

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. JUSTICE ) TUESDAY, THE 24<sup>TH</sup> DAY OF  
)  
NEWBOULD ) JANUARY, 2017  
)

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,  
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS  
INTERNATIONAL CORPORATION, NORTEL NETWORKS  
TECHNOLOGY CORPORATION, NORTEL COMMUNICATIONS INC.,  
ARCHITEL SYSTEMS CORPORATION AND NORTHERN TELECOM CANADA  
LIMITED**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**CANADIAN ESCROW RELEASE ORDER**

**THIS MOTION** made by Nortel Networks Corporation ("NNC"), Nortel Networks Limited ("NNL"), Nortel Networks Technology Corporation, Nortel Networks Global Corporation, Nortel Networks International Corporation, Nortel Communications Inc., Architel Systems Corporation and Northern Telecom Canada Limited (collectively, the "**Canadian Debtors**") jointly with Ernst & Young Inc. in its capacity as monitor of the Canadian Debtors (the "**Monitor**") for the relief set out in the Notice of Motion dated January 20, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the One Hundred and Thirty Fifth Report of the Monitor dated January 20, 2017 (the "**Report**"), the Forty Second Report of the Monitor dated March 30, 2010, and the Notice of Intention to Appear and Submission for Anticipated January 24, 2017 Fairness Hearing to Sanction the Nortel CCAA Plan from Greg McAvoy and Jennifer

Holley (the “**LTD Objectors**”), and on hearing submissions of counsel for the Monitor and counsel for those other parties present and the LTD Objectors, no one appearing for any other person on the service list or otherwise served with the motion although duly served as appears from the affidavit of Christopher Armstrong sworn January 23, 2017, filed.

## **SERVICE**

1. **THIS COURT ORDERS** that the time for the service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **DEFINED TERMS AND CURRENCY**

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Settlement and Plans Support Agreement dated October 12, 2016 (the “**Settlement and Support Agreement**”), attached as Exhibit “A” to the Plan of Compromise and Arrangement pursuant to the *Companies’ Creditors Arrangement Act* concerning, affecting and involving the Canadian Debtors dated November 30, 2016.
3. **THIS COURT ORDERS** that, unless otherwise specified, all amounts referred to herein are in U.S. dollars.

## **PAYMENT OF ICEBERG AMENDMENT FEE AND M&A COST REIMBURSEMENT**

4. **THIS COURT ORDERS** that, subject to the occurrence of the Plans Effective Date, JPMorgan Chase Bank, N.A be and is hereby authorized and directed to make the following distributions from the Escrow Accounts:
  - (a) \$2.8 million to NNI from the Iceberg Escrow Account in satisfaction of the Iceberg Amendment Fee due to NNI;
  - (b) \$2.2 million to NNUK from the Iceberg Escrow Account in satisfaction of the Iceberg Amendment Fee due to NNUK;

- (c) \$20 million to NNI from the Escrow Accounts in satisfaction of the M&A Cost Reimbursement due to NNI; and
- (d) \$35 million to NNL from the Escrow Accounts in satisfaction of the M&A Cost Reimbursement due to NNL.

#### **DISTRIBUTION OF SALE PROCEEDS**

- 5. **THIS COURT ORDERS** that, subject to the occurrence of the Plans Effective Date, Royal Trust Corporation of Canada be and is hereby authorized and directed to release the entire amount in the Canadian Escrow Account to NNL.
- 6. **THIS COURT ORDERS** that, subject to the occurrence of the Plans Effective Date, JPMorgan Chase Bank, N.A be and is hereby authorized and directed to release the Sale Proceeds to each of the U.S. Debtors, the Canadian Debtors, the EMEA (Non-NNSA/Non-NNUK) Debtors, NNUK and NNSA in the percentages set forth in Section 2(c) of the Settlement and Support Agreement, including as further specified in Annex E and F thereof with respect to the EMEA (Non-NNSA/Non-NNUK) Allocation and the U.S. Allocation, all on and subject to the terms of the Settlement and Support Agreement. For the avoidance of doubt, the amount of Sale Proceeds to be released by JPMorgan Chase Bank, N.A to the Canadian Debtors pursuant to this paragraph 6 shall take into account the amount of Sale Proceeds received by NNL from the Canadian Escrow Account in the manner contemplated by Section 7(g) of the Settlement and Support Agreement.
- 7. **THIS COURT ORDERS** that, subject to the occurrence of the Plans Effective Date, the Depositors and the Estate Fiduciaries (as such terms are defined in the Escrow Agreements) shall be at liberty to issue such joint written instructions to the Escrow Agents pursuant to the terms of the relevant Escrow Agreement as may be necessary to effect the distributions contemplated in this Order and the Settlement and Support Agreement, including to identify the specific Escrow Accounts from which Sale Proceeds are to be distributed and the specific amounts to be distributed from each Escrow Account, and the Escrow Agents be and are hereby authorized

and directed to rely on any such joint written instruction duly delivered to them in accordance with the terms of the relevant Escrow Agreement.

#### MISCELLANEOUS

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, the United Kingdom or elsewhere, to give effect to this Order and to assist the Canadian Debtors (including the Canadian Estate), the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Canadian Debtors (including the Canadian Estate) and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Canadian Debtors (including the Canadian Estate) and the Monitor and their respective agents in carrying out the terms of this Order.
9. **THIS COURT ORDERS** that each of the Canadian Debtors (including the Canadian Estate) and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



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LE / DANS LE REGISTRE NO:

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PER / PAR: 

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
NORTEL NETWORKS CORPORATION et al.**

Court File No. 09-CL-7950

	<p><b>ONTARIO</b></p> <p><b>SUPERIOR COURT OF JUSTICE</b> <b>(COMMERCIAL LIST)</b></p> <p>Proceeding commenced at Toronto</p>
	<p><b>CANADIAN ESCROW RELEASE ORDER</b></p>
	<p><b>GOODMANS LLP</b> Barristers &amp; Solicitors Bay Adelaide Centre 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7 <b>Jay A. Carfagnini</b> LSUC#: 22293T <b>Joseph Pasquariello</b> LSUC#: 38390C <b>Christopher G. Armstrong</b> LSUC#: 55148B Tel: 416.979.2211 Fax: 416.979.1234 Lawyers for the Monitor, Ernst &amp; Young Inc.</p>