



HERBERT
SMITH
FREEHILLS

DATED 31 MARCH 2017

- (1) NORTEL GMBH (IN ADMINISTRATION)
 - (2) NORTEL NETWORKS S.P.A (IN ADMINISTRATION)
 - (3) NORTEL NETWORKS HISPANIA SA (IN ADMINISTRATION)
 - (4) NORTEL NETWORKS INTERNATIONAL FINANCE AND HOLDING B.V. (IN ADMINISTRATION)
 - (5) NORTEL NETWORKS (IRELAND) LIMITED (IN ADMINISTRATION)
 - (6) NORTEL NETWORKS AUSTRIA GMBH (IN ADMINISTRATION)
 - (7) NORTEL NETWORKS SLOVENSKO S.R.O (IN ADMINISTRATION)
 - (8) NORTEL NETWORKS ENGINEERING SERVICE KFT (IN ADMINISTRATION)
 - (9) NORTEL NETWORKS PORTUGAL S.A. (IN ADMINISTRATION)
 - (10) NORTEL NETWORKS NV (IN ADMINISTRATION)
 - (11) NORTEL NETWORKS B.V. (IN ADMINISTRATION)
 - (12) NORTEL NETWORKS POLSKA SP. Z.O.O. (IN ADMINISTRATION)
 - (13) NORTEL NETWORKS FRANCE SAS (IN ADMINISTRATION)
 - (14) NORTEL NETWORKS SA (IN ADMINISTRATION)
 - (15) NORTEL NETWORKS AB (IN ADMINISTRATION)
 - (16) NORTEL NETWORKS S.R.O. (IN ADMINISTRATION)
- and
- (17) THE JOINT ADMINISTRATORS
 - (18) THE CONFLICTS ADMINISTRATOR
- as defined herein

CVA COST SHARING AGREEMENT

BETWEEN:

- (1) **NORTEL GMBH (IN ADMINISTRATION)**, a company incorporated in Germany with registered number HRB 12489 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Germany**");
- (2) **NORTEL NETWORKS S.P.A (IN ADMINISTRATION)** a company incorporated in Italy with registered number REA No. 1307425 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Italy**");
- (3) **NORTEL NETWORKS HISPANIA SA (IN ADMINISTRATION)** a company incorporated in Spain with registered number A-78693603 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Spain**");
- (4) **NORTEL NETWORKS INTERNATIONAL FINANCE AND HOLDING B.V. (IN ADMINISTRATION)** a company incorporated in the Netherlands with registered number 38054810 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**NNIFH**");
- (5) **NORTEL NETWORKS (IRELAND) LIMITED (IN ADMINISTRATION)** a company incorporated in Ireland with registered number 40287 acting by its joint administrators Alan Robert Bloom of Ernst & Young LLP of 1 More London Place, London SE1 2AF and David Hughes of Ernst & Young Chartered Accountants of Harcourt Centre, Harcourt Street, Dublin 2, Ireland ("**Nortel Ireland**");
- (6) **NORTEL NETWORKS AUSTRIA GMBH (IN ADMINISTRATION)** a company incorporated in Austria with registered number FN173973v acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Austria**");
- (7) **NORTEL NETWORKS SLOVENSKO S.R.O (IN ADMINISTRATION)** a company incorporated in the Slovak Republic with registered number 35 716 428 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Slovakia**");
- (8) **NORTEL NETWORKS ENGINEERING SERVICE KFT (IN ADMINISTRATION)** a company incorporated in Hungary with registered number Cg. 01-09-681308 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Hungary**");
- (9) **NORTEL NETWORKS PORTUGAL S.A. (IN ADMINISTRATION)** a company incorporated in Portugal with registered number 502 338 393 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Portugal**");
- (10) **NORTEL NETWORKS NV (IN ADMINISTRATION)** a company incorporated in Belgium with registered number Brussels 378.358 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Belgium**");
- (11) **NORTEL NETWORKS B.V. (IN ADMINISTRATION)** a company incorporated in the Netherlands with registered number 34054624 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel**

- Netherlands");**
- (12) **NORTEL NETWORKS POLSKA SP. Z.O.O. (IN ADMINISTRATION)** a company incorporated in Poland with registered number KRS 158506 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Poland**");
- (13) **NORTEL NETWORKS FRANCE SAS (IN ADMINISTRATION)** a company incorporated in France with registered number FR625552150724/552150724 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**NNF**");
- (14) **NORTEL NETWORKS SA (IN ADMINISTRATION AND IN LIQUIDATION JUDICIAIRE)** a company incorporated in France with registered number B 389 516 741 in its capacity as being subject to administration proceedings before the English court which commences on 14 January 2009 and acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF and the Conflicts Administrator ("**NNSA**");
- (15) **NORTEL NETWORKS AB (IN ADMINISTRATION)** a company incorporated in Sweden with registered number 556435 7305 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1-2AF; ("**Nortel Sweden**");
- (16) **NORTEL NETWORKS S.R.O. (IN ADMINISTRATION)** a company incorporated in the Czech Republic with registered number 25 79 84 72 acting by its joint administrators Alan Robert Bloom, Stephen John Harris, Alan Michael Hudson and Christopher John Wilkinson Hill of Ernst & Young LLP of 1 More London Place, London SE1 2AF ("**Nortel Czech Republic**");
- (together, the "**EMEA Debtors**"),
- (17) **THE ADMINISTRATORS OF EACH EMEA DEBTOR** (the "**Joint Administrators**"); and
- (18) **STEPHEN JONATHAN TAYLOR** of Isonomy Limited, Leawood Hall, Holloway, Derbyshire DE4 5AQ appointed to act as conflicts administrator of NNSA in relation to the NNSA Main Proceeding (as defined below) (the "**Conflicts Administrator**"),
- (together with the EMEA Debtors, the "**Parties**")

RECITALS

- (A) On 12 October 2016 the EMEA Debtors, the Administrators, the Nortel Networks UK Pension Plan and the Pension Protection Fund, amongst others, entered the a settlement deed (the "**UKPI Settlement Deed**") which set out the basis on which the Lockbox is to be allocated to the EMEA Debtors between themselves.
- (B) The UKPI Settlement Deed also provided that each CVA Target (as defined therein) should propose a Commercial Interest CVA (as defined therein) and NNSA should propose a CVA. As such, the Administrators are to promulgate the EMEA CVAs.
- (C) The intention of the Parties is that liability for CVA Costs for the CVA Promulgation will be apportioned from time to time by reference to the assets of each EMEA Debtor. Where certain CVA Costs are incurred for the benefit of one EMEA Debtor only, liability for such CVA Costs will be solely the responsibility of that EMEA Debtor.

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement and the recitals hereto the following words shall have the following meanings:

"**Administrators**" means the Joint Administrators and the Conflicts Administrator;

"**CVA**" means a company voluntary arrangement pursuant to Part 1 of the Insolvency Act, in each case, as such provisions may be amended or supplemented from time to time;

"**CVA Costs**" means any costs, expenses or disbursements, including but not limited to professional fees, incurred in respect of the CVA Promulgation;

"**CVA Promulgation**" means the planning, preparation and promulgation by the Administrators of the EMEA CVAs;

"**Debtor-Specific Costs**" means all CVA Costs incurred from 2 September 2016 for the sole benefit of one EMEA Debtor including but not limited to the costs and expenses of attending a CVA meeting for that EMEA Debtor, translations of any EMEA CVA document into any other language, liaising with creditors of that EMEA Debtor in advance of the CVA becoming effective and participating in any challenge of the EMEA CVA of that EMEA Debtor;

"**EMEA CVAs**" means each of the CVAs in respect of each EMEA Debtor;

"**General Costs**" means all CVA Costs incurred from 2 September 2016 for the benefit of all EMEA including but not limited to costs incurred in the planning and drafting of the Pro Forma CVA and the determination of matters applicable to all CVAs;

"**Insolvency Act**" means the Insolvency Act 1986;

"**Lockbox**" means the proceeds from the global sales of certain Nortel businesses, which are currently held in bank accounts at JP Morgan in New York and Royal Trust Corporation of Canada in Canada;

"**Pro Forma CVA**" means the draft CVA terms, explanatory statement and ancillary documentation to be used as pro forma template documentation for each EMEA CVA;

"**Secondary Proceeding**" means Nortel Networks SA (in administration and in *liquidation judiciaire*) in its capacity as being subject to the French liquidation proceeding within the meaning of Article 27 of the EC Regulation which commenced on 28 May 2009 by judgment of the French court and acting by Maître Cosme Rogeau as the *liquidateur judiciaire*; and

"**Specified Percentage**" means the percentage of each EMEA Debtor's assets of the total assets available for distribution of all EMEA Debtors as at 13 March 2017 as set out for each EMEA Debtor in Schedule 1 (*Specified Percentage*) or as otherwise agreed by the Parties in writing.

- 1.2 A reference to a party, Clause, paragraph, recital or Schedule is, unless otherwise stated, a reference to a party, Clause, paragraph, recital or Schedule of this Agreement.
- 1.3 Headings used in this Agreement are for convenience only and shall not affect interpretation.
- 1.4 A reference to this Agreement shall include the Schedules to this Agreement.
- 1.5 Any word or expression in the singular shall include the plural and vice versa.
- 1.6 Where the word "including" is used the words following it are illustrative and are not exhaustive.
- 1.7 A reference to the Administrators shall be construed as being to the Administrators, both jointly and severally, and to any other person who is appointed as an administrator in substitution for any Administrator or as an additional administrator in conjunction with the Administrators including, in respect of NNSA only, the Conflicts Administrator.
- 1.8 References to any enactment or statutory provision shall be deemed to include any amendment, modification or re-enactment of such enactment or provision, any previous enactment which has been replaced or amended and any subordinate legislation made under such enactment or provision.

2. BASIS FOR THE APPORTIONMENT OF CVA COSTS

- 2.1 Subject to Clause 2.5, all liability for:
- 2.1.1 General Costs shall be apportioned between the EMEA Debtors in accordance with the Specified Percentages and each EMEA Debtor shall be required to pay its Specified Percentage only of those costs; and
 - 2.1.2 Debtor-Specific Costs shall be the sole responsibility of the relevant EMEA Debtor to which those costs relate.
- 2.2 The NNIFH Administrators' shall determine, in consultation with the other Administrators, whether a CVA Cost shall be a General Cost or a Debtor-Specific Cost and such determination shall be binding in the absence of manifest error.
- 2.3 Where the Specified Percentages change from time to time, no EMEA Debtor shall have any right to claim against one or more of the EMEA Debtors for repayment of any amounts paid in accordance with this Agreement.
- 2.4 All liability for CVA Costs incurred prior to 2 September 2016 are apportioned equally between the EMEA Debtors and each EMEA Debtor shall be required to pay 6.25% of those costs
- 2.5 To the extent that any amount of General Costs and Debtor-Specific Costs apportioned pursuant to this Clause relates to the remuneration of the administrators, then such apportioned amount shall remain subject to approval by the relevant creditors' committee or general body of creditors or, in the absence of approval, the Court. In such circumstances the EMEA Debtors shall consult to determine whether an alternative apportionment methodology is appropriate.

3. INVOICING

- 3.1 The Parties agree that (subject to Clause 3.2) all:
- 3.1.1 General Costs will be invoiced to NNIFH, other than amounts to be apportioned to NNSA, Nortel Ireland and NNF which shall be invoiced in their relevant Specified Percentages to each of those entities directly; and
 - 3.1.2 Debtor-Specific Costs will be invoiced to the relevant EMEA Debtor, and Clause 4 (*Payment*) below shall apply in respect of the payment of such invoices.
- 3.2 All legal fees relating to EMEA CVAs may be invoiced to NNIFH (irrespective of whether the fees relate to General Costs or Debtor-Specific Costs) in which case Clause 4 (*Payment*) below shall not apply. Upon receipt of such an invoice, NNIFH shall apportion liability to pay all or part of those fees to the relevant EMEA Debtor in the manner and proportions set out in this Agreement and those legal fees apportioned to the other EMEA Debtors shall constitute administration expenses pursuant to paragraph 99(4) of Schedule B1 to the Insolvency Act and shall be paid by the relevant EMEA Debtor promptly upon written demand by NNIFH.

4. PAYMENT

- 4.1 NNIFH shall:
- 4.1.1 pay from time to time all General Costs properly invoiced to it in full; and
 - 4.1.2 notify from time to time each relevant EMEA Debtor of the amount it owes in respect of such General Costs to NNIFH pursuant to this Agreement.
- 4.2 Each EMEA Debtor agrees to pay its share of General Costs within 7 days of notification from NNIFH pursuant to Clause 4.1.2 as an administration expense pursuant to paragraph 99(4) of Schedule B1 to the Insolvency Act.

4.3 Each of NNSA, Nortel Ireland and NNF shall pay all General Costs properly invoiced to it from time to time in full.

4.4 The relevant EMEA Debtor shall pay all Debtor-Specific Costs properly invoiced to it from time to time in full.

5. NO APPLICATION TO ALLOCATION RIGHTS

This Agreement shall not in any way affect any rights of any of the EMEA Debtors to the allocation or sub-allocation of the proceeds in the Lockbox (including but not limited to any sub-allocation between NNSA and the Secondary Proceeding) or any right of an EMEA Debtor against any other EMEA Debtor in respect of any matter other than as set out in this Agreement.

6. EXCLUSION OF LIABILITY

6.1 Notwithstanding that this Agreement shall have been signed by the Administrators both in their capacities as joint administrators of the EMEA Debtors for and on behalf of the EMEA Debtors and in their personal capacities, it is hereby expressly agreed and declared that no personal liability under or in connection with this Agreement shall fall on the Administrators or their firm, partners, employees, agents, advisers or representatives whether such liability would arise under paragraph 99(4) of Schedule B1 to the Insolvency Act or otherwise howsoever.

6.2 The Administrators are party to this Agreement in their personal capacities only for the purpose of receiving the benefit of this Clause 6 and the exclusions and limitations in their favour contained in this Agreement.

6.3 Nothing in this Agreement shall operate to derogate from, restrict or prevent the Administrators from complying with their statutory duties or legal obligations in relation to the exercise of their powers, duties or functions as administrators of the EMEA Debtors under the Insolvency Act or any other applicable legislation or statutory instrument.

7. GENERAL PROVISIONS AND CONSTRUCTION

7.1 None of the rights or obligations and undertakings set out in this Agreement may be assigned or transferred without the prior written consent of all the Parties.

7.2 This Agreement represents the entire understanding, and constitutes the whole agreement, in relation to its subject matter and supersedes any previous agreement between the parties with respect thereto.

7.3 If any provision of this Agreement shall be void or unenforceable by reason of any provision of applicable law, it shall be deleted and the remaining provisions hereof shall continue in full force and effect and if necessary, be so amended as shall be necessary to give effect to the spirit of this Agreement so far as possible.

7.4 No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

7.5 This Agreement may be executed in any number of counterparts which, when taken together, shall constitute one and the same agreement.

8. GOVERNING LAW AND JURISDICTION

8.1 This Agreement and any non-contractual obligations arising out of or connected with this Agreement are governed by and shall be construed in accordance with English law.

8.2 The English Courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement and the parties agree to the exclusive jurisdiction of the English Courts.

9. **ENGLISH LANGUAGE**

The language of this Agreement and the transactions envisaged by it is English and all notices, demands, requests, statements, certificates or other documents or communications shall be in English unless otherwise agreed.

10. **NO SET-OFF**

All sums payable under or in respect of this Agreement shall be paid in full without any withholding, deduction, counter-claim or set-off whatsoever or howsoever arising.

11. **ADMINISTRATION EXPENSES**

All sums payable under or in respect of this Agreement shall be paid as an administration expense in accordance with paragraph 99(4) of Schedule B1 to the Insolvency Act and/or Rule 2.67 of the Insolvency Rules 1986.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

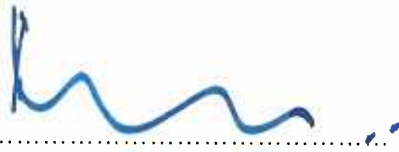
SPECIFIED PERCENTAGES: GENERAL COSTS

EMEA Debtors	Specified Percentage (%)
NNIFH	17.45
Nortel Belgium	1.74
Nortel Italy	1.61
Nortel Netherlands	5.05
Nortel Poland	3.77
Nortel Spain	4.73
Nortel Germany	12.17
Nortel Austria	0.21
Nortel Czech Republic	0.53
Nortel Hungary	0.28
Nortel Portugal	0.33
Nortel Slovakia	0.06
Nortel Sweden	0.61
Nortel Ireland	21.97
NNSA	17.36
NNF	12.13

EXECUTION PAGES

NORTEL GMBH (IN ADMINISTRATION)

Signed by NORTEL GMBH)
(in administration) acting by)
its joint administrator)



.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS S.P.A (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
S.P.A (in administration) acting by)
its joint administrator)

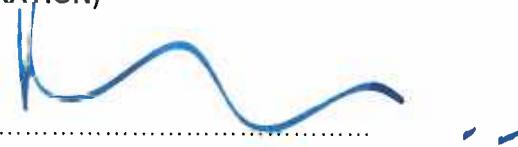

.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS HISPANIA SA (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
HISPANIA SA (in administration))
acting by its joint administrator)



.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS INTERNATIONAL FINANCE AND HOLDING B.V. (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
INTERNATIONAL FINANCE)
AND HOLDING B.V. (in administration))
acting by its joint administrator)

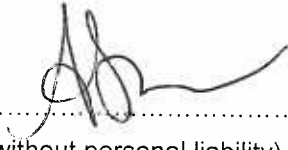

.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS (IRELAND) LIMITED (IN ADMINISTRATION)


Signed by NORTEL NETWORKS)
(IRELAND) LIMITED (in administration))
acting by its joint administrator)


.....
(as agent without personal liability)

Alan Robert Bloom
.....
Name of signatory

NORTEL NETWORKS AUSTRIA GMBH (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
AUSTRIA GMBH (in administration))
acting by its joint administrator)


.....
(as agent without personal liability)

Stephen Harris
.....
Name of signatory

NORTEL NETWORKS SLOVENSKO S.R.O (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
SLOVENSKO S.R.O (in administration))
acting by its joint administrator)


.....
(as agent without personal liability)

Stephen Harris
.....
Name of signatory

NORTEL NETWORKS ENGINEERING SERVICE KFT (IN ADMINISTRATION)


Signed by NORTEL NETWORKS)
ENGINEERING SERVICE KFT)
(in administration))
acting by its joint administrator)


.....
(as agent without personal liability)

Stephen Harris
.....
Name of signatory

NORTEL NETWORKS PORTUGAL S.A. (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
PORTUGAL S.A.)
(in administration))
acting by its joint administrator)



.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS NV (IN ADMINISTRATION)

Signed by NORTEL NETWORKS NV)
(in administration))
acting by its joint administrator)



.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS B.V. (IN ADMINISTRATION)

Signed by NORTEL NETWORKS B.V.)
(in administration))
acting by its joint administrator)

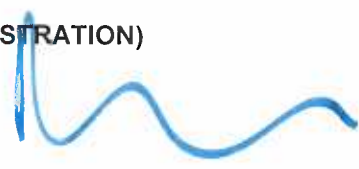

.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS POLSKA SP. Z.O.O (IN ADMINISTRATION)

Signed by NORTEL NETWORKS)
POLSKA SP. Z.O.O)
(in administration))
acting by its joint administrator)



.....
(as agent without personal liability)

..... Stephen Harris

Name of signatory

NORTEL NETWORKS FRANCE SAS (IN ADMINISTRATION)


Signed by NORTEL NETWORKS)
FRANCE SAS)
(in administration))
acting by its joint administrator)


.....
(as agent without personal liability)

.....
Stephen Harris
.....
Name of signatory

NORTEL NETWORKS AB (IN ADMINISTRATION)


Signed by NORTEL NETWORKS AB)
(in administration))
acting by its joint administrator)
)


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(as agent without personal liability)

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Stephen Harris
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Name of signatory

NORTEL NETWORKS S.R.O. (IN ADMINISTRATION)

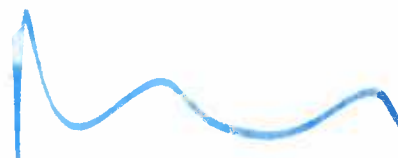
Signed by NORTEL NETWORKS)
S.R.O. (in administration))
acting by its joint administrator)
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(as agent without personal liability)

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Stephen Harris
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Name of signatory

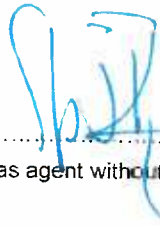
NORTEL NETWORKS SA (IN ADMINISTRATION)

Signed by NORTEL NETWORKS SA)
(in administration))
acting by its joint administrator)
)


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(as agent without personal liability)

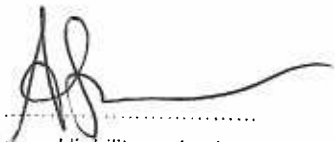
.....
Stephen Harris
.....
Name of signatory

Signed by NORTEL NETWORKS SA)
(in administration))
acting by Stephen Jonathan Taylor)
as conflicts administrator)


.....
(as agent without personal liability)

JOINT ADMINISTRATORS

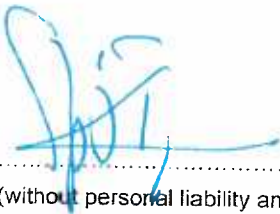
SIGNED by Alan Robert Bloom)
as joint administrator of)
each of the EMEA Debtors)


.....
(without personal liability and solely for the
purpose of obtaining the benefit of the
provisions of this Agreement for himself
and for the Joint Administrators)

Alan Robert Bloom
.....
Name of signatory

CONFLICTS ADMINISTRATOR

SIGNED by Stephen Jonathan Taylor)
as conflicts administrator of)
NNSA)


.....
(without personal liability and solely for the
purpose of obtaining the benefit of the
provisions of this Agreement for himself)