

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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<i>In re</i>	:	
	:	Chapter 11
	:	
Nortel Networks Inc., <i>et al.</i> , <sup>1</sup>	:	Case No. 09-10138 (KG)
	:	
Wind-Down Debtors and	:	Jointly Administered
Debtor-In-Possession.	:	
	:	<b>Re: D.I. 17795, 18298, 18438, 18540, 18548,</b>
	:	<b>18581</b>
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**NOTICE OF INTENDED DISTRIBUTION  
PURSUANT TO FIRST AMENDED JOINT CHAPTER 11 PLAN OF  
NORTEL NETWORKS INC. AND CERTAIN OF ITS AFFILIATED DEBTORS**

PLEASE TAKE NOTICE THAT on January 24, 2017, the United States Bankruptcy Court for the District of Delaware confirmed the Debtors’ *First Amended Joint Chapter 11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors* [D.I. 17795-1] (the “Plan”) attached as Exhibit A to the *Findings of Fact, Conclusions of Law and Order Confirming First Amended Joint Chapter 11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors* [D.I. 17795] (the “Confirmation Order”).

PLEASE TAKE FURTHER NOTICE that the Plan became effective on May 8, 2017 [D.I. 18176].

PLEASE TAKE FURTHER NOTICE that on or about June 15, 2017, the Plan Administrator made initial distributions of property under the Plan to holders of Allowed Claims (the “Initial Distributions”) [D.I. 18298].<sup>2</sup>

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<sup>1</sup> The Wind-Down Debtors in these chapter 11 cases, along with the last four digits of each Wind-Down Debtor’s tax identification number, are: Nortel Networks Inc. (6332), Nortel Networks Capital Corporation (9620), Nortel Altsystems Inc. (9769), Nortel Altsystems International Inc. (5596), Xros, Inc. (4181), Sonoma Systems (2073), Qtera Corporation (0251), CoreTek, Inc. (5722), Nortel Networks Applications Management Solutions Inc. (2846), Nortel Networks Optical Components Inc. (3545), Nortel Networks HPOCS Inc. (3546), Architel Systems (U.S.) Corporation (3826), Nortel Networks International Inc. (0358), Northern Telecom International Inc. (6286), Nortel Networks Cable Solutions Inc. (0567), and Nortel Networks (CALA) Inc. (4226). Nortel Networks India International Inc. (8667) remains a Debtor-In-Possession. Contact information for all Debtors and their petitions are available at <http://dm.epiq11.com/nortel>.

<sup>2</sup> Capitalized terms used herein shall have the meanings ascribed to them in the Confirmation Order or Plan, as applicable.

PLEASE TAKE FURTHER NOTICE that on or about August 15, 2017, the Plan Administrator made additional distributions of property under the Plan to holders of Allowed Claims (the “Second Interim Distributions”) [D.I. 18438].

PLEASE TAKE FURTHER NOTICE that on December 1, 2017, the Court entered the *Order Granting Nortel Network India International Inc.’s Motion for an Order Authorizing Interim Distributions to Holders of Allowed Unsecured Claims* (the “NNIII Distribution Order”) [D.I. 18540].

PLEASE TAKE FURTHER NOTICE that on or about December 15, 2017, the Plan Administrator made additional distributions of property under the Plan to holders of Allowed Claims (the “Third Interim Distributions”) [D.I. 18548].

PLEASE TAKE FURTHER NOTICE that on or about March 15, 2018, the Plan Administrator made additional distributions of property under the Plan to holders of Allowed Claims (the “Fourth Interim Distributions”) [D.I. 18581].

PLEASE TAKE FURTHER NOTICE that on or about December 20, 2018, the Plan Administrator made additional distributions of property under the Plan to holders of Allowed Claims (the “Fifth Interim Distributions”) [D.I. 18658].

PLEASE TAKE FURTHER NOTICE that on or about April 1, 2019, the Plan Administrator intends to make additional distributions of property under the Plan in the amount of approximately \$116 million to holders of Allowed Claims against Nortel Networks Inc. under the Plan (the “Plan Distributions”) as described on Exhibit A hereto. Distribution to holders of Allowed Claims against the remaining debtors are not included in the April 1, 2019 distribution; such distributions are deferred as the costs of making such distribution would be disproportionate to the amount that could be distributed at this time.

PLEASE TAKE FURTHER NOTICE that the Plan Distributions are distributing only a portion of property that is ultimately to be distributed, and that the Plan Administrator or Disbursing Agent will make additional distributions as appropriate in accordance with the Plan after the Plan Administrator resolves remaining issues and disputes, including contested Claims and Interests.

Dated: February 26, 2019  
Wilmington, Delaware

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**EXHIBIT A**  
**SUMMARY OF CUMULATIVE DISTRIBUTIONS TO ALLOWED GENERAL UNSECURED CLAIMS AS OF APRIL 1, 2019**  
(in millions)

Plan Class	Total Amount		Cumulative Distribution %	Total Amount Distributed <sup>1,2</sup>
	of Allowed Claims <sup>1</sup>			
<b>Nortel Networks Inc./Nortel Networks Capital Corporation:</b>				
General Unsecured Claims (excluding PBGC claim) <sup>3</sup>	A-3A	\$ 592.8	90.97%	\$ 521.8
PBGC <sup>4</sup>	A-3A	\$ 624.6	66.13%	\$ 413.0
Crossover Bond Claims and EDC Claims <sup>5</sup>	A-3B	\$ 3,953.7	55.22%	\$ 2,183.1
Convenience Claims <sup>6</sup>	A-3C	\$ 1.9	55.00%	\$ 1.0
		<u>\$ 5,173.0</u>		<u>\$ 3,118.9</u>
<b>Nortel Networks (CALA) Inc.:</b>				
General Unsecured Claims	B-3A	\$ 682.5	11.91%	\$ 81.1
Convenience Claims <sup>7</sup>	B-3C	\$ 0.0	12.00%	\$ 0.0
		<u>\$ 682.5</u>		<u>\$ 81.2</u>
<b>Remaining Debtors (General Unsecured Claims Only):</b>				
Nortel Altsystems Inc.	C-3A	\$ 625.0	8.86%	\$ 53.8
Nortel Altsystems International Inc.	D-3A	\$ 624.6	0.00%	\$ -
Xros, Inc.	E-3A	\$ 624.6	0.01%	\$ 0.0
Sonoma Systems	F-3A	\$ 624.6	0.07%	\$ 0.5
Qtera Corporation	G-3A	\$ 624.6	0.01%	\$ 0.1
CoreTek, Inc.	H-3A	\$ 624.6	0.00%	\$ -
Nortel Networks Applications Management Solutions Inc.	I-3A	\$ 624.6	0.01%	\$ 0.1
Nortel Networks Optical Components Inc.	J-3A	\$ 624.6	0.00%	\$ -
Nortel Networks HPOCS Inc.	K-3A	\$ 624.6	0.08%	\$ 0.5
Architel Systems (U.S.) Corporation	L-3A	\$ 624.6	0.65%	\$ 4.2
Nortel Networks International Inc.	M-3A	\$ 624.6	0.84%	\$ 5.3
Northern Telecom International Inc.	N-3A	\$ 624.6	0.00%	\$ -
Nortel Networks Cable Solutions Inc.	O-3A	\$ 624.6	0.00%	\$ -
Nortel Networks India International Inc. <sup>8</sup>		\$ 642.3	2.16%	\$ 13.8
<b>Grand Total</b>		<u>\$ 14,618.0</u>		<u>\$ 3,278.4</u>

<sup>1</sup> Total Amount Distributed reflects the application of distribution limits to certain claims; and therefore, not all allowed claims receive the full cumulative distribution %

<sup>2</sup> Total Amount Distributed represents the gross distribution amount prior to deducting any withholding taxes that may be required and is exclusive of value distributed to other U.S. debtors, which is subsequently redistributed to the third party creditors of the beneficiary debtors

<sup>3</sup> Total Amount Distributed includes the NTCC Debtor Settlement Redirection, but excludes the NTCC Debtor Payment of \$6.5

<sup>4</sup> Total Amount Distributed to the PBGC Claim reflects the application of the \$565 distribution limit pursuant to the PBGC settlement

<sup>5</sup> Total Amount Distributed to the Crossover Bonds Claims includes the Bondholder Contribution in the amount of \$4.0, which was released to the Crossover Bonds Claims in the December 2018 distribution

<sup>6</sup> Payment made in accordance with Section 4.5 (c) of the Plan

<sup>7</sup> Payment made in accordance with Section 4.6 (c) of the Plan

<sup>8</sup> Payment made in accordance with Order Granting Nortel Network India International Inc.'s Motion for an Order Authorizing Interim Distributions to Holders of Allowed Unsecured Claims dated December 1, 2017 [D.I. 18540]

**Supplemental Disclosures:**

a. In conjunction with a distribution made by the Canadian Debtors on December 10, 2018 (and for EDC, an additional small distribution made by the Debtors in December 2018), the Crossover Bonds Claims, NNCC Bonds Claims and the EDC Claims reached the Creditor's Maximum pursuant to Section 7.9 of the Plan. Therefore, NNI will make no further distributions to the Crossover Bonds Claims or the EDC Claims. Additionally, NNI has been subrogated into the Crossover Bonds Claims and the EDC Claims and NNL has been subrogated into the NNCC Bonds Claims pursuant to Section 7.10 of the Plan. As a result of the NNCC Bonds Claims reaching the Creditor's Maximum, the NNCC Bonds Reserve Amount was released in accordance with Sections 7.13 and 7.14 of the Plan.

b. The cumulative amount distributed to the Pension Benefit Guaranty Corporation related to its Allowed Claims was \$565, which is the maximum amount allowed pursuant to the PBGC settlement.

c. The Crossover Bonds Claims distribution detail by issuance is as follows:

	Amount of Allowed Claims		Distribution %	Amount Distributed
1.75% Convertible Senior Notes due 2012	\$ 577.5	55.22%	\$ 318.9	
2.125% Convertible Senior Notes due 2014	\$ 578.0	55.22%	\$ 319.2	
LIBOR + 4.25% Floating Rate Senior Notes due 2011	\$ 1,022.4	55.22%	\$ 564.5	
10.125% Notes due 2013	\$ 577.7	55.22%	\$ 319.0	
10.75% Senior Notes due 2016	\$ 1,178.9	55.22%	\$ 650.9	
	<u>\$ 3,934.5</u>		<u>\$ 2,172.5</u>	

d. The cumulative amount distributed to the NNCC Bonds Claims was \$105.4.

e. The NTCC Threshold was reached in the December 2018 distribution. The NTCC Debtor Settlement Redirection was first effected in the December 2018 distribution pursuant to Section 4.3(c) of the Plan. The redirected distributions reached the maximum amount of \$6.5 in this distribution, so no further redirection will take place in future distributions. As a result of reaching the NTCC Threshold, the Bondholder Contribution Release Condition was met and the Bondholder Contribution was released to the Crossover Bonds Claims in the December 2018 distribution.