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TO ALL FORMER KNOWN CREDITORS

6 December 2019

Ref: MLP/5W/SJH/BT/RF/CF/LO7021

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Dear Sirs

## **Nortel Networks B.V. (in Administration and formerly subject to a Company Voluntary Arrangement ("CVA")) (the "Company")**

In the High Court of Justice, Business and Property Courts of England & Wales, Companies and Insolvency List (ChD) No. 553 of 2009 / CR-2009-000036.

Incorporated in the Netherlands with registered number 34054624. The Company's registered address is Evert van de Beekstraat, 104 Schiphol Airport, 1118 CN Schiphol, The Netherlands.

### **Joint Supervisors' Final CVA Progress Report**

I write to provide you with the Joint Supervisors' final progress report ("Final Report"), which includes details of the outcome of the CVA of the Company. This Final Report covers the period from 12 June 2019, the date after the period covered in the second annual CVA progress report, to 8 November 2019, being the date the CVA was terminated, and should be read in conjunction with the previous CVA progress reports and CVA Proposal dated 5 April 2017. The Company is also in Administration and this Final Report should be read in conjunction with the Joint Administrators' previous reports, the Joint Administrators' Statement of Proposals dated 23 February 2009 and interim update dated 15 November 2016 as well as the most recent Administration progress report dated 13 August 2019.

Additional copies of this Final Report, and the previous reports referred to, can be made available on request or can be obtained at the following websites: [www.emeanortel.com](http://www.emeanortel.com) and [www.cva.emeanortel.com](http://www.cva.emeanortel.com).

Capitalised terms used in this Final Report shall have the same meaning as set out in Annex 1 (*Definitions and Interpretation*) of the CVA.

### **Brief Background**

On 5 April 2017, the Joint Administrators issued the Proposal for a CVA. A CVA is a legal process often used to facilitate distributions to creditors in complex situations. The CVA also provided a platform to resolve, in an equitable way, the threat of the Financial Support Directives ("FSD") that had been brought by the UK Pension Regulator (the "Regulator") against the Company and certain other EMEA entities in the Nortel group.

In summary the proposed CVA sought to:

- Resolve the FSD claim which could have otherwise significantly diluted and/or delayed returns to creditors;
- Provide a mechanism for the Joint Administrators as Joint Supervisors to determine creditor claims and distribute funds as quickly as possible; and
- Impose a bar date, being 14 October 2017 (“the Bar Date”) by which pre-appointment claims against the Company were to be submitted to the Joint Supervisors, allowing distributions to occur in a timely manner.

On 12 June 2017, meetings of both the Company’s creditors and members were held to vote on the Proposal. The Proposal was approved by both the Company’s creditors and members and the Effective Date occurred on 14 June 2017.

The CVA was being supervised by the Joint Supervisors, being A R Bloom, S J Harris, J Hewitt-Schembri and A M Hudson, who acted as agents of the Company and without personal liability. J Hewitt-Schembri resigned as a Joint Supervisor on 17 July 2019 on account of leaving EY and her resignation became effective on 14 August 2019.

### **Claim adjudication and distributions to creditors**

In accordance with the Terms of the CVA, the Joint Supervisors adjudicated the CVA Claims received in advance of the Bar Date. The total value of claims submitted was £2,170,890,931.51 (including a significant contingent claim submitted by the UK Pensions Regulator), of which £16,339,316.39 was admitted for payment and £2,154,551,615.12 was rejected.

In December 2017, in consultation with the Joint Supervisors, the Joint Administrators determined the amount of cash available to be paid to the Joint Supervisors to facilitate a first interim distribution to creditors. Subsequently, on 5 December 2017, the Joint Supervisors gave notice of the making of a first interim distribution of 95p in the pound (GBP) to unsecured creditors excluding certain subordinated intercompany claims which would only receive a distribution when all other prior ranking claims were settled in full, to the extent that sufficient assets were available to pay them.

Subsequently, on 15 October 2019, the Joint Supervisors gave notice of the making of a second and final distribution of 5p in the pound (GBP) to unsecured, non-subordinated creditors plus Commercial Interest in full at a rate of 3.76% per annum per the Terms of the CVA. In addition, this distribution included 100p in the pound (GBP) in respect of the CCAA Subordinated Claim plus an element of its entitlement to Commercial Interest.

Given that all unsecured creditors with Allowed Claims have been paid in full (with non-subordinated unsecured creditors also receiving their full entitlement to Commercial Interest) and with no further assets left to distribute, it has been determined that the CVA has been successfully completed and should be terminated.

## **CVA Termination**

Following payment of the final distribution on 15 October 2019, the CVA Supervisors were in a position to terminate the CVA on the basis that they were satisfied that:

- CVA Claims have been adjudicated and were admitted in whole or in part as Allowed Claims or rejected;
- There were no CVA Claims that were Disputed Claims;
- On making the final Distribution, all Allowed Claims and CCAA Subordinated Claims were paid in full and Commercial Interest was paid in full in respect of all Allowed Claims, except the CCAA Subordinated Claims where c.80% of maximum Commercial Interest was paid;
- Following the making of the final Distribution, the CVA had achieved its main objectives; and
- Following the termination of the CVA, it would be possible for the Joint Administrators to seek discharge from office and ultimately the dissolution of the Company in accordance with Dutch law.

As such, the CVA was terminated on 8 November 2019.

## **Nominees' and Joint Supervisors' time costs**

The period from which the decision was made to propose a CVA to creditors until the CVA was approved by creditors represented the period where the Joint Administrators acted as the Nominees. This period, together with the period since the approval of the CVA, shall be referred to as the "CVA period" in this section.

The Nominees' costs are those costs incurred by the Nominees during the period leading up to the approval of the CVA.

The Joint Supervisors' time costs are those time costs incurred following the approval of the CVA by the creditors on 12 June 2017.

The Nominees and Joint Supervisors of the CVA have incurred "Direct time costs" of £29,140.50 and £159,651.41, respectively, in the CVA period to 8 November 2019 (totalling £188,791.91).

In addition, during the CVA period, the Joint Supervisors have apportioned between certain Nortel EMEA entities (which are also in a CVA process) certain central time costs for workstreams undertaken for the benefit of the Nortel EMEA entities ("General time costs"). During the CVA period to 8 November 2019, £44,368.14 of Nominees' General time costs and £1,635.70 of Joint Supervisors' General time costs were allocated to the Company in respect of these apportionments.

The Nominees' and Joint Supervisors' total time costs, including both Direct and General time, for the period to 8 November 2019 are £234,795.75.

The Joint Supervisors will seek the approval of the English Court for their time costs, as appropriate, in due course. A summary of the time costs incurred for the CVA period to 8 November 2019 are appended to this Final Report for creditors' information (see Appendix 1).

Remuneration of the Joint Supervisors is governed by the Terms of the CVA. Further information is given in the Association of Business Recovery Professionals' publication 'A creditors' guide to insolvency practitioners' fees under voluntary arrangements' a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me.

## Receipts & Payments

Attached at Appendix 2 is the Joint Supervisors' receipts and payments ("R & P") account for the CVA period to 8 November 2019 in respect of the Company.

As at 8 November 2019, the Company held nil cash in the Joint Supervisors' bank accounts.

Further detailed notes in respect of the R & P account for the period to 8 November 2019 are provided at Appendix 2.

Cash held by the Joint Administrators is reported separately in the Joint Administrator's progress reports.

As mentioned above, the Joint Administrators will provide their final reports to creditors in due course.

We should like to take this opportunity to thank the former creditors of the Company and the members of the Creditors' Committee for their support during the CVA of the Company.

Yours faithfully



S J Harris

Formerly Joint Supervisor of the Company Voluntary Arrangement of Nortel Networks B.V.

The Institute of Chartered Accountants in England and Wales in the UK authorises A R Bloom and S J Harris 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 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 and A M Hudson who act as agents of the Company only and without personal liability.

The Company was also subject to a Company Voluntary Arrangement. The Joint Supervisors were A R Bloom, S J Harris and A M Hudson who acted as agents of the CVA Company and without personal liability.

The Joint Administrators may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data"). They may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 2018.

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 Company 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 Administrators' appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

## Appendix 1

### Nortel Networks B.V. (In Administration and formerly subject to a CVA)

#### Joint Supervisors' Abstract of fees for the period to 8 November 2019

##### Summary of total time costs incurred for the period

Time costs for the CVA period to 8 November 2019	£
Joint Nominees' direct time costs	29,140.50
Joint Nominees' general CVA planning time costs	44,368.14
Joint Supervisors' direct time costs	159,651.41
Joint Supervisors' general CVA time costs	1,635.70
<b>Total time costs for the CVA period to 8 November 2019</b>	<b>234,795.75</b>
Nominees' direct time costs approved to date (to 14 June 2019)	(29,140.50)
Nominees' general time costs approved to date (to 14 June 2019)	(44,368.13)
Joint Supervisors' direct time costs approved to date (to 14 June 2019)	(131,950.08)
Joint Supervisors' general time costs approved to date (to 14 June 2019)	(1,635.70)
<b>Total time costs approved to date (to 8 November 2019)</b>	<b>(207,094.41)</b>
<b>Total time costs for approval</b>	<b>27,701.34</b>

##### Nominees' Direct time cost for the period

Activity	Hours					Total sum of hours	Average hourly rate (£)	Time costs for Period to 08 November 2019 (£)
	Director / Executive Director	Assistant Director	Manager	Executive / Assistant Executive	Analyst			
Nominees' direct time	8.3	17.7	18.1	0.6	26.0	70.7	412.17	29,140.50
<b>Grand Total</b>	<b>8.3</b>	<b>17.7</b>	<b>18.1</b>	<b>0.6</b>	<b>26.0</b>	<b>70.7</b>		<b>29,140.50</b>
Average hourly rate (£)	770.00	565.00	415.00	305.00	194.40			
Time costs for the Period (£)	6,391.00	10,000.50	7,511.50	183.00	5,054.50			

## Joint Supervisors' Direct time cost for the period

Activity	Hours					Total sum of hours	Average hourly rate (£)	Time costs for the CVA period to 8 November 2019 (£)
	Director / Executive Director	Assistant Director	Manager	Executive / Assistant Executive	Analyst			
Creditor claim adjudication	10.4	14.0	47.2	5.0	25.2	101.8	411.76	41,917.30
Creditor correspondence	15.8	1.5	40.8	34.0	4.6	96.7	426.21	41,214.90
VAT	-	22.3	6.1	0.3	2.7	31.4	545.66	17,133.71
Distribution	9.0	-	31.9	13.3	2.8	57.0	434.51	24,766.90
Corporation tax	-	-	16.5	-	1.1	17.6	401.25	7,062.00
Creditors' Committee	7.5	-	-	0.4	-	7.9	746.52	5,897.50
Statutory	3.0	-	0.2	-	11.5	14.7	315.34	4,635.50
Annual progress report	-	-	1.0	3.0	5.0	9.0	256.56	2,309.00
Nominees' time	-	0.1	1.2	-	6.5	7.8	223.65	1,744.50
Finance, accounting and administration	-	0.1	5.1	13.4	2.8	21.4	312.26	6,682.40
Estimated Outcome Statement	-	-	2.0	1.5	-	3.5	367.29	1,285.50
Fees and time costs	-	3.0	-	9.7	3.7	16.4	242.45	3,976.20
Legal	-	-	2.0	-	1.0	3.0	342.00	1,026.00
<b>Grand Total</b>	<b>45.7</b>	<b>41.0</b>	<b>154.0</b>	<b>80.6</b>	<b>66.9</b>	<b>388.2</b>		<b>159,651.41</b>
<b>Average hourly rate (£)</b>	<b>770.26</b>	<b>581.09</b>	<b>419.19</b>	<b>287.95</b>	<b>192.25</b>			
<b>Total time costs for Period (£)</b>	<b>35,201.00</b>	<b>23,824.54</b>	<b>64,555.71</b>	<b>23,208.96</b>	<b>12,861.20</b>			

## Nominees' General time cost for the period

Activity	Hours						Total sum of hours	Average hourly rate (£)	Total time costs for Period to 8 October 2019 (£)	Company cost percentage allocation	Time costs for the Company for the Period to 8 October 2019 (£)
	Partner	Director / Executive Director	Assistant Director	Manager	Executive / Assistant Executive	Analyst					
Total Nominees' general time	3.1	404.9	541.7	536.4	6.5	174.6	1,667.2	526.98	878,577.00	5.05%	44,368.14
<b>Average hourly rate (£)</b>	<b>805.00</b>	<b>770.00</b>	<b>565.00</b>	<b>415.00</b>	<b>305.00</b>	<b>192.78</b>					
<b>Time costs for the Period (£)</b>	<b>2,495.50</b>	<b>311,773.00</b>	<b>306,060.50</b>	<b>222,606.00</b>	<b>1,982.50</b>	<b>33,659.50</b>					

## Joint Supervisors' General time cost for the period

Activity	Hours					Total sum of hours	Average hourly rate (£)	Total time costs for the period 12 June 2018 to 08 November 2019 (£)	Company cost percentage allocation	Time costs for the Company for the period to 08 November 2019 (£)
	Director / Executive Director	Assistant Director	Manager	Executive / Assistant Executive	Analyst					
Supervisors' general time	11.5	12.0	4.5	38.4	18.9	85.3	379.72	32,390.00	5.05%	1,635.70
<b>Grand Total</b>	<b>11.50</b>	<b>12.00</b>	<b>4.50</b>	<b>38.4</b>	<b>18.9</b>	<b>85.3</b>		<b>32,390.00</b>		<b>1,635.70</b>
<b>Average hourly rate (£)</b>	<b>770.00</b>	<b>565.00</b>	<b>415.00</b>	<b>291.72</b>	<b>195.00</b>					
<b>Total time costs for Period (£)</b>	<b>8,855.00</b>	<b>6,780.00</b>	<b>1,867.50</b>	<b>11,202.00</b>	<b>3,685.50</b>					

## Appendix 2

### Nortel Networks B.V. (In Administration and formerly subject to a CVA)

#### Joint Supervisors' Abstract of Receipts and Payments from 12 June 2019 to 8 November 2019

Nortel Networks B.V. (in Administration and formerly subject to a Company Voluntary Arrangement) Supervisors' receipts and payments account for the period 12 June 2019 to 8 November 2019				
Currency: GBP	Period 12 June 2017 to 11 June 2019	Period 12 June 2019 to 8 November 2019	Total to 8 November 2019	Notes
Opening balance	-	839	-	
<b>Receipts</b>				
- Transfer from Administrators	3,593,184	18,431,912	22,025,096	1
	3,593,184	18,431,912	22,025,096	
<b>Payments</b>				
- Distribution to creditors	(3,284,787)	(18,372,848)	(21,657,635)	2
- Joint Supervisors' fees and disbursements	(165,175)	(46,207)	(211,382)	
- Legal fee recharges	(142,202)	(13,446)	(155,648)	
- Bank charges and interest	(181)	(249)	(430)	
	(3,592,345)	(18,432,751)	(22,025,096)	
Closing balance	839	0	0	
Supervisor's Accounts	839	0	0	

#### Notes to R&P

##### Note 1

The amounts reported are inclusive of sales tax where applicable.

##### Note 2

Distribution to creditors represents the 100p in the pound (GBP) distribution to unsecured, non-subordinated creditors with Allowed Claims plus 100% of their entitlement to Commercial Interest at 3.76% per annum (as per the Terms of the CVA), and 100p in the pound (GBP) to CCAA Subordinated Claims plus an element of Commercial Interest.