

---

# Hughes Hubbard & Reed

## Firm Assists Nortel in Settlement of \$7.3B Allocation Dispute

### News & Events

Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership  
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

Attorney advertising. Readers are advised that prior results do not guarantee a similar outcome. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. For information regarding the selection process of awards, please visit <https://www.hugheshubbard.com/legal-notice-methodologies>.

---

**February 3, 2017** — Hughes Hubbard helped lead the European affiliates of Nortel Networks to a final resolution of their protracted insolvency proceedings when courts in the U.S. and Canada approved a global settlement of the Nortel debtors' \$7.3 billion allocation dispute, paving the way for distributions to creditors of the former telecommunications giant.

At a joint hearing on Jan. 24, 2017, judges in Delaware and Canada signed off on Nortel's global settlement agreement, ending an eight-year international dispute over how to divide the \$7.3 billion raised from the company's liquidation. The courts also confirmed the Nortel debtors' U.S. plan of reorganization and sanctioned the Canadian plan of compromise and arrangement. The coordinated court approval will enable repayment later this year to more than 30,000 retirees in England and Canada, U.S. bondholders, as well as vendors and pension protection funds.

U.S. Bankruptcy Judge Kevin Gross in Delaware called the settlement "a wonder and wonderful."

"It is particularly gratifying to know that a sophisticated group of parties represented by the finest counsel came together to settle the issues," he said from the bench. "People are suffering and it's time to make payment."

Ontario Superior Court Justice Frank Newbould in Toronto called it "a happy day in this case."

Nortel collapsed in January 2009 after an accounting scandal and downturn in the telecommunications industry. After determining there was little hope for reorganizing, the company sold off its global businesses in the coordinated bankruptcy sales, raising \$7.3 billion in proceeds but triggering a legal battle among the estates of the company's European, Canadian and U.S. units over how to divide those proceeds.

HHR represented Nortel's European estates in an unprecedented cross-border trial simultaneously before the U.S. and Canadian courts that lasted six weeks in 2014. In May 2015, Judge Gross and Justice Newbould issued separate decisions in which they agreed that the money should be distributed among the various estates on a

mostly pro rata basis, in proportion to the allowed creditor claims against each estate as a percentage of the total allowed creditor claims against all estates. The Nortel U.S. affiliates and their creditors appealed both orders, but settlement talks continued, ultimately leading to a negotiated final resolution of how to divide the money.

Under the terms of the settlement, 18.5 percent of the proceeds, or \$1.3 billion, will go to the European estate; 57.1 percent, or \$4.1 billion, to the Canadian estate; and 24.4 percent, or \$1.8 billion, to the U.S. units. The European units will receive a greater percentage than what HHR argued for at trial.

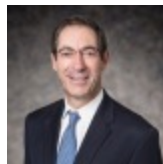
The hearing made headlines in The Wall Street Journal, Reuters, Law360 and other news outlets.

Derek Adler led the HHR Nortel team which, also included Bill Maguire, Neil Oxford, Gabrielle Glemann, Fara Tabatabai, Amina Hassan, Charles Huberty, Miles Orton, Caroline Parker-Beaudrias, Lena Saltos, Mei Li Zhen and Matthew Reynolds.

## **Related People**



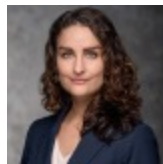
**Derek J.T. Adler**



**William R. Maguire**



**Neil J. Oxford**



**Fara Tabatabai**



**Amina Hassan**



**Miles Orton**



**Caroline Parker-Beaudrias**

## **Related Areas of Focus**

Corporate Reorganization & Bankruptcy.