

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re	:	Chapter 11
	:	
Nortel Networks Inc., et al., ¹	:	Case No. 09-10138 (KG)
	:	
Debtors.	:	Jointly Administered
	:	
	:	Hearing Date: TBD
	:	Objections Due: July 25, 2017 at 4:00 p.m. (ET)
	X	

**FINAL APPLICATION OF LAZARD FRÈRES AND CO. LLC, AS FINANCIAL
ADVISOR AND INVESTMENT BANKER TO THE DEBTORS AND DEBTORS-
IN-POSSESSION, FOR ALLOWANCE OF COMPENSATION AND FOR
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES
INCURRED FOR THE PERIOD FROM
JANUARY 14, 2009 THROUGH JULY 31, 2011**

Name of Applicant:	<u>Lazard Frères & Co. LLC</u>
Authorized to Provide Professional Services to:	<u>Debtors</u>
Date of Retention:	<u>January 14, 2009</u>
Final Period for which compensation and reimbursement is sought:	<u>January 14, 2009 – July 31, 2011</u>
Amount of Final compensation sought as actual, reasonable, and necessary:	<u>\$38,033,199.29</u>

¹ The reorganized debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Nortel Networks Inc. (6332), Nortel Networks Capital Corporation (9620), Nortel Altsystems, Inc. (9769), Nortel Altsystems International, Inc. (5596), Xros, Inc. (4181), Sonoma Systems (2073), Qtera Corporation (0251), CoreTek, Inc. (5722), Nortel Networks Applications Management Solutions Inc. (2846), Nortel Networks Optical Components Inc. (3545), Nortel Networks HPOCS Inc. (3546), Architel Systems (U.S.) Corporation (3826), Nortel Networks International Inc. (0358), Northern Telecom International Inc. (6286), Nortel Networks Cable Solutions Inc. (0567), and Nortel Networks (CALA) Inc. (4226). Nortel Networks India International Inc. (8667) remains a debtor in possession, and this fee application is not a final fee application with respect to Nortel Networks India International Inc. Contact information for the Debtors and their petitions are available at <http://chapter11.epiqsystems.com/nortel>.

Amount of Final reimbursement sought as actual,
reasonable, and necessary:

\$510,419.78

This is a ___ monthly ___x final application

If this is not the first application filed, disclose the following for each prior application:

Date & Docket No.	Period Covered	Requested Fees	Requested Expenses	Approved Fees (Pending)	Approved Expenses (Pending)	Amounts Paid	20% Holdback Amount
06/25/09 [957]	01/14/09 through 04/30/09	\$895,161.29	\$75,312.95	\$895,161.29	\$75,312.95	\$895,161.29 ²	\$0.00
08/20/09 [1356]	05/01/09 through 05/31/09	\$250,000.00	\$60,669.79	\$250,000.00	\$60,669.79	\$277,042.77 ³	\$0.00
09/10/09 [1461]	06/01/09 through 06/30/09	\$250,000.00	\$31,046.62	\$250,000.00	\$31,046.62	\$281,046.62	\$0.00
09/10/09 [1462]	07/01/09 through 07/31/09	\$250,000.00	\$36,161.19	\$250,000.00	\$36,161.19	\$286,161.19	\$0.00
10/16/09 [1689]	08/01/09 through 08/31/09	\$250,000.00	\$27,706.80	\$250,000.00	\$27,706.80	\$277,706.80	\$0.00
11/24/09 [1988]	09/01/09 through 09/30/09	\$250,000.00	\$48,753.05	\$250,000.00	\$48,753.05	\$298,753.05	\$0.00
11/24/09 [1989]	10/01/09 through 10/31/09	\$250,000.00	\$29,864.77	\$250,000.00	\$29,864.77	\$279,864.77	\$0.00
02/25/10 [2548]	11/01/09 through 11/30/09	\$5,791,000.00	\$27,490.70	\$5,791,000.00	\$27,490.70	\$5,818,490.70	\$0.00
02/25/10 [2549]	12/01/09 through 12/31/09	\$5,177,000.00	\$28,366.03	\$5,177,000.00	\$28,366.03	\$5,205,366.03	\$0.00

² Prior to the petition date the Debtors paid Lazard a \$150,000 expense retainer. As of the petition date \$108,939.97 of the retainer remained unapplied. Lazard applied \$75,312.95 of the unapplied retainer toward the authorized expenses for the First Interim Period leaving the retainer with a balance of \$33,627.02.

³ Prior to the petition date the Debtors paid Lazard a \$150,000 expense retainer. As of the petition date \$108,939.97 of the retainer remained unapplied. Lazard applied \$75,312.95 of the unapplied retainer toward the authorized expenses for the First Interim Period leaving the retainer with a balance of \$33,627.02. Lazard applied \$33,627.02 of the unapplied retainer toward the authorized expenses for the Second Interim Period leaving the retainer with a balance of \$0.00.

Date & Docket No.	Period Covered	Requested Fees	Requested Expenses	Approved Fees (Pending)	Approved Expenses (Pending)	Amounts Paid	20% Holdback Amount
02/25/10 [2550]	01/01/10 through 01/31/10	\$250,000.00	\$32,342.00	\$250,000.00	\$32,342.00	\$282,342.00	\$0.00
06/04/10 [3139]	02/01/10 through 02/28/10	\$250,000.00	\$3,754.76	\$250,000.00	\$3,754.76	\$253,754.76	\$0.00
06/04/10 [3140]	03/01/10 through 03/31/10	\$3,657,000.00	6,875.81	3,657,000.00	6,875.81	\$3,663,875.81	\$0.00
06/04/10 [3141]	04/01/10 through 04/30/10	\$250,000.00	24,502.41	250,000.00	24,502.41	\$274,502.41	\$0.00
09/10/10 [3917]	05/01/10 through 05/31/10	\$1,562,000.00	\$6,947.83	\$1,562,000.00	\$6,947.83	\$1,568,947.83	\$0.00
09/10/10 [3918]	06/01/10 through 06/30/10	\$250,000.00	9,950.24	250,000.00	9,950.24	\$259,950.24	\$0.00
09/10/10 [3919]	07/01/10 through 07/31/10	\$250,000.00	19,020.70	250,000.00	19,020.70	\$269,020.70	\$0.00
11/09/10 [4311]	08/01/10 through 08/31/10	\$250,000.00	\$10,459.89	\$250,000.00	\$10,459.89	\$260,459.89	\$0.00
11/09/10 [4312]	09/01/10 through 09/30/10	\$250,000.00	3,170.40	250,000.00	3,170.40	\$253,170.40	\$0.00
11/24/10 [4427]	10/01/10 through 10/31/10	\$250,000.00	4,988.32	250,000.00	4,988.32	\$254,988.32	\$0.00
03/01/11 [5036]	11/01/10 through 11/30/10	\$250,000.00	\$2,371.33	\$250,000.00	\$2,371.33	\$252,371.33	\$0.00
03/01/11 [5037]	12/01/10 through 12/31/10	\$250,000.00	9,358.66	250,000.00	9,358.66	\$259,358.66	\$0.00
03/01/11 [5038]	01/01/11 through 01/31/11	\$250,000.00	5,509.80	250,000.00	5,509.80	\$255,509.80	\$0.00
05/27/11 [5505]	02/01/11 through 02/28/11	\$250,000.00	\$479.89	\$250,000.00	\$479.89	\$250,479.89	\$0.00
05/27/11 [5506]	03/01/11 through 03/31/11	\$250,000.00	556.29	250,000.00	556.29	\$250,556.29	\$0.00
05/27/11 [5507]	04/01/11 through 04/30/11	\$250,000.00	140.49	250,000.00	140.49	\$250,140.49	\$0.00
11/17/11 [6808]	05/01/11 through 05/31/11	\$0.00	\$590.65	\$0.00	\$590.65	\$590.65	\$0.00

Date & Docket No.	Period Covered	Requested Fees	Requested Expenses	Approved Fees (Pending)	Approved Expenses (Pending)	Amounts Paid	20% Holdback Amount
11/17/11 [6809]	06/01/11 through 06/30/11	\$0.00	1,791.48	0.00	1,791.48	\$1,791.48	\$0.00
11/17/11 [6810]	07/01/11 through 07/31/11	\$15,951,038.00 ⁴	2,236.92	15,951,038.00 ²	2,236.92	\$15,953,274.92	\$0.00
Totals	01/14/09 through 07/31/11	\$38,033,199.29	\$510,419.78	\$38,033,199.29	\$510,419.78	\$38,543,619.07	\$0.00

⁴ This amount reflects an agreed upon reduction between Lazard and the Debtors in the amount of \$161,665.94.

**FINAL COMPENSATION BY PROFESSIONAL
NORTEL NETWORKS INC., ET AL.
(CASE NO. 09-10138 (KG))**

January 14, 2009 – July 31, 2011

Name of Professional Individual	Position of the Applicant and Area of Expertise	Hourly Billing Rate (including Changes)	Total Hours Billed	Total Compensation
Terry Savage	Managing Director	n/a	707.4	n/a
Larry Grafstein	Managing Director	n/a	36.3	n/a
Michael Murray	Managing Director	n/a	1,977.5	n/a
David Descoteaux	Managing Director	n/a	1,830.8	n/a
Cyrus Kapadia	Managing Director	n/a	68.5	n/a
Carol Flaton	Director	n/a	18.4	n/a
Matthew Hart	Director	n/a	966	n/a
Sumeet Mehra	Vice President	n/a	1099	n/a
Aldo Polak	Vice President	n/a	1,040.8	n/a
Ian Mombru	Vice President	n/a	772	n/a
Colin Keenan	Vice President	n/a	1,340.6	n/a
Kshitij Bahtia	Associate	n/a	636.5	n/a
Greg Healey	Associate	n/a	1,438.5	n/a
Todd Breeden	Financial Analyst	n/a	359	n/a
Nicholas Page	Financial Analyst	n/a	751	n/a
Timothy Orazem	Financial Analyst	n/a	268.7	n/a

Name of Professional Individual	Position of the Applicant and Area of Expertise	Hourly Billing Rate (including Changes)	Total Hours Billed	Total Compensation
Paz Eshel	Financial Analyst	n/a	866.3	n/a
Edouard Gueyffier	Financial Analyst	n/a	666.3	n/a
Matthew Carey	Financial Analyst	n/a	863.1	n/a
Justin Lux	Financial Analyst	n/a	1,099.3	n/a
Donald Zhang	Financial Analyst	n/a	13.0	n/a
TOTALS			16,819.0	\$38,033,199.29

FINAL COMPENSATION BY PROJECT CATEGORY
NORTEL NETWORKS INC., ET AL.
(CASE NO. 09-10138 (KG))

January 14, 2009 – July 31, 2011

Project Categories	Total Hours	Total Fees
Interface with Company Personnel	959.6	n/a
Interface with Professionals, Official Committees, and Other Parties-In-Interest	2,568.0	n/a
Business Operations Planning, Monitoring, Reporting and Analysis, and Projections	160.0	n/a
Preparation and/or Review of Court Filings	62.8	n/a
Court Testimony/Deposition and Preparation	33.5	n/a
Valuation Analysis	153.8	n/a
Capital Structure Review and Analysis	323.6	n/a
Merger & Acquisition Processes	12,308.1	n/a
Financing Including DIP and Exit Financing	57.0	n/a
General Corporate Finance, Research and Analysis, and Other Due Diligence	74.1	n/a
Fee Application, Engagement	67.0	n/a
Cross Border Protocol and Foreign Operations	51.5	n/a
TOTAL	16,819.0	\$38,033,199.29

**FINAL EXPENSE SUMMARY
NORTEL NETWORKS INC., ET AL.
(CASE NO. 09-10138 (KG))**

January 14, 2009 – July 31, 2011

Expense Category	Service Provider (if applicable)	Total Expenses
Car Services and Taxis		\$49,480.43
Courier/Shipping		1,680.72
Electronic Information Service		17,921.74
Employee Meals		9,925.78
Legal Expenses		1,455.76
Legal Fees		37,152.17
Meals-Meetings/Travel		26,927.25
Miscellaneous – Travel Expense		1,341.50
Miscellaneous – Other		797.25
Photocopying Costs		22,511.84
Printing Consumables		189.92
Telephone/Telex/Fax-Usage		16,238.13
Temporary Wages		2,597.03
Travel		322,200.26
Total Expenses		\$510,419.78

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re	:	Chapter 11
	:	
Nortel Networks Inc., et al., ¹	:	Case No. 09-10138 (KG)
	:	
Debtors.	:	Jointly Administered
	:	
	:	Hearing Date: TBD
	:	Objections Due: July 25, 2017 at 4:00 p.m. (ET)

**FINAL APPLICATION OF LAZARD FRÈRES AND CO. LLC, AS FINANCIAL
ADVISOR AND INVESTMENT BANKER TO THE DEBTORS AND DEBTORS-
IN-POSSESSION, FOR ALLOWANCE OF COMPENSATION AND FOR
REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES
INCURRED FOR THE PERIOD FROM
JANUARY 14, 2009 THROUGH JULY 31, 2011**

Lazard Frères & Co. LLC ("Lazard"), as Financial Advisor and Investment Banker for the debtors in the above-captioned cases (collectively, the "Debtors"), submits this application (the "Application") for entry of an order, substantially in the form attached hereto as Exhibit A (the "Proposed Order") granting final allowance of compensation and reimbursement of expenses under sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States

¹ The reorganized Debtors in these chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Nortel Networks Inc. (6332), Nortel Networks Capital Corporation (9620), Nortel Altsystems, Inc. (9769), Nortel Altsystems International, Inc. (5596), Xros, Inc. (4181), Sonoma Systems (2073), Qtera Corporation (0251), CoreTek, Inc. (5722), Nortel Networks Applications Management Solutions Inc. (2846), Nortel Networks Optical Components Inc. (3545), Nortel Networks HPOCS Inc. (3546), Architel Systems (U.S.) Corporation (3826), Nortel Networks International Inc. (0358), Northern Telecom International Inc. (6286), Nortel Networks Cable Solutions Inc. (0567), and Nortel Networks (CALA) Inc. (4226). Nortel Networks India International Inc. (8667) remains a debtor in possession, and this fee application is not a final fee application with respect to Nortel Networks India International Inc. Contact information for the Debtors and their petitions are available at <http://chapter11.epiqsystems.com/nortel>.

Bankruptcy Court for the District of Delaware (the “Local Rules”), the United States Trustee’s Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses filed under 11 U.S.C. § 330, effective January 30, 1996 (the “U.S. Trustee Guidelines”) and the *Administrative Order Pursuant to 11 U.S.C. §§ 105(a) and 331, Fed. R. Bankr. P. 2016 and Del. Bankr. L.R. 2016-2 Establishing Procedures for Interim Compensation and Reimbursement of Fees and Expenses for Professionals and Official Committee Members* [D.I. 222] (the “Interim Compensation Procedures Order”). By this Application, Lazard seeks final allowance of reasonable compensation for professional services rendered by Lazard to the Debtors for the period January 14, 2009 through July 31, 2011 (the “Final Application Period”) and final reimbursement of actual and necessary expenses and disbursements incurred by Lazard in rendering professional services on behalf of the Debtors during the Final Application Period. In support of this Application, Lazard respectfully represents as follows:

JURISDICTION

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are sections 328 and 330 of the Bankruptcy Code, as supplemented by Bankruptcy Rule 2016, Local Rule 2016-2, the U.S. Trustee Guidelines, and the Interim Compensation Procedures Order.

BACKGROUND

3. On January 14, 2009 (the “Petition Date”), the Debtors commenced their bankruptcy cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. No trustee has been appointed in the Debtors’ jointly administered bankruptcy cases.

4. On February 13, 2009, the Debtors filed the *Application For An Order Authorizing Employment And Retention Of Lazard Frères & Co. LLC Nunc Pro Tunc To The Petition Date As Financial Advisor And Investment Banker For The Debtors And Debtors In Possession* [D.I. 294] (the “Retention Application”).

5. On March 20, 2009, this Court entered an order granting the Retention Application [D.I. 507] (the “Initial Retention Order”). The Initial Retention Order authorized the Debtors to retain, employ, and compensate Lazard pursuant to the terms and subject to the conditions of that certain letter agreement, dated as of January 13, 2009, between the Debtors and Lazard (the “Engagement Agreement”).² A copy of the Engagement Agreement was filed as Exhibit C to the Retention Application. The terms of the Debtors’ retention of Lazard were subsequently amended to reflect modifications to Lazard’s compensation arrangements [Docket Nos. 2561 and 6680] (the “Amended Retention Orders” and, together with the Initial Retention Order, the “Retention Orders”).

THE DEBTORS’ CHAPTER 11 PLAN

6. On January 23, 2017, the Debtors other than Nortel Networks India International Inc. (the “Confirmed Debtors”) filed the *First Amended Joint Chapter 11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors* (as modified, amended, or supplemented from time to time and including all exhibits thereto) [D.I. 17763] (the “Plan”) with this Court.

7. Following the hearing held on January 24, 2017, the Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the First Amended Joint Chapter*

² All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Engagement Agreement.

11 Plan of Nortel Networks Inc. and Certain of its Affiliated Debtors [D.I. 17795] (the “Confirmation Order”) confirming the Confirmed Debtors’ Plan. The Plan went effective on May 8, 2017 (the “Effective Date”). See D.I. 18176. Pursuant to the Plan, the Confirmation Order, and the Debtors’ notice of the occurrence of the Effective Date, all final requests for payment of Professional Claims (as defined in the Plan) must be filed by July 7, 2017. Such Professional Claims include all fees and expenses requested by Professionals from the Petition Date through the Effective Date against all Confirmed Debtors.

**FEES EARNED AND EXPENSES INCURRED
BY LAZARD DURING THE FINAL APPLICATION PERIOD**

8. As set forth in detail in the monthly fee applications filed by Lazard in the Debtors’ chapter 11 cases, Lazard’s compensation for the Final Application Period totals \$38,033,199.29 and is comprised of the following:

- (a) one Monthly Fee in the amount of \$250,000 for each month from January 2009 through April 2011,³ for total Monthly Fees of \$6,895,161.29; plus
- (b) two Sale Transaction Fees in the amounts of \$5,541,000.00 and \$4,927,000.00, respectively, payable upon consummation of the Debtors’ sales of the Debtors’ CDMA Assets and Enterprise Assets (as defined and discussed in the monthly fee statements filed by Lazard at Docket Nos. 2548 and 2549), for total Sale Transaction Fees of \$10,468,000.00; plus
- (c) four Minority Sale Transaction Fees in the gross amounts of \$4,066,000.00, \$986,000.00, \$1,562,000.00 and \$17,987,703.90, respectively, payable upon the consummation of the Debtors’ sales of the Optical and Carrier Ethernet Businesses, GSM/GSM-R Business, CVAS Business, MSS Businesses and IP Assets (as defined and discussed in the monthly fee statements filed by Lazard at Docket Nos. 3140, 3917 and 6810) less (i) crediting of applicable Monthly Fees in the amount of \$3,250,000.00 and (ii)

³ The Monthly Fee for January 2009 was prorated in the amount of \$145,161.29.

an agreed upon reduction between Lazard and the Debtors in the amount of \$161,665.94, resulting in total net Minority Sale Transaction Fees of \$20,670,037.96.

9. In addition to the compensation earned by Lazard during the Final Application Period, Lazard incurred expenses totaling \$510,419.78 during the same period in connection with its services to the Debtors. Detailed descriptions of the services rendered and itemized details of the expenses incurred by Lazard during the Final Application Period are set forth on Exhibits C and D, respectively, of the monthly fee applications filed by Lazard in these chapter 11 cases, which are incorporated by reference herein.

RELIEF REQUESTED

10. By this Application, Lazard requests entry of the Proposed Order, substantially in the form attached hereto as Exhibit A: (i) granting final allowance of compensation in the amount of \$38,033,199.29 for necessary and beneficial services that Lazard provided during the Final Application Period as the Debtors' financial advisor and investment banker, (ii) allowing final reimbursement of \$510,419.78 of actual, reasonable, and necessary expenses incurred in connection with Lazard's services to the Debtors, (iii) authorizing and directing the Confirmed Debtors to pay Lazard \$0.00, which equals the sum of such allowed compensation and reimbursement, less all amounts previously paid to Lazard by the Debtors,⁴ and (iv) granting such other further relief as the Court deems just and proper.

SUMMARY OF SERVICES BY PROJECT CATEGORY

11. During the Final Application Period, Lazard served as financial advisor and investment banker to the Debtors. The Debtors relied heavily on the experience and

⁴ As noted above, Lazard has previously been paid a total of \$38,434,679.10. That amount and the expense retainer of \$108,939.97 has been applied to this this Final Application, bringing the balance due to \$0.00 for the Final Application Period.

expertise of Lazard's highly skilled restructuring professionals who devoted significant time and effort to perform properly and expeditiously the required professional services. Such services are generally described below, with a more detailed identification of the actual services provided set forth in the each of the previously filed monthly fee applications.

- A. Assistance with General Bankruptcy: Lazard professionals participated in weekly planning sessions and other periodic meetings with the Debtor and its legal counsel concerning process and strategy issues related to the bankruptcy.
- B. Meetings/Calls with Company Management: Lazard professionals participated in calls and meetings with Company management to discuss the Chapter 11 process and strategy and the IP sale process. Lazard also participated in calls and meetings with the management team to assist in the preparation and review the Company's presentations prior to distribution to the various Creditor financial and legal advisors.
- C. Various M&A Processes: Lazard professionals conducted full-scale M&A processes for various Debtor assets and entities that included the preparation of informational memoranda, multiple rounds of bidding, detailed due diligence and site visits as well as negotiations with potential buyers. This process required Lazard professionals to respond to a host of calls and inquiries from various potential buyers and creditors.
- D. Preparation and Participation in Meetings with Creditors: Lazard prepared, reviewed, advised and assisted in the preparation of various presentation materials for each of the Debtor's creditor constituents. In addition, Lazard has engaged in nearly daily conversations with the various creditor advisors.

E. IP Assets Sale Process: Lazard devoted significant time and resources facilitating a sale of the Company's intellectual property assets. Following the Court's approval of the bidding Procedures, Lazard reinitiated a full scale marketing process, contacting approximately 100 parties likely to be interested and able to acquire the IP assets. Lazard professionals helped to field diligence questions from bidders, offered feedback on process-related issues and assisted the Company's counsel in the review of legal documents and related schedules. Following the final bid submission deadline, Lazard assisted the Company in analyzing the final bids, and reviewing such bids with the Nortel Leadership Team, the Unsecured Creditors' Committee and various other Nortel stakeholders. Lazard's efforts during the compensation period, and for the year prior while marketing the IP Assets, facilitated a successful auction which concluded on June 30, 2011, generating approximately \$4.5 billion in cash for the Nortel Estates.

F. Sale of Optical Networking and Carrier Ethernet Businesses and GSM/GSM-R Business: The sale of the Debtor's assets produced significantly greater value than initially expected for the Debtor and its creditors, due in part to Lazard's efforts to spur buyer interest throughout the sale process. In particular, Lazard created a bidding dynamic that resulted in a final sale prices for the Optical Networking and Carrier Ethernet Businesses and GSM/GSM-R Business that were significantly higher than expected and thereby contributed substantial value to the Debtor's estate.

- i) Preparation of the Buyer's Contact List - Lazard compiled a comprehensive contact list of potential buyers consisting of both strategic and financial parties. Lazard contacted potential financial and strategic buyers and signed confidentiality agreements.
- ii) Management of Sales Process - Lazard assisted the Debtors in conducting comprehensive M&A sale processes for the Optical Networking and Carrier Ethernet Businesses and GSM/GSM-R Business which included the following: (1) contacted and solicited interest from potential buyers, (2) distributed confidentiality agreements and process letters to interested parties, (3) provided answers to due diligence related questions and participated in conference calls with management as required, (4) requested indications of interest to be submitted by a certain date, (5) received and analyzed indications of interest submitted by interested buyers, (6) contacted interested parties which were selected to proceed to the next phase of the sale process, (7) assisted management with the preparation and presentation of the formal management presentation to interested parties, (8) assisted buyers in completing their due diligence, (9) notified interested parties of the requirement for submission of final offers and (10) received and analyzed offers received from interested parties, and (11) assisted in the negotiation of terms.
- iii) Valuation of Offers - Lazard prepared certain valuation analyses related to offers for the Optical Networking and Carrier Ethernet

Businesses and GSM/GSM-R Business and presented these findings to various parties including the Debtors' management, the Board of Directors, the Unsecured Creditors' Committee and the Court.

iv) Court Testimony - Lazard provided testimony before this Court on several occasions with respect to (i) the bidding procedures, (ii) the value of the transaction, and (iii) the auction process with respect to the Optical Networking and Carrier Ethernet businesses.

G. Sale of CVAS Business: The sale of the Debtor's assets produced significantly greater value than initially expected for the Debtor and its creditors, due in part to Lazard's efforts to spur buyer interest throughout the sale process.

i) Preparation of the Buyer's Contact List - Lazard compiled a comprehensive contact list of potential buyers consisting of both strategic and financial parties. Lazard contacted potential financial and strategic buyers and signed confidentiality agreements.

ii) Management of Sales Process - Lazard assisted the Debtors in conducting a comprehensive M&A sale process for the CVAS business which included the following: (1) contacted and solicited interest from potential buyers, (2) distributed confidentiality agreements and process letters to interested parties, (3) provided answers to due diligence related questions and participated in conference calls with management as required, (4) requested indications of interest to be submitted by a certain date, (5) received

and analyzed indications of interest submitted by interested buyers, (6) contacted interested parties which were selected to proceed to the next phase of the sale process, (7) assisted management with the preparation and presentation of the formal management presentation to interested parties, (8) assisted buyers in completing their due diligence, (9) notified interested parties of the requirement for submission of final offers and (10) received and analyzed offers received from interested parties, and (11) assisted in the negotiation of terms.

iii) Valuation of Offers - Lazard prepared certain valuation analyses related to offers for the CVAS business and presented these findings to various parties including the Debtors' management, the Board of Directors, the Unsecured Creditors' Committee and the Court.

iv) Court Testimony - Lazard provided testimony before this Court on several occasions with respect to (i) the bidding procedures, (ii) the value of the transaction, and (iii) the auction process with respect to the CVAS business.

H. Sale of MSS Business: Lazard professionals conducted a full-scale M&A process for the Multi Service Switch Business ("MSS Business") that included the preparation of informational memoranda, detailed due diligence, as well as negotiations with potential buyers. This process required Lazard professionals to respond to a host of calls and inquiries from various potential buyers and creditors, which resulted in the successful sale to Ericson.

- i) Management of Sales Process - Lazard assisted the Debtors in conducting a comprehensive M&A sale process for the MSS Business which included the following: (1) compiled a comprehensive contact list of potential buyers and solicited interest from these potential buyers, (2) distributed confidentiality agreements and process letters to interested parties, (3) provided answers to due diligence questions and participated in calls with management, (4) received and analyzed indications of interest submitted by interested buyers, (5) contacted interested parties which were selected to proceed to the next phase of the sale process, (6) assisted buyers in completing their due diligence, (7) notified interested parties of the requirement for submission of final offers, (8) received and analyzed offers received from interested parties, and (9) assisted in the negotiation of final terms.
- ii) Valuation of Offers - Lazard prepared certain valuation analyses related to offers for the MSS Business and presented these findings to various parties including the Debtors' management, the Board of Directors, the Unsecured Creditors' Committee and the Court.
- iii) Court Testimony - Lazard provided testimony before this Court on several occasions with respect to (i) the bidding procedures, (ii) the value of the transaction, and (iii) the auction process with respect to the MSS Business.

I. Sale of IP Assets: Lazard's devoted significant time and effort to spur buyer interest throughout the sale process, which resulted in the successful sale to Rockstar.

- i) Management of Sales Process - Lazard assisted the Debtors in conducting a comprehensive M&A sale process for the IP Assets which included the following: (1) compiled a comprehensive contact list of potential buyers and solicited interest from these potential buyers, (2) distributed confidentiality agreements and process letters to interested parties, (3) provided answers to due diligence questions and participated in calls with management, (4) received and analyzed indications of interest submitted by interested buyers, (5) contacted interested parties which were selected to proceed to the next phase of the sale process, (6) assisted buyers in completing their due diligence, (7) notified interested parties of the requirement for submission of final offers, (8) received and analyzed offers received from interested parties, and (9) assisted in the negotiation of final terms.
- ii) Valuation of Offers - Lazard prepared certain valuation analyses related to offers for the IP Assets and presented these findings to various parties including the Debtors' management, the Nortel Leadership Team, the Unsecured Creditors' Committee and various other Nortel stakeholders.
- iii) Court Testimony - Lazard provided testimony before this Court on several occasions with respect to (i) the bidding procedures, (ii) the

value of the transaction, and (iii) the auction process with respect to the IP Assets.

12. Lazard endeavored to represent the Debtors in the most expeditious and economical manner possible. Moreover, Lazard has endeavored to coordinate with the other professionals involved in these cases so as to minimize any duplication of effort and to minimize fees and expenses to the Debtors. Lazard believes it has been successful in this regard.

13. Lazard charges \$.10 or less per page for black and white photocopying and \$.80 or less per page for color photocopying.

14. Lazard charges \$1.00 per page for outgoing domestic facsimiles and does not charge for incoming facsimiles.

15. Lazard's fees are based on the customary compensation charged by comparably skilled professionals in cases other than cases under Title 11.

16. No agreement or understanding exists between Lazard and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

17. The undersigned has reviewed the requirements of Local Rule 2016-2 and certifies to the best of his information, knowledge, and belief that this Application complies with that Rule.

[The remainder of the page is intentionally blank.]

WHEREFORE, Lazard respectfully requests that this Court enter the Proposed Order, substantially in the form attached hereto as Exhibit A, (i) granting final allowance of compensation in the amount of \$38,033,199.29 for necessary and beneficial services that Lazard provided during the Final Application Period as the Debtors' financial advisor and investment banker, (ii) allowing final reimbursement of \$510,419.78 of actual, reasonable, and necessary expenses incurred in connection with Lazard's services to the Debtors, (iii) authorizing and directing the Confirmed Debtors to pay Lazard \$0.00, which equals the sum of such allowed compensation and reimbursement, less all amounts previously paid to Lazard by the Debtors,⁵ and (iv) granting such other further relief as the Court deems just and proper.

Dated: July 5, 2017
New York, New York

LAZARD FRÈRES & CO. LLC

/s/ Andrew Yearley

Andrew Yearley
Managing Director
Lazard Frères & Co. LLC
30 Rockefeller Plaza, 61st Floor
New York, NY 10020
(212/632-6000)

*Investment Banker and Financial Advisor to the
Debtors*

⁵ As noted above, Lazard has previously been paid a total of \$38,434,679.10. That amount and the expense retainer of \$108,939.97 has been applied to this this Final Application, bringing the balance due to \$0.00 for the Final Application Period.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re	:	Chapter 11
	:	
Nortel Networks Inc., et al., ¹	:	Case No. 09-10138 (KG)
	:	
Debtors.	:	Jointly Administered
	:	
	:	<u>Hearing Date:</u> TBD
	:	<u>Objections Due:</u> July 25, 2017 at 4:00 p.m. (ET)
	:	
	X	

**NOTICE OF FINAL APPLICATION OF LAZARD FRÈRES AND CO. LLC, AS
FINANCIAL ADVISOR AND INVESTMENT BANKER TO THE DEBTORS AND
DEBTORS-IN-POSSESSION, FOR ALLOWANCE OF COMPENSATION AND
FOR REIMBURSEMENT OF ALL ACTUAL AND NECESSARY EXPENSES
INCURRED FOR THE PERIOD FROM
JANUARY 14, 2009 THROUGH JULY 31, 2011**

PLEASE TAKE NOTICE that on July 5, 2017, Lazard Frères & Co. LLC (“Lazard”) filed the **Final Application of Lazard Frères & Co. LLC, as Financial Advisor and Investment Banker to the Debtors and Debtors-In-Possession, for Allowance of Final Compensation and for Final Reimbursement of All Actual and Necessary Expenses Incurred for the Period of January 14, 2009 through July 31, 2011.**

PLEASE TAKE FURTHER NOTICE that objections, if any, to the approval of the relief requested in the Application must be (a) in writing; (b) filed with the Clerk of the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **July 25, 2017 at 4:00 p.m. (ET)** (the “Objection Deadline”); and (c) served on the undersigned counsel as to be received on or before the Objection Deadline.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s tax identification number, are: Nortel Networks Inc. (6332), Nortel Networks Capital Corporation (9620), Nortel Altsystems, Inc. (9769), Nortel Altsystems International, Inc. (5596), Xros, Inc. (4181), Sonoma Systems (2073), Qtera Corporation (0251), CoreTek, Inc. (5722), Nortel Networks Applications Management Solutions Inc. (2846), Nortel Networks Optical Components Inc. (3545), Nortel Networks HPOCS Inc. (3546), Architel Systems (U.S.) Corporation (3826), Nortel Networks International Inc. (0358), Northern Telecom International Inc. (6286), Nortel Networks Cable Solutions Inc. (0567), and Nortel Networks (CALA) Inc. (4226). Nortel Networks India International Inc. (8667) remains a debtor in possession, and this fee application is not a final fee application with respect to Nortel Networks India International Inc. Contact information for the Debtors and their petitions are available at <http://chapter11.epiqsystems.com/nortel>.

PLEASE TAKE FURTHER NOTICE THAT only objections made in writing and timely filed and received, in accordance with the procedures above, will be considered by the Bankruptcy Court at such hearing.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE APPLICATION WILL BE HELD ON **A DATE TO BE DETERMINED** BEFORE THE HONORABLE KEVIN GROSS, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 6TH FLOOR, COURTROOM #3, WILMINGTON, DELAWARE 19801.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: July 5, 2017
Wilmington, Delaware

CLEARY GOTTlieb STEEN & HAMILTON LLP

James L. Bromley (admitted pro hac vice)
Lisa M. Schweitzer (admitted pro hac vice)
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000
Facsimile: (212) 225-3999

- and -

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Andrew J. Roth-Moore
Derek C. Abbott (No. 3376)
Eric D. Schwartz (No. 3134)
Andrew R. Remming (No. 5120)
Tamara K. Minott (No. 5643)
Andrew J. Roth-Moore (No. 5988)
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, DE 19899-1347
Telephone: (302) 658-9200
Facsimile: (302) 658-3989

Counsel for the Wind-Down Debtors and Debtor-In-Possession

EXHIBIT A

PROPOSED ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re	:	Chapter 11
	:	
Nortel Networks Inc., et al., ¹	:	Case No. 09-10138 (KG)
	:	
Debtors.	:	Jointly Administered
	:	
	X	Re: D.I. __

**ORDER GRANTING FINAL APPLICATION OF LAZARD FRÈRES AND CO.
LLC, AS FINANCIAL ADVISOR AND INVESTMENT BANKER TO THE
DEBTORS AND DEBTORS-IN-POSSESSION, FOR ALLOWANCE OF
COMPENSATION AND FOR REIMBURSEMENT OF ALL ACTUAL AND
NECESSARY EXPENSES INCURRED FOR THE PERIOD
JANUARY 14, 2009 THROUGH JULY 31, 2011**

Upon consideration of the final application (the “Final Application”) of Lazard Frères & Co. LLC (“Lazard”), Financial Advisor and Investment Banker for the debtors in the above-captioned cases (collectively, the “Debtors”), for final allowance of compensation for the period from January 14, 2009 through July 31, 2011; the Court having reviewed the Final Application; and finding that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and determining that proper and adequate notice has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s tax identification number, are: Nortel Networks Inc. (6332), Nortel Networks Capital Corporation (9620), Nortel Altsystems, Inc. (9769), Nortel Altsystems International, Inc. (5596), Xros, Inc. (4181), Sonoma Systems (2073), Qtera Corporation (0251), CoreTek, Inc. (5722), Nortel Networks Applications Management Solutions Inc. (2846), Nortel Networks Optical Components Inc. (3545), Nortel Networks HPOCS Inc. (3546), Architel Systems (U.S.) Corporation (3826), Nortel Networks International Inc. (0358), Northern Telecom International Inc. (6286), Nortel Networks Cable Solutions Inc. (0567), and Nortel Networks (CALA) Inc. (4226). Nortel Networks India International Inc. (8667) remains a debtor in possession, and this fee application is not a final fee application with respect to Nortel Networks India International Inc. Contact information for the Debtors and their petitions are available at <http://chapter11.epiqsystems.com/nortel>.

IT IS HEREBY ORDERED that:

1. The Final Application is **GRANTED**.
2. Lazard is allowed final compensation in the amount of \$38,033,199.29, for services rendered to or on behalf of the Debtors, and expenses of \$510,419.78 on a final basis for total compensation and reimbursement of \$38,543,619.07.
4. The Debtors are authorized and directed to remit the amounts approved by this Order to Lazard, less all amounts previously paid to Lazard on account of such compensation and reimbursement.
5. The Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.
6. This Order shall be effective immediately upon entry.

Dated: _____, 2017
Wilmington, Delaware

THE HONORABLE KEVIN GROSS
UNITED STATES BANKRUPTCY JUDGE

CERTIFICATE OF SERVICE

I, Andrew J. Roth-Moore, certify that I am not less than 18 years of age, and that service of the foregoing **Final Application of Lazard Frères & Co. LLC, as Financial Advisor and Investment Banker to the Debtors and Debtors-In-Possession, for Allowance of Final Compensation and for Final Reimbursement of All Actual and Necessary Expenses Incurred for the Period of January 14, 2009 through July 31, 2011** was caused to be made on July 5, 2017, in the manner indicated upon the entities identified below.

Date: July 5, 2017

/s/ Andrew J. Roth--Moore
Andrew J. Roth-Moore (No. 5988)

VIA HAND DELIVERY

Christopher M. Samis, Esq.
L. Katherine Good, Esq.
Whiteford Taylor & Preston LLC
The Renaissance Center
405 N. King Street, Suite 500
Wilmington, DE 19801
(Counsel for Official Committee
Of Unsecured Creditors)

VIA HAND DELIVERY & EMAIL

Mark Kenney, Esq.
Office of the U.S. Trustee
844 King Street
Suite 2207, Lockbox 35
Wilmington, DE 19801-3519
Email: Mark.Kenney@usdoj.gov
(Trustee)

VIA FIRST CLASS MAIL & EMAIL

Judith Scarborough CPA/ABV CVA
Master, Sidlow & Associates, P.A.
2002 West 14th Street
Wilmington, DE 19806
Email: jscarborough@mastersidlow.com

VIA FIRST CLASS MAIL

Nortel Networks Inc.
PO Box 591669
Attn: Mary Cilia
Houston, TX 77259

Fred S. Hodara, Esq.
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036
(Counsel for Official Committee
Of Unsecured Creditors)