

TO ALL KNOWN CREDITORS

12 August 2011

Ref: MLP/7E/CH/NA/HR/LO3552

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Dear Sirs

Nortel Networks Slovensko, s.r.o. (In Administration) ("the Company")

**High Court of Justice of England and Wales, Chancery Division, Companies Court
Case number 551 of 2009**

We write, in accordance with Rule 2.47 of The Insolvency Rules 1986, to provide creditors with a fifth report on the progress of the Administration (the "**Report**"). This Report covers the period from 14 January 2011 to 13 July 2011 and should be read in conjunction with the Joint Administrators' previous reports dated 13 August 2009, 13 February 2010, 12 August 2010 and 11 August 2011, 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.nortel.com/corporate/adminprogreports.html

The Company entered administration (the "**Administration**") on 14 January 2009 when AR Bloom, AM Hudson, SJ Harris and CJW 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 under the CCAA. 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.

On the same day that the Company entered administration, 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 court of the EC 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 their COMI was in England and as such it had jurisdiction to open main insolvency proceedings, namely administration, in respect of each company. Details of the 19 companies 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 reply 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 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. Now that the sale process has been completed, 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**").

Since our last report, the sale of the MSS business completed on 11 March 2011 for a headline purchase price of US\$65 million and therefore all the trading businesses have now been sold.

In addition, at an auction in New York between 27 and 30 June 2011, held in accordance with Section 363 of the US Bankruptcy Code, the residual intellectual property retained by the Group after the sale of the businesses (which consisted of over 6,000 registered patents or patents-pending) was sold for US\$4.5 billion. The winning bidder was a consortium consisting of Apple, EMC, Ericsson, Microsoft, Research In Motion and Sony.

Total sales proceeds of the global businesses, which are held in escrow pending allocation within the Group (as further explained below), now stand at almost US\$7.5 billion.

Owing to the integrated nature of the Group's businesses, it was necessary for some EMEA companies to provide transitional services to the purchasers of the businesses after sale completion. This included the provision of various back office functions, infrastructure support and other assistance to enable each purchaser to integrate each business with their own. The purchasers met the direct cost of these services.

The EMEA transitional services agreements ("**TSA**") have now almost been completed. The Joint Administrators expect the remaining TSAs to be fully completed by Q4 2011. EMEA will fully recover its direct costs in providing this support.

Although there are some further assets to be realised, the intellectual property and core global businesses were the principal assets of the Group. The conclusion of the sale process during

a period of over two years represents a significant achievement through the combined efforts of the Joint Administrators, the Nortel employees and the teams representing the US and Canadian estates.

Next Steps

The Joint Administrators, having completed the principal trading phase of the Administration, are now 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 resolution of intra-Group issues, such as Purchase Price Allocation ("**PPA**"), intercompany claims, including claims brought by the Company and other EMEA companies against the Canadian and US estates, The Pensions Regulator ("**TPR**"), Financial Support Directions ("**FSD**"); and the development of an appropriate process to agree creditors' claims and distribute available funds to them.

Since our last report, a second inter-estate meeting was held in New York in April 2011 with the representatives of other Group estates and key stakeholders (e.g. the US & Canadian Bondholders and TPR) in order to progress a negotiated settlement in respect of most of these issues.

Owing to the complexities of the various estate claims this is, by nature, a gradual process. However the Joint Administrators have continually attempted to drive the process forward. Unfortunately, both the November 2010 and April 2011 inter-estate meetings failed to bring the parties together or even to create a framework for a negotiated settlement.

For further information regarding the second inter-estate meeting, please refer to the PPA section of the Report.

The Joint Administrators have continued to hold confidential meetings with the Company's creditors' committee (the "**Committee**") in order to update it on events and the strategy adopted.

Further information is contained in the sections that follow.

2. Business Disposal Strategy

The Joint Administrators have now completed the disposal of the businesses. The Joint Administrators consider that this has achieved a better return for creditors of the Company than would otherwise have been possible, owing to likely higher levels of realisations, the preservation of jobs through the transfer of employees to new entities, and the orderly transfer of contracts to purchasers.

All sales of the major businesses were dealt with on a global basis in conjunction with the rest of the Group. The disposals, excluding the GSM transaction, followed a stalking horse auction process under Section 363 of the US Bankruptcy Code. The Joint Administrators were actively involved in these auction processes and in setting the auction parameters subsequently approved by the US and Canadian Courts.

Completed Disposals

The following transactions have been completed. Please see the previous report dated 11 February 2011 for further details. The proceeds of sale, which now stand at almost US\$7.5 billion, remain in escrow for distribution once the PPA has been agreed between the Group.

Business / Asset Sales	Date of Completion
Layer 5-7	Completed 31 March 2009
CDMA	Completed 14 Nov 2009
Enterprise	Completed 18 Dec 2009
MEN	Completed 19 March 2010
GSM/GSM-R	Completed 1 April 2010
CVAS	Completed 28 May 2011
MSS	Completed 11 March 2011
Residual IP	Completed July 2011

Post Completion Transitional Services

The Group's affairs were organised on a business basis with each legal entity operating a number of businesses. The purchasers of the businesses have required ongoing support from the Group, as vendor, to provide transitional services to enable an orderly migration of each business to new ownership. These transitional services have largely been provided in EMEA by Nortel Networks (UK) Limited ("**NNUK**") and, to a more limited extent, by Nortel Networks (Ireland) Limited.

Transactions and Disposals – Main Developments

MSS

On 11 March 2011 the sale of the MSS business to Telefonaktiebolaget Ericsson was completed for a headline purchase price of US\$65 million.

GSM

The working capital adjustment dispute has now been resolved with the purchaser and, subject to final approval by all relevant parties, a further US\$3.1 million will be paid by the purchaser.

CVAS

As stated in our report dated 12 August 2010, the sale of CVAS was completed to Genband for a headline consideration of US\$282 million, less balance sheet and other adjustments then estimated to be approximately US\$100 million.

Discussions were ongoing between Genband and Nortel in respect of a working capital dispute concerning the price adjustment that should be applied for transferred deferred profit. A US\$34 million escrow account was put aside pending resolution of this dispute. The dispute was argued in the US and Canadian Courts and a settlement is expected to be completed and approved by the US Court shortly.

Residual Intellectual Property

The Group owned over 6,000 patents and patents-pending, which were not transferred as part of the sale of the businesses. The Nortel estates considered that, following the clear value enhancement achieved in the sales of the businesses, the most effective way to maximise value for these residual assets would be to sell them through the stalking horse process under Section 363 of the US Bankruptcy code.

Following an extensive period of negotiation with interested parties, a stalking horse sale agreement was signed with Google and its purchasing vehicle Ranger Inc. on 4 April 2011 for US\$900 million. An auction process to sell such patents and related assets commenced in New York with Google acting as the stalking horse bidder.

After a multi-day auction, a consortium emerged as the winning bidder with a cash purchase price of US\$4.5 billion. The consortium consists of Apple, EMC, Ericsson, Microsoft, Research In Motion and Sony.

3. Trading and Operational Overview

The Joint Administrators concluded that continued trading of the businesses, pending sales as going concerns, was in the best interests of the Company's creditors.

The Joint Administrators continued to trade in order to maximise the value of potential business and asset sales and to reduce the value of termination claims and other contingent liabilities which may be brought against the Company in the future. The Joint Administrators consider that the potential realisation values from selling the Company's various businesses as going concerns will result in a better return to creditors than if the businesses ceased to trade and the assets of the Company were sold on a break-up basis.

The Joint Administrators are confident that the successful completion of the sales of the Group's major global businesses will, once the PPA has been completed, result in the receipt of sales proceeds and other benefits which will reduce the losses made in the trading period. In addition, the completion of these sales has resulted in the transition of employment contracts, certain supply/ purchase arrangements and most customer contracts, to the respective purchasers. This has facilitated the orderly winding down of the Company's operations, and will continue to do so.

The headline trading results of the Company for the period from 1 January 2009 to 31 March 2011 are set out in the following table.

Headline Financial Information (US GAAP)	US\$ (m)		
	2009	2010	Q1 2011
Turnover	2.87	0.37	-
Trading Profit/ (Loss)	1.91	(0.21)	-
Net Profit/ (Loss)	0.68	(1.20)	0.18

Real Estate

The Company vacated its Banska and Bratislava offices at the end of April 2010.

Employees

Through the various business sales, the Joint Administrators have succeeded in transferring four employment contracts to purchasers of the respective businesses.

Employee numbers as at 13 July 2011	
Employees at appointment	8
Transferred with business sales	(4)
Resignations and other leavers	(2)
Redundancies	(2)
Employees continuing as at 13 July 2011	0

4. Receipts and Payments Account

Attached at Appendix 2 is the Joint Administrators' receipts and payments ("R & P") account for the period from 14 January 2011 to 13 July 2011 in respect of the Company. The R&P shows total receipts of US\$170,765 and payments of US\$283,676. A trading overview is included in Section 3 above.

The Company held cash in various currencies equivalent to US\$1,434,913 at 13 July 2011.

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.

There has been a significant reduction in the receipts and payments activity during the reporting period. This reflects the cessation of trading and the winding-down position of the Company.

Further detailed notes are provided in Appendix 2.

5. Joint Administrators' Remuneration and Disbursements

It is the responsibility of the Committee to approve the Joint Administrators' fees.

During the period from 4 December 2010 to 3 June 2011 the Joint Administrators incurred time costs of GB£51,094 and transaction time costs totalling GB£14,548 in respect of the same period.

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.

We continue to apportion time certain costs for workstreams undertaken for the benefit of all EMEA entities. During the period from 4 December 2010 to 3 June 2011 GB£14,063 has been allocated to the Company in respect of these apportionments (being 0.59% of total costs reapportioned across all EMEA filed entities). Please see Appendix 4 for further details.

GB\$334,502 of time costs were incurred for the period from 6 February 2010 to 1 April 2011. This total includes GB£53,465 of transaction time costs and GB£30,069 of apportionment costs, which have been approved for payment by resolutions passed by the Committee.

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 14 January 2011 to 13 July 2011 the following has been paid:

Herbert Smith LLP – GB£2,195 (Legal Advisors)

Local Counsel – US\$31,405 (Legal Advisors)

6. Future Conduct of the Administration

Purchase Price Allocation – The Business Disposals

The proceeds from the business sales, which were placed in escrow accounts on completion, will subsequently be apportioned between the selling companies. The proper allocation of proceeds across each selling entity, including the Company and the other EMEA Companies, is a matter of great importance not only to the Joint Administrators but also to all other Group companies and, where applicable, the office holders or other fiduciaries responsible for them.

The intention of the Joint Administrators, NNL and NNI (together with the Monitor and the legal advisors to the Unsecured Creditors' Committee) has been for the PPA and the settlement of intra-Group claims to be determined by way of a consensual agreement between the three principal estates, EMEA, US and Canada.

To further support the estates' ability to reach a consensual agreement, the EMEA, US and Canadian estates undertook to exchange PPA methodologies and heads of intercompany claims that could potentially be made. Such claims have been exchanged but remain confidential at this time.

The Joint Administrators have attended two inter-estate meetings, with all other estates and key stakeholders, in November 2010 and April 2011. Unfortunately, both inter-estate meetings failed to bring the parties together or even to create a framework for a negotiated settlement.

The Joint Administrators made representations, along with the other estates, to the US and Canadian Courts at a joint hearing in June 2011 regarding methods of determining intercompany claims and PPA. The US and Canadian estates sought that PPA arguments should all be determined through joint hearings of the US and Canadian Courts and that claims be dealt with by separate procedures in the US and Canadian Courts respectively. The Company and other EMEA companies argued that the PPA and some or all claims should be dealt with through arbitration, with a panel of three arbitrators (one being selected by each of the US, Canada, and EMEA).

The US and Canadian Courts have deferred judgement on the matter until at least the end of August 2011. In the meantime, both judges have ordered that all estates should attend mediation to seek to resolve the issues between them. This will most likely be held in Canada under the auspices of a Canadian mediator. Although timing has not yet been confirmed, we expect this mediation to take place in September 2011 or beyond.

The Pensions Regulator in the UK

TPR, a UK statutory body, has made claims against several Nortel group companies in EMEA, including the Company ("**target companies**") and North America. Its Determinations Panel issued a decision in June 2010 that FSD should be issued, which would require the target companies to contribute to the deficit in the Nortel Networks UK Limited pension scheme, currently estimated to be circa GB£2.1 billion.

The Joint Administrators have made a reference to the Upper Tribunal to challenge this decision on behalf of the Company, as well as for each of the other target companies. The case for the issuance of FSDs will be heard before the Upper Tribunal, which is a superior court of record and likely to be chaired by a High Court judge. Appeals from the Upper Tribunal, on points of law, can be made to the Court of Appeal and the Supreme Court. If it were ultimately decided that one or more of the target companies were liable to contribute, each company would be obliged to reach an agreement with TPR as to the amount of the contribution. If such an agreement were not reached, TPR could seek to enforce the decision of the Upper Tribunal by issuing a Contribution Notice, which would state an amount to be contributed.

In November 2010, the Joint Administrators applied to the High Court in England for directions on the ranking of a claim by TPR, should one eventually be imposed on any of the target companies. The High Court ruled, with clear reservations, that any claim would rank as an expense of the Administration, to be paid ahead of the claims of creditors. The Joint Administrators have appealed this decision to the Court of Appeal, and the appeal was heard in July 2011. We do not expect to have judgement before October 2011.

The effect of this ruling regarding ranking is that it is not possible at this stage to make distributions to creditors of the target companies.

It must be emphasised that the Joint Administrators are opposing TPR's claims, and are taking all appropriate steps to defend the Company's position, in the interests of its creditors. These claims are not being brought by the Joint Administrators of NNUK, and neither NNUK nor its Joint Administrators are party to the proceedings. Any contribution imposed on any of the target companies would flow directly to TPR and the UK pension fund, rather than to NNUK.

The Joint Administrators continue to apprise the Committee, on a confidential basis, of developments in this matter.

North American Claims Processes

As previously reported, the Joint Administrators have filed certain claims on behalf of the Company and other EMEA companies in jurisdictions where a bar date has been imposed.

The Canadian Court imposed a bar date of 18 March 2011 for the filing of intercompany claims of the EMEA Companies against the Canadian entities. Further, the US Court imposed a bar date of 3 June 2011 in relation to intercompany claims to be made by the EMEA Companies and non-filed EMEA entities against the US Nortel entities.

The EMEA entities accordingly filed proofs particularising their claims against the Canadian entities and the US entities. At present, it is unclear what value will ultimately be received in respect of these claims through any consensual, arbitration or litigation process.

Distributions to Creditors

The Joint Administrators obtained Court directions to allow them to commence an informal claims process. This informal claims process commenced in July 2010. The Joint

Administrators have invited submissions of claim forms so that Nortel accounting personnel can assist with the process of reconciling claims to company records.

In view of the current uncertainty regarding the resolution of PPA and other matters, it is not possible to say when a formal creditor claims process can be commenced.

The Joint Administrators continue to evaluate viable distribution options for the Company and the EMEA Companies to return surplus funds to creditors and ultimately exit the Administration process.

Once the trading position has been finalised, but before PPA receipts from the business disposal escrow accounts (PPA receipts which the Joint Administrators are confident will reflect the value of the businesses sold) the receipt of intra-Group dividends and the cost recharges, the Joint Administrators anticipate that there will be, absent any requirement to make a contribution pursuant to an FSD and/or a Contribution Notice, or any unforeseen liabilities arising, in the region of US\$1 million available to distribute 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. The imposition of any FSD on the Company by TPR. As stated, we are not certain as to whether any such FSD will actually be imposed, nor is there clarity as to the quantum of the potential liability being sought. It should be noted that, should any such FSD be imposed, the Joint Administrators will defend the Company's position. The Joint Administrators are hopeful that any such FSD could be successfully resisted.
- c. Finalisation of quantum of certain complex liabilities and claims.
- d. Finalisation of ranking of creditor claims which will be determined as part of the distribution process.

The Joint Administrators will continue to update the Committee as appropriate of any key issues and their resolution.

Exit Strategy

The Joint Administrators applied to Court in January 2010 and obtained an extension of the administrations which will allow for the completion of the M&A processes, TSAs, and implementation of an orderly wind down process.

The Joint Administrators continue to explore the most appropriate exit route from the Administration process for the Company and the other EMEA companies in Administration; that is to say the method by which creditors' claims are agreed, surplus funds are distributed to creditors and the Company's affairs generally 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 disposals, dealing with all sale proceeds and inter-company claims, agreeing all other creditor claims and establishing the mechanics of distributing funds.

In all of the above scenarios, the distribution process used will be subject to timing implications, cost, the size of 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.

7. Other Matters

The Committee

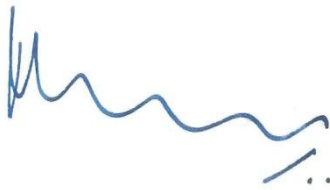
The Committee of creditors was formed at the creditors' meeting held on 17 March 2009. The Joint Administrators provide detailed information to the members of the Committee as the Administration progresses and matters evolve (including an analysis of their time costs for approval). The Joint Administrators will continue to keep the Committee apprised of developments.

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.

Yours faithfully
for Nortel Networks Slovensko, s.r.o. (In Administration)

A handwritten signature in blue ink, appearing to be 'SJ Harris', with a small flourish at the end.

SJ 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

A R Bloom, S J Harris and C J W Hill are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and A M Hudson is licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants, for the Companies listed below.

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.

Appendix 1

Nortel Networks Slovensko, s.r.o. (In Administration)

Company information

Registered number: 35 716 428

Company name: Nortel Networks Slovensko, s.r.o.

Registered office address: Sv. Cyrila a Metoda 2, 921 01 Piešťany, Slovak Republic

Previous name: Nortel Slovensko, s.r.o.

Details of the Administrators and of their appointment

Administrators: AR Bloom, AM Hudson, SJ Harris and CJW 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 551 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

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		6,639		6,639

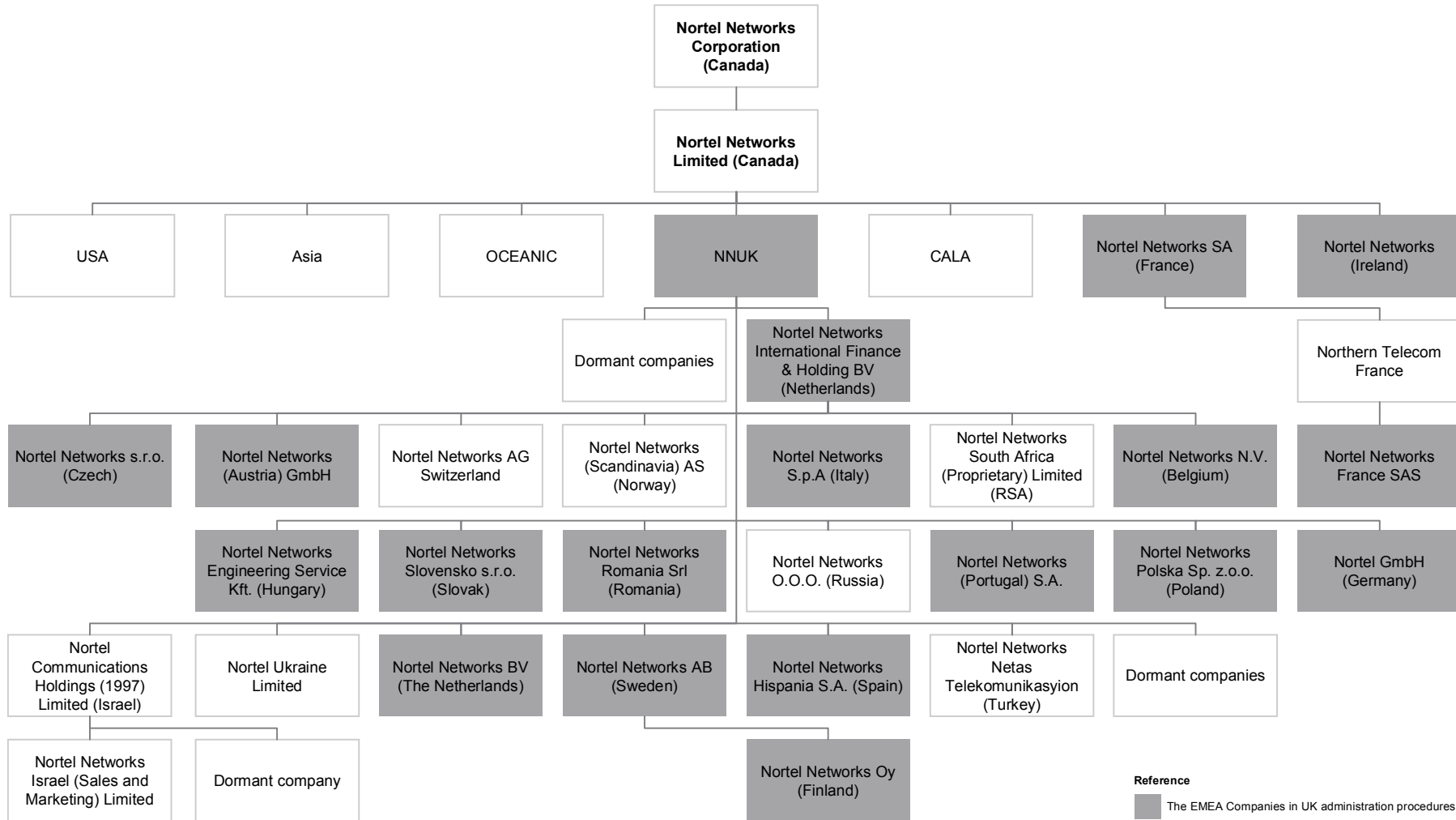
Shareholder

Nortel Networks International Finance & Holdings B.V. – 100%

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

Name	Director or secretary	Date appointed	Date resigned	Current shareholding
Michael Segalard	Director	03/04/2001	14/01/2009	-
Cyrill Busslinger	Director	01/06/2006	14/01/2009	-
Sharon Rolston	Director	14/01/2009	15/11/2010	-
Simon Freemantle	Director	14/01/2009	-	-
David Quane	Director	15/11/2010	-	-
BDO - corporate secretary	Secretary	N/A	-	-

Summary of Nortel Group Corporate 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 Slovensko, s.r.o. (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 14 January 2009 to 13 July 2011

Currency: USD	Period 14 January 2009 to 13 January 2011	Period 14 January 2011 to 13 July 2011	Total to 13 July 2011
Opening balance	1,078,227		1,078,227
Receipts			
<i>Trading:</i>			
- Post appointment sales	3,397,099	35,285	3,432,384
- Overpayment refunds	9,792	11,322	21,114
- Other receipts	2,226	334	2,560
- Asset sales	914	-	914
<i>Other:</i>			
- Pre appointment sales	686,549	-	686,549
- FX translation movement	27,344	118,062	145,406
- Bank interest	16,878	5,762	22,640
	<u>4,140,801</u>	<u>170,765</u>	<u>4,311,566</u>
Payments			
<i>Trading:</i>			
- Payroll, employee benefits, and payroll taxes	(734,909)	(3,654)	(738,563)
- Intercompany	(82,078)	18,240	(63,837)
- Accounts payable - Inventory related	(377,243)	-	(377,243)
- Other payments	(335,116)	-	(335,116)
- Other taxes	(277,936)	4,191	(273,745)
- Property costs	(119,303)	-	(119,303)
- Utilities	(70,817)	-	(70,817)
- Trade payables	(60,801)	-	(60,801)
- Contractors	(45,215)	-	(45,215)
- Pension contributions	(42,186)	-	(42,186)
<i>Other:</i>			
- Joint Administrators' fees and disbursements	(980,439)	(243,812)	(1,224,252)
- Legal fees	(389,981)	(34,859)	(424,840)
- Other professional services costs	(146,390)	(22,313)	(168,702)
- Bank charges and interest	(8,792)	(1,468)	(10,260)
	<u>(3,671,204)</u>	<u>(283,676)</u>	<u>(3,954,880)</u>
Closing balance	<u>1,547,824</u>		<u>1,434,913</u>
Account reconciliations:			
Current accounts	46,164		42,706
Administration deposit accounts	1,501,659		1,392,207
	<u>1,547,824</u>		<u>1,434,913</u>

Nortel Networks Slovensko, s.r.o. (In Administration)

Joint Administrators' Abstract of Receipts and Payments from 14 January 2009 to 13 July 2011

Currency: EUR	Period 14 January 2009 to 13 January 2011	Period 14 January 2011 to 13 July 2011	Total to 13 July 2011
Opening balance	837,198		837,198
Receipts			
<i>Trading:</i>			
- Post appointment sales	2,485,429	25,351	2,510,780
- Overpayment refunds	7,433	8,134	15,567
- Other receipts	1,689	240	1,930
- Asset sales	694	-	694
<i>Other:</i>			
- Pre appointment sales	493,402	-	493,402
- FX translation movement	384	-	384
- Bank interest	12,517	4,140	16,657
	<u>3,001,549</u>	<u>37,864</u>	<u>3,039,413</u>
Payments			
<i>Trading:</i>			
- Payroll, employee benefits, and payroll taxes	(533,918)	(2,625)	(536,544)
- Intercompany	(45,981)	13,105	(32,876)
- Accounts payable - Inventory related	(276,061)	-	(276,061)
- Other payments	(243,682)	-	(243,682)
- Other taxes	(206,925)	3,011	(203,914)
- Property costs	(87,345)	-	(87,345)
- Utilities	(51,704)	-	(51,704)
- Trade payables	(43,696)	-	(43,696)
- Contractors	(32,618)	-	(32,618)
- Pension contributions	(30,318)	-	(30,318)
<i>Other:</i>			
- Joint Administrators' fees and disbursements	(727,547)	(175,168)	(902,716)
- Legal fees	(286,533)	(25,045)	(311,578)
- Other professional services costs	(108,230)	(16,031)	(124,261)
- Bank charges and interest	(6,461)	(1,055)	(7,516)
	<u>(2,681,020)</u>	<u>(203,808)</u>	<u>(2,884,828)</u>
Closing balance	<u>1,157,727</u>		<u>991,784</u>
Account reconciliations:			
Current accounts	34,530		29,518
Administration deposit accounts	1,123,198		962,266
	<u>1,157,727</u>		<u>991,784</u>

Receipts and payments comments

There has been a significant reduction in the receipts and payments activity during the reporting period. This reflects the cessation of trading and the winding-down position of the Company.

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 June 2011 month end spot rates which have been provided by the Company. This approach is in line with the Company's internal reporting procedures.

Transactions that have taken place through the accounts over the course of the reporting period (14 January 2011 to 13 July 2011) have been converted at average spot rates over this period, which have been sourced from the foreign exchange website Oanda.

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.

Note 5

In the previous report, intercompany receipts of US\$0.3 million and intercompany payments of US\$0.4 million were disclosed separately. These figures are now presented on a net basis.

RECEIPTS

On appointment \$1.1 million in cash was held in local Euro accounts.

Total receipts since 13 January 2011 total US\$0.1 million (net of FX translation). This balance predominantly relates to post appointment sales receipts and intercompany receipts.

Sales receipts

Post appointment sales receipts since 13 January 2011 total US\$35,000.

Foreign exchange translation movement

The total FX translation movement to 13 July 2011 is a result of the appreciation of the Euro against the USD. As such, the interim FX translation movement does not represent a true monetary gain.

PAYMENTS

Total payments of US\$0.3 million have been made since 13 January 2011, which primarily relates to Joint Administrators' fees.

Joint Administrators' fees

Joint Administrators' fees paid since 13 January 2011 are US\$0.2 million (including VAT). These costs relate to fees and disbursements incurred during the course of the administration.

Appendix 3

Nortel Networks Slovensko, s.r.o. (In Administration)

Summary of Joint Administrators' time costs in respect of the period from 4 December 2010 to 3 June 2011 (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				
Tax / VAT advisory and compliance	5.2	5.8	20.0	0.9	25.1	24.0	80.9	420.32	33,996.31	211,448.57
Case management	-	-	-	-	32.5	97.2	129.7	61.97	8,038.03	111,680.50
Property	-	-	-	-	4.0	-	4.0	280.00	1,120.00	79,263.10
Creditors Committee	-	-	-	-	-	5.6	5.6	210.00	1,176.00	67,200.53
Creditors	-	-	-	-	1.5	-	1.5	271.51	407.27	34,959.85
Suppliers	-	-	-	-	-	-	-	-	-	25,372.20
Statutory	-	-	-	-	1.9	1.2	3.1	252.90	784.00	23,994.97
Report to Creditors	-	-	-	-	-	5.1	5.1	210.00	1,071.00	21,787.75
Administration application and planning	-	-	-	-	-	-	-	-	-	21,480.00
Outcome for Creditors	-	-	-	-	8.6	-	8.6	280.00	2,408.00	13,440.50
Debtors	-	-	-	-	7.0	-	7.0	259.06	1,813.43	9,122.56
Briefing EMEA	-	-	-	-	-	-	-	-	-	6,412.28
Finance, accounting & administration	-	-	-	-	1.0	-	1.0	280.00	280.00	4,778.30
Legal	-	-	-	-	-	-	-	-	-	3,985.39
Liaising Directors/Communications	-	-	-	-	-	-	-	-	-	3,526.11
Employees	-	-	-	-	-	-	-	-	-	2,357.47
Transfer Pricing	-	-	-	-	-	-	-	-	-	566.27
Trading: Outcome / Profit	-	-	-	-	-	-	-	-	-	540.00
Strategy: Core	-	-	-	-	-	-	-	-	-	490.00
Exit Strategy	-	-	-	-	-	-	-	-	-	360.00
Trading: Cash flow / Forecast	-	-	-	-	-	-	-	-	-	315.00
Pensions	-	-	-	-	-	-	-	-	-	102.00
Grand Total	5.2	5.8	20.0	0.9	81.6	133.1	246.5	2,525.77	51,094.05	643,183.35
Average hourly rate	794.70	790.00	666.68	580.00	203.47	90.08				
Time costs for the period	4,122.51	4,582.25	13,321.02	496.63	16,604.02	11,987.63				
Time costs for the Administration to date	48,391.46	21,833.49	97,403.09	84,681.83	286,874.09	103,999.39				

Administration fee analysis (GBP)

Summary of total core M&A transaction time costs for all EMEA filed entities in respect of the period from 4 December 2010 to 3 June 2011

Activity	Partner / Executive Director	Rank					Total hours	Average hourly rate	Time costs for the period	Time costs for the Administration to date
		Director	Assistant Director	Manager	Executive	Analyst				
M&A / Transitional Services	1.3		814.0	794.0	376.0		1,985.3	395.5	785,211.00	7,987,245.50
Purchase Price Allocation	752.0	37.5	552.7	315.0	287.8	317.0	2,262.0	464.2	1,050,124.00	4,484,821.50
M&A / Equinox	49.1	45.0		26.0	9.9	-	130.0	681.7	88,618.00	4,439,114.00
M&A / Netas	5.2	17.0	20.5		3.0	14.0	59.7	442.1	26,394.00	2,243,424.21
M&A Snow	1.5	65.5	17.7				84.7	747.8	63,337.00	1,614,650.00
M&A / GSM	3.0	84.0	45.0				132.0	666.3	87,950.00	1,481,966.00
M&A / Carrier	7.0	44.0	5.7				56.7	769.7	43,642.00	1,178,912.00
M&A / Passport	54.7	143.3	85.2	7.5		52.0	342.7	618.2	211,853.00	1,087,504.00
Sale and M&A	-	-	-	-	-	-	-	-	-	563,375.00
Other Assets	26.4		109.5	86.5	3.0	39.5	264.9	414.5	109,798.00	365,750.57
M&A / Velocity	-						-	-	-	97,430.00
Grand Total	900.2	436.3	1,650.3	1,229.0	679.7	422.5	5,318.0	463.88	2,466,927.00	25,544,192.78
Average hourly rate	683.57	740.33	501.34	365.57	265.37	169.34				
Time costs for the period	615,350.00	323,007.00	827,369.00	449,285.00	180,371.00	71,545.00				
Time costs for the Administration to date	4,003,598.19	4,557,192.91	7,618,670.08	5,467,904.00	3,376,030.81	520,796.79				

Total time costs for the Administration in respect of the period from 4 December 2010 to 3 June 2011

Total Time costs for the Administration during the period from 04/12/10 to 03/06/2011	GB£
Administration time costs excluding transactions for the period	51,094.05
Reallocation of time costs previously charged to NNUK	14,063.06
Transaction time costs for the period	14,548.04
Total Time costs for the period	79,705.15

Note

Time costs in respect of transactions for the period from 4 December 2010 to 3 June 2011 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.

Nortel Networks Slovensko, s.r.o. (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. 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 as shown above, 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.

Appendix 4

Nortel Networks Slovensko, s.r.o. (In Administration)

Apportionment

The workstreams identified for reapportionment along with the apportionment basis used are summarised in the table below:

Workstreams	Basis for Apportionment	Apportionment rate applicable to Nortel Networks Slovensko sro
Finance, Accounting & Administration Trading Exit	Gross assets per Directors Statement of Affairs for all EMEA companies	0.19%
Customers Debtors	Trade receivables per Directors Statement of Affairs for all EMEA companies	0.32%
Outcome for Creditors Creditors	Unsecured creditors (exc. Interco. Debts, pensions & employee claims) per Directors Statement of Affairs for all EMEA companies.	0.05%
Exit IT costs	Rates used by the Group prior to the Company going into Administration	0.27%
Strategy Canada / USA Transfer Pricing Intellectual Property	Same rate used for M & A cost apportionment	0.69%

The Company is to be apportioned GB£14,063 in respect of the period from 3 December 2010 to 3 June 2011 to represent the work that has been undertaken for the Company's benefit.

NNUK will retain costs totaling GB£2,294,327 for the same period.

Please refer to the Joint Administrators' six month progress report dated 11 February 2011 for further information regarding the apportionment.

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company Nortel Networks Slovensko, s.r.o.	Company number 35 716 428
In the High Court of Justice of England and Wales, Chancery Division, Companies Court	Court case number 551 of 2009

We AR Bloom, CJW Hill, SJ Harris and AM Hudson
Ernst & Young LLP, 1 More London Place, London, SE1 2AF

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

from

to

14 January 2011

13 July 2011

Signed



Joint Administrator

Dated

12 August 2011

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

Hannah Russell	
Ernst & Young LLP, 1 More London Place, London, SE1 2AF	
	Tel: 020 7951 4804
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