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**PERSONAL & CONFIDENTIAL**

**Without Prejudice**

October 29, 2010

«Employee\_First\_Name» «Employee\_Last\_Name»  
«Street» «Apt»  
«City» «Province»  
«Postal\_Code»

Dear «Employee\_First\_Name»:

As a follow-up to the communications you have received regarding the Settlement Agreement dated February 8<sup>th</sup> and approved by the Courts on March 31<sup>st</sup>, 2010, this letter is to confirm that your employment will terminate on December 31<sup>st</sup>, 2010 (“Termination Date”). On the Termination Date, your service, employment, and all pay and benefits not expressly extended to you in this letter will end. Please refer to the attached Important Information document for more information on benefits.

As used in this letter, the term “Corporation” shall mean Nortel Networks Corporation, its subsidiaries and affiliates, their successors and assigns, and all of their past and present officers, directors, employees and agents (in their individual and representative capacities), in every case, individually and collectively.

As a consequence of the termination of your employment, there are no promises, understandings or representations other than those set forth herein. Further, this letter supersedes any other arrangements, written or otherwise, relating to your employment and the cessation of your employment.

Sincerely,

Nortel Networks Ltd

TERMINATION PACKAGE – CANADIAN EMPLOYEES  
IMPORTANT INFORMATION

**BENEFITS INFORMATION**

**MEDICAL AND DENTAL/VISION/HEARING CARE COVERAGE**

If enrolled, coverage ends on the last day of the month of your Termination Date.

**Pursuant to the Settlement Agreement, you will be required to submit all Medical and Dental claims for expenses incurred on or before December 31, 2010 by no later February 28<sup>th</sup>, 2011.** Claims received after February 28<sup>th</sup> will not be accepted or paid.

If you are under age 75 and you contact Sun Life within 60 days from the date your group coverage terminates, you may apply for health and dental coverage. Please contact Sun Life to discuss the options available to you. Unfortunately, Extended Health Care and Dental Insurance is not available to someone who has been on LTD within the last 24 months.

Please contact Sun Life Financial to speak with an advisor about your options. You may contact Sun Life at 1-877-337-6461 any time between 8:00 a.m. and 8:00 p.m. EST to speak with someone today.

**HEALTHCARE REIMBURSEMENT ACCOUNT (HCRA)**

If enrolled, contribution ends on your Termination Date.

All eligible health care expenses incurred prior to your Termination Date will be covered under your regular HCRA benefit. Visit the Sun Life website at [www.mysunlife.ca](http://www.mysunlife.ca) to view the final balance of your account and print a copy of the HCRA form. You have until February 28, 2011 to submit a claim for eligible expenses that were incurred on or before December 31, 2010. Claims received after February 28<sup>th</sup> will not be accepted or paid.

**EMPLOYEE LIFE INSURANCE, DEPENDENT LIFE INSURANCE - SPOUSE, DEPENDENT LIFE INSURANCE – CHILD(REN)**

If enrolled, your employee and dependent life insurance coverage ends on your Termination Date. If you contact Sun Life within 31 days from the date your group coverage terminates, you are eligible to convert your existing amount of life insurance, up to a maximum of \$200,000, to an individual policy.

Alternatively, if you are under age 66, and you contact Sun Life within 31 days from the date your group coverage terminates, you may be eligible to continue your level of life insurance coverage (up to a maximum of \$1,000,000) under an individual policy through Sun Life's *CHOICES* program. You'll simply be asked a few health questions over the phone to assess your eligibility.

**IMPORTANT DEADLINE**

**\*You must apply and pay the first month's premium before the expiration of 31 days (the conversion period) from your Termination Date\*.**

If you die during the conversion period, your beneficiary will receive the benefit payable under your core and optional employee life insurance coverage (if applicable), up to a maximum of \$200,000 even if you don't apply for an individual policy. You may also convert your optional dependent life insurance coverage for your spouse to an individual policy without the need for EOI. The amount you can convert is your spouse's current level of coverage subject to a maximum conversion amount of \$200,000. If your spouse dies during the conversion period, you'll receive the benefits payable under the optional dependent life insurance coverage for your spouse up to a maximum of \$200,000. There is no conversion option for your dependent life insurance coverage for your children.

Please contact Sun Life Financial to speak with an advisor about your options. You may contact Sun Life at 1-877-337-6461 any time between 8:00 a.m. and 8:00 p.m. EST to speak with someone today.

**ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) INSURANCE**

If enrolled, coverage ends on your Termination Date. There is no conversion privilege.

**SHORT-TERM (STD) DISABILITY – CORE AND OPTIONAL**

If enrolled, coverage ends on your Termination Date.

**LONG-TERM (LTD) DISABILITY – CORE AND OPTIONAL**

If enrolled, coverage ends on your Termination Date.

**BUSINESS TRAVEL ACCIDENT INSURANCE**

Coverage ends on your Termination Date.

**NORTEL NETWORKS INVESTMENT PLAN**

Upon receipt of notification from Nortel that you are no longer a Nortel employee, Sun Life Financial will send you a termination options package providing you with the various settlement options available to you. You will need to complete and return the settlement option form to Sun Life Financial providing them with your instructions.

You will have the option to settle or maintain your investment plan accounts with Sun Life Financial. In accordance with the Canada Revenue Agency regulations, you will be required to settle the DPSP within 90 days of the date on which you receive the termination options package from Sun Life, whether or not you elect to maintain your Investment Plan accounts with Sun Life Financial. If you do not take action within this 90 day period, your DPSP account balance will be automatically transferred into your RRSP account in the Investment Plan. Alternatively, you may transfer your assets in the Investment Plan to Sun Life's *CHOICES* Plan.

If you have any questions regarding your Investment Plan accounts, please contact the Sun Life Financial Customer Care Centre at:

**Sun Life Financial Customer Care Centre**

Phone: 1-877-337-6461

Fax: 416-595-0679

[www.mysunlife.ca](http://www.mysunlife.ca)

Sun Life Financial  
225 King Street West, 4th Fl.  
Toronto, Ontario M5V 3C5

## **PENSION PLAN**

Effective October 1, 2010, the Superintendent of Financial Services (the Superintendent) appointed Morneau Sobeco Limited Partnership (Morneau Sobeco) as the new plan administrator for the purpose of winding up the Nortel pension plans. The Superintendent made this appointment under the authority of section 71 of the Pension Benefits Act (PBA).

Morneau Sobeco is responsible for the administration of the Nortel pension plans (including payment of pension benefits), for commencing the wind up of the Nortel pension plans, and representing the pension plans as decisions are made regarding allocation of the proceeds from the sale of Nortel's assets. In regards to carrying out the wind up of the Nortel pension plans, the administrator is responsible for determining adjusted entitlements, including Pension Benefits Guarantee Fund (PBGF) entitlements earned in Ontario.

If you are a member of the Nortel Networks Limited Managerial and Non-Negotiated Pension Plan defined benefit provisions under *Part I or Part II* you will receive a communication from Morneau Sobeco with more information regarding the wind up of your pension plan.

Until the new administrator requests and receives approval from the regulators, it will not be permitted to make payments from the Plan for new terminations or retirements. Morneau Sobeco will be seeking approval to start new pensions likely at a reduced level once a determination has been made as to the funded position of the plan. Currently, the timing of requesting and receiving this approval is not yet known.

If you have a defined contribution pension plan under Part III, you will also receive documentation from Morneau Sobeco outlining further details on the available pension plan settlement options following your Termination Date. The option to transfer your entire defined contribution pension plan ("DCPP") account balance into a prescribed locked retirement savings vehicle will not be permitted under the DCPP until the new administrator requests and receives approval from the regulators. Currently, the timing of requesting and receiving this approval is not yet known.

For further information regarding your termination options, please visit Morneau Sobeco's website at [www.pensionwindups.morneausobeco.com](http://www.pensionwindups.morneausobeco.com).

### **Morneau Sobeco Limited Partnership**

Managerial Plan – 1-877-392-2074

Negotiated Plan – 1-877-392-2073

E-mail: [nortelwindup@morneausobeco.com](mailto:nortelwindup@morneausobeco.com)

*If there are any discrepancies between the information in this summary and the official plan documents, the official plan documents will be considered correct and will govern plan administration. In accordance with the plan documents, Nortel Networks reserves the right to amend or discontinue the program or plans described in this summary at any time.*