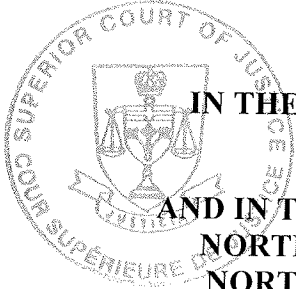


**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR. JUSTICE) TUESDAY, THE 21ST DAY
MORAWETZ) OF JUNE, 2011
)



**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**

THIRD HWT INTERIM DISTRIBUTION ORDER

THIS MOTION made by Ernst & Young Inc. in its capacity as the monitor (the "**Monitor**") of Nortel Networks Corporation, Nortel Networks Limited, Nortel Networks Global Corporation, Nortel Networks International Corporation and Nortel Networks Technology Corporation (collectively, the "**Applicants**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixty-Ninth Report of the Monitor dated June 16, 2011 and the Appendices thereto (the "**Sixty-Ninth Report**"), on notice to the Service List attached to the Notice of Motion and the supplementary parties listed in the Notice of Motion, and on hearing the submissions of counsel for the Monitor, the Applicants, independent counsel for the LTD

Beneficiaries' Representative, independent counsel for the Former Employees' Representatives, CAW Counsel, the Continuing Employees' Representative Counsel, counsel for The Northern Trust Company, Canada, in its capacity as trustee of the HWT (the "**Trustee**"), Canadian counsel for the Bondholder Group, the Committee and Nortel Networks Inc., and on the consent of the LTD Beneficiaries' Representative, the Former Employees' Representatives and the CAW, no one else from the Service List and list of supplementary parties attached to the Notice of Motion appearing although duly served as appears from the affidavits of service, filed:

1. **THIS COURT ORDERS** that service of the Motion Record is hereby validated so that this Motion is properly returnable today and further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that all capitalized terms used but not otherwise defined herein shall have the meaning given to them in the Sixty-Ninth Report.
3. **THIS COURT ORDERS** that the Trustee shall make an interim distribution all on the direction of the Monitor or the Applicants on account of the Income Benefits to the Income Beneficiaries on or before July 31, 2011, or as soon thereafter as is practicable (the "**Third Interim Distribution**").
4. **THIS COURT ORDERS** that the amount of the Third Interim Distribution of the HWT corpus to each Income Beneficiary, for which the Monitor or the Applicants shall direct payment, will be, when taken with the January Interim Distribution and the May/June Interim Distribution, 25% of the Income Benefits calculated in accordance with the Approved HWT Allocation Methodology, using data available as of December 31, 2010 according to the Applicants' books and records, as updated from time to time.

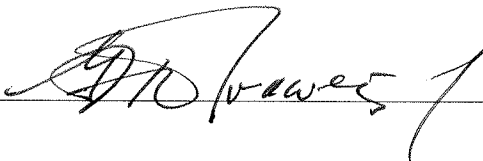
5. **THIS COURT ORDERS** that the Trustee shall pay the Third Interim Distribution as described in paragraph 4 hereof on the direction of the Monitor or the Applicants to any Income Beneficiary who becomes known to the Monitor or the Applicants subsequent to December 31, 2010 using data available as of December 31, 2010 according to the Applicants' books and records, as updated from time to time.

6. **THIS COURT ORDERS** that the Trustee may appoint a payment agent to assist it in making some or all of the distributions authorized by paragraphs 4 and 5 and the Trustee and any payment agent it may appoint or any payment agent the Applicants may appoint (which payment agent may include, without limitation, one or more of the Applicants) shall incur no liability or obligation in carrying out the provisions of this Order and making the payments it is instructed to make and shall be released from any and all liability in making each such payment as instructed, and no action or other proceedings shall be commenced against the Trustee, any payment agent it appoints and any payment agent the Applicants' appoint as a result of or relating in any way to their making each such payment as instructed.

7. **THIS COURT ORDERS** that the reasonable costs of the Trustee, of its legal counsel or other service providers retained by it in accordance with the Trust Agreement and of any payment agent it or the Applicants may appoint incurred in carrying out the provisions of this Order shall be paid from the corpus of the HWT in priority to the payment of other distributions, expenses or disbursements from the corpus of the HWT, other than, in the event one or more of the Applicants is appointed as or acts or performs the functions of a payment agent, costs of the Applicants incurred in their capacity as payment agent or in performing the functions of a payment agent.

8. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to Section 17 of the CCAA) and any court or any judicial, regulatory or administrative body of the United States of America, the United Kingdom and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 21 2011

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 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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

THIRD HWT INTERIM DISTRIBUTION ORDER

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