

CONTINGENCY FEE RETAINER AGREEMENT

**TO: JOEL ROCHON
ROCHON GENOVA LLP
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Toronto, ON M5H 2K1
(t) (416) 363-1867
(f) (416) 363-0263**

INTRODUCTION

The dissenting Nortel Employees on the LTD Nortel Executive Committee ("Executive Committee"), together with certain individual dissenting Nortel Employees on LTD ("Dissenting Nortel LTD Employees") hereby retain and appoint JOEL ROCHON and the firm of ROCHON GENOVA LLP, as my lawyer, and instruct you to act on our behalf and behalf of the Dissenting Nortel LTD Employees and to represent us in proceedings under the *Companies' Creditors Arrangement Act* involving Nortel Networks Corporation and affiliated Nortel companies before the Ontario Superior Court of Justice (Commercial List) bearing court file no. 09-CL-7950 to oppose the proposed settlement agreement dated February 8, 2010 as it relates to Nortel LTD Employees, and to obtain further rights, benefits and protections, and in that respect:

- (a) to commence any further legal proceedings against such persons that in have a reasonable cause of action and reasonable prospect of success, and generally take such steps as you consider necessary or proper for the conduct of such proceedings;
- (b) to retain whatever agents, experts and advisors, as you may deem necessary to deal with my/our claim.

CONTINGENCY FEES

This retainer will be pursued on the basis of a contingency fee arrangement.

The contingency on which this Fee Retainer Agreement, (the "Agreement") is based is the recovery of Claim Proceeds, as hereinafter defined.

In this Agreement, Claim Proceeds include all damages, interest or any other benefit or compensation recovered for the Nortel LTD Employees, whether by settlement or judgment against Nortel, the Trustees or any other defendant, or through any other source, including but not limited to money or provided by government bodies or agencies or actions taken by such bodies or agencies, that exceeds the amount currently being offered in the February 8, 2010 settlement agreement estimated to be \$50 million (also described herein as the "Value Added"). It is recognized that the amount offered in the February 8, 2010 settlement agreement may ultimately be calculated to be as much as \$85 million in the event further sums are recovered by the Nortel Bankruptcy Canadian Estate which may accrue to the benefit of the Nortel LTD Employees.

It is understood that conceptually, the contingency fee contemplated by this Agreement shall be payable only in respect of such further amounts or benefits (i.e. the increased "Value Added" achieved for the Nortel LTD Employees beyond the money and benefits contemplated by the February 8, 2010 settlement agreement.

The parties to this Agreement agree that any dispute regarding the determination of what properly constitutes "Claim Proceeds"/"Value Added" shall be resolved by a judge of the Ontario Superior Court of Justice.

Claim Proceeds does not include any amount as may be awarded or agreed and is separately specified, to be in respect of costs and disbursements. Any award of costs, including a partial indemnity costs award paid directly by Nortel or any other defendants shall be separate and apart and in addition to the fees described above.

For the purpose of calculating the Claim Proceeds, where payment under a settlement or judgment is made by means of a structured payment amount, the value of the structured settlement shall be the present cash value of the entire structured settlement calculated as of the date of first cash payment under the structured settlement.

We agree to pay ROCHON GENOVA LLP as fees or compensation for their professional services, a percentage of the Claim Proceeds (constituting the Value Added), calculated as the greater of the following:

- 10% of the (Value Added) Claim Proceeds;
- three times the value of the base fees incurred by ROCHON GENOVA LLP.

We further agree to pay ROCHON GENOVA LLP from any Claim Proceeds any and all disbursements incurred by ROCHON GENOVA LLP during the course of this matter, plus G.S.T. thereon, if such disbursements are not otherwise reimbursed to ROCHON GENOVA LLP by other parties. These disbursements will include the cost of any experts or consultants retained to provide services during the course of the litigation.

For example only, if the (Value Added) Claim Proceeds recovered are \$40 million, I agree to pay ROCHON GENOVA LLP \$4 million (representing 10% of the Claim Proceeds), plus 5% GST (\$200,000) as the contingency fee payable under this Agreement, in addition to, any out-of-pocket expenses, expert and consultant expenses or disbursements described herein, if such expenses are not otherwise reimbursed to ROCHON GENOVA LLP.

Out-of-pocket expenses or disbursements include, but are not limited to filing fees, cost of investigators, expert witness fees, expert consultant fees, discovery transcripts, court costs and travel costs, photocopying and facsimile costs. If, at the time of settlement, trial or appeal, there are outstanding unpaid disbursements, ROCHON GENOVA LLP is authorized and directed to deduct such amounts from my share of the Claim Proceeds prior to payment of the balance of such share to me.

All decisions in respect of the resolution of this case shall be made by the Executive Committee in consultation with ROCHON GENOVA LLP. ROCHON GENOVA LLP shall not be permitted to settle my claim without the authorization of the Executive Committee but the consent of ROCHON GENOVA LLP is not required for me to settle this claim. We understand that the Executive Committee retains the right to make all critical decisions regarding the conduct of the litigation.

If my claim is resolved by means of a structured settlement, we agree that the fees of ROCHON GENOVA LLP will be paid in full by no later than the date of first cash payment made under the structured settlement.

We confirm that ROCHON GENOVA LLP has advised me that ROCHON GENOVA LLP cannot guarantee any recovery.

We acknowledge that we have discussed with ROCHON GENOVA LLP:

- (i) options for retaining ROCHON GENOVA LLP other than by way of contingency fee agreement, including retaining ROCHON GENOVA LLP by way of hourly-rate retainer¹;
- (ii) that ROCHON GENOVA LLP has advised that hourly rates may vary among solicitors and that we can speak with other solicitors to compare rates;
- (iii) that we have chosen to retain ROCHON GENOVA LLP by way of a contingency fee agreement; and
- (iv) that we understand that all usual protections and controls on retainers between a solicitor and client, as defined by the Law Society of Upper Canada and the common law, apply to this Agreement.

ROCHON GENOVA LLP has advised that in Ontario, costs are awarded in accordance with Rule 58 of the *Rules of Civil Procedure*. Usually, a successful party is entitled to recover costs from the unsuccessful party. These costs are awarded as a matter of judicial discretion to cover a portion, but generally not all, of a party's legal expenses.

We agree and direct that all funds claimed by ROCHON GENOVA LLP for legal fees, costs, taxes and disbursements be paid to ROCHON GENOVA LLP in trust from any judgment or settlement money.

We confirm that if ROCHON GENOVA LLP concludes that there is not a sufficient likelihood of recovery to justify further time and effort; ROCHON GENOVA LLP has the right to stop acting for me subject to the obligations imposed upon them by reason of the *Rules of Professional Conduct* established by the Law Society of Upper Canada.

We acknowledge that if a settlement offer is made to me by the Defendants, which ROCHON GENOVA LLP determines in their reasonable discretion is an offer that should be accepted, and should we nevertheless wish to proceed with the claim, then legal fees incurred to date become immediately payable based on the contingency rate and the legal fees owed had the settlement offer been accepted by me. If ROCHON GENOVA LLP continues to act on my behalf, then any legal fees incurred thereafter are payable based on an hourly rate basis as described herein.

If we terminate the services of ROCHON GENOVA LLP, ROCHON GENOVA LLP will be entitled to payment for their services up to the time of termination, payable upon the conclusion or resolution of the claim. If we are unable to agree on the amount of the fee of ROCHON GENOVA LLP for professional services, we understand ROCHON

¹ \$250.00 per hour for associates with less than 5 years experience;
\$350.00 per hour for associates with greater than 5 but less than 10 years experience;
\$450.00 per hour for associates with greater than 10 years experience.
\$850.00 per hour for senior partners.
\$150.00 per hour for law students and law clerks.
\$100.00 per hour for legal clerks.

Witness

Client Signature: _____

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