

No. S015159
Vancouver Registry

BETWEEN:

JANIE JEFFERY and RONALD MENSING

Plaintiffs

AND:

NORTEL NETWORKS CORPORATION, JOHN A. ROTH,
FRANK A. DUNN, F. WILLIAM CONNOR and CHAHRAM BOLOURI

Defendants

Brought under the *Class Proceedings Act*, R.S.B.C. 1996, c.50

ORDER

BEFORE) THE HONOURABLE)
)) TUESDAY THE
) MR. JUSTICE GROBERMAN) 22nd DAY OF APRIL , 2008

THE APPLICATION of the Plaintiffs coming on for hearing at Vancouver, British Columbia on the 22nd day of April, 2008, **AND ON HEARING** Nicola C. Hartigan counsel for the Plaintiffs, and on hearing Gregory J. Nash and David K. Yule, counsel for the Defendants Nortel Networks Corporation, John A Roth, F. William Connor and Chahram Bolouri,

THIS COURT ORDERS THAT:

1. capitalized terms not defined herein shall have the meaning assigned to them in the Stipulation and Agreement of Settlement (Nortel I) dated June 20, 2006 (the "Stipulation");

2. whereas the Claims Administrator, GCG, approved for payment 226,050 claims (the "Accepted Claims"), the administrative determinations of the Claims Administrator approving the claims of the Accepted Claimants who are British Columbia Class members (the "British Columbia Accepted Claimants"), as set forth in Exhibit "C" to, and described in, the Affidavit of Stephen J. Cirami in Support of Motion for Distribution of Settlement Proceeds dated February 20, 2008 (the "Cirami Affidavit") (including 204 claims of British Columbia Class members submitted after November 20, 2006, and received through and including December 5, 2007), are hereby approved in the amounts specified in each "Recognized Claim";

3. the appropriate number of Net Settlement Shares and the appropriate amount of the remaining Net Cash Settlement Fund (based on a distribution of the Net Cash Settlement Fund to all Accepted Claimants of ninety percent (90%)) shall be distributed to the British Columbia Accepted Claimants forthwith in accordance with the administrative determinations of GCG with respect to each British Columbia Accepted Claimant, and that after such distribution any subsequent distributions from the Net Settlement Fund that would otherwise have been payable in Net Settlement Shares shall be payable solely from the cash remaining in the Net Cash Settlement Fund, and the value to be paid instead of any shares that would otherwise be payable on such subsequent distribution shall be an amount of cash equal to the value of such shares calculated using the volume-weighted average price of the common stock of Nortel as reported on the New York Stock Exchange for the period starting on the first trading day after Nortel's transfer agent commences physical delivery of Net Settlement Shares to Accepted Claimants and ending ten (10) trading days thereafter. With respect to the 360 claimants with wholly or partially rejected claims who dispute the Claims Administrator's administrative determination (the "Disputed Rejected Claims") as described in the Cirami Affidavit and listed as Exhibit "B" thereto, that may subsequently be ruled by the Court to be eligible, in the event that the price of Nortel stock increases after the distribution of Settlement Shares, the amount of cash to be paid in lieu of Settlement Shares shall be measured as the value of such shares calculated using the volume-weighted average price of Nortel common stock as reported on the New York Stock Exchange for the period starting on the first trading day after the date the Court issues an order approving payment of such claim and ending ten (10) trading days thereafter;

4. ten percent (10%) of the Net Cash Settlement Fund shall be held in reserve for future distributions – e.g., Disputed Rejected Claims that may be allowed and/or administrative and legal fees and/or expenses as may be approved by the Court;
5. as set forth in the list of Accepted Claimants submitted as Exhibit “C” to the Cirami Affidavit, only whole numbers of Settlement Shares shall be distributed to the Accepted Claimants, rounded up or down so as to allocate all the available Settlement Shares, and no adjustments shall be made for fractional interests not resulting in a share allocation;
6. cash distributions that are addressed to Canadian addresses, including cash distributions, if any, to claimants whose Disputed Rejected Claims are subsequently approved by the Court, shall be issued in Canadian dollars, and GCG is authorized to convert sufficient U.S. dollars in the Net Cash Settlement Fund to Canadian dollars to make the Canadian dollar payments, and the cash distributions made to Canadian addresses shall be based upon the exchange rate received by GCG upon the conversion;
7. as promptly as possible using every commercially reasonable effort, following receipt of written instructions from Lead Plaintiff’s Counsel, on notice to and in consultation with British Columbia Class Counsel, as provided in paragraph 4(d) of the Stipulation, Nortel (or its transfer agent) shall issue and deliver Settlement Shares to the British Columbia Accepted Claimants in such names and at such addresses as identified in the claimant identification information provided by GCG who is currently in the process of adjusting said claimant identification information for certain Accepted Claimants so that Nortel’s transfer agent may issue Settlement Shares to such Accepted Claimants (the “Claimant Identification Information”), and in such amounts for each British Columbia Accepted Claimant as set forth in the written instructions received from Lead Plaintiff’s Counsel, on notice to and in consultation with British Columbia Class Counsel, pursuant to paragraph 4(d) of the Stipulation, which instructions shall correspond to Exhibit “C” to the Cirami Affidavit and the Claimant Identification Information provided by GCG, provided, that neither Nortel nor its transfer agent shall be obligated to issue Settlement Shares to any British Columbia Accepted Claimant with respect to whom GCG has not provided Claimant Identification Information to Nortel’s transfer agent in reasonable conformity with

Section 2 of the Guidelines of the Securities Transfer Association, and provided further that to the extent that GCG subsequently provides Claimant Identification Information in reasonable conformity with Section 2 of the Guidelines of the Securities Transfer Association to Nortel and its transfer agent, then Nortel or its transfer agent shall issue and deliver the appropriate number of Settlement Shares to the affected British Columbia Accepted Claimant(s) promptly following receipt of such conforming Claimant Identification Information, and provided further that in the event that GCG, after using reasonable efforts, is unable to obtain such conforming Claimant Identification Information with respect to any British Columbia Accepted Claimants, the parties shall seek further guidance from the appropriate Court;

8. GCG shall include a letter notice to each British Columbia Accepted Claimant stating, among other things, the calculated amount of their particular claim, and stating the amount of cash, if any, they will receive and the number of Settlement Shares, if any, they should separately receive from Nortel (or its transfer agent), including the name that will appear on such Settlement Shares and the address to which they will be sent, and advising them to notify the Claims Administrator within ninety (90) days if they believe that their claim amount was incorrectly calculated, or if they dispute the amount of their distribution cheque or the number of Settlement Shares awarded (which disputes GCG shall use every reasonable effort to resolve within 15 days), or if the name or address as indicated is incorrect, and that if they do not dispute the amount of their calculated Recognized Claim, the number of Settlement Shares, or the name or address as indicated, within ninety (90) days of their receipt of the cash distribution, they shall be forever barred (absent good cause shown in writing) from disputing the Claims Administrator's calculation of the amount of their claim and the accuracy of the name and address as indicated;

9. neither Nortel nor its transfer agent shall be liable for any claim arising from or relating to the accuracy or adequacy of the information provided to Nortel and its transfer agent by GCG and Plaintiffs' Counsel, including, but not limited to, (i) the Settlement Share allocation for each British Columbia Accepted Claimant as set forth in Exhibit "C" to the Cirami Affidavit and in the written instructions provided to Nortel by Lead Plaintiff's Counsel pursuant to paragraph 4(d) of the Stipulation, and (ii) the Claimant Identification Information provided to Nortel and its

transfer agent by GCG, including the name and address of each British Columbia Accepted Claimant;

10. as provided in the Stipulation at paragraph 4(d), the reasonable costs and expenses of physical delivery of the Settlement Shares to Accepted Claimants and to Plaintiffs' Counsel, including Settlement Shares previously distributed to Plaintiffs' Counsel, and extraordinary or expedited services, if any, of Nortel's transfer agent, shall be paid out of the Gross Cash Settlement Fund to Nortel or its transfer agent upon presentation of an appropriate invoice for same to Lead Plaintiff's Counsel;

11. British Columbia Class Counsel and GCG shall, in consultation with Lead Plaintiff's Counsel, make reasonable efforts to finally resolve the Disputed Rejected Claims of British Columbia Class members within 90 days of the date of the Order Directing Distribution to Class Forthwith of the Honorable Richard A. Berman of the United States District Court, dated March 11, 2008 (the "U.S. Class Distribution Order") as, for example but without limitation, by soliciting sworn affidavits from claimants attesting under the penalties of perjury to information which may support and/or finally resolve their claims; in addition, British Columbia Class Counsel and GCG shall notify these claimants (in boldface type) that shares and cash are being distributed in accordance with this Order and the concurring distribution orders of the Courts and that, once such distributions have been completed, there may be insufficient funds remaining to resolve all of the Disputed Rejected Claims; and British Columbia Class Counsel shall file a written report with this Court within 100 days of the U.S. Class Distribution Order describing the results of such efforts, as well as the status of all distributions described in this Order;

12. whereas the Claims Administrator rejected 69,976 claims (the "Rejected Claims"), the administrative determinations of the Claims Administrator rejecting the Rejected Claims of British Columbia Class members as indicated on the file Rejected Claims submitted with and described in the Cirami Affidavit (as distinct from the Disputed Rejected Claims, which Disputed Rejected Claims shall be the subject of one or more subsequent orders), to the extent they are in conformity with the terms and provisions of the Stipulation and reasonable claims

administration practices, are approved, and such Rejected Claims are hereby rejected and extinguished;

13. to the extent that a Disputed Rejected Claim of a British Columbia Class member has been accepted in part and rejected in part by the Claims Administrator and the claimant is requesting judicial review of the disputed, rejected part of that Claim, the undisputed, accepted part of the Claim, to the extent it is in conformity with the terms and provisions of the Stipulation and reasonable claims administration practices, shall be approved and paid pursuant to this Order, with only the disputed, rejected part of the Claim to be subject to further future payment (in cash) if the disputed, rejected part of the Claim is ultimately accepted by GCG, this Court or its designee (or the U.S. Court);

14. following the distribution of the Settlement Shares to Accepted Claimants and Lead Plaintiff's Counsel as ordered by the U.S. Court in the U.S. Class Distribution Order, and with respect to Accepted Claimants who are members of the Canadian Class as ordered by the Canadian Courts, neither Nortel nor its transfer agent shall be obligated to issue or distribute any of the Settlement Shares, or any other shares of common stock of Nortel, to any Class Member, including, but not limited to, to any Class Member whose Disputed Rejected Claim may ultimately be approved by the Court;

15. subject to subsequent approval by the U.S. Court (as set out in the U.S. Class Distribution Order at pages 6 and 7), the Claims Administrator's fees and expenses in connection with the administration of the Settlement through November 30, 2007 (including estimated fees for the initial distribution of the cash and allocation of the Settlement Shares and for estimated postage expenses for the initial cash distribution) are hereby approved, and the outstanding balance of such fees and expenses in the amount of \$854,478.19 (USD) shall be paid out of the Gross Cash Settlement Fund;

16. after all claims and expenses have been paid in accordance with this Order and the U.S. Class Distribution Order, and after the resolution of all Disputed Rejected Claims, British Columbia Class Counsel shall submit a motion, on notice to Nortel, providing a recommendation

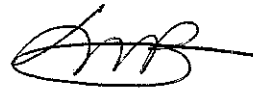
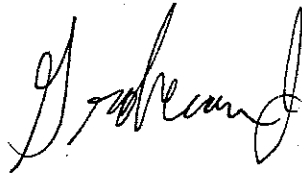
for the distribution of any remaining funds in the Net Cash Settlement Fund (with preference to Class Members);

17. the Claims Administrator is hereby authorized to discard paper or hard copies of the Proof of Claim forms and supporting documents not less than four (4) years after the distribution of the Net Settlement Fund to the eligible claimants and electronic or magnetic media data not less than five (5) years after the distribution of the Net Settlement Fund to the eligible claimants;

18. jurisdiction is retained by the Court to consider any further applications concerning the administration of the Settlement as it relates to this Action and members of the British Columbia Class; and

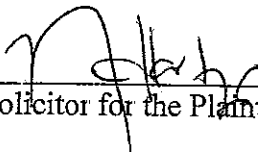
19. no Proof of Claim submitted by any British Columbia Class member after December 5, 2007 shall be accepted for any reason whatsoever without further order of this Court.

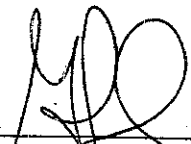
BY THE COURT



DEPUTY DISTRICT REGISTRAR

Approved as to form:


Solicitor for the Plaintiffs


Solicitor for the Defendants
Nortel Networks Corporation,
John A. Roth, F. William Conner
and Chahram Bolouri



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IN THE SUPREME COURT OF BRITISH COLUMBIA

JANIE JEFFERY and RONALD MENSING

Plaintiffs

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CHAHRAM BOLOURI

Defendants

ORDER

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