

Nortel Compensation Claims Process Information Session

November 2011

**KOSKIE
MINSKY** LLP
BARRISTERS & SOLICITORS





Introductions

- Your NRPC/CNELTD Representatives
- Koskie Minsky LLP
- Ernst & Young Inc.
- The Segal Company
- RSM Richter Inc.
- CAW-Canada



Agenda

1. What is the Compensation Claims Process?
2. The Big Picture – Claims and Recoveries
3. Types of Claims
4. Your Information Statement Packages
5. What Happens Next?
6. Taxation & Distribution
7. Who Can Answer Questions?



What is the Compensation Claims Process?

- A fair and consistent process through which to value compensation claims for Nortel's:
 - Pensioners & Surviving Spouses
 - Terminated Employees (both pre- and post-filing)
 - Disabled Employees
 - Deferred Vested Employees
 - Post-Filing Transferred Employees
 - Active Employees
- Approved by the Ontario Superior Court of Justice on October 6, 2011.



What is the Compensation Claims Process?

- ***Your Claim***
 - The Compensation Claims Process is a method to value the amount of your *claim* against the Nortel estate.
- ***Your Distribution***
 - Your *distribution* is the payment(s) that you will receive from the Nortel estate at some point in the future.
 - Your *distribution* will not be for the full amount of your *claim*.
 - The *distribution* will be only the part of your claim that can be paid from the Canadian Nortel estate once the global assets have been divided amongst the various Nortel global entities and a CCAA Plan is approved.



What is the Compensation Claims Process?

- Many of you have now received an Information Statement.
- You should have received your Information Statement in either French or English, based on your language of preference.
- If you are experiencing difficulties in understanding your Information Statement in the language that you received it, you may contact the Monitor to request a copy in your language of preference.
 - Please do so only if necessary.
 - If this is necessary, please contact the Monitor immediately to make this request. Note that you will still be subject to the January 6, 2012 bar date.



What is the Compensation Claims Process?

- If you have not yet received an Information Statement, it is possible that:
 - Your package is still en route to you by mail. Packages were mailed between November 2 and 7, and delivery time will vary;
 - Your package has been mailed to an incorrect address; or
 - An Information Statement has not been prepared for you.
- **Please wait until November 14, 2011 to contact the Monitor about the status of your package.** If you have not received a package by November 14, then please contact the Monitor.
- Once you receive your package, you will be able to:
 - Access this presentation and listen to the webinar online at www.kmlaw.ca. You can listen to the webinar more than once if you wish.
 - Pose questions to KM, the Monitor or the counsel for the CAW-Canada by telephone or by email.



What is the Compensation Claims Process?

You have your Information Statement Package – now what?

- It is your responsibility to review your Information Statement Package carefully.
- **If the personal information contained in Form B of your package is correct then there is no action required on your part.** Your claim will automatically go forward.



What is the Compensation Claims Process?

- If there are inaccuracies with your personal information (shown on Form B) or if you believe that you have additional claim(s) then you may take action.
- All documentation must be received by the Monitor on or before **January 6, 2012.**
 - You will not receive an immediate response from the Monitor. Please be patient.



What is the Compensation Claims Process?

Incorrect Addresses

- If your package is returned by the post office as having an incorrect address then:
 - The Monitor will advise Representative Counsel;
 - The Monitor will make reasonable efforts to locate a correct address and to resend the package; and
 - Where a package is resent, the individual will have 50 calendar days from the date the package is mailed to the correct address to submit a Request for Correction.



What is the Compensation Claims Process?

Change of Address

- It is your responsibility to advise the Monitor and/or Representative Counsel of a change of address.
- To report a change of address, please complete and return a Change of Address Form, which is available on the KM, CAW or Monitor websites. If you do not have access to the internet, please contact KM, the CAW or the Monitor by telephone to request that a Change of Address Form be mailed to you.
 - If you are a registered pension plan member you must also contact Morneau Shepell directly to advise of a change of address.
- If you will be living somewhere other than the address that is on record with Nortel during the winter months, then please make arrangements to have your mail forwarded to you.

The Big Picture Claims

Estimated Total Compensation Claims as at December 31, 2010
(exclusive of registered plans)

	Millions
Non-Registered Pension and TRA/RAP Benefits	\$ 268.5
Life, Health, LTD/SIB/STB	\$ 629.0*
Termination and Severance	\$ 163.6
Patent Award Claims	\$ 0.3
TOTAL	\$1,061.4

*Subject to reduction after HWT payout (est. \$72 million)



The Big Picture

What is Included in this Process?

- The Compensation Claims Process **does** include all claims related to the loss of income and benefits that you have experienced as a former employee (or the surviving spouse of a former employee) of Nortel.
 - Exception: Losses related to the unfunded liabilities in Nortel's two registered pension plans, which is discussed on the next slide.
- The Compensation Claims Process **does** include the loss in future pension accruals in Nortel's defined contribution and defined benefit plans, including for disabled employees.



The Big Picture

What is Not Included in this Process?

- The Compensation Claims Process **does not** include any claims related the unfunded liabilities in Nortel's two registered pension plans.
 - Claims for such deficit amounts were submitted in September 2009 by Nortel as past plan administrator.
 - Morneau Shepell, the current plan administrator, will submit an amended claim once a more accurate estimate of the unfunded liability at wind-up is known.
 - Recoveries will be paid into the pension funds for the benefit of all plan members and will improve pensions. This is tax effective.
 - Deficiencies are estimated to be \$1.5 billion CAN.



The Big Picture

What Will I Recover?

- You will *not* receive a cheque for the amount of your claim – only for the part of it that can be paid from the Canadian Nortel estate once the global assets have been divided amongst the various Nortel global entities and a CCAA Plan is approved.
- Your *claim* amount will be reduced by any amounts you have received or will receive from the HWT and the Termination Fund.
- Your *distribution* will be reduced by any amounts you have received from the Hardship Fund. Payments from the hardship fund are an advance on your distribution.
 - Timing for a distribution is uncertain.
 - Depends on the outcome of the mediation with Ontario’s Chief Justice Winkler that has been ordered by the Canadian and US courts.
- Most of the benefits for which you receive a distribution will be subject to tax.
 - Distributions made in respect of LTD income benefits and health & dental benefits are not subject to tax.



The Big Picture

How Was My Claim Calculated?

- The court approved the methodologies that have been used to calculate your claim:
 - Benefit Claims (including supplemental non-registered pension benefits, LTD income, medical & dental benefits, etc.);
 - Termination and Severance Pay Claims; and
 - Patent Award Claims.
- Most of the math you cannot do yourself. The calculations are complex and involve specialized actuarial computer models and many underlying actuarial assumptions.
- Your responsibility is to make sure that your personal data is correct so that the correct claim is calculated for you.



The Big Picture

Major Claims in Canada

(estimated numbers)

- The principal operating subsidiary Nortel Networks Limited has approximately \$13.1 billion CAN in claims filed against it which include*:
 - Compensation Claims - \$1.06 billion CAN
 - Claim for unfunded liabilities in Nortel's Registered Pension Plan – \$1.5 billion CAN
 - Bondholder Claims - \$4.3 billion US
 - US Estate – \$2 billion US
- All claims above remain subject to the ongoing claims resolution process pursuant to the Claims Procedure Order and the Compensation Claims Procedure Order

* Filed claims above do not include claims filed by various Europe, Middle East and Africa (EMEA) entities pursuant to the EMEA Claim Procedure Order or the FSD claim in respect of the UK Pension Deficit of \$3.1B US



The Big Picture

Nortel's Assets

- The global sales proceeds allocation dispute is proceeding to a Court-ordered mediation supervised by Ontario's Chief Justice, the Honourable W. Winkler.
 - As at June 4, 2011:
 - Global cash balances (including Canadian cash balance) = \$2.7 billion
 - Canadian cash balance = \$253 million
 - Proceeds from Canadian assets sales = \$229 million
 - Global proceeds from sale of assets = \$7.5 billion*
- *Includes \$4.5 billion from the sale of Nortel's patent portfolio after June 4, 2011



Types of Claims

Former Employees

(including Pensioners and Surviving Spouses)

- Claims for pensioner medical and dental benefits, including STB medical and dental accrual
- Claims for pensioner life insurance, including death benefits and Additional Death Benefits (“ADB”)
- Claims Under Nortel’s Non-Registered Pension Plans
 - Excess Plan and Supplemental Executive Retirement Plan (“SERP”)
 - International Pension Plan (“IPP”)
 - Transitional Retirement Allowance Plan (“TRA”) and Retirement Allowance Plan (“RAP”)
- Survivor Income Benefits (SIB)
- Survivor Transition Benefits (STB)
- Patent Award Claims

The total claim amount has been reduced by any amounts you have or will receive from the HWT.



Types of Claims

Terminated Employees

- Termination and Severance Pay Claims
 - A. Termination Package:** Claims for employees who were terminated before Nortel's CCAA filing and who were provided with a Termination Package will be the amount outstanding in the Termination Package and in accordance with the agreed upon methodology.
 - B. Termination and Severance Claim Methodology:** Claims for employees terminated after Nortel's CCAA filing will be calculated in accordance with the court-approved methodology.

The total claim amount has been reduced by any payments you have received from the Termination Fund.

Payments from the Hardship Fund will be deducted from distributions.



Types of Claims

Terminated Employees (cont'd)

- Agreed Upon Methodology
 - 3.3 weeks of severance for every year of service with a minimum severance of 8 weeks and a maximum of 78 weeks;
 - An addition of 5.14% to account for fringe benefits that would be earned during the entire severance period; and
 - Vacation pay accrual for the ESA minimum notice period.
- For unionized employees the notice, bridging and severance period is based on the Collective Bargaining Agreement.
- Contingency Severance Claim
 - If you believe that you have an additional severance contingency claim, you must complete a Form C – Proof of Claim Form.
 - Please visit the KM website to access this form and other related information. For assistance in completing your Form C, please contact KM by telephone or by email.



Types of Claims

Terminated Employees (cont'd)

Terminated Employees may also have:

- Patent Award Claims
- A claim for an amount under Nortel's Non-Registered Pension Plans if an individual was eligible for such benefits at termination or became eligible for such benefits during the notice period. This includes:
 - Excess Plan and SERP
 - IPP
 - TRA and RAP
- A claim for pension accruals (i.e. lost pension growth in Nortel's defined benefit plans or lost pension contributions in Nortel's defined contribution plans) during the notice period.
- A claim for pensioner medical & dental and/or pensioner life insurance if an individual was eligible for such benefits at termination or became eligible for such benefits during the notice period.



Types of Claims

Disabled Employees

Disabled employees who were terminated on December 31, 2010 may have claims for:


- LTD income benefits
- LTD life insurance including LTD Basic Life, LTD Optional Life Benefit, LTD Accidental Death & Dismemberment Benefit and LTD Dependent Life Benefit
- LTD medical and dental
- Accrual of STBs
- Continuation of defined benefit or defined contribution accruals under Nortel's registered pension plans



Types of Claims

Disabled Employees (cont'd)

- Claims under Nortel's Non-Registered Pension Plans (including TRA and RAP)
- Pensioner medical and dental
- Pensioner life insurance, including additional death benefits
- Patent Award Claims
- Termination and Severance Pay Claims calculated in accordance with the LTD Beneficiary Termination and Severance Claim Methodology.
 - For unionized LTD Beneficiaries, the notice, bridging and severance period is based on the Collective Bargaining Agreement.



Taxation Gross-Ups

- **Income Tax Gross Up:** To address the negative consequences that you may experience as a result of receiving benefits in a lump sum distribution in the event there is no favourable change in tax status, there has been a net effective 10% gross up on the present value of:
 - Pensioner life, including Accidental Death Benefit (ADB) and all LTD life insurances;
 - Claims under the non-registered pension plans;
 - Claims for registered pension plan accruals; and
 - SIBs and STBs.
- **Administrative Cost Gross Up:** There has been an increase of 10% on the present value of medical and dental benefits to account for administrative and tax expenses, and availability and cost of replacing coverage for these benefits.



Compensation Claims Process

1. Information Statement Process

- The vast majority of claims will be dealt with through 'Information Statements' that each individual claimant will receive.
- **If the information in Form B of your personal package is correct then you do not have to do anything. Your claim goes forward automatically.**

2. Proof of Claim Process

- Allows any individual who believes that he or she has a different type of claim against Nortel or the Directors than those set out in his or her Information Statement to submit this claim for determination by the Monitor.
 - May be accepted or rejected in whole or in part by the Monitor and may be subject to a dispute resolution process.
 - Examples of additional claims include expense reimbursements, unpaid moving or tuition allowances.
- A union must file a Proof of Claim if an employee believes he or she has a grievance against Nortel under any collective agreement for monetary compensation that is not covered in Form A.



Information Statements

General

- Information Statements for each individual have been prepared by Nortel with the assistance of Mercer and the Monitor, using the court-approved methodology.
- Statements will be tailored for each person and will tell you:
 - The amount of your claim, including the amount of each claim e.g. loss of benefits, severance etc.
 - Your personal data on which the claim is based;
 - How you can make corrections to your data; and
 - How to make a claim for any different employment-related claim that is not covered in the Information Statement.



Information Statements

General

1. **Form A - Compensation Claim Amount**
2. **Form B - Personal Information Change Form**
3. **Guide to Using Form B**
4. **Form C – Compensation Proof of Claim**
5. **Guide to Using Form C**

Information Statements

Form A: Compensation Claim Amount

Form A – Your Compensation Claim Amount

Your Compensation Claim Amount

The table below lists the Compensation Claims that Nortel Canada believes you are entitled to. The valuation of those claims is in accordance with the Court-approved Compensation Claims Methodology and based on the personal information listed in *Form B*. Certain of the benefit claims listed below represent the actuarially determined present value of such claims.

If you believe that there are other claims not listed on this *Form A*, you will have to complete *Form C*.

Description	Your Claim Amount ¹
Base Severance Claim ²	
Aggregate Compensation Claim Amount	\$

¹ The total of all the payments that you receive from Nortel Canada will be reduced by payments made to you, if any, from the Hardship Fund.

² Base Severance Claim amount has been reduced by payments made to you, if any, from the Termination Fund. The Base Severance Claim amount does not include the pension accrual or other non-registered pension or post-retirement benefits you could have become entitled to at the end of your Court-approved notice period. If you become entitled to such benefits at the end of your Court-approved notice period, a claim for these benefits will be included in *Form A* as 'Pensioner life', 'Post-retirement Medical & Dental', 'Severance Claim – Lost Pension Accrual' and/or the applicable Non-Registered Pension Plan. Your personal detailed Base Severance Claim Calculation appears at the end of this *Form A*.

Nortel Canada's records indicate that you were terminated and have not received all of your severance pay:

- If you received notice of termination prior to January 14, 2009, your Base Severance Claim is based on any balance owing under your severance agreement or collective bargaining agreement with Nortel Canada, calculated based on such agreement and using the Court-approved Termination and Severance Claim Methodology;
- If you received notice of termination on/after January 14, 2009, your Base Severance Claim has been calculated using data from Nortel Canada's records and the Court-approved Termination and Severance Claim Methodology; or
- If you were on long-term disability as at December 31, 2010, your Base Severance Claim has been calculated using a termination date of December 31, 2010, data from Nortel Canada's records and the Court-approved Termination and Severance Claim Methodology.

Information Statements

Form A: Compensation Claim Amount for Terminated Employees

Personal Detailed Base Severance Claim Calculation Based on the Compensation Claims Methodology¹

Base Weekly Salary = Annual Salary (line 67) ÷ 52	$\$75,000.00 \div 52$	\$1,442.31/week	A
Years of Service = (Termination Date (line 66) - Hire Date (line 65)) ÷ 365	(December 31, 2010 - January 21, 2008) ÷ 365	2.95 years	B
Methodology Notice Period = 3.3 Weeks x Years of service [Min 8; Max 78]	3.3 x 2.95	9.74 weeks	C
<i>Severance Amount</i>	$\$1,442.31 \times 9.74$	\$14,048.10	$D = A * C$
Employee benefit rate of	5.14%		E
<i>Employee benefits on Severance Amount</i>	$5.14\% \times \$14,048.10$	\$722.07	$F = E * D$
Entitled statutory notice period (line 79)	2.00		G
Vacation accrual = Annual Vacation Entitlement (line 81) ÷ 5 working days/week ÷ 52 weeks/year	$25 \div 5 \div 52$		H
<i>Vacation pay on ESA Minimum Notice Period</i>	$2.00 \times 25 \div 5 \div 52 \times \$1,442.31$	\$277.37	$I = G * H * A$
<i>Less: Payment received from Termination Fund (line 84)</i>		(\$0.00)	J
Total Base Severance Claim		\$15,047.54	$K = D + F + I - J$



Information Statements

Form A: Compensation Claim Amount for Pensioners

Form A – Your Compensation Claim Amount

Your Compensation Claim Amount

The table below lists the Compensation Claims that Nortel Canada believes you are entitled to. The valuation of those claims is in accordance with the Court-approved Compensation Claims Methodology and based on the personal information listed in *Form B*. Certain of the benefit claims listed below represent the actuarially determined present value of such claims.

If you believe that there are other claims not listed on this *Form A*, you will have to complete *Form C*.

Description	Your Claim Amount ¹
Nortel Networks Limited Excess Plan – Part I (“Excess Plan – Part I”)	
Nortel Networks Limited Transitional Retirement Allowance Plan (“TRA”)	
Supplementary Executive Retirement Plan (“SERP”)	
Pensioner Life (including ADB, if applicable) ²	
Post-Retirement Medical & Dental	
Income Tax Gross Up ³	
Administrative Cost Gross Up ⁴	
Aggregate Compensation Claim Amount	\$-

¹ The total of all the payments that you receive from Nortel Canada will be reduced by payments made to you, if any, from the Hardship Fund.

² Your Compensation Claim will be reduced by any payments received from the Health & Welfare Trust.



Information Statements

Form A: Compensation Claim Amount for Disabled Employees

Form A – Your Compensation Claim Amount

Your Compensation Claim Amount

The table below lists the Compensation Claims that Nortel Canada believes you are entitled to. The valuation of those claims is in accordance with the Court-approved Compensation Claims Methodology and based on the personal information listed in *Form B*. Certain of the benefit claims listed below represent the actuarially determined present value of such claims.

If you believe that there are other claims not listed on this *Form A*, you will have to complete *Form C*.

Description	Your Claim Amount ¹
Base Severance Claim ²	
LTD loss in pension value under the registered pension plan after December 31, 2010	
Pensioner Life (including ADB, if applicable)	
Post-Retirement Medical & Dental	
LTD Income ³	
LTD Life (including Basic, Optional, AD&D and Dependent, if applicable) ³	
LTD Medical & Dental	
Income Tax Gross Up ⁴	
Administrative Cost Gross Up ⁵	
Aggregate Compensation Claim Amount	\$-

Information Statements

Form B: Personal Information Change Form

Form B – Your Personal Information Change Form

The Compensation Claim amount set out in *Form A* will only be modified if you submit corrections to the personal information that Nortel Canada has on file for you that are listed below **and** those corrections are accepted by the Monitor. Please refer to the *Guide to Using Form B* for further information on each line item listed in the chart below and suggested documentation that would be acceptable to the Monitor to support any corrections you make. *Note:* Not all data corrections will change the amount of your Compensation Claim. For example, corrections to your name or ID will not change the amount.

The line numbers in this *Form B* correspond to the line numbers in *Guide to Using Form B*. As this is a personalized data form, *Form B* will contain only those line items that pertain to your situation.

If you do not return your data corrections and supporting information to the Monitor by December 23, 2011 at 4:00 p.m. (Eastern Standard Time), the information contained in *Form B* will be deemed to be correct and complete in all respects and the Compensation Claim set out in *Form A* will be your Compensation Claim against Nortel Canada for all purposes.

Line #	Personal Information	Details per – Nortel Canada's Records as at December 31, 2010	Corrections, if any
1.	Last Canadian employer of record	Nortel Networks Limited	
2.	Name	SAMPLE TERMINATED	
3.	ID	22222	
4.	Gender	Male	
5.	Year of birth	1963	



Information Statements

Form B: Personal Information Change Form

Confirming Changes or Corrections to My Personal Information

1. If you AGREE with all of the information contained in this *Form B*, you do not need to sign or return a copy of *Form B*. No further action is required with respect to your Compensation Claim.
2. If you have CHANGES OR CORRECTIONS to any of the information contained in *Form B*, you must make your corrections on *Form B* in the column labeled "*Corrections, if any*", complete the following section, and return all pages of this *Form B*, along with your supporting documentation. Changes or corrections without appropriate supporting documentation as required by the *Guide to Using Form B* may not be accepted by the Monitor.

If you do not return your changes or corrections to *Form B* by December 23, 2011 at 4:00 p.m. (Eastern Standard Time) (the "Bar Date"), the information contained in *Form B* will be deemed to be correct and complete in all respects and the Compensation Claim set out in *Form A* will be your Compensation Claim against Nortel Canada for all purposes.

If changes to the information in *Form B* are accepted by the Monitor, and result in a change in your Compensation Claim amount as set out in *Form A*, a Revised Information Statement (including *Form A and Form B*) will be generated and mailed to you. If the changes do not result in a change to your Compensation Claim amount, you will receive a Notice of Acceptance (Personal Information) to this effect.

If the changes to the information in *Form B* are not accepted by the Monitor, you will receive a Notice of Disallowance (Personal Information) to this effect. For further information regarding the resolution of claims, please refer to the Compensation Claims Procedure Order on the Monitor's website.

Copies of any corrections received by the Monitor and responses to those corrections by the Monitor will also be sent to your Representative Legal Counsel.

You can expect to receive such communications from the Monitor no earlier than 90 days after the Bar Date.



Information Statements

Form B: Personal Information Change Form

Contact information in the event I need to be reached to clarify any changes:

<hr/>	()
Email address	Daytime phone number
<hr/>	()
	Alternate phone number
<hr/>	()
	Alternate phone number

Authorized Representative

To be completed ONLY if you are completing and signing this *Form B* on behalf of a Nortel Canada claimant and you are one of the following:

- Continuing/non-continuing Power of Attorney for Property; or
- Estate Trustee/Administrator/Executor.

Please print your full name, address, telephone number, and email address below. In addition to this *Form B*, please also send us a notarized copy of the Power of Attorney documents, certificate of appointment of estate trustee, a notarized copy of the last will and testament naming you the estate trustee/executor or other documents acceptable to the Monitor. All copies must be notarized by a Notary Public.

Representative's Name	
Representative's Address	
Representative's Telephone Number	
Representative's Email Address	

Information Statements

Guide to Using Form B

Guide to Using Form B

The following two tables are to help you identify which line items may appear in your *Form B* based on your status and eligibility for a claim. However, as *Form B* has been personalized according to your specific circumstances, not all line numbers in this table are relevant for your calculation and therefore may not appear in *Form B*.

The methodology used to determine the data points that are necessary to calculate the claims that appear in *Form A* has been prepared with the input of your Court-appointed Representatives, your Court-appointed Representative Legal Counsel, counsel to CAW-Canada, and their actuarial and financial advisors.

	Line #	Additional Line # for these specific situations listed below:						
		Member Status	SERP	TRA/ RAP	Excess Plan and Member of Part I of the Managerial and Non-negotiated Pension Plan	Excess Plan and Member of Part II of the Managerial and Non-negotiated Pension Plan	Eligible for Post-Retirement Benefits	Severance Claim or Termination and Severance Claim Methodology
Employees affected by a deal Pre-filing terminated employees with an outstanding severance claim Post-filing terminated employee	1-6, 88, 89	13-15, 40	7, 11, 13	11, 13-15, 38, 39	13-18, 39	10, 30, 49, 51-53	7, 65-84	85-87
LTD Claimants	1-6, 12, 19-29	13-15	7, 11, 13	11, 13-15	13-18	10, 30, 49, 51-53	7, 65-84	85-87

Information Statements

Guide to Using Form B

The following table explains what information appears on the line numbers in *Form B* and what documents can be used to correct a line number in *Form B*. The line numbers in this table correspond to the line numbers in *Form B*.

Line #	Personal Information	Definition	Documents from which this information can be found and be used for supporting documentation if data point is missing or incorrect
1	Last Canadian Employer of Record	If you were already in receipt of a benefit, or are a deferred pensioner, this is set out in your Retirement package. Otherwise, it is your last Canadian employer (or its successor) as per Nortel Canada's Records. If it is unknown, or is no longer an existing entity, Nortel Networks Limited will be used.	<ul style="list-style-type: none"> • Termination Letter; • Pay stub from last year of employment; or • Retirement Package.
2	Name	This is the person who will receive payments (if any) from the CCAA Proceedings. This could be the name of the Nortel Canada Employee or the name of the Survivor that is eligible for a survivor benefit. If Claimant is deceased, see line 6.	<ul style="list-style-type: none"> • Copy of any federal or provincial government issued document showing correct spelling of name. • Approval of legal name change
3	ID	The Claimant's Nortel Canada Employee Global Identification or the beneficiary's annuitant number.	<ul style="list-style-type: none"> • Any Nortel Canada communication with your employee ID; • Nortel Canada pay stub; or • Sun Life communication for your Annuitant number.

Information Statements

Form C

Only complete if you believe that you have: (a) a claim for compensation for acting as a director of Nortel Canada; (b) a claim against Nortel Canada for indemnification and/or contribution arising from your service to Nortel Canada as a director or officer; or (c) any other employment-related claim not referred to in Form A (collectively an "Other Compensation Claim").

CANADIAN COMPENSATION PROOF OF CLAIM re: Other Compensation Claims

Nortel Canada Form C

1 Name of Debtor (the "Debtor")

Nortel Networks Limited
 Nortel Networks Corporation

Nortel Networks International Corporation
 Nortel Networks Global Corporation
 Nortel Networks Technology Corporation

2 Original Creditor Identification (the "Creditor")

Legal Name of Creditor		Name of Contact if different	
Address	GD/Employee #	Phone #	
	Social Insurance No.	Fax #	
City	Country	Postal/Zip code	e-mail

3 Amount of Claim

The Debtor was and still is indebted to the Creditor as follows:

Claims will be recorded as "Unsecured" unless the "Secured" box is checked.

Currency	Original Currency Amount	Secured	
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

If you are making a claim against an Officer or Director check the box below, list the Officers(s) and Directors(s) and against whom you assert your claim.¹

4 Documentation

Information Statements

Guide to Using Form C

GUIDE TO COMPLETING FORM C

You do not need to complete and submit *Form C* with respect to any Compensation Claim set out in *Form A*.

You may complete and submit *Form C* if you believe that you have: (a) a claim for compensation for acting as a director of Nortel Canada; (b) a claim against Nortel Canada for indemnification and/or contribution arising from your service to Nortel Canada as a director or officer; or (c) a grievance claim for monetary compensation; or (d) any other employment related claim not referred to above or in *Form A* (collectively a "Other Compensation Claim"). If you believe you have a grievance claim for monetary compensation, please contact your union as your union is to submit that claim on your behalf. Please submit your claim in its original currency and indicate if it is not expressed in Canadian Dollars. If not indicated, the Monitor will assume the Compensation Claim is in Canadian Dollars.

Please note that pursuant to the Order of the Court dated March 31, 2010 and the settlement agreement approved by that order, certain claims are barred or otherwise limited.

This Guide has been prepared to assist Creditors with Compensation Claims in filling out *Form C* with respect to the Debtors listed in Section 1, below. If you have any additional questions regarding completion of the *Form C*, please consult the Monitor's website at www.ev.com/ca/nortel or contact the Monitor, whose contact information is shown below.

Additional copies of the *Canadian Compensation Proof of Claim re: Other Compensation Claims* form may be found at the Monitor's website address noted above.

Please note that this is a guide only, and that, in the event of any inconsistency between the terms of this guide and the terms of the Compensation Claims Procedure Order made on October 7, 2011, the terms of the Compensation Claims Procedure Order will govern.

Section 1 – Name of Debtor:

- The following is a list of Debtor companies against whom a claim may be asserted in this claims process. Indicate on the form the name of the Debtor by ticking the appropriate box(es):
 - Nortel Networks Corporation
 - Nortel Networks Limited
 - Nortel Networks Global Corporation
 - Nortel Networks International Corporation
 - Nortel Networks Technology Corporation.

Section 2 – Original Creditor

- A separate *Canadian Compensation Proof of Claim re: Other Compensation Claims* form must be filed by each person asserting a claim against any Debtor listed in Section 1.



What Happens Next?

Form A

Can I correct the value in Form A?

- The calculation in Form A will only be amended if there is an error in the underlying personal information in your Form B and if correcting the error changes the amount of the claim.
 - Your responsibility is to make sure that your personal data in Form B is correct so that the correct claim is calculated for you.
- The court has approved methodologies that have been used to calculate claims in order to ensure a fair and consistent approach to the valuation of all compensation claims.



What Happens Next? Form B

What do I do if there is an error in the personal information in my Form B?

- It is your responsibility to review your personal information data carefully.
- If there are errors in Form B you must request a data change or correction by:
 - Completing the 'correct data' column in Form B.
 - Collect supporting documentation. You can contact the Monitor or Representative Counsel with related questions.
 - Sign and return the form and supporting documentation to the Monitor.
 - The Monitor must *receive* your completed Request for Correction on or before **January 6, 2012.**



What Happens Next? Form B

What do I do if the personal information in Form B of my Information Statement is correct?

- Nothing!
- You do not need to complete or return any forms.
- Your claim will be entered for the value as provided in your personal Information Statement.



What Happens Next? Form B

What happens after I submit a Request for Correction?

- The Monitor will review and consider all Requests for Correction, and may accept or reject them, in whole or in part.
- If a Request for Correction is accepted:
 - And it changes your Compensation Claims amount, a Revised Information Statement will be prepared by the Monitor and sent to you; or
 - And it does not change your Compensation Claims amount, the Monitor will send a Notice of Acceptance advising that the information has been changed, and your Compensation Claim amount has not changed.



What Happens Next? Form B

- Where a Request for Correction is rejected, the Monitor will send a Notice of Disallowance and a blank Notice of Dispute form.
- A Notice of Disallowance may be disputed within 28 days.
 - Reminder: there is no appeal of the methodology – calculations in accordance with the methodology cannot be challenged.



What Happens Next?

Form C

What do I do if I believe that I have an additional claim that is not listed on my Form A?

- The vast majority of claims will be included in Form A of the Information Statements.
- There may be some rare circumstances where an individual will be required to complete an individual Form C Proof of Claim.
- Representative Counsel can assist you to complete Form C. If you require assistance, please contact KM at 1.866.777.6344 or by email at nortel@kmlaw.ca.
- The Monitor must *receive* your completed Form C Proof of Claim together with all supporting documentation on or before **January 6, 2012.**



What Happens Next? Form C

What happens if I choose to submit a Form C?

- The Monitor will review all Proofs of Claim and may:
 - Request additional information; and
 - Either accept or disallow the claim, by sending a Notice of Disallowance.
- If you choose to submit a Proof of Claim, please do not expect an immediate response from the Monitor. It will take some time to review and assess claims that are entered through Form C.



What Happens Next?

Forms B and C - Notices of Dispute

How will disputes be dealt with?

- The Monitor may not accept a particular Form B - Request for Correction or Form C - Proof of Claim. If that occurs, the Monitor will issue a Notice of Disallowance.
- Within 28 days of receiving a Notice of Disallowance, the individual or union must file a Notice of Dispute if they intend to dispute it. The Monitor shall:
 - Attempt to consensually resolve the amount of the claim with the individual or union;
 - Refer the dispute to a Claims Officer for determination; or
 - Bring the dispute before the Court for determination.
- This process applies to disputes of Notice of Disallowances or Requests for Corrections.



Distribution Tax Treatment

- All lump sum distributions that you receive are taxable and will be subject to withholding tax with the exception of:
 1. **Health and dental benefits**
 - 2011 Federal Budget: lump sum payments, if received from an employer who became insolvent prior to 2012, remain non-taxable.
 2. **LTD income benefits**
 - CRA released a favourable advance ruling in respect of lump sum distributions of income benefits from the Nortel HWT. Quebec taxing authorities also issued a favourable ruling that applies to Quebec residents.
 - Distributions made in respect of LTD income benefits from the Nortel estate are non-taxable. These distributions will not be subject to withholding tax.



Distribution Tax Treatment (cont'd)

- **Life insurance benefits:**
 - There may be a court challenge to the CRA's negative ruling as to the taxable nature of distributions made in respect of lost life insurance benefits.
 - If successful, the tax gross-up will be removed on life insurance benefits, as there would be no prejudice as a result of receiving a payment in lump sum form.
- Distribution payments will be taxable in the year the payment is received.
- The CRA's withholding rates for lump-sum payments are:
 - 10% (5% for Quebec) on amounts up to and including \$5,000;
 - 20% (10% for Quebec) on amounts from \$5,000 up to and including \$15,000; and
 - 30% (15% for Quebec) on amounts over \$15,000.
- You may have to pay additional tax on distribution amounts when you file your tax return.



Distribution Timing

- The Compensation Claims Process will be ongoing for quite some time.
- Timing of distribution is dependent on a number of factors including:
 - Adjudication of claims
 - Resolution of disputes
 - Allocation of assets among the estates
- We will all do our best to move forward as quickly as possible.
- There are many claims and issues to be resolved and your patience will be required.



Who Do I Call With My Questions?

If you have any questions about your Information Statement please contact:

- Court-appointed Representative Counsel at 1.866.777.6344 or nortel@kmlaw.ca
- CAW-members who are represented by counsel for the CAW should contact Barry E. Wadsworth at 416.495.3776 or linda.cantin@caw.ca
- Court-appointed Monitor at 1.866.942.7177 or 416.943.4439 or nortel.monitor@ca.ey.com

If you have a question that is related to your registered pension please contact Morneau Shepell at:

- Managerial Plan Members: 1.877.392.2074
- Negotiated Plan Members: 1.877.392.2073