

**UNITED STATES (U.S.) BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: Nortel Networks Inc. et al ⁽¹⁾
Cases No. 09-10138 – 09-12515 (KG) Jointly Administered

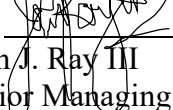
**POST-CONFIRMATION QUARTERLY SUMMARY REPORT No. 1
(UNAUDITED)**

Reporting Period: April 1, 2017 through June 30, 2017

Pursuant to 28 U.S.C. Section 1746(2), I hereby declare under penalty of perjury that the following report is true and correct to the best of my knowledge and belief.

July 20, 2017

GREYLOCK PARTNERS, LLC
PLAN ADMINISTRATOR

By: 

John J. Ray III
Senior Managing Director

⁽¹⁾ The Reorganized U.S. Debtors in these chapter 11 cases, along with the last four digits of each 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), Nortel Networks (CALA) Inc. (4226) (together, the "U.S. Reorganized Debtors"). Contact information for the U.S. Reorganized Debtors and their petitions are available at <http://dm.epiq11.com/nortel>.

**NOTES TO POST-CONFIRMATION QUARTERLY SUMMARY REPORT No. 1
(UNAUDITED)**

(In millions of U.S. dollars unless otherwise noted)

Reporting Period: April 1, 2017 through June 30, 2017

1. Reservation of Rights:

Nothing contained in these Post-Confirmation Quarterly Summary Reports shall constitute a waiver of any of the rights of the Reorganized Debtors (as defined herein) or an admission with respect to their Chapter 11 Proceedings (as defined herein) or the First Amended Joint Chapter 11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors (the “Plan”) [D.I. 17795-1], as confirmed by the Findings of Fact, Conclusions of Law, and Order Confirming First Amended Chapter 11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors (the “Confirmation Order”) [D.I. 17795], including, but not limited to, matters involving objections to claims, equitable subordination, defenses, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of the Plan, the Confirmation Order, chapter 3 of title 11 of the United States Code (“Bankruptcy Code”) and/or causes of action under the provisions of the Plan, the Confirmation Order, chapter 5 of the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

2. Background and Organization:

Prior to Nortel’s significant business divestitures, Nortel Networks Corporation (“NNC”) and its subsidiaries (collectively “Nortel”), including the U.S. Debtors (as defined below), were a global supplier of end-to-end networking products and solutions serving both service providers and enterprise customers.

Creditor Protection Proceedings - On January 14, 2009 (“Petition Date”), Nortel Networks Inc. (“NNI”), Nortel Networks Capital Corporation (“NNCC”) and certain other of Nortel’s U.S. subsidiaries, initiated Creditor Protection Proceedings in the U.S. Bankruptcy Court for the District of Delaware (“U.S. Court”) under the Bankruptcy Code (“Chapter 11 Proceedings”), several of their Canadian affiliates (“Canadian Debtors”), including the ultimate parent company, NNC, initiated Creditor Protection Proceedings in Canada at the Ontario Superior Court of Justice (“Canadian Court”) under the Companies’ Creditors Arrangement Act (“CCAA”), and several of Nortel’s affiliates in Europe, Middle East and Africa (“EMEA”) (“EMEA Debtors”) initiated Creditor Protection Proceedings in the United Kingdom under the Insolvency Act 1986. Subsequently, creditor protection proceedings were commenced for certain affiliates in other jurisdictions, including Israel and France. On July 14, 2009, Nortel Networks (CALA) Inc. (“NNCI”), an affiliate of NNI, initiated Chapter 11 Proceedings. On July 26, 2016, Nortel Networks India International Inc. (“NNIII”), an affiliate of NNI, initiated Chapter 11 proceedings. On January 24, 2017, the Bankruptcy Court entered the Confirmation Order and confirmed the Plan for all of the U.S. Debtors except NNIII, which has not yet filed a Chapter 11 Plan. The Effective Date for the Plan of each U.S. Debtor except NNIII was May 8, 2017 (“Effective Date”). As a result, NNIII is not included in this Post-Confirmation Quarterly Summary Report and will continue to file Monthly Operating Reports. Capitalized terms used, but not otherwise defined, herein shall have the meaning ascribed to them in the Plan.

As of June 30, 2017, the U.S. Reorganized Debtors consisted of the following entities:

<u>U.S. Debtors</u>	<u>Case No.</u>
Nortel Networks Inc.	09-10138
Nortel Networks Capital Corporation	09-10139
Nortel Networks International, Inc.	09-10150
Nortel AltSystems, Inc.	09-10140
Nortel AltSystems International, Inc.	09-10141
Architel Systems (U.S.) Corporation	09-10149
CoreTek, Inc.	09-10145
Nortel Networks Applications Management Solutions Inc.	09-10146
Nortel Networks Cable Solutions Inc.	09-10152
Nortel Networks Optical Components Inc.	09-10147
Nortel Networks HPOCS Inc.	09-10148
Northern Telecom International Inc.	09-10151
Qtera Corporation	09-10144
Sonoma Systems	09-10143
Xros, Inc.	09-10142
Nortel Networks (CALA) Inc.	09-12515

The accompanying unaudited condensed combined Schedule of Cash Receipts and Disbursements and Balance Sheet (“financial statements”) do not include the effects of all current or future claims relating to the Creditor Protection Proceedings. Certain claims filed may have priority over those of the U.S. Debtors’ unsecured creditors. The Debtors continue to review the remaining claims filed and not yet fully resolved, and to administer the claims reconciliation process. Differences between claim amounts determined by the Debtors and claim amounts filed by creditors will be investigated and resolved in accordance with the procedures provided for in the Plan. Certain claims that have been filed may be duplicative (particularly given the multiple jurisdictions involved in the Creditor Protection Proceedings), based on contingencies that have not occurred, or may be otherwise overstated, and would therefore be subject to revision or disallowance. While the Debtors have made considerable progress on reconciling claims of the various Debtors, certain remaining claims will take additional time to reconcile due to their size or complexity.

For further information on matters preceding the filing of these Post-Confirmation Quarterly Summary Reports, users should refer to prior Monthly Operating Reports. Users are also referred to the Bankruptcy Court docket for these Chapter 11 Proceedings.

3. Basis of Presentation:

The financial statements contained herein were not intended to reconcile to any financial statements otherwise prepared or distributed by the U.S. Reorganized Debtors or any of the U.S. Reorganized Debtors’ affiliates. Significant efforts have been put forth to attribute the assets and liabilities to the proper legal entity. However, because the U.S. Reorganized Debtors’ accounting systems, policies, and practices were developed with a view to producing consolidated reporting, rather than by legal entity, it is possible that not all assets or liabilities have been recorded at the correct legal entity. Accordingly, the U.S. Reorganized Debtors reserve all rights to supplement or amend any financial statements contained in these Post-Confirmation Quarterly Summary Reports.

These Post-Confirmation Quarterly Summary Reports are limited in scope, cover a limited time period, and have been prepared solely for the purpose of complying with the quarterly post-confirmation reporting requirements of the Bankruptcy Court and the United States Trustee. The information presented herein has not been subject to all procedures that would typically be applied to financial information presented in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”). The Statement of Cash Receipts and Disbursements presents a summary of the cash activity for the period and does not include the impact of future cash flows related to assets and accrued liabilities in conformity with U.S. GAAP. Any differences between the ending book cash balances and bank cash balances would generally be attributable to outstanding checks and in-transit items. The U.S. Reorganized Debtors caution readers not to place undue reliance upon the information contained in these Post-Confirmation Quarterly Summary Reports. The results herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the cash activity and financial position of the U.S. Reorganized Debtors in the future.

As part of their restructuring efforts, the U.S. Reorganized Debtors are reviewing their assets and liabilities on an ongoing basis, including without limitation with respect to intercompany claims and obligations, and nothing contained in these Post-Confirmation Quarterly Summary Reports shall constitute a waiver of any of the U.S. Reorganized Debtors’ rights with respect to such assets, liabilities, claims and obligations that may exist.

The financial statements contained herein represent the unaudited condensed financial statements for the U.S. Reorganized Debtors only. The U.S. Reorganized Debtors’ subsidiaries are treated as non-consolidated subsidiaries in these financial statements and as such their net assets are included as “Investments in Subsidiaries” in the balance sheet.

The financial statements have been derived from the books and records of the U.S. Reorganized Debtors. These accompanying notes and schedules are an integral part of the unaudited condensed financial statements.

Section 3.2 of the Plan provides for the substantive consolidation of NNI and NNCC and are reflected as such in the accompanying financial statements. NNI and NNCC, as substantively consolidated debtors, are referred to herein as the Consolidated Debtors.

4. Cash and Cash Equivalents

As of June 30, 2017, the U.S. Reorganized Debtors cash balance by account is as follows:

<u>Legal Entity</u>	<u>Bank</u>	<u>Account Type</u>	<u>Lockbox/Account</u>	<u>Bank Balance</u>
Nortel Networks Inc.	Bank of America	Health & Welfare Trust	7206010001650	-
Nortel Networks Inc.	Wilmington Trust	Investment Account	108458-000	464.2
Nortel Networks Inc.	M&T Bank	Disbursements (AP)	9869921479	0.3
Nortel Networks Inc.	M&T Bank	Distribution Account-Wires	9869920745	43.0
Nortel Networks Inc.	M&T Bank	Distribution Account-Checks	9869920737	(37.1)
Nortel Altsystems, Inc.	Wilmington Trust	Investment Account	108460-000	4.3
Nortel Networks Capital Corp.	Wilmington Trust	Investment Account	108461-000	2.3
Nortel Networks International, Inc.	Wilmington Trust	Investment Account	108463-000	1.0
Nortel Networks (CALA) Inc.	Wilmington Trust	Investment Account	108459-000	27.2
				<u>\$ 505.3</u>

5. Accounts Receivable Intercompany

From a GAAP perspective, the accounts receivable intercompany balance is stated on a gross basis without adjusting for offsetting accounts payable owed by the Debtor to non-Debtor affiliates. In addition, the accounts receivable intercompany balance is reduced for a bad debt reserve which is analyzed and adjusted on a periodic basis for collectability. In total, the accounts receivable balance, after effect of the bad debt reserve, is largely offset by accounts payable (in liabilities subject to compromise). Increases or decreases in the accounts receivable intercompany due to a timing difference related to reserve accounting may not represent an increase in potential cash receipts from receivables when fully netted against accounts payables.

6. Liabilities Subject to Compromise and Distributions

The liabilities subject to compromise are reflective of the balance sheets on the Petition Date and have not been adjusted for all claim activity.

Accounts payable intercompany reflects gross accounts payable without accounting for the netting of any receivables owed to the Debtors by non-Debtor affiliates, and does not reflect balances owed between one Debtor and another Debtor.

The Pension Benefit Guaranty Corporation ("PBGC") filed multiple proofs of claim in the Debtors' cases. The PBGC was allowed an unsecured claim against each of the Reorganized Debtors and NNIII in the amount of \$624.6 million in full and complete satisfaction of all claims asserted against the Reorganized Debtors and NNIII, with a maximum recovery of \$565 million. These claims are not reflected in the liabilities subject to compromise in the accompanying balance sheets.

As of June 30, 2017, the U.S. Reorganized Debtors have distributed approximately \$2.0 billion to creditors with allowed claims. Claims distributions are reflected in the balance sheets as a reduction of liabilities subject to compromise. As discussed above, the balance sheets have not been adjusted for all claim activity and do not reflect the allowed PBGC claims. Therefore, the reduction applied against liabilities subject to compromise related to claims distributions reduction may result in a negative balance in liabilities subject to compromise in the accompanying balance sheets.

For further information related to claims distributions and the allowed unsecured claims against the U.S. Reorganized Debtors, users should refer to the Notice of Intended Initial Distribution under First Amended Joint Chapter 11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors [D.I. 18298] dated June 14, 2017.

7. Cash Receipts and Disbursements:

NNI is the centralized disbursement entity for multiple U.S. Debtors and non-Debtors and accordingly makes payments, both by wire and checks, for multiple U.S. Debtors and non-Debtors. Individual U.S. Debtor disbursements have been separated from NNI and listed under specific individual U.S. Debtors. However, disbursements made for the benefit of NNI as well as other U.S. Debtors and/or non-Debtors are still consolidated with NNI for financial reporting purposes.

8. Receipt of Allocation of Divestiture Proceeds Held in Escrow and Other Settlements

On October 12, 2016, the Debtors filed a Notice of Execution of Settlement and Plans Support Agreement [D.I. 17249] that attached a Settlement and Plans Support Agreement dated October 12, 2016 (the “SPSA”), which contemplated the resolution of the allocation dispute and other matters in accordance with the terms and subject to the conditions set forth therein. On January 24, 2017, the Bankruptcy Court entered an order approving each U.S. Debtor’s entry into the SPSA [D.I. 17794] in conjunction with confirmation of the Plan. Consummation of the settlements contemplated by the SPSA was completed on the Effective Date. Between May 8, 2017 and May 23, 2017, NNI and NNCI received their respective allocations of the divestiture proceeds and related interest and additional settlement proceeds provided for under the SPSA amounts of \$1.745 billion and \$50.2 million, respectively. Additionally, on May 31, 2017 NNI received \$77.5 million related to settlements contemplated in the SPSA and \$62.7 million related to its secured revolver claim from the Canadian Debtors.

9. Subsequent Events

On July 6, 2017, NNI received a distribution in the amount of \$830 million from the Canadian Debtors related to its allowed \$2 billion unsecured claim.

On July 11, 2017, NNI received a distribution on behalf of Architel Systems (U.S.) Corporation (“Architel”) in the amount of \$0.7 million from the Canadian Debtors related to Architel’s allowed \$1.9 million unsecured claim.

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks Inc. (09-10138)/Nortel Networks Capital Corporation (09-10139)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	419.2
All receipts received by the debtor:		
Collection of accounts receivable		0.0
Proceeds from litigation (settlements or otherwise)		1,884.9
Interest Income		1.3
Cash Transfers from Other Debtors ⁽¹⁾		34.0
Other receipts		0.0
Total cash receipts		<u>1,920.3</u>
Total cash available	\$	<u><u>2,339.5</u></u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	1,841.8
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		21.5
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		2.0
Total disbursements		<u>1,865.3</u>
Distributions on Behalf of Debtors with No Cash⁽²⁾		<u>1.4</u>
Ending Cash Balance as of June 30, 2017	\$	<u><u>472.8</u></u>

⁽¹⁾ Relates to a \$34 million reimbursement from Nortel Networks (CALA) Inc. ("NCCI") for administrative expenses previously incurred and paid by Nortel Networks Inc. and allocated to NCCI under Section 6.7 of the Plan.

⁽²⁾ The claims distributions to creditors of all of the U.S. Reorganized Debtors are disbursed from one centralized distribution account maintained by Nortel Networks Inc. ("NNI"). The claim distributions that were disbursed by NNI on behalf of debtors who had cash sufficient to reimburse NNI and did reimburse NNI for such distributions are not reflected in this statement and are instead reflected as if the distributions were disbursed directly by those debtors. Distributions made by NNI on behalf of debtors that have no cash to reimburse NNI are also reported as distributions on the statements of those debtors as if they had been disbursed directly by those debtors, but such distributions are reflected herein separately in order to recognize this use of NNI's cash that has been reported as a cash disbursement of another debtor.

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks (CALA) Inc. (09-10138)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	85.8
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		50.2
Interest Income		0.1
Other receipts		-
Total cash receipts		<u>50.4</u>
Total cash available	\$	<u><u>136.2</u></u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals ⁽¹⁾	\$	74.4
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		0.0
All other disbursements made in the ordinary course		<u>0.0</u>
Total disbursements		74.4
Non-Cash Change in Cash Balance⁽²⁾		(0.5)
Cash Transfers to Other Debtors⁽³⁾		<u>(34.0)</u>
Ending Cash Balance as of June 30, 2017	\$	<u><u>27.2</u></u>

⁽¹⁾ The claims distributions to creditors of all of the U.S. Reorganized Debtors are disbursed from one centralized distribution account maintained by Nortel Networks Inc. ("NNI"). Nortel Networks (CALA) Inc. ("NNCI") reimbursed NNI for the claims distributions disbursed by NNI to the creditors of NNCI. For purposes of this condensed statement of cash receipts and disbursements, the reimbursements made to NNI for such distributions are reflected as disbursements made under the plan as if they had been disbursed directly by NNCI.

⁽²⁾ As reported in previous monthly operating reports, funds maintained in the Citibank Port of Spain account and previously reported in the cash balances of NNCI were removed in August 2014 by Nortel Networks International Corporation, a Canadian Debtor. The Canadian Debtors confirmed a dispute existed with respect to the funds and the funds were held in the Canadian Debtor's USD bank account during the time of the dispute. The dispute was resolved under the terms of the SPSA (see accompanying notes) and the funds were retained by the Canadian Debtors in accordance with those terms. Therefore, this cash balance was written off upon receipt of the \$50.2 million of settlement proceeds under the SPSA.

⁽³⁾ Relates to a \$34 million reimbursement to NNI for administrative expenses previously incurred and paid by NNI and allocated to NNCI under Section 6.7 of the Plan.

Condensed Schedule of Cash Receipts and Disbursements
Nortel Altsystems Inc. (09-10140)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	55.4
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		0.1
Other receipts		-
Total cash receipts		0.1
Total cash available	\$	55.4
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals ⁽¹⁾	\$	51.1
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		0.0
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		0.0
Total disbursements		51.1
Ending Cash Balance as of June 30, 2017	\$	4.3

⁽¹⁾ The claims distributions to creditors of all of the U.S. Reorganized Debtors are disbursed from one centralized distribution account maintained by Nortel Networks Inc. ("NNI"). Nortel Altsystems Inc. ("NAI") reimbursed NNI for the claims distributions disbursed by NNI to the creditors of NAI. For purposes of this condensed statement of cash receipts and disbursements, the reimbursements made to NNI for such distributions are reflected as disbursements made under the plan as if they had been disbursed directly by NAI.

Condensed Schedule of Cash Receipts and Disbursements
Nortel Altsystems International Inc. (09-10141)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements**XROS Inc. (09-10142)****For the Quarter Ended June 30, 2017****(in millions)**

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
Sonoma Systems (09-10143)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
Qtera Corporation (09-10144)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
CoreTek, Inc. (09-10145)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks Application Management Solutions Inc. (09-10146)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks Optical Components Inc. (09-10147)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks HPOCS Inc. (09-10148)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		-
Total cash available	\$	-
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals ⁽¹⁾	\$	0.0
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		0.0
Ending Cash Balance as of June 30, 2017	\$	(0.0)

⁽¹⁾ Nortel Networks HPOCS Inc. ("HPOCS") does not maintain any bank accounts and has no ability to receive or disburse cash. The claims distributions to creditors of all of the U.S. Reorganized Debtors are disbursed from one centralized distribution account maintained by Nortel Networks Inc. ("NNI"). For purposes of this condensed statement of cash receipts and disbursements, the disbursements made by NNI to creditors with allowed claims against HPOCS are reflected as disbursements made under the plan as if they had been disbursed directly by HPOCS. Such distributions were facilitated by value received from intercompany claims against other debtors.

Condensed Schedule of Cash Receipts and Disbursements
Architel Systems (U.S.) Corporation (09-10149)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals ⁽¹⁾	\$	1.4
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>1.4</u>
Ending Cash Balance as of June 30, 2017	\$	<u>(1.4)</u>

⁽¹⁾ Architel Systems (U.S.) Corporation ("Architel") does not maintain any bank accounts and has no ability to receive or disburse cash. The claims distributions to creditors of all of the U.S. Reorganized Debtors are disbursed from one centralized distribution account maintained by Nortel Networks Inc. ("NNI"). For purposes of this condensed statement of cash receipts and disbursements, the disbursements made by NNI to creditors with allowed claims against Architel are reflected as disbursements made under the plan as if they had been disbursed directly by Architel. Such distributions were facilitated by value received from intercompany claims against NNI.

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks International Inc. (09-10150)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	5.8
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		0.0
Other receipts		-
Total cash receipts		0.0
Total cash available	\$	5.8
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals ⁽¹⁾	\$	4.8
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		0.0
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		0.0
Total disbursements		4.8
Ending Cash Balance as of June 30, 2017	\$	1.0

⁽¹⁾ The claims distributions to creditors of all of the U.S. Reorganized Debtors are disbursed from one centralized distribution account maintained by Nortel Networks Inc. ("NNI"). Nortel Networks International Inc. ("NNII") reimbursed NNI for the claims distributions disbursed by NNI to the creditors of NNII. For purposes of this condensed statement of cash receipts and disbursements, the reimbursements made to NNI for such distributions are reflected as disbursements made under the plan as if they had been disbursed directly by NNII.

Condensed Schedule of Cash Receipts and Disbursements
Northern Telecom International Inc. (09-10151)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Condensed Schedule of Cash Receipts and Disbursements
Nortel Networks Cable Solutions Inc. (09-10152)
For the Quarter Ended June 30, 2017
(in millions)

Beginning Cash Balance as of April 1, 2017	\$	-
All receipts received by the debtor:		
Collection of accounts receivable		-
Proceeds from litigation (settlements or otherwise)		-
Interest Income		-
Other receipts		-
Total cash receipts		<u>-</u>
Total cash available	\$	<u>-</u>
Less all disbursements or payments (including payments made under the confirmed plan) made by the Debtor:		
Disbursements made under the plan, excluding the administrative claims of bankruptcy professionals	\$	-
Disbursements made pursuant to the administrative claims of bankruptcy professionals (See Note 7)		-
Cash Transfers to Other Debtors		-
All other disbursements made in the ordinary course		-
Total disbursements		<u>-</u>
Ending Cash Balance as of June 30, 2017	\$	<u>-</u>

Balance Sheet

Nortel Networks Inc. (09-10138)/ Nortel Networks Capital Corporation (09-10139)⁽¹⁾

June 30, 2017

(in millions)

Current assets

Cash and cash equivalents	See Note 4	\$	472.8
Accounts receivable - net			0.5
Intercompany accounts receivable	See Note 5		141.3
Other current assets			6.6

Total current assets

			621.2
Investments in subsidiaries			3,109.7
Other assets			1.9
Total assets		\$	3,732.8

Liabilities not subject to compromise

Trade and other accounts payable		\$	4.7
Intercompany accounts payable			53.9
Payroll and benefit-related liabilities			2.7
Other accrued liabilities			6.5

Total liabilities not subject to compromise

			67.7
Liabilities subject to compromise	See Note 6		3,429.7
Total liabilities			3,497.5

Common shares			(0.5)
Preferred shares			-
Additional paid-in-capital			17,735.7
Accumulated deficit			(17,499.8)
Total shareholders' equity			235.4
Total liabilities and shareholders' equity		\$	3,732.8

⁽¹⁾ Nortel Networks Inc. and Nortel Networks Capital Corporation are reflected as substantively consolidated entities in accordance with Section 3.2 of the Plan.

Balance Sheet
Nortel Networks (CALA) Inc. (09-12515)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	27.2
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		79.0
Other current assets			-
Total current assets			<u>106.2</u>
Investments in subsidiaries			0.0
Other assets			-
Total assets		\$	<u><u>106.2</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.2
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>0.2</u>
Liabilities subject to compromise	See Note 6		<u>315.5</u>
Total liabilities			<u>315.8</u>
Common shares			0.1
Preferred shares			-
Additional paid-in-capital			10.6
Accumulated deficit			<u>(220.2)</u>
Total shareholders' deficit			<u>(209.5)</u>
Total liabilities and shareholders' deficit		\$	<u><u>106.2</u></u>

Balance Sheet
Nortel Altsystems Inc. (09-10140)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	4.3
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		33.2
Other current assets			0.0
Total current assets			<u>37.5</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>37.5</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			0.0
Total liabilities not subject to compromise			<u>0.0</u>
Liabilities subject to compromise	See Note 6		(11.1)
Total liabilities			<u>(11.1)</u>
Common shares			719.2
Preferred shares			16.0
Additional paid-in-capital			7,329.6
Accumulated deficit			(8,016.2)
Total shareholders' equity			<u>48.6</u>
Total liabilities and shareholders' equity		\$	<u><u>37.5</u></u>

Balance Sheet
Nortel Altsystems International Inc. (09-10141)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		-
Other current assets			-
Total current assets			-
Investments in subsidiaries			-
Other assets			-
Total assets		\$	-
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			0.0
Liabilities subject to compromise	See Note 6		30.3
Total liabilities			30.3
Common shares			-
Preferred shares			-
Additional paid-in-capital			-
Accumulated deficit			(30.3)
Total shareholders' deficit			(30.3)
Total liabilities and shareholders' deficit		\$	-

Balance Sheet
XROS Inc. (09-10142)
June 30, 2017
(in millions)

Current assets		
Cash and cash equivalents	See Note 4	\$ -
Accounts receivable - net		-
Intercompany accounts receivable	See Note 5	0.0
Other current assets		-
Total current assets		<u>0.0</u>
Investments in subsidiaries		-
Other assets		-
Total assets		<u><u>\$ 0.0</u></u>
Liabilities not subject to compromise		
Trade and other accounts payable		\$ -
Intercompany accounts payable		0.0
Payroll and benefit-related liabilities		-
Other accrued liabilities		-
Total liabilities not subject to compromise		<u>0.0</u>
Liabilities subject to compromise	See Note 6	<u>44.7</u>
Total liabilities		44.7
Common shares		0.7
Preferred shares		26.0
Additional paid-in-capital		3,191.5
Accumulated deficit		<u>(3,262.8)</u>
Total shareholders' deficit		<u>(44.6)</u>
Total liabilities and shareholders' deficit		<u><u>\$ 0.0</u></u>

Balance Sheet
Sonoma Systems (09-10143)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		0.0
Other current assets			-
Total current assets			<u>0.0</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>0.0</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>0.0</u>
Liabilities subject to compromise	See Note 6		-
Total liabilities			<u>0.0</u>
Common shares			19.5
Preferred shares			1.0
Additional paid-in-capital			511.6
Accumulated deficit			<u>(532.2)</u>
Total shareholders' deficit			<u>(0.0)</u>
Total liabilities and shareholders' deficit		\$	<u><u>0.0</u></u>

Balance Sheet
Qtera Corporation (09-10144)
June 30, 2017
(in millions)

Current assets		
Cash and cash equivalents	See Note 4	\$ -
Accounts receivable - net		-
Intercompany accounts receivable	See Note 5	0.1
Other current assets		-
Total current assets		<u>0.1</u>
Investments in subsidiaries		-
Other assets		-
Total assets		<u><u>\$ 0.1</u></u>
Liabilities not subject to compromise		
Trade and other accounts payable		\$ -
Intercompany accounts payable		0.0
Payroll and benefit-related liabilities		-
Other accrued liabilities		-
Total liabilities not subject to compromise		<u>0.0</u>
Liabilities subject to compromise	See Note 6	<u>180.0</u>
Total liabilities		<u>180.0</u>
Common shares		0.5
Preferred shares		0.1
Additional paid-in-capital		3,028.4
Accumulated deficit		<u>(3,209.0)</u>
Total shareholders' deficit		<u>(180.0)</u>
Total liabilities and shareholders' deficit		<u><u>\$ (0.0)</u></u>

Balance Sheet
CoreTek, Inc. (09-10145)
June 30, 2017
(in millions)

Current assets		
Cash and cash equivalents	See Note 4	\$ -
Accounts receivable - net		-
Intercompany accounts receivable	See Note 5	-
Other current assets		-
Total current assets		<u>-</u>
Investments in subsidiaries		-
Other assets		-
Total assets		<u><u>\$ -</u></u>
Liabilities not subject to compromise		
Trade and other accounts payable		\$ -
Intercompany accounts payable		0.0
Payroll and benefit-related liabilities		-
Other accrued liabilities		-
Total liabilities not subject to compromise		<u>0.0</u>
Liabilities subject to compromise	See Note 6	<u>81.3</u>
Total liabilities		<u>81.3</u>
Common shares		0.0
Preferred shares		0.1
Additional paid-in-capital		1,267.2
Accumulated deficit		<u>(1,348.7)</u>
Total shareholders' deficit		<u>(81.3)</u>
Total liabilities and shareholders' deficit		<u><u>\$ -</u></u>

Balance Sheet
Nortel Networks Applications Management Solutions Inc. (09-10146)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		0.0
Other current assets			-
Total current assets			<u>0.0</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>0.0</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>0.0</u>
Liabilities subject to compromise	See Note 6		<u>0.0</u>
Total liabilities			<u>0.0</u>
Common shares			0.1
Preferred shares			20.1
Additional paid-in-capital			281.0
Accumulated deficit			<u>(301.2)</u>
Total shareholders' deficit			<u>(0.0)</u>
Total liabilities and shareholders' deficit		\$	<u><u>0.0</u></u>

Balance Sheet
Nortel Networks Optical Components Inc. (09-10147)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		-
Other current assets			-
Total current assets			-
Investments in subsidiaries			100.0
Other assets			-
Total assets		\$	100.0
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.9
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			0.9
Liabilities subject to compromise	See Note 6		0.2
Total liabilities			1.1
Common shares			100.0
Preferred shares			-
Additional paid-in-capital			-
Accumulated deficit			(1.1)
Total shareholders' equity			98.9
Total liabilities and shareholders' equity		\$	100.0

Balance Sheet
Nortel Networks HPOCS Inc. (09-10148)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		0.1
Other current assets			-
Total current assets			<u>0.1</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>0.1</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>0.0</u>
Liabilities subject to compromise	See Note 6		<u>0.1</u>
Total liabilities			<u>0.1</u>
Common shares			98.7
Preferred shares			-
Additional paid-in-capital			1.3
Accumulated deficit			<u>(100.0)</u>
Total shareholders' deficit			<u>(0.0)</u>
Total liabilities and shareholders' deficit		\$	<u><u>0.1</u></u>

Balance Sheet
Architel Systems (U.S.) Corporation (09-10149)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		0.0
Other current assets			-
Total current assets			<u>0.0</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>0.0</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			1.4
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>1.4</u>
Liabilities subject to compromise	See Note 6		<u>(1.4)</u>
Total liabilities			<u>0.0</u>
Common shares			11.2
Preferred shares			-
Additional paid-in-capital			0.7
Accumulated deficit			<u>(12.0)</u>
Total shareholders' equity			<u>0.0</u>
Total liabilities and shareholders' equity		\$	<u><u>0.0</u></u>

Balance Sheet
Nortel Networks International Inc. (09-10150)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	1.0
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		0.2
Other current assets			-
Total current assets			<u>1.3</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>1.3</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>0.0</u>
Liabilities subject to compromise	See Note 6		<u>59.5</u>
Total liabilities			<u>59.5</u>
Common shares			0.0
Preferred shares			-
Additional paid-in-capital			-
Accumulated deficit			<u>(58.2)</u>
Total shareholders' deficit			<u>(58.2)</u>
Total liabilities and shareholders' deficit		\$	<u><u>1.3</u></u>

Balance Sheet
Northern Telecom International Inc. (09-10151)
June 30, 2017
(in millions)

Current assets			
Cash and cash equivalents	See Note 4	\$	-
Accounts receivable - net			-
Intercompany accounts receivable	See Note 5		0.0
Other current assets			-
Total current assets			<u>0.0</u>
Investments in subsidiaries			-
Other assets			-
Total assets		\$	<u><u>0.0</u></u>
Liabilities not subject to compromise			
Trade and other accounts payable		\$	-
Intercompany accounts payable			0.0
Payroll and benefit-related liabilities			-
Other accrued liabilities			-
Total liabilities not subject to compromise			<u>0.0</u>
Liabilities subject to compromise	See Note 6		<u>0.0</u>
Total liabilities			<u>0.0</u>
Common shares			0.0
Preferred shares			-
Additional paid-in-capital			-
Accumulated deficit			<u>(0.0)</u>
Total shareholders' deficit			<u>(0.0)</u>
Total liabilities and shareholders' deficit		\$	<u><u>0.0</u></u>

Balance Sheet
Nortel Networks Cable Solutions Inc. (09-10152)
June 30, 2017
(in millions)

Current assets		
Cash and cash equivalents	See Note 4	\$ -
Accounts receivable - net		-
Intercompany accounts receivable	See Note 5	-
Other current assets		-
Total current assets		<u>-</u>
Investments in subsidiaries		-
Other assets		-
Total assets		<u><u>\$ -</u></u>
Liabilities not subject to compromise		
Trade and other accounts payable		\$ -
Intercompany accounts payable		0.0
Payroll and benefit-related liabilities		-
Other accrued liabilities		-
Total liabilities not subject to compromise		<u>0.0</u>
Liabilities subject to compromise	See Note 6	<u>0.0</u>
Total liabilities		<u>0.0</u>
Common shares		0.0
Preferred shares		-
Additional paid-in-capital		-
Accumulated deficit		<u>(0.0)</u>
Total shareholders' deficit		<u>(0.0)</u>
Total liabilities and shareholders' deficit		<u><u>\$ -</u></u>

CERTIFICATE OF SERVICE

I, Tamara K. Minott, certify that I am not less than 18 years of age, and that service of the foregoing **Post Confirmation Quarterly Summary Report** was caused to be made on July 20, 2017, in the manner indicated upon the entities identified below.

Date: July 20, 2017

/s/ Tamara K. Minott
Tamara K. Minott (No. 5643)

VIA HAND DELIVERY

Mark Kenney, Esq.
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