

APPENDIX “D” – TERMINATION AND SEVERANCE CLAIM METHODOLOGY

TABLE OF CONTENTS

Appendix “D-1” – Description of Termination and Severance Claim Methodology

A. Pre-Filing Terminated Employees – The Pre-Filing Terminated Employee Termination and Severance Claim Methodology	1
B. Post-Filing Terminated Employees – The Post-Filing Terminated Employee Termination and Severance Claim Methodology	8
C. Post-Filing Transferred Employees – The Post-Filing Transferred Employee Termination and Severance Claim Methodology	14
D. Pensioner Eligible Terminated Employees – The Pensioner Eligible Terminated Employee Termination and Severance Claim Methodology	19
E. LTD Beneficiaries – The LTD Beneficiary Termination and Severance Claim Methodology	23
F. Active Employees	26

Appendix “D-2” – Aggregate Severance Grid

Appendix “D-3 – Severance Grid Formulae

APPENDIX D
TERMINATION AND SEVERANCE CLAIM METHODOLOGY¹

1. This Appendix sets out the proposed termination and severance claim methodology (the methodology described below and as reflected in the Severance Grid attached as Appendices D-2 and D-3 and the Mercer 2011 Valuations attached as Appendices “B” and “C”, the “**Termination and Severance Claim Methodology**”), as applicable to each of the categories of Employees described below.

A. Pre-Filing Terminated Employees – The Pre-Filing Terminated Employee Termination and Severance Claim Methodology

2. The termination and severance claims of Terminated Employees who were terminated or received notice of termination prior to the Filing Date and have amounts owing to them under their termination agreements (the “**Pre-Filing Terminated Employees**”) will be calculated in accordance with their termination agreements, which differ and encompass different kinds of payments. Because of these differences, a consistent methodology must be applied to calculate the amounts outstanding.
 - (a) For Pre-Filing Terminated Employees who were bridged to retirement pursuant to their termination agreements (that is, employees whose termination agreements provided for a notice period equal to the amount of time required to make them pensioner eligible² or eligible for an enhanced early retirement pension under the defined benefit plan) (collectively, “**Pre-Filing Terminated Bridging**

¹ Capitalized terms used but not otherwise defined herein have the meaning given to them in the Seventy-Fifth Report.

² For the purposes of this Appendix and the Termination and Severance Claim Methodology described herein, pensioner eligible means an employee who is eligible to retire.

Employees”³), the following periods are used in the calculation of the Termination and Severance Pay Claim:

- (i) the notice period set out in the termination agreement (the “**Pre-Filing Bridging Notice Period**”); and
 - (ii) the bridging period set out in the termination agreement, being the period equal to the amount of time required following the Pre-Filing Bridging Notice Period to make the employee pensioner eligible or eligible for an enhanced early retirement pension under the defined benefit plan (the “**Bridging Period**”, together with the Pre-Filing Bridging Notice Period, the “**Pre-Filing Notice/Bridging Period**”).
- (b) Pre-Filing Terminated Bridging Employees have a Termination and Severance Pay Claim for:
- (i) the amount of severance outstanding under the termination agreement calculated as:
 - 1. base weekly salary (based on the employee’s base salary as at the date the employment was terminated and calculated as reflected in chart 1 of the Severance Grid Formulae) for the Pre-Filing Bridging Notice Period, plus
 - 2. the severance amount set out in the termination agreement, minus
 - 3. any payments made by the Applicants under the termination agreement;
 - (ii) employee benefits (excluding pension accrual and vacation pay) during the outstanding Pre-Filing Notice/Bridging Period (determined as reflected

³ Pre-Filing Terminated Bridging Employees are employees who were terminated prior to the Filing Date and whose termination agreements provided for a special leave of absence prior to pension (“**SPLA**”) at the date of termination provided for therein.

in chart 1 of the Severance Grid Formulae, the “**Outstanding Notice/Bridging Period**”) calculated as 5.14% of the base weekly salary for the Outstanding Notice/Bridging Period;

- (iii) vacation pay on any outstanding ESA Minimum Notice Period (determined as reflected in chart 1 of the Severance Grid Formulae) based on vacation accrual pursuant to the Nortel Vacation Policy and base weekly salary;
- (iv) pension accrual during the Outstanding Notice/Bridging Period as follows: an additional claim amount for any lost pension growth during the Outstanding Notice/Bridging Period (for those employees with continued eligibility under the defined benefit plan) or for lost pension contributions during the Outstanding Notice/Bridging Period (for those employees participating in the defined contribution pension plans) calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;
- (v) if a Pre-Filing Terminated Bridging Employee becomes eligible for Pensioner M&D and/or Pensioner Life by the end of the Pre-Filing Notice/Bridging Period, an additional claim amount for these benefits calculated in accordance with the Mercer 2011 Non-Pension Benefits Valuation;
- (vi) if a Pre-Filing Terminated Bridging Employee becomes eligible under a Non-Registered Pension Plan by the end of the Pre-Filing Notice/Bridging Period, an additional claim amount under these plans calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation; and
- (vii) notwithstanding the foregoing, a Pre-Filing Terminated Bridging Employee who was pensioner eligible at the date of termination and opted to take a commuted value under Part 1 of the Managerial Plan or Program I of the Negotiated Plan:

1. is entitled to a Termination and Severance Pay Claim set out in 2(b)(iv) above; and
 2. is not entitled to a Termination and Severance Pay Claim set out in 2(b)(v) and 2(b)(vi) (with respect to TRA and RAP) above;
- (c) Pre-Filing Terminated Employees who were on salary continuance pursuant to their termination agreements (“**Pre-Filing Terminated Salary Continuance Employees**”) have a Termination and Severance Pay Claim for:
- (i) the amount of severance outstanding under the termination agreement calculated as:
 1. base bi-weekly salary (in the amount set out in the termination agreement and calculated as reflected in chart 2 of the Severance Grid Formulae) during the salary continuance period set out in the termination agreement (the “**Salary Continuance Period**”), minus
 2. any payments made by the Applicants under the termination agreement,(the “**Salary Continuance Base Severance Amount**”);
 - (ii) employee benefits (excluding pension accrual and vacation pay) during the outstanding Salary Continuance Period (which outstanding period is determined as reflected in chart 2 of the Severance Grid Formulae, the “**Outstanding Salary Continuance Period**”) calculated as 5.14% of the Salary Continuance Base Severance Amount;⁴
 - (iii) pension accrual during the Outstanding Salary Continuance Period as follows: an additional claim amount for any lost pension growth during

⁴ Nortel has advised the Monitor that the termination agreements of Pre-Filing Terminated Salary Continuance Employees provide that vacation does not accrue during the Salary Continuance Period.

the Outstanding Salary Continuance Period (for those employees with continued eligibility under the defined benefit plan) or for lost pension contributions during the Outstanding Salary Continuance Period (for those employees participating in the defined contribution pension plans) calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;

(iv) if a Pre-Filing Terminated Salary Continuance Employee becomes eligible for Pensioner M&D and/or Pensioner Life by the end of the Salary Continuance Period, an additional claim amount for these benefits calculated in accordance with the Mercer 2011 Non-Pension Benefits Valuation; and

(v) if a Pre-Filing Terminated Salary Continuance Employee becomes eligible under a Non-Registered Pension Plan by the end of the Salary Continuance Period, an additional claim amount under these plans calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;

(d) Pre-Filing Terminated Employees who were entitled to a lump sum payment pursuant to their termination agreements⁵ (**“Pre-Filing Terminated Lump Sum Employees”**) have a Termination and Severance Pay Claim for:

(i) the amount of severance outstanding under the termination agreement calculated as:

⁵ Nortel has advised the Monitor that the termination agreements of Pre-Filing Terminated Lump Sum Employees provided that such employees could continue to file claims for benefits in accordance with their agreements and therefore employee benefits do not form part of their Termination and Severance Pay Claim. Nortel has also advised the Monitor that the termination agreements of Pre-Filing Terminated Lump Sum Employees provided for a severance amount that encompassed Registered Pension Plan accruals. In addition, grow-ins under the Non-Registered Plans do not form part of the Termination and Severance Pay Claim for Pre-Filing Terminated Lump Sum Employees as Pre-Filing Terminated Lump Sum Employees would have been offered bridging to pensioner eligibility if they were bridging eligible. Further, if Pre-Filing Terminated Lump Sum Employees were pensioner eligible at the time of termination and retired from an Applicant, they are treated as Pensioners.

1. base monthly salary (for Unionized Employees) or base weekly salary (for Non-Unionized Employees), as applicable (based on the employee's base salary as at the date the employment was terminated and calculated as reflected in charts 3.1 and 3.2, respectively, of the Severance Grid Formulae) during the outstanding notice period under the termination agreement (determined as reflected in charts 3.1 and 3.2 of the Severance Grid Formulae, the "**Outstanding Lump Sum Employee Notice Period**"), plus
 2. the severance amount set out in the termination agreement, minus
 3. any payments made by the Applicants under the termination agreement;
- (ii) vacation pay on any outstanding ESA Minimum Notice Period (determined as reflected in charts 3.1 and 3.2, respectively, of the Severance Grid Formulae) based on vacation accrual pursuant to the Nortel Vacation Policy and base monthly salary (for Unionized Employees) or base weekly salary (for Non-Unionized Employees);
- (iii) pension accrual during the Outstanding Lump Sum Employee Notice Period as follows: an additional claim amount for any lost pension growth during the period (for those employees with continued eligibility under the defined benefit plan) or for lost pension contributions during the applicable period (for those employees participating in the defined contribution pension plans) calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation.
- (c) Pre-Filing Terminated Employees determined by the Applicants to be entitled (as at December 31, 2010) to additional contingency weeks of notice pursuant to their

termination agreements⁶ (**“Pre-Filing Terminated Contingency Employees”**)

have a Termination and Severance Pay Claim for:

(i) the amount of severance outstanding for contingency weeks under the termination agreement calculated as:

1. base weekly salary (based on the employee’s base salary as at the date the employment was terminated and calculated as reflected in chart 4 of the Severance Grid Formulae) for the number of contingency weeks set out in the termination agreement, minus
2. any payments made by the Applicants under the termination agreement in respect of the contingency weeks.

(f) Pre-Filing Terminated Employees who have entered into a settlement termination agreement with the Applicants⁷ (**“Pre-Filing Terminated Settlement Employees”**) have a Termination and Severance Pay Claim for:

(i) the amount of severance outstanding under the settlement termination agreement calculated as:

1. the severance amount set out in the settlement termination agreement, minus

⁶ Nortel has advised the Monitor that Pre-Filing Terminated Contingency Employees received their working notice and full severance payment under their termination agreements such that employee benefits do not form part of the Termination and Severance Pay Claim for Pre-Filing Terminated Contingency Employees. Nortel has also advised the Monitor that the termination agreements of Pre-Filing Terminated Contingency Employees provided for a severance amount that encompassed Registered Pension Plan accruals. In addition, grow-ins under the Non-Registered Plans do not form part of the Termination and Severance Pay Claim for Pre-Filing Terminated Contingency Employees as Pre-Filing Terminated Contingency Employees would have been offered bridging to pensioner eligibility if they were bridging eligible. Further, if Pre-Filing Terminated Contingency Employees were pensioner eligible at the time of termination and retired from an Applicant, they are treated as Pensioners.

⁷ Nortel has advised the Monitor that settlement termination agreements provided for a severance amount that encompassed all employee benefits, Registered Pension Plan accruals and grow-ins under Non-Registered Plans such that these claims do not form part of the Termination and Severance Pay Claim for Pre-Filing Terminated Settlement Employees.

- 8 -

2. any payments made by the Applicants under the settlement termination agreement.

B. Post-Filing Terminated Employees – The Post-Filing Terminated Employee Termination and Severance Claim Methodology

3. The termination and severance claim methodology with respect to Terminated Employees other than Pre-Filing Terminated Employees (the “**Post-Filing Terminated Employees**”)⁸ is as follows:
 - (a) for Applicable Rehired Employees, the applicable ESA Minimum Notice/Severance Period is used to calculate the Termination and Severance Pay Claim (except for vacation pay);
 - (b) for Post-Filing Terminated Employees who are Unionized Employees, the periods used to calculate the Termination and Severance Pay Claim (except for vacation pay) differ depending on whether the Post-Filing Terminated Employee was pensioner eligible at the date of termination, eligible for bridging to pensioner eligibility at the date of termination or neither as follows:
 - (i) Post-Filing Terminated Employees who are Unionized Employees and are pensioner eligible at the date of termination are addressed in paragraph 5 below;
 - (ii) in respect of Post-Filing Terminated Employees who are Unionized Employees and are eligible for bridging under the applicable collective bargaining agreement at the date of termination (“**CBA Bridging Employees**”), the following periods are used:

⁸ For the purposes of the Post-Filing Terminated Employee Termination and Severance Claim Methodology, Post-Filing Terminated Employees exclude Post-Filing Transferred Employees, Pensioner Eligible Terminated Employees and LTD Beneficiaries.

1. the number of weeks the employee is entitled to notice as set out in the collective bargaining agreement (the “**CBA Notice Period**”);
 2. the period equal to the amount of time required following the CBA Notice Period to make the employee pensioner eligible (the “**CBA Bridging Period**”, together with the CBA Notice Period, the “**CBA Notice/Bridging Period**”); and
 3. the number of months in addition to the CBA Notice Period set out in the collective bargaining agreement in respect of which an employee is entitled to continued non-pension benefits following layoff (the “**CBA Benefit Period**”)⁹;
- (iii) in respect of Post-Filing Terminated Employees who are Unionized Employees and are not eligible for bridging or are not pensioner eligible at the date of termination under the applicable collective bargaining agreement (the “**Non-Retirement Eligible CBA Employees**”), the CBA Notice Period and CBA Benefit Period¹⁰ are used, as well as the number of weeks set out in the collective bargaining agreement in respect of which an employee with no recall rights is entitled to severance (the “**CBA Severance Period**”, together with the CBA Notice Period, the “**CBA Notice/Severance Period**”);
- (c) for Post-Filing Terminated Employees who are Non-Unionized Employees and who have a written employment contract with the Applicants that expressly sets out the number of weeks in respect of which the employee is entitled to notice and severance (collectively, the “**Contract Notice Period**”), the Contract Notice

⁹ The CBA Benefit Period runs concurrently with the CBA Bridging Period and CBA Severance Period, as applicable, such that in certain circumstances, it is the greater of: (i) the CBA Bridging Period or CBA Severance Period, as applicable; and (ii) the CBA Benefit Period, that is used.

¹⁰ See above footnote.

Period is used in calculating the Termination and Severance Pay Claim (except for vacation pay);

- (d) for Post-Filing Terminated Employees who do not fall under category (a), (b) or (c) above, a Termination and Severance Pay Claim is calculated (except for vacation pay) based on a notice period of 3.3 weeks for each year of service (calculated as reflected in the applicable Severance Grid Formulae), subject to a minimum of 8 weeks and a maximum of 78 weeks (the “**Methodology Notice Period**”);
- (e) Each of the CBA Notice Period, CBA Severance Period, CBA Benefit Period and Methodology Notice Period is calculated using the Post-Filing Terminated Employee’s:
 - (i) rehire date if the Post-Filing Terminated Employee is a Non-Unionized Employee and previously left employment with the Applicants, was previously terminated by the Applicants or had a break in service with the Applicants, each for a period greater than three months; provided that moving employment from one Applicant to another or among an Applicant and another Nortel entity does not for this purpose constitute leaving employment, termination or a break in service;
 - (ii) exception date if a Post-Filing Terminated Employee is a Non-Unionized Employee and his/her employment contract or hire documents with Nortel specifically indicates an exception service date. For greater certainty, the foregoing shall not preclude a Request for Correction by any Employee supported by satisfactory evidence that establishes an exception date; or
 - (iii) continuous service date if clause (i) or (ii) above does not apply;

(f) Post-Filing Terminated Employees have a Termination and Severance Pay Claim as follows:

(i) a severance amount calculated as follows:

1. in respect of CBA Bridging Employees:

- (I) base monthly salary (based on the employee's base salary as at the date the employment was terminated and calculated as reflected in chart 9.2 of the Severance Grid Formulae) for the outstanding CBA Notice Period (determined as reflected in chart 9.2 of the Severance Grid Formulae), plus
- (II) a pension equivalent amount (calculated as reflected in the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation) for the CBA Bridging Period if the applicable collective bargaining agreement provides for such amount, plus
- (III) an amount calculated in accordance with the voluntary retirement option (and as reflected in chart 9.2 of the Severance Grid Formulae for CBA Bridging Employees) if the option is set out in the applicable collective bargaining agreement;

2. in respect of Non-Retirement Eligible CBA Employees, base weekly salary (based on such employee's base salary as at the date the employment was terminated and calculated as reflected in chart 9.3 of the Severance Grid Formulae), during the CBA Severance Period and the outstanding CBA Notice Period (determined as reflected in chart 9.3 of the Severance Grid Formulae); and

3. in respect of Post-Filing Terminated Employees that are Non-Unionized Employees, base weekly salary based on the employee's base salary as at the date the employment was terminated and calculated as reflected in chart 6 of the Severance Grid Formulae for the Contract Notice Period, chart 10 for the

Methodology Notice Period or chart 14 for the ESA Minimum Notice/Severance Period, as applicable;

- (ii) employee benefits (excluding pension accrual and vacation pay) calculated as 5.14% of:
 - 1. the base monthly salary for the outstanding CBA Notice Period and for the greater of the CBA Bridging Period and the CBA Benefit Period in respect of CBA Bridging Employees;
 - 2. the base weekly salary for the outstanding CBA Notice Period and for the greater of the CBA Severance Period and the CBA Benefit Period in respect of Non-Retirement Eligible CBA Employees; and
 - 3. the base weekly salary for the ESA Minimum Notice Period, Contract Notice Period or Methodology Notice Period, as applicable, in respect of Post-Filing Terminated Employees who are Non-Unionized Employees;
- (iii) vacation pay on the ESA Minimum Notice Period or outstanding ESA Minimum Notice Period, as applicable (determined as reflected in the applicable chart of the Severance Grid Formulae), based on vacation accrual pursuant to the Nortel Vacation Policy and base weekly salary (for Post-Filing Terminated Employees who are Non-Unionized Employees and Non-Retirement Eligible CBA Employees) or base monthly salary (for CBA Bridging Employees);
- (iv) pension accrual during the ESA Minimum Notice/Severance Period, outstanding CBA Notice Period, CBA Severance Period, Contract Notice Period or Methodology Notice Period, as applicable, as follows: a claim amount for any lost pension growth during the applicable period (for those employees with continued eligibility under the defined benefit plan) or for lost pension contributions during the applicable period (for those employees participating in the defined contribution pension plans)

calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;

- (v) if the Post-Filing Terminated Employee becomes eligible for Pensioner M&D and/or Pensioner Life by the end of the ESA Minimum Notice/Severance Period, CBA Notice/Bridging Period, CBA Notice/Severance Period, Contract Notice Period or Methodology Notice Period, as applicable (the **“Post-Filing Terminated Employee Applicable Notice Period”**), an additional claim amount for these benefits calculated in accordance with the Mercer 2011 Non-Pension Benefits Valuation; and
- (vi) if the Post-Filing Terminated Employee becomes eligible under a Non-Registered Pension Plan by the end of the Post-Filing Terminated Employee Applicable Notice Period, an additional claim amount under these plans calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;
- (g) notwithstanding the foregoing, a Post-Filing Terminated Employee who opted to take a commuted value under Part 1 of the Managerial Plan or Program I of the Negotiated Plan is entitled to a Termination and Severance Pay Claim set out in 3(f)(iv) and, in addition, if the employee:
 - (i) would have otherwise become eligible for Pensioner Life and/or Pensioner M&D or under any Non-Registered Pension Plan by the end of the Post-Filing Terminated Employee Applicable Notice Period, is entitled to a Termination and Severance Pay Claim set out in 3(f)(v) and 3(f)(vi) above; or
 - (ii) would not have otherwise become eligible for Pensioner Life and/or Pensioner M&D or under any Non-Registered Pension Plan by the end of the Post-Filing Terminated Employee Applicable Notice Period, is not

entitled to a Termination and Severance Pay Claim set out in 3(f)(v) and 3(f)(vi) above, but is entitled to an additional claim amount under the special termination provisions of the TRA relating to workforce reduction if the Post-Filing Terminated Employee becomes eligible to receive the special termination benefits under the TRA by the end of the Post-Filing Terminated Employee Applicable Notice Period, which claim will be calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation; and

- (h) there is no requirement for Post-Filing Terminated Employees to prove that they found (or did not find) another job or that they attempted to find another job and there will be no deduction in respect of mitigation.

C. Post-Filing Transferred Employees – The Post-Filing Transferred Employee Termination and Severance Claim Methodology

- 4. The termination and severance claim methodology with respect to Post-Filing Transferred Employees¹¹ is as follows:
 - (a) for Applicable Rehired Employees, the applicable ESA Minimum Notice/Severance Period is used in calculating the Termination and Severance Pay Claim (except in relation to (f)(iv) below);
 - (b) for Post-Filing Transferred Employees who are Unionized Employees, the CBA Notice Period, CBA Bridging Period and CBA Severance Period, as applicable as described in paragraph 3(b) above in relation to Post-Filing Terminated Employees and calculated as reflected in charts 12.1, 12.2 and 12.3 of the

¹¹ For purposes of the Post-Filing Termination and Severance Claim Methodology, Post-Filing Transferred Employees excludes Pensioner Eligible Terminated Employees.

Severance Grid Formulae, are used in calculating the Termination and Severance Pay Claim (except in relation to (f)(iv) below);

- (c) for Post-Filing Transferred Employees who are Non-Unionized Employees and who have a written employment contract with the Applicants that sets out a Contract Notice Period, the Contract Notice Period is used in calculating the Termination and Severance Pay Claim (except in relation to (f)(iv) below);
- (d) for Post-Filing Transferred Employees who do not fall under category (a), (b) or (c) above, a Termination and Severance Pay Claim is calculated based on the Methodology Notice Period (except in relation to (f)(iv) below);
- (e) Each of the CBA Notice Period, CBA Bridging Period, CBA Severance Period and Methodology Notice Period is calculated using the Post-Filing Transferred Employee's:
 - (i) rehire date if the Post-Filing Transferred Employee is a Non-Unionized Employee and previously left employment with the Applicants, was previously terminated by the Applicants or had a break in service with the Applicants, each for a period greater than three months; provided that moving employment from one Applicant to another or among an Applicant and another Nortel entity does not for this purpose constitute leaving employment, termination or a break in service;
 - (ii) exception date if a Post Filing Transferred Employee is a Non-Unionized Employee and his/her employment contract or hire documents with Nortel specifically indicates an exception date. For greater certainty, the foregoing shall not preclude a Request for Correction by any Employee supported by satisfactory evidence that establishes an exception date; or

- (iii) continuous service date if clause (i) or (ii) above does not apply;
- (f) Post-Filing Transferred Employees have a Termination and Severance Pay Claim for:
 - (i) pension accrual during the ESA Minimum Notice/Severance Period, outstanding CBA Notice Period¹², CBA Severance Period¹³, Contract Notice Period or Methodology Notice Period, as applicable, as follows:
 - 1. a claim amount for any lost pension growth during the applicable notice period for those employees with continued eligibility under the defined benefit plan at the date of transfer if a buyer did not offer a defined benefit pension plan; and
 - 2. a claim amount for lost pension contributions during the applicable notice period for those employees participating in the defined contribution pension plans at the date of transfer if the defined contribution plan offered by the applicable buyer included an employer contribution less than provided in Nortel's defined contribution plan or, if no defined contribution plan was offered by the buyer, the applicable buyer did not agree to provide cash compensation to the employee specifically in lieu of providing a defined contribution plan,each calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;
 - (ii) if a buyer did not offer any retiree health, dental and life benefits and a Post-Filing Transferred Employee was eligible for Pensioner M&D and/or Pensioner Life at the date of his/her transfer or becomes eligible by the

¹² For all Post-Filing Transferred Employees who are Unionized Employees.

¹³ Only for Post-Filing Transferred Employees who are Unionized Employees and who are not eligible for bridging or pensioner eligible at the date of transfer.

end of the ESA Minimum Notice/Severance Period, CBA Notice/Bridging Period, CBA Notice Period¹⁴, CBA Notice/Severance Period, Contract Notice Period or Methodology Notice Period, as applicable (the “**Post-Filing Transferred Employee Applicable Notice Period**”), an additional claim amount for these benefits calculated in accordance with the Mercer 2011 Non-Pension Benefits Valuation; and

- (iii) if a buyer did not offer non-registered pension plans and a Post-Filing Transferred Employee was eligible under a Non-Registered Pension Plan at the date of his/her transfer or becomes eligible by the end of the Post-Filing Transferred Employee Applicable Notice Period, an additional claim amount under these plans calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;
- (iv) only if the Post-Filing Transferred Employee was offered employment with a buyer but rejected that offer:
 - 1. base weekly salary (based on the employee’s base salary as at the date the employment was terminated and calculated as reflected in chart 15 of the Severance Grid Formulae) for the ESA Minimum Notice/Severance Period;
 - 2. employee benefits (excluding pension accrual and vacation pay) calculated as 5.14% of base weekly salary for the ESA Minimum Notice Period; and
 - 3. vacation pay on the ESA Minimum Notice Period based on vacation accrual pursuant to the Nortel Vacation Policy and base weekly salary;

¹⁴ For Post-Filing Transferred Employees who are Unionized Employees and were pensioner eligible at the date of transfer.

(g) notwithstanding the foregoing:

- (i) a Post-Filing Transferred Employee who was pensioner eligible at the date of transfer and opted to take a commuted value under Part 1 of the Managerial Plan or Program I of the Negotiated Plan:
 - 1. is entitled to a Termination and Severance Pay Claim set out in 4(f)(i) above;
 - 2. is not entitled to a Termination and Severance Pay Claim set out in 4(f)(ii) or 4(f)(iii) (with respect to TRA and RAP) above¹⁵;
- (ii) a Post-Filing Transferred Employee who was not pensioner eligible at the date of transfer and opted to take a commuted value under Part 1 of the Managerial Plan or Program I of the Negotiated Plan is entitled to a Termination and Severance Pay Claim set out in 4(f)(i) and, in addition, if the employee:
 - 1. would have otherwise become eligible for Pensioner Life and/or Pensioner M&D or under any Non-Registered Pension Plan by the end of the Post-Filing Transferred Employee Applicable Notice Period, is entitled to a Termination and Severance Pay Claim set out in 4(f)(ii) and 4(f)(iii) above; or
 - 2. would not have otherwise become eligible for Pensioner Life and/or Pensioner M&D or under any Non-Registered Pension Plan by the end of the Post-Filing Transferred Employee Applicable Notice Period, is not entitled to a Termination and Severance Pay Claim set out in 4(f)(ii) and 4(f)(iii) above, but is entitled to an additional claim amount under the special termination provisions

¹⁵ Nortel has advised the Monitor that: (i) a pensioner eligible employee must elect to receive an immediate pension at the time of termination or transfer in order to receive the TRA and RAP benefits in accordance with the plan provisions; and (ii) in applying the TRA and RAP to pensioner eligible terminated employees who took commuted value, these employees were not entitled to any TRA or RAP benefits.

of the TRA relating to workforce reduction if the Post-Filing Transferred Employee becomes eligible to receive the special termination benefit under the TRA by the end of the Post-Filing Transferred Employee Applicable Notice Period, which claim will be calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation; and

- (h) because full mitigation is assumed on salary and all benefits other than those listed in (f) above, the Termination and Severance Pay Claim of Post-Filing Transferred Employees is for the limited benefits listed in (f) above relating to pension accruals and grow-ins to Non-Registered Plans during the Post-Filing Transferred Employee Applicable Notice Period. For greater certainty, the foregoing shall not preclude a claim by a Post-Filing Transferred Employee who has not been employed for the full duration of the CBA Notice Period, CBA Bridging Period, CBA Severance Period, Contract Notice Period and Methodology Notice Period, as applicable, provided that, in any event, any claim shall be determined in accordance with the Post-Filing Terminated Employee Termination and Severance Claim Methodology but subject to deduction for all mitigation.

D. Pensioner Eligible Terminated Employees – The Pensioner Eligible Terminated Employee Termination and Severance Claim Methodology

5. The termination and severance claim methodology with respect to Pensioner Eligible Terminated Employees¹⁶ is as follows:

¹⁶ For purposes of the Pensioner Eligible Terminated Employee Termination and Severance Claim Methodology, Pensioner Eligible Terminated Employees excludes Post-Filing Transferred Employees and LTD Beneficiaries.

- (a) for Applicable Rehired Employees, the applicable ESA Minimum Notice/Severance Period is used in calculating the Termination and Severance Pay Claim (except for vacation pay);
- (b) for Pensioner Eligible Terminated Employees who are Unionized Employees, the CBA Notice Period is used in calculating the Termination and Severance Pay Claim (except for vacation pay);
- (c) for Pensioner Eligible Terminated Employees who are Non-Unionized Employees and who have a written employment contract with the Applicants that sets out a Contract Notice Period, the Contract Notice Period is used in calculating the Termination and Severance Pay Claim (except for vacation pay);
- (d) for Pensioner Eligible Terminated Employees who do not fall under category (a), (b) or (c) above, a Termination and Severance Pay Claim is calculated (except for vacation pay) based on the Methodology Notice Period;
- (e) Each of the CBA Notice Period and Methodology Notice Period is calculated using the Pensioner Eligible Terminated Employee's:
 - (i) rehire date if the Pensioner Eligible Terminated Employee is a Non-Unionized Employee and previously left employment with the Applicants, was previously terminated by the Applicants or had a break in service with the Applicants, each for a period greater than three months; provided that moving employment from one Applicant to another or among an Applicant and another Nortel entity does not for this purpose constitute leaving employment, termination or a break in service;

- (ii) exception date if a Pensioner Eligible Terminated Employee is a Non-Unionized Employee and his/her employment contract or hire documents with Nortel specifically indicates an exception date. For greater certainty, the foregoing shall not preclude a Request for Correction by any Employee supported by satisfactory evidence that establishes an exception date; or
 - (iii) continuous service date if clause (i) or (ii) above does not apply;
- (f) Pensioner Eligible Terminated Employees have a Termination and Severance Claim for:
- (i) a severance amount calculated as follows:
 - 1. in respect of Pensioner Eligible Terminated Employees who are Unionized Employees, base monthly salary (based on the employee's base salary as at the date the employment was terminated and calculated as reflected in chart 9.1 of the Severance Grid Formulae) for the outstanding CBA Notice Period (determined as reflected in chart 9.1 of the Severance Grid Formulae), plus an amount calculated in accordance with the voluntary retirement option (and as reflected in chart 9.1 of the Severance Grid Formulae) if the option is set out in the applicable collective bargaining agreement;
 - 2. in respect of Pensioner Eligible Terminated Employees who are Non-Unionized Employees, base weekly salary based on such employee's base salary as at the date the employment was terminated and calculated as reflected in chart 6 of the Severance Grid Formulae for the Contract Notice Period, chart 10 for the Methodology Notice Period or chart 14 for the ESA Minimum Notice/Severance Period, as applicable;

- (ii) employee benefits (excluding pension accrual and vacation pay) calculated as 5.14% of:
 - 1. the base monthly salary for the outstanding CBA Notice Period in respect of Pensioner Eligible Terminated who are Unionized Employees; and
 - 2. the base weekly salary for the ESA Minimum Notice Period, Contract Notice Period or Methodology Notice Period, as applicable, in respect of Pensioner Eligible Terminated Employees who are Non-Unionized Employees;
- (iii) vacation pay on the ESA Minimum Notice Period or outstanding ESA Minimum Notice Period, as applicable (determined as reflected the applicable chart of the Severance Grid Formulae), based on vacation accrual pursuant to the Nortel Vacation Policy and base weekly salary (for Non-Unionized Employees) or base monthly salary (for Unionized Employees);
- (iv) pension accrual during the ESA Minimum Notice/Severance Period, outstanding CBA Notice Period, Contract Notice Period or Methodology Notice Period, as applicable, as follows: an additional claim amount for any lost pension growth during the applicable period (for those employees with continued eligibility under the defined benefit plan) or for lost pension contributions during the applicable period (for those employees participating in the defined contribution pension plans) calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;
- (v) an additional claim amount for Pensioner M&D and/or Pensioner Life calculated in accordance with the Mercer 2011 Non-Pension Benefits Valuation; and

- (vi) if the Pensioner Eligible Terminated Employee is eligible under a Non-Registered Pension Plan, an additional claim amount under these plans calculated in accordance with the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation;
- (g) notwithstanding the foregoing, a Pensioner Eligible Terminated Employee who opted to take a commuted value under Part 1 of the Managerial Plan or Program I of the Negotiated Plan is entitled to pension accrual during the ESA Minimum Notice/Severance Period, outstanding CBA Notice Period, Contract Notice Period or Methodology Notice Period, as applicable, but is not entitled to a claim for Pensioner M&D and/or Pensioner Life or a claim under the TRA or RAP¹⁷; and
- (h) there is no requirement for Pensioner Eligible Terminated Employees to prove that they found (or did not find) another job or that they attempted to find another job and there will be no deduction in respect of mitigation.

E. LTD Beneficiaries – The LTD Beneficiary Termination and Severance Claim Methodology

- 6. The termination and severance claim methodology for LTD Beneficiaries is as follows:
 - (a) for LTD Beneficiaries who are Unionized Employees, the CBA Notice Period, CBA Bridging Period and CBA Severance Period, as applicable as described in paragraph 3(b) above in relation to Post-Filing Terminated Employees, are used in calculating the Termination and Severance Pay Claim (except for vacation pay);

¹⁷ Nortel has advised the Monitor that: (i) a Pensioner Eligible Terminated Employee must elect to receive an immediate pension at the time of termination or transfer in order to receive the TRA and RAP benefits in accordance with the plan provisions; and (ii) in applying the TRA and RAP to Pensioner Eligible Terminated Employees who took commuted value, these Employees were not entitled to any TRA or RAP benefits.

- (b) for LTD Beneficiaries who are Non-Unionized Employees and who have a written employment contract with the Applicants that sets out a Contract Notice Period, the Contract Notice Period is used in calculating the Termination and Severance Pay Claim;
- (c) for LTD Beneficiaries who do not fall under category (a) or (b) above, a Termination and Severance Pay Claim is calculated (except for vacation pay) based on the Methodology Notice Period;
- (d) each of the CBA Notice Period, CBA Bridging Period, CBA Severance Period and Methodology Notice Period is calculated using the LTD Beneficiary's:
 - (i) rehire date if the LTD Beneficiary is a Non-Unionized Employee and previously left employment with the Applicants, was previously terminated by the Applicants or had a break in service with the Applicants, each for a period greater than three months; provided that moving employment from one Applicant to another or among an Applicant and another Nortel entity does not for this purpose constitute leaving employment, termination or a break in service;
 - (ii) exception date if a LTD Beneficiary is a Non-Unionized Employee and his/her employment contract or hire documents with Nortel specifically indicates an exception date. For greater certainty, the foregoing shall not preclude a Request for Correction by any Employee supported by satisfactory evidence that establishes an exception date; or
 - (iii) continuous service date if clause (i) or (ii) above does not apply;
- (e) LTD Beneficiaries have a Termination and Severance Claim for:
 - (i) a severance amount calculated as follows:

1. in respect of LTD Beneficiaries who are Unionized Employees and were eligible for bridging under the applicable collective bargaining agreement as at December 31, 2010:
 - (I) base monthly salary (based on the employee's base salary as at the date the employment was terminated and calculated as reflected in chart 7.2 of the Severance Grid Formulae) for the CBA Notice Period, plus
 - (II) a pension equivalent amount (calculated as reflected in the Mercer 2011 Non-Registered Pension/Pension Accruals Valuation) for the CBA Bridging Period if the applicable collective bargaining agreement provides for such amount, plus
 - (III) an amount calculated in accordance with the voluntary retirement option (and as reflected in chart 7.2 of the Severance Grid Formulae) for CBA Bridging Employees if the option is set out in the applicable collective bargaining agreement;
2. in respect of LTD Beneficiaries who are Non-Unionized Employees, base weekly salary (based on such employee's base salary as at the date the employment was terminated and calculated as reflected in chart 8 of the Severance Grid Formulae) for the Contract Notice Period or Methodology Notice Period, as applicable;
3. in respect of LTD Beneficiaries who are Unionized Employees who were pensioner eligible as at December 31, 2010, base monthly salary for the CBA Notice Period, plus an amount calculated in accordance with the voluntary retirement option set out in the applicable collective bargaining agreement and as reflected in chart 7.1 of the Severance Grid Formulae;
4. in respect of LTD Beneficiaries who are Unionized Employees and were not eligible for bridging or pensioner eligible as at December

31, 2010, base monthly salary for the CBA Notice/Severance Period;

- (ii) vacation pay on the ESA Minimum Notice Period based on vacation accrual pursuant to the Nortel Vacation Policy, years of service calculated as years of service to the Applicants before becoming an LTD Beneficiary plus the years as an LTD Beneficiary and base weekly salary (for Non-Unionized LTD Beneficiaries) or base monthly salary (for Unionized Employees);
- (iii) since, for the purposes of and as set out in the Mercer 2011 Valuations, LTD Beneficiaries are assumed to remain on LTD benefits, subject to the recovery and mortality assumptions used in the Mercer 2011 Valuations, until they reach the age of 65 and are thereafter assumed to retire, the following are otherwise captured in the Mercer 2011 Valuations for LTD Beneficiaries and are therefore not separately applied to the Termination and Severance Pay Claim of LTD Beneficiaries:
 - 1. the benefits that encompass the 5.14% fringe rate applied to other categories of Employees; and
 - 2. pension accrual and grow-ins to Pensioner M&D, Pensioner Life and Non-Registered Pension Plans; and
- (f) there is no requirement for LTD Beneficiaries to prove that they found (or did not find) another job or that they attempted to find another job and there will be no deduction in respect of mitigation.

F. Active Employees

- 7. As appropriate, the Post-Filing Terminated Employee Termination and Severance Claim Methodology, Post-Filing Transferred Employee Termination and Severance Claim Methodology or Pensioner Eligible Terminated Employee Termination and Severance

Claim Methodology will apply to Active Employees upon any termination of their employment without just cause.

APPENDIX “D-2”

Nortel Canada Summary of Base Severance Claims ^(Note 1) (in CDN\$ millions)								
	Headcount	Severance Amount per Termination Claim and Severance Methodology	Payments made	Employee Benefit at 5.14%	Vacation pay on ESA period	Payments from Termination Fund ^(Note 2)	Base Severance Claim	
Pre-Filing Terminated Employees:	311	\$ 32.84	\$ (4.95)	\$ 0.43	\$ 0.07	\$ (0.92)	\$ 27.47	
Post-Filing Terminated Employees:								
LTD Beneficiaries	353	23.52	\$ -	\$ -	\$ 0.29	\$ (1.05)	\$ 22.76	
Other Post-Filing Terminated Employees	1,221	108.71	\$ -	\$ 5.58	\$ 1.32	\$ (2.58)	\$ 113.03	
Post-Filing Transferred Employees who declined an offer from a Buyer	7	0.30	\$ -	\$ 0.02	\$ 0.01	\$ -	\$ 0.32	
	<u>1,892</u>	<u>\$ 165.37</u>	<u>\$ (4.95)</u>	<u>\$ 6.03</u>	<u>\$ 1.69</u>	<u>\$ (4.55)</u>	<u>\$ 163.58</u>	

Note 1: Does not include the claims for Active Employees.

Note 2: Includes approximately \$0.2 million of Termination Fund payments not yet paid to eligible recipients as Termination Fund paperwork has not been received.

APPENDIX “D-3”

Chart # 1 - Pre-filing Terminated Bridging Employees ¹	
Base Weekly Salary = Annual Salary ÷ 26.089 +.009 rounded down to whole number first, then ÷ 2	A
Pre-Filing Bridging Notice Period	B
Severance amount as per your Bridging Agreement	C
Less: Termination payment made by Nortel	D
Outstanding Notice/Bridging Amount	$E=B*A+C-D$
Employee benefit rate of 5.14%	F
Outstanding Notice/Bridging Period = (Bridging End Date – Last Payment Date) ÷ 7 days/week	G
Employee benefits on Outstanding Notice/Bridging Period	$H=F*G*A$
Outstanding ESA Minimum Notice Period = Entitled statutory notice period – (Last Payment Date - Notice Date) ÷ 7 days/week)	I
Vacation accrual= Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	J
Vacation pay on outstanding ESA Minimum Notice Period	$K=I*J*A$
Less : Payment received from Termination Fund	L

¹All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 2 - Pre-filing Terminated Salary Continuance Employees ¹	
Salary Continuance Period = (Agreement End Date - Agreement Beginning Date) ÷ 7	A
Salary Continuance Amount = Bi-Weekly Salary as per Agreement ÷ 2 x Total # of weeks per Agreement	B
Less: Termination payment made by Nortel	C
<i>Outstanding Salary Continuance Base Severance Amount</i>	<i>D = B - C</i>
Employee benefit rate of 5.14%	E
<i>Employee benefits on Outstanding Salary Continuance Base Severance Amount</i>	<i>F = E * D</i>
Less : Payment received from Termination Fund	G

¹ All values are rounded to the nearest 2 decimal places.

Chart # 3.1 – Unionized Pre-filing Terminated Lump Sum Employees ¹	
Base Monthly Salary = Annual Salary ÷ 12 + 4.3482 x Standard weekly working hours x hourly COLA, rounded to 2 decimals places	A
Outstanding Lump Sum Employee Notice Period = (Termination Date - Last Payment Date) ÷ 7 ÷ 4.3482)	B
Severance amount as per Agreement	C
Less: Termination payment made by Nortel	D
<i>Outstanding Notice/Severance Amount</i>	$E = B * A + C - D$
Lapsed ESA Minimum Notice Period = (Last Payment Date - Notice Date) ÷ 7 ÷ 4.3482	F
Outstanding ESA Minimum Notice Period = Entitled Statutory notice period ÷ 4.3482 – Lapsed ESA Minimum Notice Period	G
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	H
<i>Vacation pay on outstanding ESA Minimum Notice Period</i>	$I = G * H * A$
<i>Less : Payment received from Termination Fund</i>	J

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart #3.2 - Non-unionized Pre-filing Terminated Lump Sum Employees¹

Base Weekly Salary = Annual Salary ÷ 26.089 + .009 rounded down to whole number first, then ÷ 2	A
Outstanding Lump Sum Notice Period = (Termination Date - Last Payment Date) ÷ 7	B
Severance amount as per Agreement	C
Less: Termination payment made by Nortel	D
<i>Outstanding Notice/Severance Amount</i>	$E = B * A + C - D$
Lapsed ESA Minimum Notice Period = (Last Payment Date - Notice Date) ÷ 7 days/week	F
Outstanding ESA Minimum Notice Period = Entitled ESA Minimum Notice Period – Lapsed ESA Minimum Notice Period	G
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	H
<i>Vacation pay on outstanding ESA Minimum Notice Period</i>	$I = H * G * A$
<i>Less : Payment received from Termination Fund</i>	<i>I</i>

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart #4 - Pre-filing Terminated Contingency Employees ¹	
Base Weekly Salary = Annual Salary ÷ 26.089 + .009 rounded down to whole number first, then ÷ 2	A
Total # of Contingency Weeks	B
Contingency Amount = Base Weekly Salary x Total # of Contingency weeks	C=B*A
Less: Termination payment made by Nortel	D
Outstanding Contingency Amount	E=C-D
Less : Payment received from Termination Fund	F

¹ All values are rounded to the nearest 2 decimal places.

Chart #5 - Pre-filing Terminated Settlement Employees ¹	
Severance amount as per settlement termination agreement	A
Less: Termination payment made by Nortel	B
<i>Outstanding Severance Amount</i>	$C = A - B$
<i>Less : Payment received from Termination Fund</i>	D

¹ All values are rounded to the nearest 2 decimal places.

Chart #6 - Non-Unionized Post-Filing Terminated Employees with Contract provisions¹	
Base Weekly Salary = Annual Salary ÷ 52, rounded to 2 decimal places	A
Contract Notice Period	B
Contract Notice Period Amount	$C = A * B$
Employee benefit rate of 5.14%	D
Employee benefits on Contract Notice Period Amount	$E = D * C$
Entitled ESA Minimum Notice Period	F
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	G
Vacation pay on ESA Minimum Notice Period	$H = F * G * A$
Less : Payment received from Termination Fund	I

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 7.1 – Unionized LTD Beneficiaries who are pensioner eligible ¹	
Base Monthly Salary = Annual Salary ÷ 12 + 4.3482 x Standard weekly working hours x hourly COLA	A
CBA Notice Period ÷ 4.3482	B
CEP members: Pension Incentive	C
CUCW#1 members: Less than 30 years of service Voluntary Retirement Option = 26 weeks ÷ 4.3482 x Base Monthly Salary	C
30 years or more of service Voluntary Retirement Option = Greater of: a) \$40,000; or b) 26 weeks ÷ 4.3482 x Base Monthly Salary	
CAW members: Voluntary Retirement Option = Greater of: a) \$40,000; or b) 7 x Base Monthly Salary	C
COEU members: Voluntary Retirement Option = Greater of: a) \$40,000; or b) 6 x Base Monthly Salary	C
CBA Notice/VRO Amount	D=B*A +C
ESA Minimum Notice Period ÷ 4.3482	E
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	F
Vacation pay on ESA Minimum Notice Period, rounded to 2 decimal places	G=E*F*A
Less : Payment received from Termination Fund	H

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 7.2 – Unionized LTD Beneficiaries eligible for bridging ¹	
Base Monthly Salary = Annual Salary ÷ 12 + 4.3482 x Standard weekly working hours x hourly COLA, rounded to 2 decimal places	A
Years of Service = (Termination Date - Hire Date) ÷ 365	B
CEP members: Pension Incentive	C
CUCW#1 members: Voluntary Retirement Option = CBA Bridging Period (weeks) ÷ 4.3482 x Base Monthly Salary	C
CAW members: Voluntary Retirement Option = CBA Bridging Period (months) x Base Monthly Salary	C
COEU Members: Voluntary Retirement Option = CBA Bridging Period (months) x Base Monthly Salary	C
CBA Notice Period ÷ 4.3482	D
CBA Notice/Bridging Amount	$E = C + (A * D)$
ESA Minimum Notice Period ÷ 4.3482	F
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	G
Vacation pay on ESA Minimum Notice Period	$H = F * G * A$
Less : Payment received from Termination Fund	I

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 7.3 – Unionized LTD Beneficiaries not eligible for bridging or pensioner eligible¹	
Base Monthly Salary = Annual Salary ÷ 12 + 4.3482 x Standard weekly working hours x hourly COLA, rounded to 2 decimal places	A
Years of Service = (Termination Date - Hire Date) ÷ 365	B
CBA Severance Amount = CBA Severance Period + 4.3482 x Base Monthly Salary	C
CBA Notice Period + 4.3482	D
<i>CBA Notice/Severance Amount</i>	<i>E=A*D+C</i>
ESA Minimum Notice Period ÷ 4.3482	F
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	G
<i>Vacation pay on ESA Minimum Notice Period</i>	<i>H=F*G*A</i>
<i>Less : Payment received from Termination Fund</i>	<i>I</i>

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 8 - Non-unionized LTD Beneficiaries¹	
Base Weekly Salary = Annual Salary ÷ 52, rounded to 2 decimal places	A
Years of Service = (Termination Date - Hire Date) ÷ 365	B
Methodology Notice Period= 3.3 Weeks x Years of service [Min 8; Max 78]	C
<i>Severance Amount</i>	$D=A*C$
ESA Minimum Notice Period	E
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	F
<i>Vacation pay on ESA Minimum Notice Period</i>	$G = E*F*A$
<i>Less : Payment received from Termination Fund</i>	H

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart #9.1 – Unionized Pensioner Eligible Terminated Employee ¹	
Base Monthly Salary = Annual Salary ÷ 12 + 4.3482 x Standard weekly working hours x hourly COLA, rounded to 2 decimal places	A
<i>CUCW#1 members:</i> <i>Less than 30 years of service</i> Voluntary Retirement Option = 26 weeks ÷ 4.3482 x Base Monthly Salary <i>30 years or more of service</i> Voluntary Retirement Option = Greater of: a) \$40,000; or b) 26 weeks ÷ 4.3482 x Base Monthly Salary	B
<i>CAW members:</i> Voluntary Retirement Option = Greater of: a) \$40,000; or b) 7 x Base Monthly Salary	B
<i>COEU members:</i> Voluntary Retirement Option = Greater of: a) \$40,000; or b) 6 x Base Monthly Salary	B
Notice Received = (Last Payment Date - Notice Date) ÷ 7 ÷ 4.3482	C
Outstanding CBA Notice Period = (CBA Notice Period ÷ 4.3482) - Notice Received	D
Outstanding CBA Notice/VRO Amount	$E = B + D \times A$
Employee benefit rate of 5.14%	F
Employee benefits on Outstanding CBA Notice Period	$G = F \times D \times A$
Outstanding ESA Minimum Notice Period = (Entitled ESA Minimum Notice Period ÷ 4.3482) - Notice Received	H
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	I
Vacation pay on outstanding ESA Minimum Notice Period	$J = H \times I \times A$
Less : Payment received from Termination Fund	K

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 9.2 – CBA Bridging Employees ¹	
Base Monthly Salary = Annual Salary ÷ 12 + 4.3482 x Standard weekly working hours x hourly COLA, rounded to 2 decimal places	A
Years of Service = (Termination Date - Hire Date) ÷ 365	B
CEP members: Pension Incentive	C
CUCW#1 members: Voluntary Retirement Option = CBA Bridging Period (weeks) ÷ 4.3482 x Base Monthly Salary	C
CAW members: Voluntary Retirement Option = CBA Bridging Period (months) x Base Monthly Salary	C
COEU Members: Voluntary Retirement Option = CBA Bridging Period (months) x Base Monthly Salary	C
Notice Received = (Last Payment Date - Notice Date) ÷ 7 ÷ 4.3482	D
Outstanding CBA Notice Period = (CBA Notice Period ÷ 4.3482) - Notice Received	E
Outstanding CBA Notice/VRO Amount	$F = C + (A * E)$
Employee benefit rate of 5.14%	G
CAW, CUCW#1 and CEP#9 Members: Employee benefits on Outstanding CBA Notice Period and the greater of the CBA Bridging Period and the CBA Benefit Period	$H = G * A * (E + \text{CBA Bridging Period or CBA Benefit Period})$
COEU Members: Employee benefits on Outstanding CBA Notice/Bridging Period	$H = G * A * (E + \text{CBA Bridging Period})$
Outstanding ESA Minimum Notice Period = (Entitled Statutory notice period ÷ 4.3482) - Notice Received	I
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	J
Vacation pay on outstanding ESA Minimum Notice Period	$K = I * J * A$
Less : Payment received from Termination Fund	L

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 9.3 – Non-Retirement Eligible CBA Employees ¹	
Base Weekly Salary = Annual Salary ÷ 12 ÷ 4.3482 + (Standard weekly working hours x hourly COLA), rounded to 2 decimal places	A
CBA Severance Period	B
Notice Received = (Last Payment Date - Notice Date) ÷ 7	C
Outstanding CBA Notice Period = CBA Notice Period - Notice Received	D
Outstanding CBA Notice/Severance Amount	$E = (B + D) * A$
Employee benefit rate of 5.14%	F
CAW, CEP#9 and CUCW#1 Members: Employee benefits on Outstanding CBA Notice Period and the greater of the CBA Severance Period and the CBA Benefit Period	$G = F * A * (D + \text{CBA Severance period or CBA Benefit period})$
COEU Members: Employee benefits on Outstanding CBA Notice Period/Severance Period	$G = F * A * (B + D)$
Outstanding ESA Minimum Notice Period = (Entitled Statutory notice period - Notice Received)	H
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	I
Vacation pay on outstanding ESA Minimum Notice Period	$J = H * I * A$
Less : Payment received from Termination Fund	K

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart #10 - Non-Unionized Post-Filing Terminated Employees¹	
Base Weekly Salary = Annual Salary ÷ 52	A
Years of Service = (Termination Date - Hire Date) ÷ 365	B
Methodology Notice Period = 3.3 Weeks x Years of service [Min 8; Max 78]	C
Severance Amount	$D = A * C$
Employee benefit rate of 5.14%	E
Employee benefits on Severance Amount	$F = E * D$
ESA Minimum Notice Period	G
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	H
Vacation pay on ESA Minimum Notice Period	$I = G * H * A$
Less : Payment received from Termination Fund	J

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 11 - Non-Unionized Post-filing Transferred Employees¹	
This is the formulae used to determine the Methodology Notice Period as per the Termination and Severance Claim Methodology. This Methodology Notice Period was used (i) to calculate the claim for lost pension accrual/lost pension contributions during the Methodology Notice Period; and (ii) to determine whether you became eligible for post-retirement benefit claims and/or non-registered pension plans claims by the end of this Methodology Notice Period.	
Years of Service = (Termination Date - Hire Date) ÷ 365	A
Methodology Notice Period = 3.3 Weeks x Years of service [Min 8; Max 78]	B

¹ All values are rounded to the nearest 2 decimal.

Chart # 12.1 - Unionized Pensioner Eligible Post-Filing Transferred Employees¹ This is the formulae used to determine the CBA Notice Period as per the Termination and Severance Claim Methodology. This CBA Notice Period was used (i) to calculate the claim for lost pension accrual/lost pension contributions during the CBA Notice Period; and (ii) to determine whether you became eligible for post-retirement benefit claims and/or non-registered pension plans claims by the end of this CBA Notice Period.	
Years of Service = (Termination Date - Hire Date) ÷ 365	A
CBA Notice Period	B

¹ All values are rounded to the nearest 2 decimal places.

Chart # 12.2 – CBA Bridging Post-Filing Transferred Employees¹

This is the formulae used to determine the CBA Notice/Bridging Period as per the Termination and Severance Claim Methodology. This CBA Notice/Bridging Period was used (i) to calculate the claim for lost pension accrual/lost pension contributions during the CBA Notice/Bridging Period; and (ii) to determine whether you became eligible for post-retirement benefit claims and/or non-registered pension plans claims by the end of this CBA Notice/Bridging Period.

Years of Service = (Termination Date - Hire Date) ÷ 365	A
CBA Notice Period	B
CAW, COEU and CUCW#1 members: CBA Bridging Period	C

¹ All values are rounded to the nearest 2 decimal places.

Chart # 12.3 – Non Retirement CBA Post-filing Transferred Employees¹

This is the formulae used to determine the CBA Notice/Severance Period as per the Termination and Severance Claim Methodology. This CBA Notice/Severance Period was used (i) to calculate the claim for lost pension accrual/lost pension contributions during the CBA Notice/Severance Period; and (ii) to determine whether you became eligible for post-retirement benefit claims and/or non-registered pension plans claims by the end of this CBA Notice/Severance Period.

Years of Service = (Termination Date - Hire Date) ÷ 365	A
CBA Notice Period	B
CBA Severance Period	C

¹ All values are rounded to the nearest 2 decimal places.

Chart # 14 - Applicable Rehired Former Employees¹	
It has been determined that the ESA Minimum Notice/Severance Period is greater than the Termination and Severance Claim Methodology. Therefore, your Base Severance Claim based on the option 2.	
Option 1: Termination and Severance Claim Methodology	
Base Weekly Salary = Annual Salary ÷ 52, rounded to 2 decimal places	A
Years of Service = (Termination Date - Hire Date) ÷ 365	B
Methodology Notice Period= 3.3 Weeks x Years of service [Min 8; Max 78]	C
Severance Amount	D = A*C
Employee benefit rate of 5.14%	E
Employee benefits on Methodology Notice Period	F=E*D
ESA Minimum Notice Period	G
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	H
Vacation pay on ESA Minimum Notice Period	I = G*H*A
Less : Payment received from Termination Fund	J
Option 2: ESA Minimum Notice/Severance Period	
ESA Severance Period (Ontario Only)	L
ESA Minimum Notice Period	G
ESA Minimum Notice/Severance Amount	M= (L+G) * A
Employee benefit rate of 5.14%	E
Employee benefits on ESA Notice Period , rounded to 2 decimal places	N=E*G*A
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	H
Vacation pay on ESA Minimum Notice Period, rounded to 2 decimal places	O=G*H*A
Less : Payment received from Termination Fund	J
Less: Termination payment made by Nortel	P

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 15 - Post-filing Transferred Applicable Rehired Employees who rejected an offer¹	
The ESA Minimum Notice/Severance Period as per the Termination and Severance Claim Methodology is the combination of the ESA Minimum Notice Period and the ESA Severance Period (if applicable). This ESA Minimum Notice/Severance Period was used (i) to calculate the claim for lost pension accrual/lost pension contributions during the ESA Minimum Notice/Severance Period; and (ii) (ii) to determine whether you became eligible for post-retirement benefit claims and/or non-registered pension plans claims by the end of this ESA Minimum Notice/Severance Period.	
Base Weekly Salary = Annual Salary ÷ 52, rounded to 2 decimal places	A
ESA Severance Period (Ontario only)	B
ESA Minimum Notice Period	C
<i>ESA Minimum Notice/Severance Amount</i>	D=(B+C)*A
Employee benefit rate of 5.14%	E
<i>Employee benefits on ESA Minimum Notice Period</i>	F=E*C*A
Vacation accrual = Annual Vacation Entitlement ÷ 5 working days/week ÷ 52 weeks/year	G
<i>Vacation pay on ESA Minimum Notice Period</i>	H=G*A*C
<i>Less : Payment received from Termination Fund</i>	I
<i>Less: Termination payment made by Nortel</i>	J

¹ All values are rounded to the nearest 2 decimal places except for Vacation accrual.

Chart # 16 - Post-filing Transferred Applicable Rehired Employees	
It has been determined that the ESA Minimum Notice/Severance Period is greater than the Methodology Notice Period. Therefore, the notice period as per the Termination and Severance Claim Methodology is based on the ESA Minimum Notice/Severance Period. This ESA Minimum Notice/Severance Period was used (a) to calculate the claim for lost pension accrual/lost pension contributions during the ESA Minimum Notice/Severance Period; and (ii) to determine whether you became eligible for post-retirement benefit claims and/or non-registered pension plans claims by the end of this ESA Minimum Notice/Severance Period.	
Option 1: Total Court approved Termination and Severance Claim Methodology	
Years of Service = (Termination Date - Hire Date) ÷ 365	A
Methodology Notice Period= 3.3 Weeks x Years of service [Min 8; Max 78]	B
Option 2: ESA Minimum Notice/Severance Period	
ESA Severance Period (Ontario residents only)	C
ESA Minimum Notice Period	D

All values are rounded to the nearest 2 decimal places.