



To all known and potential creditors

24 August 2018

Direct line: +44 (0) 20 7951 6160

Email: cva@emeanortel.com

Dear Sir / Madam

**Nortel Networks S.A. (in administration and Liquidation Judiciaire)
("NNSA" or the "Company")**

According to our records you are, or may be, owed money by the Company. If this is correct, this letter contains very important information on the process for you making your claim and receiving payment from the Company.

Following our announcements on 13 October 2016 that the dispute between the Nortel estates had been settled, and subsequently on 9 May 2017 that that settlement had become fully effective, NNSA's share of the global sale proceeds of US\$220,000,000 (equivalent to approximately €188,672,000) were released from the lockbox in New York on 19 May 2017.

At the same time as the settlement of the global dispute between the Nortel estates, the Administrators consensually resolved various matters outstanding between the English administration of the Company and the French liquidation proceedings. The terms agreed between the two proceedings provide that the Administrators are to issue a proposal for an English law process called a company voluntary arrangement (or "**CVA**"). The Administrators enclose a CVA proposal with this letter which, if approved, will facilitate the distribution of the Company's assets to creditors.

CVAs are commonly used to distribute assets to creditors in complex insolvency proceedings. The CVA proposal will not become effective unless it is approved by the requisite majority of creditors and therefore your vote is important.

Meetings of the Company's creditors and shareholders will be held to vote on the CVA proposal. Meetings will be held on 5 October 2018 at The InterContinental Paris, the address being 64 avenue Marceau, 75008 Paris, France. The creditors' meeting will commence promptly at 11:00 a.m. Paris time. You can attend the meeting or vote in advance by completing a Voting Form. A copy of the Voting Form is enclosed together with the CVA proposal.

To become effective, the CVA proposal requires approval of a majority of **75% or more in value** of the creditors voting at the meeting whether in person or by proxy.

If the CVA proposal is approved, the Administrators anticipate being in a position to make a significant distribution in the first half of 2019. The Administrators are not able to say what level of dividend will ultimately be paid to creditors but estimate that creditors are likely to ultimately receive a dividend on

agreed claims of in the higher case at, or close to, 100 cents in the euro with approximately €5.6m available for the payment of interest, and in the lower case at or close to 43.6 cents in the euro. These are only estimates. If creditor claims are greater than currently estimated then it is possible that the return to creditors will be reduced (see Annex 6 (*Estimated Outcome Statements*) and Part III (*Summary of the key terms of the CVA*) of the CVA proposal for further information).

What happens next

1. Please read the CVA proposal and the other documents enclosed in this envelope and decide if you want to vote on the CVA proposal.
2. Please then complete a **Voting Form**. The form is made up of two parts:

Part A (Details of CVA Claim) – this requires you to set out how much you were owed by the Company as at 14 January 2009 to enable the Supervisors to determine whether the required majority of creditors has approved the CVA proposal. Claims submitted will be subject to a formal adjudication process.

Part B (Proxy Form) – this allows you to tell us how you wish to vote if you do not wish to attend the meeting to be held to consider the CVA proposal.

If you do not wish to attend the creditors' meeting but you wish to vote on the CVA proposal, you must submit a Voting Form by midday on 4 October 2018.

You can complete the Voting Form online at <https://cva.emeanortel.com>. You may also complete the forms enclosed with this letter and either email them to cva@emeanortel.com or deliver them by post to Nortel Networks, PO Box 4725, Maidenhead, SL60 1HN, United Kingdom.

If you wish to attend the creditors' meeting at 11:00 a.m. Paris time on 5 October 2018, you should also bring your completed Part A (*Details of CVA Claim*) to that meeting.

Why should you vote and approve the CVA?

The Administrators consider the CVA is the most efficient and timely way to distribute funds to creditors.

All of the Administrators, including Stephen Taylor as Conflicts Administrator, believe that it is in the interests of creditors as a whole to approve the CVA proposal without modification and therefore strongly encourage you to vote in favour of the CVA.

What will happen if the CVA does not get approved?

If the CVA is not approved by creditors, distributions would potentially be delayed by a year or more whilst the Administrators formulate an alternative solution to agree claims and make distributions.

In such circumstances, it is anticipated that the delay could be for a significant period of time and as a result no distribution would be paid to creditors during the course of 2019.

To assist the consideration of what may be an unfamiliar process to you, this letter also includes some frequently asked questions which briefly describe a CVA, the process for voting on the proposal and the principal commercial terms of the proposal. This letter shall be provided in both English and French. In the event of any inconsistency between the English and the French versions, the English version shall prevail.

Information regarding the CVA proposal will be available on <https://cva.emeanortel.com>. If you have any questions on the CVA or how to submit a Voting Form, please ring the CVA helpline on +44 (0) 20 7951 6160 or contact us by email at cva@emeanortel.com.

Your vote on the CVA proposal is very important. Please take the time to consider the documents that we have sent you and complete and submit the Voting Form to cast your vote.

Yours faithfully



Alan Bloom
Joint Administrator
For Nortel Networks S.A. (in administration)



Stephen Taylor
Joint Administrator
For Nortel Networks S.A. (in administration)

In respect of the Company, The Institute of Chartered Accountants in England and Wales in the UK authorises A R Bloom, S J Harris and S J Taylor to act as Insolvency Practitioners under section 390A(2)(a) of the Insolvency Act 1986 and the Association of Chartered Certified Accountants in the UK authorises A M Hudson to act as an Insolvency Practitioner under section 390A(2)(a) of the Insolvency Act 1986.

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

The Company was placed into French *liquidation judiciaire* on 28 May 2009. The business and assets of the Company that are situated in France are under the control of the *liquidateur judiciaire*.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Companies may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

FREQUENTLY ASKED QUESTIONS

Why are we writing to you?

According to our records, you are, or may be, owed money by the Company.

If you are a creditor of the Company, this letter contains very important information on the process for agreeing your claim and receiving payment from the NNSA Main Proceeding.

If you do not believe you are a creditor of the Company, please disregard this correspondence and let us know so that we can update our records.

What have we sent you?

The following documents are enclosed in the same envelope as this letter:

- (a) the CVA proposal;
- (b) a notice of the creditors' meeting to vote on the CVA proposal;
- (c) a Voting Form, which includes a Proxy Form for voting if you do not wish to attend the creditors' meeting; and
- (d) an Explanatory Letter regarding the Expense Bar Date and a Demand Form for claims which may rank as Administration Expenses, for example, any fees, costs, charges and other expenses incurred after the Administration Date, being 14 January 2009.

All documents are provided in both English and French. In the event of any inconsistency between the English and the French versions, the English version shall prevail. If you believe that you have not received one or more of these documents or require a further copy, please contact us at cva@emeanortel.com.

What is a proposal for a CVA?

A CVA is a procedure under Part I of the English Insolvency Act 1986. It is a formal procedure which is used to agree a company's creditors' claims and determine how the assets of an entity (such as the Company) are distributed to creditors.

If a proposal for a CVA is validly approved, the CVA then binds all of the company's creditors who were entitled to vote at the meeting (whether or not they so voted) or would have been entitled to vote had they received notice of the meeting. There will also be a meeting of the Company's shareholders, or members, to vote on the proposal. If the outcome of the members' meeting differs from the outcome of the creditors' meeting then the decision taken at the creditors' meeting will prevail, subject to the right of members to challenge that decision in the English Court.

Creditors should note that by virtue of Regulation (EU) No. 2015/848 on Insolvency Proceedings, the courts of the European Union Member States are obliged to recognise the CVA if it becomes effective.

If approved, what will the CVA do?

If approved by the creditors, the CVA will:

- require creditors to submit their claims before a bar date;
- facilitate the prompt distribution of the Company's assets to creditors; and

- release the Administrators and certain other parties from any liability arising from certain actions taken by the Administrators after the Administration Date.

The Administrators, including Stephen Taylor in his capacity as Conflicts Administrator, believe that it is in the interests of creditors as a whole to approve the CVA proposal (without modification) and therefore encourage you to vote in favour of the CVA.

What happens if the CVA is not approved or a modification put forward?

If the CVA is not approved:

- the Administrators will consider whether or not an alternative distribution mechanism is available and will communicate with you further on such mechanism in due course;
- distributions to creditors are likely to be materially delayed, potentially by a year or more whilst the Administrators formulate an alternative process for valuing claims and distributing the Company's assets to creditors; and
- further costs will be incurred in the conduct of the administration.

If a modification to the CVA Proposal is put forward at the meeting of creditors then the NNSA Main Proceeding will need to consider whether or not such requested modification should be put to creditors and the Company in accordance with section 4(1A) of the Insolvency Act 1986. In such circumstances, it is possible that a decision will be taken to withdraw the CVA for approval and in such circumstances the process described above as to what may happen if the CVA is not approved may be followed.

What do I do next?

You should read this letter and the documents enclosed with it and decide whether or not you want to vote on the CVA proposal.

To become effective, the CVA proposal requires that both:

- at least 75% in value of creditors present and voting in person or by proxy do so in favour of the proposal; and
- in the case of creditors who are not connected to the Company, not more than 50% in value of creditors have voted against the proposal.

How do I vote on the CVA proposal?

If you do not wish to attend the meeting, you can submit your vote on the CVA proposal in advance by completing a Voting Form (which includes a Proxy Form).

Please visit <https://cva.emeanortel.com> to complete and submit your form online. You may also complete and submit your Voting Form (including the Proxy Form) to the Administrators by:

- sending a pdf or electronic scan to cva@emeanortel.com; or
- sending the hard copy by post or hand deliver to Nortel Networks, PO Box 4725, Maidenhead, SL60 1HN, United Kingdom, so that it is received by midday on 4 October 2018 marked for the attention of "Nortel Networks S.A. (in administration)".

For each of these methods, it is important to note that the completed forms must be received by midday (London time)¹ on 4 October 2018.

If you wish to attend the creditors' meeting, you must also complete and bring Part A (*Details of CVA Claim*) of the Voting Form to the creditors' meeting.

The Voting Form has two parts. What is the difference between Part A (*Details of CVA Claim*) and Part B (*Proxy Form*)?

The Voting Form is formed of Part A (*Details of CVA Claim*) and Part B (*Proxy Form*).

In order to vote on the CVA, Part A (*Details of CVA Claim*) must be completed and submitted, either before the meeting (by the deadline of midday on 4 October 2018) or in person at the meeting. If the CVA is approved, the Voting Form submitted by you will also be treated as your Claim Form and will be used as a basis for distributing funds to creditors, unless you have stipulated (at question 21 of the form) that you wish to submit another Claim Form for this process.

Part B (*Proxy Form*) is to be completed in the event that you cannot attend or do not wish to attend the creditors' meeting. The Proxy Form allows you to nominate another individual to vote on your behalf, such as the Chairman of the meeting or a representative who will attend the meeting for you. The Proxy Form must be signed by the creditor or a person authorised to act on his behalf. It must also stipulate who will vote on your behalf and if you wish to vote for or against the CVA. This form must also be received by midday on 4 October 2018.

Can I attend the creditors' meeting to vote on the CVA in person?

Yes, you may attend the meeting to vote in person. Please note that you will need to bring a completed Part A (*Details of CVA Claim*) form with you to vote at the meeting. You will not need to submit Part B (*Proxy Form*).

When is the creditors' meeting taking place and where will it be held?

Notice of the creditors' meeting is attached to this pack. The creditors' meeting will be held at The InterContinental Paris, the address being 64 avenue Marceau, 75008 Paris, France. The meeting will commence promptly at 11:00 a.m. Paris time on 5 October 2018.

Who are the Supervisors?

If the CVA proposal is approved, the Administrators, being Stephen Jonathan Taylor, Alan Robert Bloom, Stephen John Harris and Alan Michael Hudson, will be the Supervisors of the CVA and will be responsible for adjudicating claims and making distributions. In addition, a member of the Administrators' team Joanne Hewitt-Schembri will be one of the Supervisors.

In relation to the approval of any CVA Claim with a value in excess of €1,000 such approval will require the determination of at least two Supervisors, at least one of which must be Mr Taylor as the Conflicts Supervisor.

What is the deadline for returning my Claim Form?

If you have not already completed a Voting Form (or completed a Voting Form but stated that you did not want you Voting Form to be used as your Claim Form), you will need to complete and submit a Claim Form. All Claim Forms must be submitted before the Bar Date. It is currently anticipated that the earliest date on which the Bar Date could fall will be 8 February 2019. It is likely that a claim received after the Bar Date will not receive a

¹ All references to times in this document are to London time unless otherwise stated.

distribution or payment. If the CVA is approved, the Supervisors will notify you of the date on which the CVA becomes effective and the Bar Date.

I already submitted my claim to the Liquidateur Judiciaire in the Secondary Proceeding. Do I need to submit a Claim Form?

The NNSA Main Proceeding and the Secondary Proceeding are separate insolvency proceedings. The Administrators and the Liquidateur Judiciaire have different processes for dealing with and adjudicating claims against the Company. Under the terms of the CVA, the Liquidateur Judiciaire may submit claims to the Supervisors which have already been lodged in the Secondary Proceedings. Creditors are at liberty to submit a Claim Form to the Supervisors, whether they have submitted claims in the Secondary Proceedings or not.

If you require further information from the Secondary Proceeding, including the status of any claim you may have submitted to the *Liquidateur Judiciaire*, please contact Maître Rogeau by emailing crogeau@mlconseils.eu.

Will my claim be ranked in accordance with English or French law?

The CVA is an English law process and English law priorities of distribution will apply for those creditors with valid claims in the NNSA Main Proceeding. It is anticipated that a claim which would normally rank as a priority claim in liquidation proceedings in France will (if it is a provable claims as a matter of English law) rank *pari passu* with all other unsecured creditors in the Main Proceedings. All such claims will be determined as a matter of English law on a case by case basis.

The CVA will also contain a mechanism equalizing distributions to creditors in the NNSA Main Proceeding CVA so that a creditor with a valid claim in the NNSA Main Proceedings will not gain advantage by virtue of priority status in the Secondary Proceedings. This process is commonly known as “hotchpot”. If a creditor with a priority claim of €10m had received or was expected to receive a distribution or other payment of 50% on its claim in the Secondary Proceedings and its claim was also admitted for dividend in the NNSA Main Proceedings it would not participate in the distribution in the Main Proceedings until all other creditors had been paid a dividend of 50% on their admitted claims.

When do you estimate the earliest date for the first distribution to creditors will occur?

If the CVA proposal is approved, the Administrators anticipate that the earliest time that the first distribution to creditors will take place will be the first half of 2019. We will keep creditors updated on the timescales of any proposed distributions.

How will I receive payment?

All payments to creditors will be in Euros. Please provide your bank details on the Voting Form.

What is the anticipated timetable for the CVA?

The anticipated timetable for the CVA proposal is:

Issue CVA proposal	24 August 2018
Latest date and time for return of Voting Form for the purpose of voting on the proposal	Midday on 4 October 2018
Creditors' meeting	11.a.m. Paris time 5 October 2018

Earliest date the remaining provisions of the CVA become effective (the Implementation Date)	5 November 2018
Earliest anticipated Bar date	8 February 2019
Earliest anticipated date for the first distribution to creditors	First half 2019

What should I do if I have a claim for an administration expense?

The Administrators made an application to the English Court in support of the requirement that persons with claims which they believe rank as administration expenses submit their claims by a specified date. Administration expenses may include any fees, costs, charges and other expenses incurred after 14 January 2009 in the course of the administration. The English Court granted an order providing for an Expense Bar Date on 12 July 2019.

If you consider you have a claim which ranks as an administration expense, you should refer to the Explanatory Letter enclosed with this letter and, if your claim has not been included on the list of claims set out in the Explanatory Letter, you should send the Administrators a completed Demand Form. Details of how to complete and submit a Demand Form may be found in the Explanatory Letter. Please submit any completed Demand Form so that it is received on or before 29 January 2019.

Further information on the Expense Bar Date is in the Explanatory Letter and is available on <https://emeanortel.com>. If you would like any further information on administration expenses or the Expense Bar Date, then please contact us.

If I have a question, how do I contact you?

If you have any questions please contact us using one of the following options:

- email us at cva@emeanortel.com;
- write to us at Nortel Networks, PO Box 4725, Maidenhead, SL60 1HN, United Kingdom; or
- call us using the CVA helpline +44 (0) 20 7951 6160.