

June 15, 2009

By e-mail

To: Nortel Networks Limited
Nortel Networks Inc.
Nortel Networks UK Limited
The other parties listed in the Schedule hereto

Re: Interim Funding and Settlement Agreement

Dear Mr. Bloom:

Reference is made to that Interim Funding and Settlement Agreement (the "Agreement") dated June 9, 2009, by and between Nortel Networks Limited ("NNL"), Nortel Networks Inc., ("NNI"), Nortel Networks UK Limited ("NNUK"), individuals from Ernst & Young LLP and Ernst & Young Chartered Accountants, serving as administrators in the administration proceedings before the High Court of Justice in London, England in respect of NNUK and the other EMEA Debtors (the "Joint Administrators"), and other parties thereto. Terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Agreement. This letter documents the agreement of the Parties as to certain matters referred to in Section 13.a. of the Agreement.

The Joint Administrators acknowledge that there may be a circumstance in which the Court refuses to make an order that the Joint Administrators be at liberty to enter into the Agreement, solely because the court does not consider it appropriate to make an order in relation to the exercise of the administrators powers under Schedule B1 of the Insolvency Act 1986. If the Court does this and also does not make any determination or express any views (preliminary or otherwise, or oral or written), on the appropriateness of the Joint Administrators entering into this Agreement on behalf of any of the EMEA Debtors, then the Joint Administrators will agree to waive the UK Court Condition.

[Signature pages follow.]

Very truly yours,

SIGNED for and on behalf of NORTEL)
NETWORKS UK LIMITED (IN)
ADMINISTRATION))
by **ALAN BLOOM** as Joint)
Administrator (acting as agent and without)
personal liability) ~~in the presence of:~~)




SIGNED for and on behalf of NORTEL)
NETWORKS (IRELAND) LIMITED)
(IN ADMINISTRATION))
by **ALAN BLOOM** as Joint Administrator)
(acting as agent and without personal)
liability) ~~in the presence of:~~)

ALAN BLOOM



SIGNED for and on behalf of NORTEL)
NETWORKS NV (IN)
ADMINISTRATION))
by **ALAN BLOOM** as Joint)
Administrator (acting as agent and without)
personal liability) ~~in the presence of:~~)



SIGNED for and on behalf of NORTEL)
NETWORKS SPA (IN)
ADMINISTRATION))
by **ALAN BLOOM** as Joint)
Administrator (acting as agent and without)
personal liability) ~~in the presence of:~~)



SIGNED for and on behalf of **NORTEL NETWORKS BV (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)



SIGNED for and on behalf of **NORTEL NETWORKS POLSKA SP Z.O.O. (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:-~~

)
)
)
)



SIGNED for and on behalf of **NORTEL NETWORKS HISPANIA SA (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)



SIGNED for and on behalf of **NORTEL NETWORKS (AUSTRIA) GMBH (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)



SIGNED for and on behalf of **NORTEL
NETWORKS SRO (IN
ADMINISTRATION)**
by *ALAN BLOOM* as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~

)
)
)
)



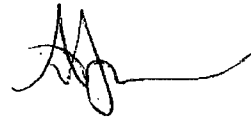
SIGNED for and on behalf of **NORTEL
NETWORKS ENGINEERING
SERVICES KFT (IN
ADMINISTRATION)**
by *ALAN BLOOM* as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~

)
)
)
)



SIGNED for and on behalf of **NORTEL
NETWORKS PORTUGAL SA (IN
ADMINISTRATION)**
by *ALAN BLOOM* as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~

)
)
)
)




SIGNED for and on behalf of **NORTEL
NETWORKS SLOVENSKO SRO (IN
ADMINISTRATION)**
by *ALAN BLOOM* as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~


)
)
)
)



SIGNED for and on behalf of **NORTEL NETWORKS ROMANIA SRL (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)


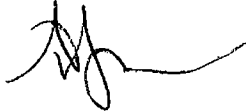
SIGNED for and on behalf of **NORTEL GMBH (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)


SIGNED for and on behalf of **NORTEL NETWORKS OY (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)


SIGNED for and on behalf of **NORTEL NETWORKS AB (IN ADMINISTRATION)**
by *ALAN BLOOM* as Joint Administrator (acting as agent and without personal liability) ~~in the presence of:~~

)
)
)
)


SIGNED for and on behalf of **NORTEL**)
NETWORKS INTERNATIONAL)
FINANCE & HOLDING BV (IN)
ADMINISTRATION))
by **ALAN BLOOM** as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~

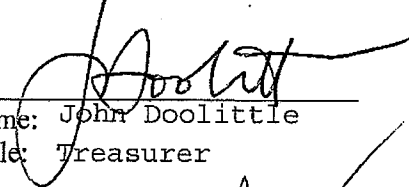



SIGNED for and on behalf of **NORTEL**)
NETWORKS FRANCE S.A.S. (IN)
ADMINISTRATION))
by **ALAN BLOOM** as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~




Acknowledged and agreed by:

NORTEL NETWORKS LIMITED

By 
Name: John Doolittle
Title: Treasurer

By 
Name: Anna Ventresca
Title: Assistant Secretary

NORTEL NETWORKS INC.

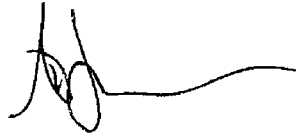
By 
Name: Paul W. Karr
Title: Vice-President, Finance

Acknowledged and agreed by:

SIGNED for and on behalf of **NORTEL
NETWORKS UK LIMITED (IN
ADMINISTRATION)**

by *ALAN BLOOM* as Joint
Administrator (acting as agent and without
personal liability) ~~in the presence of:~~

)
)
)
)

A handwritten signature in black ink, appearing to read 'Alan Bloom', with a long horizontal line extending to the right.

Schedule

Canadian Debtors:

Nortel Networks Corporation
Nortel Networks Limited
Nortel Networks Global Corporation
Nortel Networks International Corporation
Nortel Networks Technology Corporation

US Debtors:

Nortel Networks Inc.
Architel Systems (U.S.) Corporation
CoreTek, Inc.
Nortel Altsystems, Inc. (previously "Alteon WebSystems, Inc.")
Nortel Altsystems International Inc. (previously "Alteon WebSystems International, Inc.")
Nortel Networks Applications Management Solutions Inc.
Nortel Networks Cable Solutions Inc.
Nortel Networks Capital Corporation
Nortel Networks HPOCS Inc.
Nortel Networks International Inc.
Nortel Networks Optical Components Inc.
Northern Telecom International Inc.
Qtera Corporation
Sonoma Systems
Xros, Inc.

EMEA Debtors:

Nortel Networks UK Limited (In Administration)
Nortel Networks (Ireland) Limited (In Administration)
Nortel Networks NV (In Administration)
Nortel Networks SpA (In Administration)
Nortel Networks BV (In Administration)
Nortel Networks Polska Sp z.o.o. (In Administration)
Nortel Networks Hispania, SA (In Administration)
Nortel Networks (Austria) GmbH (In Administration)
Nortel Networks sro (In Administration)

Nortel Networks Engineering Services Kft (In Administration)
Nortel Networks Portugal SA (In Administration)
Nortel Networks Slovensko, sro (In Administration)
Nortel Networks Romania Srl (In Administration)
Nortel Networks AG
Nortel GmbH (In Administration)
Nortel Networks Oy (In Administration)
Nortel Networks AB (In Administration)
Nortel Networks International Finance & Holding BV (In Administration)
Nortel Networks France S.A.S. (In Administration)