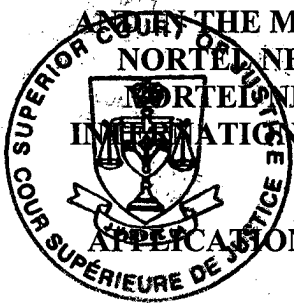


**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) THURSDAY, THE 28TH DAY OF
)
JUSTICE MORAWETZ) MAY, 2009

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



**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 (the "Applicants")**

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

**O R D E R
(Pension Plan Commuted Value Payments)**

THIS MOTION made by Nortel Networks Limited ("NNL"), as a debtor company and as the sponsor and administrator of the Nortel Networks Negotiated Pension Plan (Registration No. 08587766) and the Nortel Networks Limited Managerial and Non-Negotiated Pension Plan (Registration No. 0342048) (collectively, the "Plans") for the relief sought in NNL's Notice of Motion dated May 21, 2009 was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavits of John Doolittle sworn May 21 and 27, 2009, the Affidavit of Michael Campbell sworn May 26, 2009, the Affidavit of Michelle Jackson sworn May 27, 2009, the factum of the Applicants dated May 22, 2009, the factum of the former employees of the Applicants dated May 27, 2009, the Tenth report of Ernst & Young Inc. dated May 22, 2009 (the "Tenth Report") in its capacity as Monitor (the "Monitor") and on hearing submissions of counsel to the Applicants, the Monitor, the Superintendent of Financial Services in her capacity as administrator of the Pension Benefits Guarantee Fund (the "Superintendent"), the directors of the Applicants, the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada) and representative counsel to all former employees of the Applicants and those of the parties present, no one appearing for any other person on the

service list, although served as appears from the Affidavits of Service of Katie Legree sworn May 21, 22 and 27, 2009, filed.

1. **THIS COURT ORDERS** that the time for the service of the Notice of Motion 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 NNL, in its capacity as a debtor company and as the sponsor and administrator of the Plans, shall be permitted to reduce the commuted value payments from the Plans based on a transfer ratio equal to 69%, notwithstanding that greater transfer ratios (86% and 85% respectively) are contained in the most recently filed actuarial valuation reports for the Plans (both effective as at December 31, 2006 and filed with the Superintendent in September, 2007), without filing new actuarial valuation reports for the Plans.

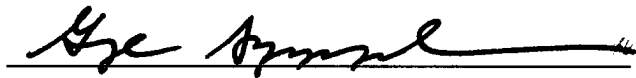
3. **THIS COURT DECLARES AND ORDERS** that, notwithstanding paragraph 2 of this Order, an individual who prior to May 21, 2009 was sent an election form by NNL or its agent indicating that he or she may elect to receive commuted value payments from one of the Plans at a transfer ratio of 86% or 85%, shall be entitled to receive such commuted value payments calculated in accordance with such higher transfer ratio, provided that such individual completes such election form and returns it to NNL or its agent within the time limit prescribed in such election form. Such payments shall be made promptly.

4. **THIS COURT DECLARES AND ORDERS** that NNL and associated persons, including its officers and directors and members of the pension plan committees of NNL, shall have properly discharged their fiduciary duties to the Plans and their members, former members and other beneficiaries by (a) reducing commuted value payments from the Plans in accordance with paragraph 2 of this Order without filing new actuarial valuation reports for the Plans and (b) paying from the Plans commuted value payments in accordance with paragraph 3 of this Order.

5. **THIS COURT DECLARES AND ORDERS** that NNL whether acting in its capacity as a debtor company or as the sponsor and administrator of the Plans or otherwise and its associated persons, including its officers and directors and members of the pension plan committees of NNL, and the Northern Trust Company, Canada, whether acting in any delegated or other

capacity, shall not incur any liability or obligation, whether by way of debt, damages for breach of any duty, whether statutory, fiduciary, common law, in equity or otherwise, or breach of trust, as a result of (a) reducing the commuted value payments from the Plans to a level permitted by this Order in respect of all persons who will receive commuted value payments from the Plans without filing with the Superintendent new actuarial valuation reports for the Plans or (b) paying from the Plans commuted value payments in accordance with paragraph 3 of this Order.

6. THIS COURT DECLARES AND ORDERS that, notwithstanding anything in this Order, future adjustments to the applicable transfer ratio shall be established in accordance with the Ontario *Pension Benefits Act* and the regulations thereto, or by further order of the Court.



G. Argyropoulos, Registrar
Superior Court of Justice

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

JUN 05 2009

PER / PAR: 

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

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

Proceeding commenced at Toronto

ORDER

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