

January 23, 2013

Roberta A. Deangelis
United States Trustee (Region 3)
833 Chestnut Street, Suite 500
Philadelphia, PA 19107
Phone: 215-597-4411 Fax: 215-597-5795

Dear Ms. Deangelis:

The total disclosed professional fees and restructuring costs in the Nortel bankruptcy proceedings for all three country estates is \$755 Million, including \$126 Million paid in the Europe, Middle East and Africa Region under the U.K. Administration proceeding.

Nortel Bankruptcy Proceedings Professional Fees

\$ Millions

Canada	Jan. 14, 2009 to Oct. 13, 2012	244
U.S.	Jan. 14, 2009 to Nov. 30, 2012	386
U.K. (17 EMEA Countries)	Jan. 14, 2009 to Jan. 13, 2012	126
Total Professional Fees		755

There is an additional \$82 Million of Joint Administrators' Fees and Disbursements relating to the billable hours of the Ernst & Young personnel administering the U.K. Administration Estate, covering the 17 countries. The Ernst & Young UK billable hours are shown on pages 28-29 of the UK Administration Report dated Feb. 9, 2012.

Derek Tay, the Norton Rose Canadian legal counsel for Nortel, said in the court transcript at the March 3, 2010 hearing on the Nortel Canadian pensioners and employees settlement, "It's very painful reading the affidavits that have been filed to our people's personal situations, and it's hard not to feel for these people. Do I wish we could give them all the benefits for the duration? Absolutely. Do I wish we had more money to spend on all of these things? Absolutely. The difficulty we have is that wishing doesn't make it so."

Ben Zarnett, the Goodmans Canadian legal counsel for the Ernst & Young Court Monitor, said in the court transcript at the March 3, 2010 hearing, "Your Honour you may want to look at how the settlement balances interest, because this is a situation where nothing can be given without it being taken away from another."

The \$755 Million of Nortel bankruptcy professional fees have reduced the settlement dollars available to compensate the Nortel Canadian pensioners and former employees' CCAA claim of \$2,510 Million, including \$85 million for the Nortel Canadian long term disabled former employees.

The Nortel global bankruptcy professional fees are three times higher than what was paid in Canada's Non Bank ABCP CCAA Restructuring completed on January 19, 2009. This is even

though the Nortel bankruptcy global estate assets of about \$10 billion is one third of the \$32 billion in Canada's Non Bank ABCP CCAA restructuring. Canada's Non Bank ABCP CCAA restructuring was the largest bankruptcy and most complex bankruptcy court proceeding in Canadian history. I was a CCAA court-appointed financial expert for the retail owners of Non Bank ABCP during May 2008 to January 2009.

For additional information, contact:

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