

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**THE HONOURABLE MR.) WEDNESDAY, THE 3rd
JUSTICE MORAWETZ) DAY OF OCTOBER, 2012**

**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 AND NORTEL NETWORKS TECHNOLOGY
CORPORATION**

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

**ORDER
(Monitor's Expansion of Power Order # 2)**

THIS MOTION, made by Ernst & Young Inc. in its capacity as monitor in the within proceedings (the "Monitor") for the relief set out in the Monitor's Notice of Motion dated September 26, 2012 was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Eighty-Eighth Report of the Monitor ("Eighty-Eighth Report") and on hearing the submissions of counsel for Nortel Networks Corporation, Nortel Networks Limited, Nortel Networks Technology Corporation, Nortel Networks Global Corporation and Nortel Networks International Corporation (collectively, the "Applicants") and counsel for the Monitor and those other parties present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Christopher G. Armstrong sworn September 27, 2012, filed:

1. THIS COURT ORDERS that the time for the service of the Notice of Motion, the Eighty-Eighth Report and the Motion Record is hereby abridged 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 Initial Order granted by this Court on January 14, 2009 (as the same has been amended and amended and restated and as the same may be amended or amended and restated further from time to time, the "Initial Order").

3. THIS COURT ORDERS that, without limiting the provisions of previous Orders granted in these proceedings, including the Initial Order and the Order granted by this Court on August 14, 2009, which, among other things, expanded the powers of the Monitor (the "Monitor Expansion of Powers Order") and in addition to all powers of the Monitor, the Monitor be and is hereby authorized and empowered, but not obligated, to exercise any powers which may be properly exercised by a board of directors of any of the Applicants.

4. THIS COURT ORDERS that, in furtherance of and without in any way limiting the powers set out in the Initial Order, those set out in the Monitor Expansion of Powers Order or any other Order of this Court, those set out herein or under the CCAA or applicable law generally, the Monitor is authorized and directed to take the following actions:

a) cause the Applicants to retain the services of Allan Bifield and Anna Ventresca as employees of NNL under the supervision and direction of the Monitor on the same terms in respect of their 2012 remuneration as currently in place and thereafter on terms as agreed with the Monitor; and

b) designate each of Allan Bifield and Anna Ventresca, and/or such other person or persons as the Monitor shall determine from time to time as evidenced by the filing of a Monitor's Certificate with this Court as an authorized representative of each of the Applicants (each, in such capacity, an "Authorized Representative") whose sole responsibility shall be to act, on behalf of the Applicants, solely as the Monitor may direct in the exercise of its rights, powers and authorities granted by the Initial Order, the Monitor Expansion of Powers Order, and any other Order of this Court, and, without limiting the generality of the foregoing, each of the Authorized Representatives shall

have sole authority to sign such agreements, instruments and other documents on behalf of each of the Applicants as the Monitor may direct, but no authority to direct the management and policies of the Applicants or any entity affiliated with any of the Applicants by reason of having been designated as an Authorized Representative pursuant to this Order.

5. THIS COURT ORDERS that, other than with respect to the Retainers, the Monitor shall not receive or hold any property or funds of the Applicants, including without limitation, any proceeds of dispositions of Property or other cash or cash equivalents.

6. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, the Applicants shall remain in possession and control of the Property and the Business and that the Monitor shall not take possession of the Property and/or the Business or any part thereof.

7. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, all employees of the Applicants shall remain employees of the Applicants until such time as the Applicants may terminate the employment of such employees. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee-related liabilities or duties, including, without limitation, wages, severance pay, termination pay, vacation pay and pension or benefit amounts.

8. THIS COURT ORDERS that the Monitor shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the Initial Order, the Monitor Expansion of Powers Order and any other Order of this Court and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor in the fulfilment of its duties or the carrying out of the provisions of this Order and shall extend to any Authorized Representative acting upon the direction of the Monitor. For the avoidance of doubt, no Authorized Representative shall be deemed to be an officer or director of any of the Applicants, or of any entity affiliated with any of the Applicants, under applicable law by reason of having been designated as an Authorized Representative pursuant to this Order and/or having acted in such capacity at the direction of the Monitor.

9. THIS COURT ORDERS AND DECLARES that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver

manager, agent of the creditors or legal representative of any of the Applicants within the meaning of any relevant legislation and that any distribution ultimately made to creditors of the Applicants by the Monitor will be deemed to have been made by the Applicants themselves.

10. THIS COURT ORDERS that the Applicants and their advisors shall cooperate fully with the Monitor and any directions it may provide pursuant to this Order and shall provide the Monitor with such assistance as the Monitor may request from time to time to enable the Monitor to carry out its duties and powers as set out in the Initial Order, the Monitor Expansion of Powers Order, this Order or any other Order of this Court under the CCAA or applicable law generally.

11. THIS COURT ORDERS that references to “directors” and “officers” in paragraphs 20, 21, 21A and 22 of the Initial Order are understood to mean directors and officers, respectively, that served in such capacity at any time on or after January 14, 2009 and that the reference to “counsel to directors” in paragraph 30 of the Initial Order is understood to mean Osler, Hoskin & Harcourt LLP as counsel to certain former directors and officers.

12. THIS COURT ORDERS that, except as may be necessary to give effect to this Order, the Initial Order and the Monitor Expansion of Powers Order remain in full force and effect and in the event of a conflict between the terms of this Order and those of the Initial Order or the Monitor Expansion of Powers Order, the provisions of this Order shall govern.

13. THIS COURT ORDERS that Confidential Appendix “B” to the Eighty- Eighth Report be and is hereby sealed pending further Order of the Court.

14. THIS COURT HEREBY REQUESTS the aid and recognition of any court or administrative body in any province of Canada, the Federal Court of Canada, any administrative tribunal or other court constituted pursuant to the Parliament of Canada or any of its provinces or territories and any federal or state court or administrative body in the United States of America or any other foreign courts to act in aid of and to be complementary to this Court in carrying out the terms of this Order.



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 AND NORTEL NETWORKS TECHNOLOGY CORPORATION

Court File No: 09-CL-7950

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Proceeding commenced at Toronto

**ORDER
(Monitor's Expansion of Power
Order # 2)**

Goodmans LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jay Carfagnini (LSUC#: 22293T)
Joseph Pasquariello (LSUC# 38390C)
Christopher G. Armstrong (LSUC# 55148B)

Tel: 416.979.2211
Fax: 416.979.1234

**Lawyers for the Monitor, Ernst & Young
Inc.**