

## **EXHIBIT B**

## **ALLOCATION PROTOCOL**

1. **Purpose.** The purpose of this Allocation Protocol is for the U.S. and Canadian Courts<sup>1</sup> to set forth binding procedures for the allocation of the Sale Proceeds among the Selling Debtors and the Non-Filed Entities (any hearing regarding same, an “Allocation Protocol Hearing,” and any discovery regarding same, “Allocation Protocol Discovery”). Creditor claims, including but not limited to intercompany claims by and between any Nortel entities, their representatives or successors (“Intercompany Claims”) are not covered by or subject to this Allocation Protocol. All Intercompany Claims between the U.S. Debtors and Canadian Debtors shall be addressed in accordance with the Cross-Border Protocol and the Cross-Border Claims Protocol. All other Intercompany Claims shall be addressed in accordance with the claims reconciliation process established by the Nortel entity against which any Intercompany Claim is made.
2. **Participants.** Each of the Selling Debtors, the Committee, the Bondholder Group, the Monitor, the Joint Administrators and the Non-Filed Entities (collectively, the “Parties” and each individually, a “Party”)<sup>2</sup> and their authorized representatives will have standing to fully participate in and submit written statements, present oral arguments and otherwise directly participate in any and all hearings before the U.S. and Canadian Courts arising under or relating to this Allocation Protocol, as well as any and all discovery, depositions and examinations contemplated herein.
3. **Cross-Border Protocol.** Any and all Allocation Protocol Hearings shall proceed in accordance with the Cross-Border Protocol, unless otherwise ordered by the U.S. and Canadian Courts.
4. **Procedures.** The U.S. and Canadian Courts will determine the procedures that will govern the Allocation Protocol Hearings and related Allocation Protocol Discovery. In recognition of the extensive discovery already conducted by the Parties to date in connection with the non-binding mediation sessions, the Allocation Protocol Discovery and Allocation Protocol Hearings shall proceed in an expeditious manner.
  - a. **Fact Discovery.** The U.S. and Canadian Courts will facilitate the Parties’ exchange of fact discovery by determining the following:
    - i. the deadline for identification of fact witnesses and number of fact witnesses allowed;
    - ii. the deadline for service of reasonable requests for the production of non-privileged documents on any other Party;

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Joint Motion for Entry of an Order Establishing an Allocation Protocol Pursuant to the Interim Funding and Settlement Agreement, and for Related Relief, dated April 25, 2011.

<sup>2</sup> The listed parties are either signatories to or have rights under the IFSA or the Escrow Agreements.

- iii. the deadline for objections to any Party's document requests; and
  - iv. the deadline for completion of depositions, the number of depositions permitted, and the time allowed for such depositions for each party.
- b. Experts. The U.S. and Canadian courts shall facilitate expert discovery by determining the following:
  - i. the deadline for and format of expert reports (including exhibits), which shall constitute the direct testimony of each expert;
  - ii. the deadline for and format of rebuttal expert reports (including exhibits); and
  - iii. the deadline for completion of expert depositions and the time allowed for such expert depositions.
- c. Joint Conferences. The U.S. and Canadian Courts shall be available for joint conferences to resolve any discovery disputes among the Parties and to receive updates as to the status of the proceedings. The U.S. and Canadian courts will determine when joint conferences may be set.
- d. Joint Hearings. The U.S. and Canadian Courts shall have joint hearings on the merits. The U.S. and Canadian Courts shall determine:
  - i. the date(s) for an opening hearing on the Parties' allocation positions (prior to factual discovery) and the rules governing such hearing;
  - ii. the date(s) for an evidentiary hearing on the merits (after the close of fact and expert discovery and after the completion of written submissions) and the rules governing such hearing, during which opening and closing statements shall be made and cross-examination and limited redirect examination of fact and expert witnesses shall take place; and
  - iii. the procedure for requesting or setting joint conferences as necessary to resolve any discovery disputes among the Parties or to receive updates to the status of the proceedings.
- e. Written Submissions. The U.S. and Canadian Courts will determine:
  - i. the deadline for and format of opening submissions (including exhibits);
  - ii. the deadline for and format of fact affidavits to accompany the opening submissions, which shall constitute the direct testimony of each fact witness;

- iii. the deadline for and format of reply submissions (including exhibits); and
  - iv. the deadline for and format of fact affidavits to accompany the reply submissions.
5. Decision. After the completion of Allocation Protocol Discovery and the Allocation Protocol Hearings, the U.S. and Canadian Courts shall issue a decision on the merits.