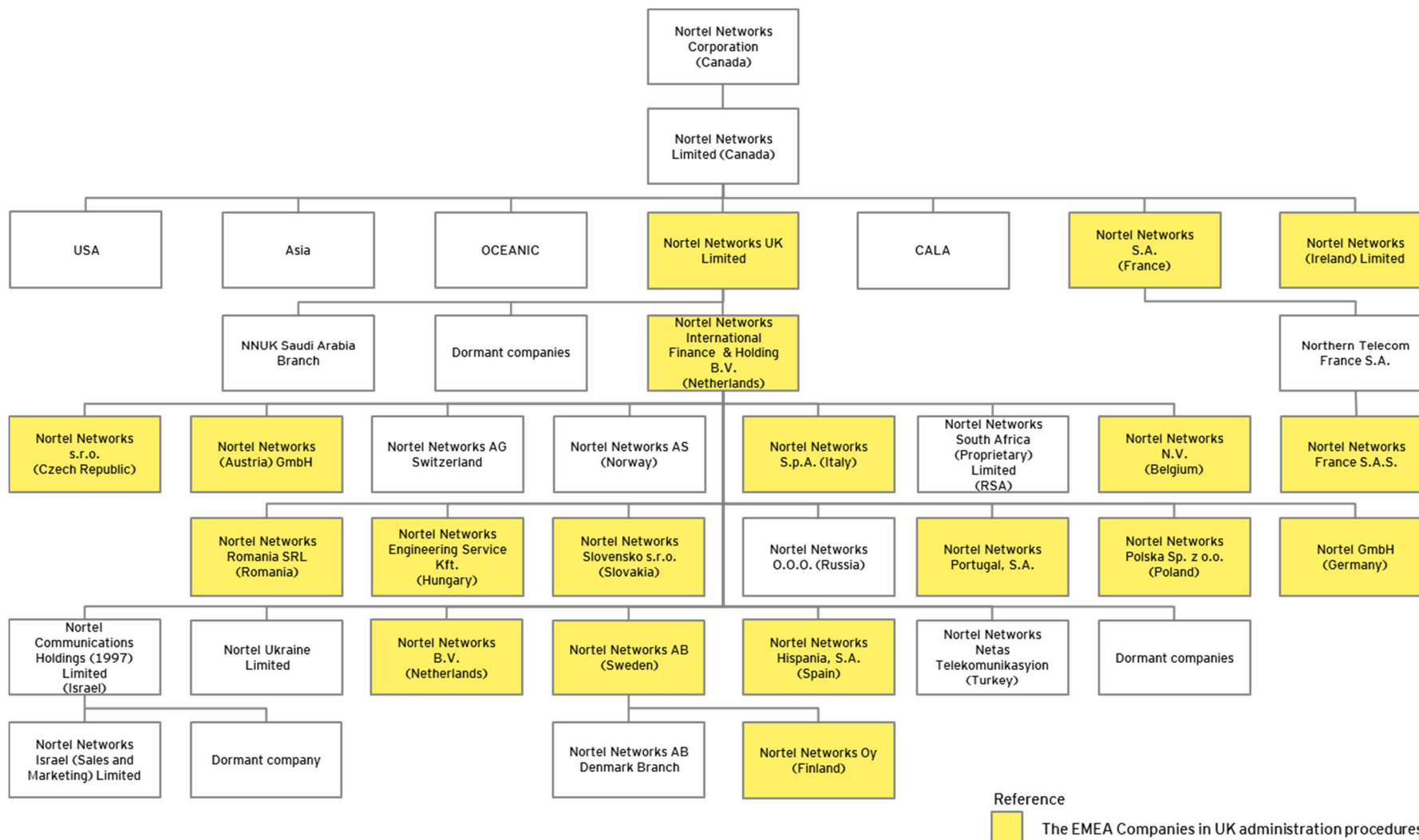
Nortel Networks International Finance & Holding B.V. - 99.99%

Nortel Optical Components Limited - 0.01%

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	29/06/2012	-
John Freebairn	Director	18/10/2010	30/06/2012	-
David Quane	Director	31/03/2010	27/01/2016	-
Cuatrecasas , Goncalves Periera RL - Corporate Secretary	Secretary	N/A	-	-

Summary of Nortel Group Structure



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 Portugal, S.A. (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 14 January 2009 to 13 January 2017

Nortel Networks Portugal S.A. (in Administration)			
Administrators' receipts and payments account for the period: 14 January 2009 to 13 January 2017			
Currency: USD	Period 14 January 2009 to 13 July 2016	Period 14 July 2016 to 13 January 2017	Total to 13 January 2017
Opening balance	1,553,573		1,553,573
<u>Receipts</u>			
<i>Trading:</i>			
- Post appointment sales	11,052,921	-	11,052,921
- Other receipts	64,103	-	64,103
<i>Other:</i>			
- Pre appointment sales	3,509,009	-	3,509,009
- Bank interest	115,017	215	115,232
- US Settlement Allocation on Claims	32,474	-	32,474
	<u>14,773,524</u>	<u>215</u>	<u>14,773,739</u>
<u>Payments</u>			
<i>Trading:</i>			
- Intercompany	(2,625,507)	-	(2,625,507)
- Other taxes	(2,108,228)	-	(2,108,228)
- Payroll, employee benefits, and payroll taxes	(1,975,757)	-	(1,975,757)
- Other payments	(1,246,757)	(500)	(1,247,256)
- Contractors	(1,272,393)	(12,939)	(1,285,331)
- Property costs	(362,958)	-	(362,958)
- Utilities	(233,221)	-	(233,221)
- Trade payables	(78,211)	-	(78,211)
<i>Other:</i>			
- Joint Administrators' fees and disbursements	(1,759,664)	(63,181)	(1,822,846)
- Legal fees	(770,427)	-	(770,427)
- Restructuring costs	(496,459)	-	(496,459)
- Other professional services costs	(169,559)	(29,263)	(198,821)
- Bank charges and interest	(32,608)	(572)	(33,180)
- FX translation movement	(518,406)	(136,682)	(655,088)
	<u>(13,650,153)</u>	<u>(243,137)</u>	<u>(13,893,290)</u>
Closing balance	<u>2,676,944</u>	<u>(242,922)</u>	<u>2,434,023</u>
Account reconciliations:			
Local Accounts	35,603	10,618	46,221
Administration Accounts	2,641,341	(253,539)	2,387,802
	<u>2,676,944</u>	<u>(242,922)</u>	<u>2,434,023</u>

Nortel Networks Portugal, S.A. (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 14 January 2009 to 13 January 2017

Nortel Networks Portugal S.A. (in Administration)			
Administrators' receipts and payments account for the period: 14 January 2009 to 13 January 2017			
Currency: EUR	Period 14 January 2009 to 13 July 2016	Period 14 July 2016 to 13 January 2017	Total to 13 January 2017
Opening balance	1,206,284		1,206,284
<u>Receipts</u>			
<i>Trading:</i>			
- Post appointment sales	8,168,807	-	8,168,807
- Other receipts	47,860	-	47,860
<i>Other:</i>			
- Pre appointment sales	2,518,872	-	2,518,872
- Bank interest	85,636	198	85,834
- US Settlement Allocation on Claims	23,688	-	23,688
- FX translation movement	18,789	0	18,789
	<u>10,863,652</u>	<u>198</u>	<u>10,863,850</u>
<u>Payments</u>			
<i>Trading:</i>			
- Intercompany	(1,927,618)	-	(1,927,618)
- Other taxes	(1,535,662)	-	(1,535,662)
- Payroll, employee benefits, and payroll taxes	(1,445,205)	-	(1,445,205)
- Other payments	(912,435)	(461)	(912,896)
- Contractors	(954,393)	(11,938)	(966,331)
- Property costs	(266,334)	-	(266,334)
- Utilities	(172,207)	-	(172,207)
- Trade payables	(57,717)	-	(57,717)
<i>Other:</i>			
- Joint Administrators' fees and disbursements	(1,304,531)	(58,296)	(1,362,827)
- Legal fees	(564,815)	-	(564,815)
- Restructuring costs	(356,373)	-	(356,373)
- Other professional services costs	(142,505)	(27,000)	(169,505)
- Bank charges and interest	(24,548)	(528)	(25,076)
	<u>(9,664,342)</u>	<u>(98,224)</u>	<u>(9,762,566)</u>
Closing balance	<u>2,405,593</u>	<u>(98,026)</u>	<u>2,307,568</u>
Account reconciliations:			
Local Accounts	31,994	11,825	43,819
Administration Accounts	2,373,599	(109,851)	2,263,748
	<u>2,405,593</u>	<u>(98,026)</u>	<u>2,307,568</u>

Nortel Networks Portugal, S.A. (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, EUR, 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 December 2016 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 2016 to 13 January 2017) have been converted at average spot rates over this period, which have been sourced from Reuters.

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

Note 2

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

Note 3

The amounts reported are inclusive of sales tax where applicable.

Foreign exchange translation movement

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

Appendix 3

Nortel Networks Portugal, S.A. (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£2,055,369.79.

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 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.

No transaction time costs were incurred across all EMEA entities for the period.

Total time costs for the Administration in respect of the period from 28 May 2016 to 27 November 2016

Time costs for the Administration for the period 28/05/2016 to 27/11/2016	£
Administration time costs	9,832.26
Reallocation of time costs (Including PPA costs)	48,208.95
Transaction time costs	-
Pension litigation / FSD costs	66.82
Total time costs	58,108.03

Nortel Networks Portugal, S.A. (In Administration)

Summary of Joint Administrators' time costs in respect of the period from 28 May 2016 to 27 November 2016 (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	Assistant Director	Manager	Executive	Analyst				
Creditors	-	-	-	11.0	3.0	11.0	25.0	194.68	4,867.06	150,332.57
Tax	1.3	-	-	3.0	-	10.1	14.4	301.53	4,342.00	153,818.13
Fees	-	-	-	-	-	24.8	24.8	25.13	623.20	93,343.12
Statutory	-	-	-	-	-	-	-	-	-	72,832.76
Finance, accounting and administration	-	-	-	-	-	-	-	-	-	71,348.92
Cash forecasting	-	-	-	-	-	-	-	-	-	56,212.16
Employees	-	-	-	-	-	-	-	-	-	37,620.89
Property	-	-	-	-	-	-	-	-	-	30,242.12
Estimated outcome	-	-	-	-	-	-	-	-	-	26,012.00
Communications	-	-	-	-	-	-	-	-	-	22,666.60
Pre administration	-	-	-	-	-	-	-	-	-	21,480.00
Suppliers	-	-	-	-	-	-	-	-	-	20,758.63
Customers	-	-	-	-	-	-	-	-	-	19,245.34
Legal	-	-	-	-	-	-	-	-	-	12,823.15
Day 1	-	-	-	-	-	-	-	-	-	7,695.66
Strategy	-	-	-	-	-	-	-	-	-	3,942.08
M&A	-	-	-	-	-	-	-	-	-	2,898.23
Debtors	-	-	-	-	-	-	-	-	-	2,584.03
Trading	-	-	-	-	-	-	-	-	-	1,216.00
Directors	-	-	-	-	-	-	-	-	-	840.00
Pensions	-	-	-	-	-	-	-	-	-	60.00
Non COMI countries	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Grand Total	1.3	-	-	14.0	3.0	45.9	64.2	153.2	9,832.26	807,972.38
Average hourly rate	842.31	-	-	343.97	216.17	71.31				
Time costs for the period (£)	1,095.00	-	-	4,815.60	648.52	3,273.15				
Time costs for the Administration to date (£)	101,270.15	1,940.00	152,057.37	107,487.48	284,385.99	160,831.39				

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 28 May 2016 to 27 November 2016

Activity	Hours						Total sum of hours	Average hourly rate (£)	Total reallocated time costs for the Period (£)	Total reallocated time costs to 27 November 2016 (£)
	Partner	Director / Executive Director	Assistant Director	Manager	Executive / Assistant Executive	Analyst				
PPA, Claims & Strategy	311.0	607.3	30.2	2.0	13.8	21.0	985.3	625.35	616,156.65	22,874,417.80
EMEA tax & VAT advisory	46.6	193.8	238.1	162.3	28.3	79.7	748.8	621.12	465,097.00	5,775,386.85
Finance, Accounting & Administration	-	159.6	21.6	152.5	573.3	559.8	1,466.8	275.59	404,241.50	11,050,534.00
Estimated Outcome Statement	-	96.7	20.0	183.0	45.0	62.5	407.2	376.59	153,349.00	639,362.50
Progress Reports	-	7.3	-	11.5	139.7	421.3	579.8	202.82	117,592.50	722,309.06
Creditors	-	58.0	10.0	81.3	32.6	135.1	317.0	313.99	99,534.00	3,273,439.33
CVA Planning	1.8	91.7	20.3	-	-	2.8	116.6	588.70	68,643.00	264,949.50
EMEA billing	-	-	-	0.5	254.8	14.4	269.7	230.60	62,191.64	346,542.82
Exit Strategy	-	26.7	53.3	-	-	-	80.0	674.25	53,940.00	1,818,644.40
Branches & equity interests	4.8	-	4.7	2.5	-	-	12.0	757.38	9,088.50	409,794.53
IT	4.0	4.8	-	-	-	-	8.8	629.09	5,536.00	11,410,279.80
Trading	-	-	-	-	-	-	-	-	-	2,794,148.50
Transfer Pricing	-	-	-	-	-	-	-	-	-	1,745,006.00
Customers	-	-	-	-	-	-	-	-	-	1,446,875.50
Debtors	-	-	-	-	-	-	-	-	-	1,077,322.00
Canada / USA	-	-	-	-	-	-	-	-	-	1,005,375.00
Intellectual Property Portfolio	-	-	-	-	-	-	-	-	-	494,581.00
France settlement	-	-	-	-	-	-	-	-	-	128,944.50
Grand Total	368.2	1,245.9	398.2	595.6	1,087.5	1,296.6	4,992.0	411.73	2,055,369.79	67,277,913.09
Average hourly rate (£)	762.35	610.27	649.96	421.24	258.64	172.27				
Total reallocated time costs for the Period (£)	280,696.50	760,331.00	258,816.00	250,892.00	281,267.54	223,366.75				
Total reallocated time costs to 27 November 2016 (£)	6,721,890.63	9,312,708.80	16,579,861.94	13,500,459.07	13,897,269.20	7,265,723.45				

Administration fee analysis (GBP)

Summary of total core M&A transactions time costs for all EMEA filed entities in respect of the period from 28 May 2016 to 27 November 2016

Activity	Hours						Total sum of hours	Average hourly rate (£)	Total transaction time costs for the Period (£)	Total transaction time costs to 27 November 2016 (£)
	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	-	-	-	-	-	-	-	-	-	4,526,323.50
M&A / Netas	-	-	-	-	-	-	-	-	-	2,197,907.50
M&A Snow	-	-	-	-	-	-	-	-	-	1,799,887.00
M&A / GSM	-	-	-	-	-	-	-	-	-	1,584,505.50
M&A / Carrier	-	-	-	-	-	-	-	-	-	1,326,537.50
M&A / Passport	-	-	-	-	-	-	-	-	-	1,120,485.00
Other Assets	-	-	-	-	-	-	-	-	-	638,704.39
M&A	-	-	-	-	-	-	-	-	-	563,375.00
M&A Iceberg	-	-	-	-	-	-	-	-	-	541,699.50
M&A / Velocity	-	-	-	-	-	-	-	-	-	97,436.50
Grand Total	-	-	-	-	-	-	-	-	-	27,779,087.39
Average hourly rate (£)	-	-	-	-	-	-	-	-	-	-
Total transaction time costs for the Period (£)	-	-	-	-	-	-	-	-	-	-
Total transaction time costs to 27 November 2016	2,559,860.00	7,178,728.50	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 28 May 2016 to 27 November 2016 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 Portugal, S.A. (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 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

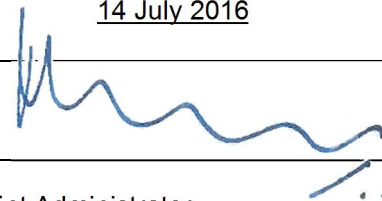
2.24B

Name of Company Nortel Networks Portugal, S.A.	Company number 502 338 393
In the High Court of Justice of England and Wales, Chancery Division, Companies Court	Court case number 547 of 2009

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

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

From 14 July 2016 to 13 January 2017

Signed 
 Joint Administrator

Dated 9 February 2017

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

Saskia Lawrence	
Ernst & Young LLP, 1 More London Place, London, SE1 2AF	
	Tel: +44 (0) 20 7951 1507
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**