

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re :
: Chapter 11
:
Nortel Networks Inc., *et al.*,¹ : Case No. 09-10138 (KG)
:
Wind-Down Debtors and : Jointly Administered
Debtor-In-Possession. :
: **Re: D.I. 17795, 18298**
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**NOTICE OF INTENDED DISTRIBUTION
UNDER 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].²

PLEASE TAKE FURTHER NOTICE that on or about August 15, 2017, the Plan Administrator intends to make additional distributions of property under the Plan to holders of Allowed Claims (the “Distributions”) as described on Exhibit A hereto.

¹ 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>.

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

PLEASE TAKE FURTHER NOTICE that the 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: August 14, 2017
Wilmington, Delaware

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EXHIBIT A
SUMMARY OF CUMULATIVE DISTRIBUTIONS TO ALLOWED GENERAL UNSECURED CLAIMS AS OF AUGUST 15, 2017
(in millions)

Plan Class	Total Amount of Allowed Claims ¹	Cumulative Distribution %	Total Amount Distributed ^{1,2}
Nortel Networks Inc./Nortel Networks Capital Corporation:			
General Unsecured Claims ³	A-3A \$ 1,196.7	50.93%	\$ 609.5
Crossover Bond Claims and EDC Claims ⁴	A-3B \$ 3,953.7	50.93%	\$ 2,013.6
Convenience Claims ⁵	A-3C \$ 1.9	55.00%	\$ 1.0
	<u>\$ 5,152.3</u>		<u>\$ 2,624.1</u>
Nortel Networks (CALA) Inc.:			
General Unsecured Claims	B-3A \$ 682.5	10.90%	\$ 74.4
Convenience Claims ⁶	B-3C \$ 0.0	12.00%	\$ 0.0
	<u>\$ 682.5</u>		<u>\$ 74.4</u>
Remaining Debtors (General Unsecured Claims Only):			
Nortel Altsystems Inc.	C-3A \$ 625.0	8.19%	\$ 51.2
Nortel Altsystems International Inc.	D-3A \$ 624.6	0.00%	\$ -
Xros, Inc.	E-3A \$ 624.6	0.00%	\$ -
Sonoma Systems	F-3A \$ 624.6	0.01%	\$ 0.1
Qtera Corporation	G-3A \$ 624.6	0.00%	\$ -
CoreTek, Inc.	H-3A \$ 624.6	0.00%	\$ -
Nortel Networks Applications Management Solutions Inc.	I-3A \$ 624.6	0.00%	\$ -
Nortel Networks Optical Components inc.	J-3A \$ 624.6	0.00%	\$ -
Nortel Networks HPOCS Inc.	K-3A \$ 624.6	0.02%	\$ 0.1
Architel Systems (U.S.) Corporation	L-3A \$ 624.6	0.46%	\$ 2.9
Nortel Networks International Inc.	M-3A \$ 624.6	0.76%	\$ 4.8
Northern Telecom International Inc.	N-3A \$ 624.6	0.00%	\$ -
Nortel Networks Cable Solutions Inc.	O-3A \$ 624.6	0.00%	\$ -
Grand Total	<u>\$ 13,955.1</u>		<u>\$ 2,757.6</u>

¹ Exclusive of value distributed to other U.S. debtors, which is subsequently redistributed to the third party creditors of the beneficiary debtors

² Total Amount Distributed represents the gross distribution amount prior to deducting any withholding taxes that may be required

³ Total Amount Distributed excludes the NTCC Debtor Payment of \$6.5 million

⁴ Total Amount Distributed to the Crossover Bond Claims includes the Bondholder Contribution in the amount of \$4.0 million

⁵ Payment made in accordance with Section 4.5 (c) of the Plan

⁶ Payment made in accordance with Section 4.6 (c) of the Plan

Supplemental Disclosures:

a. The cumulative amount distributed to the Pension Benefit Guaranty Corporation related to its Allowed Claims is \$445.2 million.

b. The Crossover Bond Claim distribution detail by issuance is as follows:

	Amount of Allowed Claims	Distribution %	Amount Distributed
1.75% Convertible Senior Notes due 2012	\$ 577.5	50.93%	\$ 294.1
2.125% Convertible Senior Notes due 2014	\$ 578.0	50.93%	\$ 294.4
LIBOR + 4.25% Floating Rate Senior Notes due 2011	\$ 1,022.4	50.93%	\$ 520.7
10.125% Notes due 2013	\$ 577.7	50.93%	\$ 294.2
10.75% Senior Notes due 2016	\$ 1,178.9	50.93%	\$ 600.4
	<u>\$ 3,934.5</u>		<u>\$ 2,003.8</u>

c. The cumulative amount distributed to the NNCC Bonds is \$76.9