

**FORMER AND DISABLED  
NORTEL EMPLOYEES  
WEBCAST  
AUGUST 25, 2009**

**KOSKIE  
MINSKY<sub>LLP</sub>  
BARRISTERS & SOLICITORS**





# INTRODUCTIONS

**DON SPROULE – Chair NRPC**

**PAULA KLEIN**

**SUE KENNEDY**

**MARK ZIGLER – KM Partner**

**SUSAN PHILPOTT – KM Partner**



# INTRODUCTIONS

**MARCEL RIVEST – Quebec Counsel**

**GUS TERTIGAS – Richter's  
(business advisors)**

**RON OLSEN – Segal (actuaries)**



# REPRESENTATION ORDERS

## (i) FORMER EMPLOYEES\*

- DON SPROULE
- DAVID ARCHIBALD
- MICHAEL CAMPBELL

## (ii) DISABLED EMPLOYEES

- SUE KENNEDY

**\* note exclusions for former CEO's, board members, opt outs and others.**



# OTHER EMPLOYMENT CLAIMS

**(iii) ACTIVE NON-UNION  
EMPLOYEES**

**(iv) CAW MEMBERS + OPT OUTS**



# OUTLINE OF PRESENTATION

- (a) Update on Nortel liquidation and asset sales**
- (b) Claims process & categories of claims**
- (c) Status of Pension Plan**
- (d) Status of Health Trust and LTD Payments**
- (e) Severance claims and our appeal**
- (f) Other claims**



# OUTLINE OF PRESENTATION

(cont'd)

- (g) Hardship cases**
- (h) Patents**
- (i) Next steps**
- (j) Questions**



# ASSET SALES UPDATE

## Gus Tertigas - Richter's:

1. Current transactions
2. Future transactions
3. State of the company
4. Funding Canadian operations





# ASSET ALLOCATION ISSUES

- (1) Canada estate**
- (2) US estate**
- (3) UK estate**
- (4) Others**



# ASSETS

- **Sales proceeds**
- **Cash**
- **IP**



# ASSET ALLOCATION

## (a) The “Lock Box”

## (b) The Claimants

- US only creditors
- Bondholders
- Canada only creditors
- Other creditors



# ASSET ALLOCATION

## (cont'd)

### (c) Unlocking the Box

- negotiation
- litigation



# CLAIMS PROCESS IN CANADA

- To ascertain claims value – payment is a long way off
- Register claims
- “Compensation” Claims
- Future challenges to claims



# CLAIMS PROCESS: EMPLOYMENT CLAIMS

- (1) Report to court by September 30, 2009 on Employment Claims Process to be negotiated with Monitor
- (2) Involves gathering & analyzing data and actuarial analysis



# CLAIMS PROCESS

- (3) Negotiating a system that works and is understandable
- (4) Obtaining verification from individuals
- (5) Omnibus claim



# TYPES OF CLAIMS

1. SEVERANCE PAY
2. TRA / RAP
3. PENSION PLANS
4. HEALTH BENEFITS
5. RETIREE LIFE INSURANCE





# TYPES OF CLAIMS (cont'd)

6. LONG TERM DISABILITY
7. SURVIVOR BENEFITS
8. SERP AND EXCESS PLANS
9. ANNUITIES
10. PATENTS
11. OTHER




# DEFINED BENEFIT PENSION PLAN ISSUES

March 31, 2009

Estimated Status

**Wind Up Ratio 69%**

**Solvency Ratio is Higher  
(generally by 10%)**



**Assets            \$2.6 Billion**  
**Liabilities       \$3-3.7 Billion**

- **Constantly in flux**
- **69% CV payouts for now**
- **Pensions in pay continue**
- **Regulatory Wind-Up Process**
- **Ontario PBGF**



# OBJECTIVES (PENSION PLAN)

- (1) Avoid immediate wind up in current circumstances and keep pensions in pay while Nortel funds
- (2) Work with key Regulators (Ontario and Quebec) and stakeholders to preserve pension value and avoid wind up while claims are made.



# OBJECTIVES (PENSION PLAN)

(cont'd)

- (3) Get PBGF support for Ontario members
- (4) Maximize recovery for pension fund in CCAA process
- (5) Get government support
- (6) Minimize hardship



# SEVERANCE CLAIMS

## OBJECTIVES

1. Appeal to Court of Appeal on Minimum Standards Payments
2. Maximize Recovery in CCAA process



# DISABILITY INCOME, LIFE AND HEALTH CLAIMS

- Currently paid through H & W Trust in the ordinary course
- Trust has assets
- LTD & Retiree Life Benefits partially pre-funded by Nortel in the past



# H & W TRUST

**(1) What is this?**

**(2) How is it funded?**

**(3) What benefits does it cover?**

- Health and dental
- Life insurance
- Disability
- Survivor income benefit
- Optional life for active employees





# H & W TRUST

## OBJECTIVES

- (1) QUANTIFY CLAIMS**
- (2) DETERMINE USE OF EXISTING ASSETS**
- (3) PROTECT THE MEMBERS AS MUCH AS POSSIBLE**



**(4) ENSURE TAX EFFECTIVE PAY  
OUTS AND CONTINUATION OF  
SOME BENEFITS IF POSSIBLE**



# DISABILITY BENEFITS

- No insurance policy – ASO contract only
- No obligation on purchasers to accept liability
- Nortel partially pre-funded the LTD



# OTHER CLAIMS

- (1) TRA / RAP**
- (2) EXCESS PLAN & SERPs**
- (3) ANNUITIES**
- (4) OTHER PAYMENTS**
- (5) PATENTS**



# **OTHER MATTERS - UPDATE**

- (1) POLITICAL ISSUES AND NRPC LOBBYING**
- (2) RETURN OF \$150 RETAINER**
- (3) HARDSHIP CASES**



# NEXT STEPS IN CCAA

- (1) Selling assets
- (2) Quantifying claims
- (3) Dealing with remaining Nortel operations
- (4) Allocating assets
- (5) CCAA Plan or Bankruptcy (?) distribution



# ROLE OF COUNSEL AND NRPC

- (1) Advocate claims and pursue statutory rights
- (2) Maximize Canadian estate assets
- (3) Quantify former employee claims and protect rights
- (4) Work to achieve pension plan continuity and health plan resolution
- (5) Maximize recovery on all claims



# CONCLUSION

## PATIENCE AND PERSEVERANCE





# QUESTIONS?

## English or en Français