UNITED STATES (U.S.) BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al [1]
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Reporting Period: November 1, 2013 through November 30, 2013

MONTHLY OPERATING REPORT
No. 58

REQUIRED DOCUMENTS	Form No.	Document Attached	Affidavit/ Supplement Attached
Condensed Combined Debtors-In-Possession Schedule of Cash Receipts and Disbursements for the period from November 1, 2013 through November 30, 2013	MOR-1	X	
Condensed Combined Debtors-In-Possession Balance Sheets as of November 30, 2013	MOR-2	X	
Notes to Monthly Operating Report	MOR-3	X	
Schedule of Cash Disbursements	MOR-4		
Disbursements by Petitioning Entity	A	X	
Bank Account Information	B	X	
Changes in Balances with Debtors and Non-Debtors	MOR-5	X	
Status of Post-Petition Taxes	MOR-6	See Debtor Questionnaire	
Summary of Unpaid Post-Petition Debts	MOR-7	See MOR-2 Schedule	
Summary Accounts Payable Aging Schedule	MOR-7	See Debtor Questionnaire	
Summary Accounts Receivable Aging Schedule	MOR-7	See Debtor Questionnaire	
Debtor Questionnaire	MOR-8	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

RESPONSIBLE PARTY AND PREPARER:

John J. Ray III – Principal Officer of each of the U.S. Debtors

March 24, 2014

[1] The 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) and Nortel Networks (CALA) Inc. (4226) (together, the "U.S. Debtors"). Contact information for the Debtors and their petitions are available at http://dm.epiq11.com/nortel.

MOR-1

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Condensed Combined Debtors-In-Possession Schedule of Cash Receipts and Disbursements
Reporting Period: November 1, 2013 through November 30, 2013
(Unaudited)
(In millions of U.S. dollars)

	NNI	All Other
Cash, cash equivalents and restricted cash at beginning of the period (November 1, 2013)	$ 867.1	$ 55.0
Cash receipts:		
Real Estate Sublease Income	1.2	-
Residual receivables	-	-
Inter-company receivables	0.6	-
Asset recoveries	-	-
Escrow reimbursements (see MOR-8)	-	-
Other (see note 5)	0.1	-
Total cash receipts	1.9	0.0
Cash distributions:		
Normal course payables	(2.3)	-
Chapter 11 professional fees	(7.7)	-
Inter-company payables	-	-
Payroll and Other Benefits	-	-
Retention/Incentive plans	-	-
Other (see note 5)	-	-
Total cash disbursements	(10.0)	0.0
Effect of foreign exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash, cash equivalents and restricted cash	(8.1)	0.0
Cash, cash equivalents and restricted cash at end of the period (November 30, 2013)	$ 859.0	$ 55.0

The Condensed Combined Debtors-In-Possession Schedule of Cash Receipts and Disbursements of each Reporting Group contained herein was derived from the books and records of the U.S. Debtors (as defined herein). The amounts reflected in these condensed combined financial statements are unaudited. The accompanying notes and schedules are an integral part of the condensed combined financial statements.

MOR-2

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Condensed Combined Debtors-In-Possession Balance Sheet
As of November 30, 2013
(Unaudited)
(In millions of U.S. dollars)

	NNI	All Other
Current assets		
Cash and cash equivalents	$ 857.7	$ 55.0
Restricted cash and cash equivalents	1.3	-
Accounts receivable - net	6.2	-
Intercompany accounts receivable	184.2	32.8
Inventories - net	-	-
Other current assets	5.3	-
Total current assets	1,054.7	87.8
Investments in non-Debtor subsidiaries	(16.4)	-
Plant and equipment - net	15.6	-
Other assets	64.9	-
Total assets	$ 1,118.8	$ 87.8
Current liabilities not subject to compromise		
Trade and other accounts payable	$ 38.4	$ -
Intercompany accounts payable	9.2	0.2
Payroll and benefit-related liabilities	-	-
Restructuring liabilities	-	-
Other accrued liabilities	18.2	-
Income taxes	2.6	-
Total current liabilities not subject to compromise	68.4	0.2
Deferred income and other credits	0.8	-
Post-employment benefits	-	-
Total liabilities not subject to compromise	69.2	0.2
Liabilities subject to compromise (note 4)	5,344.0	163.1
Total liabilities	5,413.2	163.3
Common shares	(0.5)	750.8
Preferred shares	-	63.2
Additional paid-in capital	17,746.4	12,581.6
Accumulated deficit	(22,038.7)	(13,469.7)
Accumulated other comprehensive income (loss)	(1.5)	(1.4)
Total U.S. Debtors shareholders’ deficit	(4,294.3)	(75.5)
Noncontrolling interests	(0.1)	-
Total shareholders' deficit	(4,294.4)	(75.5)
Total liabilities and shareholders' deficit	$ 1,118.8	$ 87.8

The Condensed Combined Debtors-In-Possession Balance Sheet of each Reporting Group contained herein was derived from the books and records of the U.S. Debtors. The amounts reflected in these condensed combined financial statements are unaudited. The accompanying notes and schedules are an integral part of the condensed combined financial statements.

MOR-3

NORTEL NETWORKS INC. et al
(DEBTORS-IN-POSSESSION)
NOTES TO MONTHLY OPERATING REPORT No. 58
(UNAUDITED)
(In millions of U.S. dollars)

1. Reservation of Rights:

Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the rights of the Debtors (as defined herein) or an admission with respect to their Chapter 11 Proceedings (as defined herein), including, but not limited to, matters involving objections to claims, substantive consolidation, equitable subordination, defenses, ultimate allocation of proceeds from sales among debtor estates, characterization or re-characterization of contracts, assumption or rejection of contracts under the provisions of chapter 3 of title 11 of the United States Code ("Bankruptcy Code") and/or causes of action under the provisions of 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 our Canadian affiliates ("Canadian Debtors"), including our 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 our 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 17, 2009, the U.S. Court entered an order that provided for the joint administration of NNCI's case with the pre-existing cases of the other U.S. Debtors. As a result, NNCI is included as a Debtor in the financial statements herein. Collectively, all entities under the Creditor Protection Proceedings are referred to as the "Debtors". Those entities operating in Chapter 11 Proceedings are referred to as the "Debtors in Possession" or the "U.S. Debtors." During the Creditor Protection Proceedings, the Debtors continue to operate under the jurisdictions and orders of the applicable courts and in accordance with applicable legislation.

As of November 30, 2013, the U.S. Debtors consisted of the following entities:

U.S. Debtors	Case no.
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

Under the Bankruptcy Code, the U.S. Debtors may assume, assume and assign, or reject certain executory contracts including unexpired leases, subject to the approval of the U.S. Court and certain other conditions.

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 are reviewing all claims filed and have commenced the claims reconciliation process. Differences between claim amounts determined by the Debtors and claim amounts filed by creditors will be investigated and resolved pursuant to a claims resolution process approved by the relevant court or, if necessary, the relevant court will make a final determination as to the amount, nature and validity of claims. 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. The settlement of claims cannot be finalized until the relevant creditors and courts approve a plan. In light of the number of creditors of the Debtors, the claims resolution process may take considerable time to complete.

For further information on matters preceding the filing of this Monthly Operating Report, 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. Debtors or any of the U.S. Debtors' affiliates. Significant efforts have been put forth to attribute the assets and liabilities to the proper legal entity. However, because the 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. Debtors reserve all rights to supplement or amend any financial statements contained in this Monthly Operating Report.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly 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 balance and bank balances reflected on MOR 4B would generally be attributable to outstanding checks and in-transit items. The U.S. Debtors caution readers not to place undue reliance upon the information contained in this Monthly Operating Report. 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 combined results and financial position of the U.S. Debtors in the future.

As part of their restructuring efforts, the U.S. 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 this Monthly Operating Report shall constitute a waiver of any of the U.S. Debtors' rights with respect to such assets, liabilities, claims and obligations that may exist.

The financial statements contained herein represent the unaudited condensed combined financial statements for the U.S Debtors only. The U.S. Debtors have sold all of their operations and business units, and so this Monthly Operating Report does not contain a Statement of Operations or a Statement of Cash Flows as included in previous Monthly Operating Reports. Instead, this Monthly Operating Report includes a Schedule of Cash Receipts and Disbursements. The U.S. Debtors' non-Debtor subsidiaries are treated as non-consolidated subsidiaries in these financial statements and as such their net assets are included as "Investments in non-Debtor subsidiaries" in the balance sheet. The U.S. Debtors' financial statements contained herein have been prepared following the guidance in Financial Accounting Standards Board Accounting Standards Codification 852 "Reorganizations".

The financial statements have been derived from the books and records of the U.S. Debtors. The presentation combines the U.S. Debtors into two Reporting Groups consistent with the companies' ownership structure with consideration to its status as operating or non-operating and activities as follows:

- **NNI** Reporting Group: Nortel Networks Inc. and its U.S. Debtor subsidiaries Nortel Networks Capital Corporation, Nortel Networks Cable Solutions Inc., Nortel Networks International, Inc., Nortel Networks Optical Components Inc., Nortel Networks HPOCS Inc., Nortel Networks (CALA) Inc., Northern Telecom International Inc. and Qtera Corporation; and

- **All Other** Reporting Group: Nortel AltSystems, Inc., Nortel AltSystems International, Inc., Architel Systems (U.S.) Corporation, CoreTek, Inc., Nortel Networks Applications Management Solutions, Inc., Sonoma Systems and Xros Inc.

4. Liabilities Subject to Compromise:

The following tables set forth the U.S. Debtors' estimated liabilities subject to compromise as of November 30, 2013:

	NNI	All Other
Trade and other accounts payable	$ 183.9	$ 0.2
Accounts payable intercompany	343.2	37.9
Restructuring liabilities	201.5	0.4
Contingent liability for NNI's debt guarantee	3,936.3	-
Long-term debt	166.6	-
Financial obligations	0.4	-
Pension obligations	437.6	-
Postretirement obligations other than pensions	26.2	-
Notes and interest payable intercompany	-	124.6
Other	48.3	-
Total liabilities subject to compromise	$ 5,344.0	$ 163.1

5. Cash Receipts and Disbursements:

Other receipts include a $.1 condemnation settlement for NNI for the month ended November 30, 2013.

6. Divestiture Proceeds Held in Escrow Pending Allocation

As of November 30, 2013, approximately $7,280.4 of the net proceeds (the "Escrow Funds") generated through the completed sales of businesses and certain other assets are being held in escrow accounts at JPMorgan Chase Bank, N.A. ("JPM") which are collateralized with U.S. Treasury securities up to 100% of the amount deposited.[2] The Escrow Funds are being held by JPM pending the allocation of such funds among various Nortel entities, including without limitation, one or more of the Canadian Debtors and one or more of the EMEA Debtors. The amount of the Escrow Funds that will be allocated to the U.S Debtors is not yet known. Below is a list of the escrow accounts held at JPM:

Business/Asset Sale	Escrow Balance
CDMA	$ 1,052.7
Layer 4-7	18.1
Packet Core	10.4
Enterprise Solutions	842.8
Optical Networking and Carrier Ethernet (MEN)	610.0
GSM	106.0
CVAS	140.1
MSS	46.0
Patents and Patent Applications	4,454.3

In addition to the Escrow Funds, $21.8 are being held in various escrow accounts at Citibank, N.A. in the name of certain Nortel entities and the respective purchasers of the businesses, which escrows were established in connection with the closing of the sales of the businesses, as required by the sale agreements for those transactions to secure certain obligations thereunder and ancillary to the sales.

[2] Pursuant to orders of the U.S. Court [D.I. 13159] and the Canadian Court, the Debtors were authorized to invest the Escrow Funds directly in U.S. Treasury securities with maturities not in excess of one year.

MOR-4A

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Schedule of Cash Disbursements by Petitioning Entity
Reporting Period: November 1, 2013 through November 30, 2013
(Unaudited)
(In millions of U.S. dollars)

In re: Nortel Networks Inc. et al	Case #	Payments
Nortel Networks Inc. [(1)]	09-10138	$ 10.0
Nortel Networks Capital Corporation	09-10139	-
Nortel AltSystems, Inc.	09-10140	-
Nortel AltSystems International, Inc.	09-10141	-
Xros Inc.	09-10142	-
Sonoma Systems	09-10143	-
Qtera Corporation	09-10144	-
Coretek, Inc.	09-10145	-
Nortel Networks Applications Management Solutions, Inc.	09-10146	-
Nortel Networks Optical Components Inc.	09-10147	-
Nortel Networks HPOCS Inc.	09-10148	-
Architel Systems (U.S.) Corporation	09-10149	-
Nortel Networks International, Inc.	09-10150	-
Northern Telecom International Inc.	09-10151	-
Nortel Networks Cable Solutions Inc.	09-10152	-
Nortel Networks (CALA) Inc.	09-12515	-
Total Payments		$ 10.0

(1) 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.

MOR-4B

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Existing Bank Account Information
Reporting Period: November 1, 2013 through November 30, 2013
(Unaudited)
(In millions of U.S. dollars)

Legal Entity	Bank	Account Type	Lockbox/Account	Bank Balance
Nortel Networks Inc.	Bank of America	Health & Welfare Trust	7206010001650	0.3
Nortel Networks Inc.	Citibank NA	Main Concentration	30463444	17.6
Nortel Networks Inc.	Citibank NA	Disbursement (AP)	30580851	0.2
Nortel Networks Inc.	Citibank Delaware	Utilities Order	38794977	-
Nortel Networks Inc.	First Citizens	Disbursement (AP)	008320012701	4.8
Nortel Networks Inc.	First Citizens	Disbursement (AP)	008325259711	-
Nortel Networks Inc.	JP Morgan Chase	Money Market Deposit Acct (1)	887400539	743.2
Nortel Networks Inc.	Citibank Egypt	General	100827506	-
Nortel Networks Inc.	Citibank Egypt	General	100827018	-
Nortel Networks Inc.	Citibank Tunis	General	150021006	-
Nortel Networks Inc.	Citibank Tunis	General	150021014	-
Nortel Networks Inc.	Citibank Tunis	General	150021022	-
Nortel Networks Inc.	Citibank Tunis	General	100056011	-
Nortel Altsystems, Inc.	JP Morgan Chase	General	887401404	55.0
Nortel Networks Capital Corp.	Citibank NA	General	30508438	2.3
Nortel Networks International, Inc.	JP Morgan Chase	General	976480137	5.8
Nortel Networks (CALA) Inc.	Citibank NA	General	30635672	25.4
Nortel Networks (CALA) Inc.	Citibank Delaware	Disbursement (AP)	38746828	-
Nortel Networks (CALA) Inc.	JP Morgan Chase	Money Market Deposit Acct (1)	887400554	58.1
Nortel Networks (CALA) Inc.	Citibank Montevideo	General	0055067007	0.2
Nortel Networks (CALA) Inc.	Citibank Montevideo	General	0055067619	-
Nortel Networks (CALA) Inc.	Citibank Port of Spain	General	0106586004	0.5
Nortel Networks (CALA) Inc.	Citibank Trinidad & Tobago	General	0109869015	-
				$ 913.4

(1) Reflects deposits in a JP Morgan account which is collateralized with U.S. Treasury securities up to 100% of the amount deposited.

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MOR-5

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Changes in Balances with Debtors and Non-Debtors
Reporting Period: November 1, 2013 through November 30, 2013
(Unaudited)
(In millions of U.S. dollars)

Nortel Networks Inc.	09-10138	$	2.6
Nortel Networks Capital Corporation	09-10139		-
Nortel AltSystems, Inc.	09-10140		-
Nortel AltSystems International, Inc.	09-10141		-
Xros, Inc.	09-10142		-
Sonoma Systems	09-10143		-
Qtera Corporation	09-10144		-
CoreTek, Inc.	09-10145		-
Nortel Networks Applications Management Solutions, Inc.	09-10146		-
Nortel Networks Optical Components Inc.	09-10147		-
Nortel Networks HPOCS Inc.	09-10148		-
Architel Systems (U.S.) Corporation	09-10149		-
Nortel Networks International, Inc.	09-10150		-
Northern Telecom International Inc.	09-10151		-
Nortel Networks Cable Solutions Inc.	09-10152		-
Nortel Networks (CALA) Inc	09-12515		-
Net Intercompany Change (1) (2)		$	2.6

(1) For presentation purposes, the amounts as reported are combined pre-filing and post-filing net intercompany positions, excluding provisions.
(2) The Net Intercompany Change shown in this Report results from valuing certain intercompany accounts receivable at the January 14, 2009 foreign exchange rate, rather than the current month rate.

MOR-6

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Status of Post-Petition Taxes
Reporting Period: November 30, 2013
(Unaudited)

I, John J. Ray III, Principal Officer of each of the U.S. Debtors, attest under penalty of perjury and to the best of my knowledge, information and belief, all post-petition federal, state and local taxes of each of the U.S. Debtors are current as of November 30, 2013 in all material respects.

John J. Ray III, Principal Officer of each of the U.S. Debtors

March 24, 2014

MOR-8

U.S. BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
In re: Nortel Networks Inc. et al
Cases No. 09-10138 – 09-10152 (KG) Jointly Administered
Debtor Questionnaire
Reporting Period: November 1, 2013 through November 30, 2013

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any bank accounts been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X
3. Have any funds been disbursed from any account other than a Debtor-In-Possession account this reporting period? If yes, provide an explanation below.		X
4. Have all post-petition tax returns been timely filed? If no, provide an explanation below.	X	
5. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
6. Are the Debtors satisfying their undisputed post-petition obligations on a timely basis?	X	
7. Has there been any material change in amount or aging of the Debtors' receivables?		X