

THE HONOURABLE
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L'HONORABLE
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February 13, 2013

Mr. Christopher Armstrong
Goodmans LLP
333 Bay Street
Suite 3400
Toronto, ON
M5H 2S7

Dear Mr. Armstrong:

Re: Nortel Networks Corporation et al, Court File No. 09-CL-7950

FOR IMMEDIATE DISTRIBUTION TO THE SERVICE LIST

On January 24, 2013, the following was posted on the Nortel Mediation Website:

Nortel Mediation Ends Without Agreement.

The Hon. Warren K. Winkler, the Chief Justice of Ontario, the mediator in the bankruptcy proceedings of Nortel Networks Corporation, today announced that the mediation has ended without any agreement having been reached.

Chief Justice Winkler was appointed to conduct the mediation by the Superior Court of Justice of Ontario and the United States Bankruptcy Court for the District of Delaware. The Chief Justice has concluded that further efforts at mediation are no longer worthwhile.

The mediation is now complete.

Two motions, (the "Allocation Protocol Motions"), originally returnable on June 7, 2011, one in the Superior Court of Justice (the "Canadian Court") and one in the United States Bankruptcy Court for the District of Delaware (the "US Court"), gave rise to the mediation. During the mediation, decisions in respect of the Allocation Motions were on reserve.

In accordance with paragraph 6 of the Order of June 29, 2011, the mediation process is now terminated.

On Thursday, March 7, 2013, both the Canadian Court and the US Court will hear summary submissions from the parties in respect of the Allocation Protocol Motions.

Parties who wish to file supplementary submissions (to a maximum of ten pages each) may do so, provided same are filed no later than Monday, March 4, 2013.

The hearing will convene at 10:00 a.m. The Commercial List Office will advise you when the location of the court room has been finalized.

It is my understanding that Judge Gross will be issuing a similar directive today.

Yours truly,

A handwritten signature in black ink, appearing to read "G. Morawetz". The signature is fluid and cursive, with a large initial "G" and "M".

Geoffrey B. Morawetz

GBM/cl

c: The Honorable Kevin Gross, United States Bankruptcy Court for the District of Delaware