

Hearing Date: February 11, 2004, at 2:30 p.m.  
Objections Due: January 23, 2004, at 4:00 p.m.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: :  
: Chapter 11  
GENUITY INC., et al., :  
: Case No. 02-43558 (PCB)  
: Debtors. : (Jointly Administered)  
:  
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**ORDER APPROVING APPLICATION OF NORTEL NETWORKS INC.  
FOR ALLOWANCE AND PAYMENT OF ADMINISTRATIVE EXPENSE  
CLAIM FOR REIMBURSEMENT OF PROFESSIONAL FEES INCURRED  
PURSUANT TO 11 U.S.C. §§ 503(b)(3) AND (4)**

Upon the Application of Nortel Networks Inc. for Allowance and Payment of an Administrative Expense Claim for Reimbursement of Professional Fees Incurred Pursuant to 11 U.S.C. §§ 503(b)(3) and (4), dated December 31, 2003, (the "Application")<sup>1</sup>; and upon the record of the hearing on the Application; and after due deliberation, and good and sufficient case appearing therefore,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

1. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B), and (O). Venue is proper before this Court under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicate for the relief sought in the Application are sections 503(b)(3) and (4) of title 11 of the United States Code (the "Bankruptcy Code").

3. Proper, timely, adequate and sufficient notice of the Application, hearing and this Order has been provided in accordance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules, such notice was

<sup>1</sup> All capitalized terms not defined herein shall have the meanings ascribed to them in the Application.

good and sufficient, and appropriate under the circumstances, and no other or further notice of the Application, the hearing or this Order is or shall be required.

4. All interested parties had a reasonable opportunity to object or be heard with respect to the Application and the relief requested therein.

5. Nortel Network Inc.'s ("Nortel") actions as a member of the Creditors' Committee in negotiating, documenting and helping seek approval of the Settlement and the Plan and Disclosure Statement that were based on the Settlement have enhanced the value of the Debtors' estates for the benefit of the Debtors' creditors as a whole. Nortel has made a substantial and beneficial contribution to the administration of these bankruptcy cases. Nortel has achieved these results through the services of Lovells, acting as counsel to Nortel.

6. The Application documents Lovells' actual fees, which were incurred by Nortel for the benefit of the Debtors and their estates, in the amount of \$345,020.00 (the "Reimbursement Claim"), all of which is entitled to allowance and payment, pursuant to 11 U.S.C. §§ 503(b)(3) and (4).

7. Nortel's substantial contribution to these chapter 11 cases justifies payment of the Reimbursement Claim as an administrative expense.

**NOW THEREFORE, IT IS HEREBY:**

ORDERED that the Application is granted and that any objections thereto are overruled on the merits; and it is further

ORDERED that the Debtors, through the Liquidating Trust established under the Plan, shall promptly pay to Nortel the sum of \$345,020.00 as an allowed administrative claim pursuant to 11 U.S.C. §§ 503(b)(3) and (4) for reimbursement of actual and necessary fees incurred by Nortel in providing a substantial contribution to these bankruptcy cases; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: New York, New York  
February 11, 2004

/s/ Prudence Carter Beatty  
Honorable Prudence C. Beatty  
United States Bankruptcy Judge