

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR. JUSTICE) MONDAY, THE 1ST DAY OF
)
NEWBOULD) MAY, 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**

**ORDER
(Waiver and Reserve Approval Order)**

THIS MOTION made by Nortel Networks Corporation, Nortel Networks Limited, 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 April 27, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the One Hundred and Thirty Eighth Report of the Monitor dated April 26, 2017 (the "**Report**") 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, counsel for the CCC, counsel for the U.S. Debtors, counsel for the UCC, counsel for the Bondholder Group, counsel for the EMEA Debtors, counsel for the UKPI and counsel for those other parties present and Greg McAvoy and Jennifer Holley (collectively, the “**LTD Objectors**”) appearing on their own behalf, no one appearing for any other person on the service list although duly served as appears from the affidavit of Christopher G. Armstrong sworn April 27, 2017, filed.

AND UPON BEING ADVISED the LTD Objectors consent to this Order.

SERVICE AND DEFINITIONS

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.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Waiver and Reserve Agreement or the Plan (each as defined below).

APPROVAL OF WAIVER AND RESERVE AGREEMENT RE: FINAL ORDER CONDITION

3. **THIS COURT ORDERS** that the Waiver and Reserve Agreement dated April 26, 2017 (the “**Waiver and Reserve Agreement**”), a copy of which is attached as Schedule “A” hereto, be and is hereby approved.
4. **THIS COURT ORDERS** that, without limiting the generality of the foregoing paragraph 3, pursuant to Section 9.6 of the Plan of Compromise and Arrangement pursuant to the *Companies’ Creditors Arrangement Act* concerning, affecting and involving the Canadian Debtors dated November 30, 2016 and approved by this Court in its Sanction Order dated January 24, 2017 (the “**Plan**”), the waiver by the Monitor contained in Section 4(a) of the Waiver and Reserve Agreement be and is hereby approved and the Monitor be and is hereby authorized to take such steps as

may be necessary to effect and implement the Plan, the Settlement and Support Agreement and the Waiver and Reserve Agreement.

APPEAL RESERVE AND CAP

5. **THIS COURT ORDERS** that the Canadian Estate be and is hereby authorized and directed to establish a reserve in the amount of CA\$44 million (the “**Appeal Reserve**” and the “**Appeal Reserve Amount**”, respectively) in respect of the maximum additional amount that may be determined by the Canadian Court to be due on account of the LTD Obligations beyond *pro rata* distributions on account of the LTD Obligations that are Proven Affected Unsecured Claims under the Plan.
6. **THIS COURT ORDERS** that the Appeal Reserve shall be funded from the payments to be made to the Canadian Estate pursuant to the Settlement and Support Agreement, and shall be held by the Canadian Estate as part of the Administrative Reserve. The sole purpose of the Appeal Reserve shall be to fund any additional payments determined by the Canadian Court to be due to the LTD Beneficiaries beyond *pro rata* distributions on account of the LTD Obligations that are Proven Affected Unsecured Claims under the Plan. In the event: (i) leave to appeal the order of the Ontario Court of Appeal arising from the endorsement of the Ontario Court of Appeal dated March 13, 2017 (Docket: M47511) (the “**OCA Order**”) to the Supreme Court of Canada (“**SCC**”) is not sought on or before May 12, 2017 (or such later date as may be permitted by the SCC); (ii) any such leave to appeal application is dismissed by the SCC; or (iii) any appeal of the OCA Order heard by the SCC is dismissed and the Sanction Order is upheld, the Appeal Reserve shall be immediately terminated and all amounts held in respect thereof shall become Available Cash of the Canadian Estate.
7. **THIS COURT ORDERS** that the establishment of the Appeal Reserve shall not constitute a trust in favour of the LTD Beneficiaries or any other Person and all amounts held in respect of the Appeal Reserve shall remain the exclusive property of the Canadian Estate.

8. **THIS COURT ORDERS** that the maximum additional entitlement that may be established on account of the LTD Obligations against the Canadian Estate beyond *pro rata* distributions on account of the LTD Obligations that are Proven Affected Unsecured Claims under the Plan be and is hereby capped at the Appeal Reserve Amount. None of the LTD Objectors, any other LTD Beneficiary or any other Person shall be permitted to establish (or seek to establish) any additional entitlement, Claim, Post-Filing Claim, or other obligation or liability of the Canadian Estate (whether pursuant to the Plan or otherwise) on account of the LTD Obligations in excess of the Appeal Reserve Amount and any such entitlement, Claim, Post-Filing Claim or other obligation or liability of the Canadian Estate in excess of the Appeal Reserve Amount be and is hereby forever barred, released, extinguished and discharged.

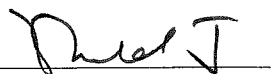
9. **THIS COURT ORDERS** that the releases provided for in Section 7.1 of the Plan shall be applicable to any entitlement, Claim or Post-Filing Claim of the LTD Beneficiaries on account of the LTD Obligations in excess of the Appeal Reserve Amount.

10. **THIS COURT ORDERS** that the rights of all parties in interest in the CCAA Proceedings (including, without limitation, the Canadian Estate, the Monitor, the U.S. Debtors and the EMEA Debtors) to continue to oppose any LTD Appeal and to otherwise challenge any entitlement of the LTD Beneficiaries to any payment or distribution from the Canadian Estate beyond *pro rata* distributions on account of the LTD Obligations that are Proven Affected Unsecured Claims under the Plan be and are hereby reserved. Without limiting the generality of the foregoing, the rights of all parties in interest in the CCAA Proceedings to challenge the calculation of the amount alleged to be owing for payment in full of the LTD Obligations be and are hereby reserved.

MISCELLANEOUS

11. **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.

12. **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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 01 2017

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**ORDER
(Waiver and Reserve Approval Order)**

GOODMANS LLP

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May 1, 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 et al.

Court File No. 09-CL-7950

May 1, 2017

The relief sought thereby is requested in light of the intention of Mr. M. Eury and Mr. H. H. H. to see leave to appeal the decision of the Ontario Court of Appeal to the Supreme Court of Canada. The relief is appropriate in the circumstances. Mr. Eury and Mr. H. H. H. agree with the relief sought by the H. H. H. and agree with the form of the order.

This in summary has been for the copy of the order, which is heard on out of the records of the retirees and shareholders in certain the long term of the company. Please see the Supreme Court of Canada to deal with any leave to appeal as quickly as possible.

Ernst & Young

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD
(Waiver and Reserve Agreement)

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