

Webinar on Member Information Profile Mailings

NORTEL CCAA Update

FEBRUARY 14, 2013



**KOSKIE
MINSKY** LLP
BARRISTERS & SOLICITORS





HOUSEKEEPING

- Slides on KM Website www.kmlaw.ca/case-central
 - Click on Nortel Networks Corporation
- Questions in English or French
- Webcast presentation to be posted on NRPC Website
- This presentation has been developed for the NRPC constituency



OUTLINE OF PRESENTATION

UPDATE ON:

- A. Allocation of Assets
- B. Pensioner T4A's for 2012
- C. Pension Wind Up and Member Profiles
- D. The Compensation Claims Process
- E. The Health and Welfare Trust (HWT)
- F. The HWT Tax Appeal
- G. The Hardship Fund
- H. Address Change and Notification of Death forms
- I. NRPC Unfinished Business
- J. Next Steps in CCAA
- K. Questions
- L. Sources of Information



A. UPDATE REGARDING THE ALLOCATION OF ASSETS

- January 14 – 24, 2013 mediation with Justice Winkler ended with no resolution among the parties and no further mediation.
- On January 31, 2013, the CCAA stay was extended to May 3, 2013.



NEXT STEPS

- On January 31, 2013 Justice Morawetz requested each party provide submissions by February 8, 2013 listing the issues that are outstanding and that need to be litigated.
 - The CCC (Canadian Creditors Committee): Koskie Minsky, CAW, Nelligan O'Brien Payne/Jacques, Morneau Shepell, FSCO have made a single submission.
 - Justice Gross provided parties in the U.S. with a similar request.
- The Courts will provide direction on how allocation of assets and intercompany claims will be dealt with.
- Justice Morawetz also stated that “immediate steps are to be taken by all parties to strictly control professional costs.”

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B. Pensioner T4A's for 2012

We have had a number of calls regarding T4A's for pensioners in 2012

- As you may recall, we switched custodians from Northern Trust to CIBC Mellon in late February, 2012.
- As a result, all pensioners (other than those who started their pensions in March 2012 or later) will receive two T4A's for their 2012 income tax returns.
 - › One from Northern trust for pension income for January and February of 2012.
 - › Another from CIBC Mellon for pension income from March to December of 2012.

C. Pension Wind Up and Member Profiles

Sequence of events:

1. Member Information Profiles mailed
2. Members respond to the profiles
3. Wind up report prepared
4. Wind up report approved by FSCO
5. Option forms sent to eligible members
6. Members return option forms

Pension Wind Up and Member Profiles

We are currently in the process of mailing out Member Information Profiles to all Nortel beneficiaries.

- Member profiles provide you with an opportunity to review the information we have on file necessary to calculate your pension and correct it if it is wrong.
- The 21,000 profiles are being sent over a six-month period.
 - Profiles for Active Negotiated members were sent out late last year.
 - Profiles for Deferred Negotiated members were sent out in January.

Pension Wind Up and Member Profiles

Member Information Profiles will be sent out for remaining members over the next few months.

- Negotiated Retiree Profiles will go out in batches starting in late February through early April.
- Negotiated partially paid members and members of divested groups will be last.
- Managerial Profiles will commence being sent out later this month, starting with Active and Divested groups.

Pension Wind Up and Member Profiles

Member Information Profiles are an essential step in the wind up of your pension plans.

- They include the information we have on file relevant to your pension entitlement.
- Once members have responded to the profiles, our actuaries will begin preparing the wind up reports to be submitted to the Superintendent of Financial Services.
- The timing is still tentative, but we hope to have the Negotiated Plan report ready by the end of 2013, and the Managerial Plan report ready in early 2014.

Pension Wind up and Member Profiles

Once the Wind Up Reports are approved, those members who are eligible will receive Option Forms to either have an annuity purchased on their behalf or take a lump-sum payment instead.

- The specific options are determined by the provincial legislation of the province in which you terminated employment.
 - Most provinces require pensioners to take an annuity
 - Ontario and Quebec permit pensioners to take a lump-sum
 - Most provinces allow those members who had not commenced pension payments to elect either an annuity or a lump-sum (except Quebec, which generally requires non-pensioners to take a lump-sum)
 - Quebec has special rules that allow retirees to transfer their entitlement to the Régie des Rentes du Quebec

Pension Wind Up and Member Profiles

Once the Option Forms are returned

- Those members who elected lump-sums will receive them fairly quickly.
- Those members who elected annuities will have them purchased over a period of time.
- Pensions will be adjusted to reflect the funded ratios at the time the wind up report is filed and/or benefits are settled.
- If the estate claim has not settled, there will be a further lump-sum transfer or annuity increase when the CCAA money comes in.

Pension Wind Up and Member Profiles

The communications being sent to members include a number of documents:

- The Member Information Profile
- A Declaration of Marital Status Form
- A Beneficiary Designation Form
- A Statutory Declaration Form regarding Province of Employment and Union Membership (for the Negotiated Plan only)

Pension Wind Up and Member Profiles

Member Information Profiles contain the information we have on file relevant to calculating your pension entitlement.

- The information contained in the profiles will be different depending upon whether you are a pensioner, a deferred member, an active member, a partially paid member or a member of a divested business.
- Please review the information contained in the profile to see if it is accurate and, if not, provide us with the corrected information and any documentary materials that may support the changes you are making.

Pension Wind Up and Member Profiles

All members are required to fill out the Declaration of Marital Status

- There is a definitions section on the back of the form that explains key terms.
- If you are uncertain regarding how to fill out this form, or any other form, you may call us for further information.

All members who do not have a spouse should fill out the Beneficiary Designation Form

- If not filled out, any benefit payable on your death will go to your estate and be subject to estate taxes.

Pension Wind Up and Member Profiles

All profiles include a Statutory Declaration regarding Province of Employment (POE) and (for the Negotiated Plan) regarding Union Membership.

- The pension legislation in the province(s) in which you were employed determines what rights and entitlements you have in the wind up.
- If the POE or Union membership information on your profile is incorrect, please fill out the Statutory Declaration with the correct information.
- If the information on the Profile is correct, you do not have to fill out the Statutory Declaration.
- The Statutory Declaration must be commissioned in front of a Commissioner for Oaths (most lawyers or notaries can do this) unless the changes you make show less Ontario service than that indicated on the Profile.

Pension Wind Up and Member Profiles

Sample DV Profile (2).doc [Read-Only] [Compatibility Mode] - Microsoft Word

Nortel Networks Negotiated Pension Plan (the "Plan")
Registration Number 0587766

Member Information Profile (the "Profile")

1. Please verify the data in each section and provide us with any missing information (if applicable) in the blank space provided. Please provide copies of documentation to support any changes made to the data on the Profile.
2. Please complete and return one signed copy of this Profile along with the required documents listed on the back of the Profile.

Section A - Employee Information

Name and Address	SIN	Global ID	Sex
John Doe	123-456-789	12345	M
1234 Smith Street			
Anytown, Quebec A1A 1A1			
Canada			
Telephone:			

Deferred Member

Date of Birth	Proof of Age on File
16-Oct-1956	No
	<i>If "No", please provide</i>

Section B - Pension Information

Date of Hire	Date of Termination
17-Jul-1981	29-Jan-1989

Early Unreduced Retirement Date ("EURD")	Normal Retirement Date ("NRD")	Monthly Pension Payable at NRD*
Not Applicable	1-Nov-2024	\$81.67

Page: 1 of 2 | Words: 651 | English (U.S.) | 100%

Pension Wind Up and Member Profiles

Sample DV Profile (2).doc [Read-Only] [Compatibility Mode] - Microsoft Word

	16-Oct-1956	No
Telephone:		<i>If "No", please provide</i>

Section B - Pension Information

Date of Hire	Date of Termination
17-Jul-1981	29-Jan-1989

Early Unreduced Retirement Date ("EURD")	Normal Retirement Date ("NRD")	Monthly Pension Payable at NRD*
Not Applicable	1-Nov-2024	\$81.67

*Please note: your monthly pension amount will be revised subject to the wind up funded ratio upon approval of the Wind Up Report, and limited to the amounts covered by the Ontario Pension Benefits Guarantee Fund, if applicable. If a revision is necessary to the actual amount payable to you, we will notify you in writing and an adjustment will be made. The current estimated funded levels are 75% (non-indexed) for service earned in Ontario, 69% (non-indexed) for service earned in Nova Scotia, and 57% (indexed) for service earned in other provinces.

Section C - Verification of Province of Employment and Union Membership

Union Membership	CUCW1
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Province of Employment Pertaining to Pensionable Service	From	To
Quebec	7-Jul-1981	1-Feb-1982
Alberta	2-Feb-1982	8-Apr-1984
Ontario	9-Apr-1984	30-Aug-1987
Quebec	31-Aug-1987	20-Jan-1989

Page: 1 of 2 | Words: 651 | English (U.S.) | 100%

Pension Wind Up and Member Profiles

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Please check one:

- I confirm that the above quoted union and province of employment is **correct for all years of employment**;
- The above union and province of employment is **not correct** and I have provided documentation supporting this claim;
- The above union and/or province of employment is **not correct**. I do not have any documentation regarding my province(s) of employment. However, I have completed the details of my employment history on the attached **Statutory Declaration – Verification of Province of Employment** form which has been duly signed, dated and commissioned.

Page: 1 of 2 | Words: 651 | English (U.S.) | 100%

Pension Wind Up and Member Profiles

Section D - Spousal Information

My current marital status is as follows (please check one):

Single Divorced/Separated (please send a copy of your Separation Agreement)

Married Widow/Widower (please send a copy of your spouse's death certificate)

Common Law

Name of Spouse	Date of Birth	Proof of Age on File	SIN	Sex
Not on File	Not on File	No	Not on File	Not on File
		<i>If "No", please provide</i>		

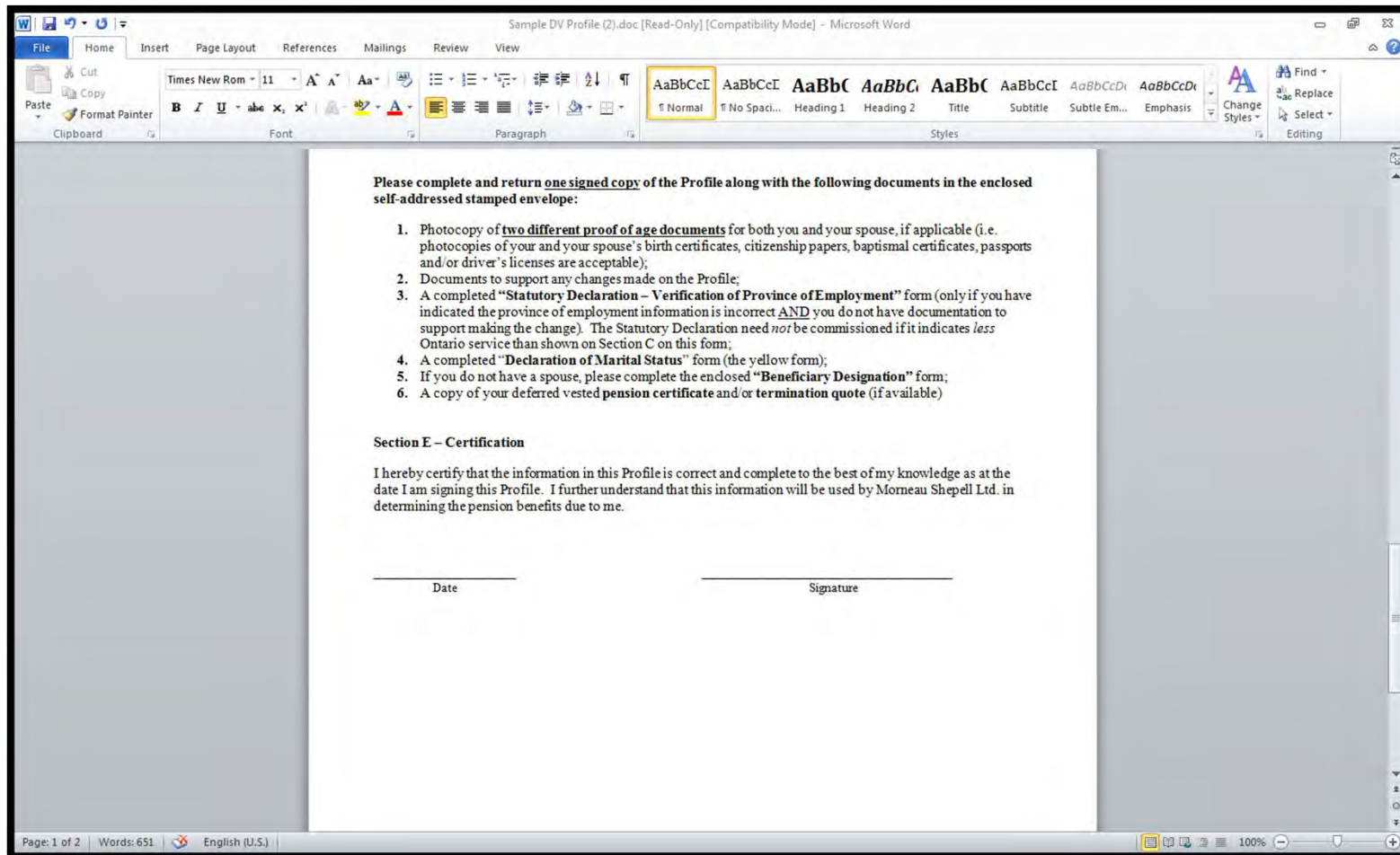
Please complete and return one signed copy of the Profile along with the following documents in the enclosed self-addressed stamped envelope:

1. Photocopy of **two different proof of age documents** for both you and your spouse, if applicable (i.e. photocopies of your and your spouse's birth certificates, citizenship papers, baptismal certificates, passports and/or driver's licenses are acceptable);
2. Documents to support any changes made on the Profile;
3. A completed "**Statutory Declaration – Verification of Province of Employment**" form (only if you have indicated the province of employment information is incorrect **AND** you do not have documentation to support making the change). The Statutory Declaration need *not* be commissioned if it indicates *less* Ontario service than shown on Section C on this form;
4. A completed "**Declaration of Marital Status**" form (the yellow form);
5. If you do not have a spouse, please complete the enclosed "**Beneficiary Designation**" form;
6. A copy of your deferred vested **pension certificate** and/or **termination quote** (if available)

Section E – Certification

I hereby certify that the information in this Profile is correct and complete to the best of my knowledge as at the date I am signing this Profile. I further understand that this information will be used by Morneau Shepell Ltd. in determining the pension benefits for this member.

Pension Wind Up and Member Profiles



Pension Wind Up and Member Profiles

Please note that the profile used as an example was for a deferred Negotiated Plan member.

- Depending on the Group you belong to (e.g. a retiree, an active member, a member of a divested business or a partially paid member), the information we are seeking to confirm is different and the form may be different from the example provided earlier.

Pension Wind Up and Member Profiles

Once you have certified that the information is correct, please mail the signed form and any supporting documents to us in the self-addressed stamped envelope.

If you have any questions or need help filling out the forms, please contact us at one of the following phone numbers.

- Managerial – 1-877-392-2074
- Negotiated – 1-877-392-2073



Thank You



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D. COMPENSATION CLAIMS PROCESS

- Compensation Claims Packages were mailed to over 14,000 individuals in the fall of 2011 for claims other than pension claims.
- The Bar Date for requesting a correction (Form B) or filing a Proof of Claim for other compensation related claims (Form C) was:
 - January 6, 2012 for Identified Claimants; and
 - A rolling bar date is in effect for those who ceased employment after December 31, 2010.



STATUS OF THE COMPENSATION CLAIMS PROCESS

- As of January 18, 2013, the Monitor has received 1,550 Requests for Corrections forms and approximately 795 Form C Proof of Claims for approximately 2,200 claimants.
 - Of the 1,550 Request for Correction forms, approximately 1,350 have received a response;
 - Of the 795 Form C Proof of Claims forms, approximately 304 have been dealt with.
- The Monitor continues to review forms and will issue decisions as their review is completed.



DISPUTING COMPENSATION CLAIMS DECISIONS

- Disputes must be filed within 28 days of the decisions being sent by the Monitor.
- Disputes are only to be completed if there is a disagreement with the Monitor's decision.
- If you're unsure whether to file a Dispute please call Koskie Minsky at 1-866-777-6344.



CLAIMS OFFICERS

- Claims disputes that are not resolved may be brought before the Compensation Claims Officers.
- On December 18, 2012, Mr. Andrew Diamond and Mr. William Kaplan were appointed by the Court to act as Compensation Claims Officers.



PAYMENT OF CLAIMS

- Timing for payment of your claim cannot be estimated but it should not be expected in the near future.
- Payment of claims will not occur until the allocation of assets among the jurisdictions has been resolved.



NEXT STEPS IN THE COMPENSATION CLAIMS PROCESS

- If you filed for a change or filed a Form C and haven't received a decision yet, please be patient.
- If you have received a request for supporting documents please provide them as soon as possible.
- Ensure you keep the Monitor, Koskie Minsky and Morneau Shepell apprised of your address.
 - For the Monitor and Koskie Minsky an Address Change form must be completed and returned with supporting documents.
 - Please see the instructions provided at:
<http://www.kmlaw.ca/Case-Central/Overview/Page/?rid=107&cpid=24>



E. UPDATE ON THE HEALTH AND WELFARE TRUST (HWT)

- Interim distributions were made between January 2011 and December 31, 2012 for:
 - Pensioner Life
 - LTD Income Benefits
 - LTD Life
 - LTD Optional Life Benefits
 - STB in-Pay
 - SIB benefits
- The Monitor is currently working to finalize accounting, financial reporting and to facilitate a final distribution from the HWT to all participating beneficiaries. The amounts involved will be small compared to the earlier distributions.



F. UPDATE ON HWT TAX APPEAL

- Distributions other than LTD Income were considered taxable
 - Pensioner Life
 - LTD Life
 - LTD Option Life
 - SIB/STB Income
- At the request of the Court-appointed Representatives, Koskie Minsky will be testing the correctness in law of the rulings through test-case appeals to be heard together by the Tax Court of Canada



STATUS OF THE HWT TAX APPEAL

- Koskie Minsky is currently working with the Canada Revenue Agency and the Department of Justice to expedite this matter and will advise of any updates on the hotline and website.



DEADLINE FOR TAX APPEAL OBJECTION PACKAGES

- Koskie Minsky sent out packages to individuals who received payments from the HWT in 2011 and were taxed for these benefits.
 - If you have not received one, please email us at nortel@kmlaw.ca or call our toll free hotline at 1-866-777-6344.
- As of January 30th, 2013, 65% of those who received packages have sent in objections; over 5600 individuals
- Those who received a payment from the HWT in 2011 other than for LTD Income must submit an Objection by April 30, 2013 if they would like to participate.



G. UPDATE ON THE HARDSHIP FUND

- On January 31, 2013, the Ontario Superior Court of Justice extended the application period for payments from the Hardship Fund to May 3, 2013.



HARDSHIP FUND ELIGIBILITY

- As of August 3, 2012, the Hardship Fund eligibility criteria has been expanded to include:
 - Nortel pensioners and survivors of Nortel pensioners who were subject to a reduction in their monthly pension payments effective August 2011; and
 - Former employees who were in receipt of long term disability payments from Nortel prior to December 31, 2010.
- And to those who otherwise meet the criteria shown on the next slide.



HARDSHIP FUND APPLICATION CRITERIA

- Must have a Monitor recognized Compensation Claim against Nortel relating to the former employee, pensioner and/or survivor of a Nortel pensioner; and
- Must demonstrate urgent or immediate hardship in dealing with financial obligations.
- Please also note that:
 - All hardship payments are advances against distributions on Compensation Claims and will be deducted from any payment on Compensation Claims that may be allowed in the ultimate claims process; and
 - All Hardship payments are subject to applicable tax and other withholdings.



HARDSHIP FUND APPLICATIONS

- For an application, please visit the Koskie Minsky website at:

<http://www.kmlaw.ca/Case-Central/Overview/Page/?rid=107&cpid=10>

- Or call the Koskie Minsky hotline at 1-866-777-6344 to request a copy to be mailed to you.
- If you would like help filling out the Hardship Fund Applications, please call and leave us a message at 1-866-777-6344.



H. ADDRESS CHANGE AND NOTIFICATION OF DEATH

- Please ensure you keep Koskie Minsky, the Monitor and Morneau Shepell advised of any address changes or deaths.
 - The Monitor and Koskie Minsky have a form that must to be completed and returned with supporting documents.
 - Please visit the Koskie Minsky website for more information or call us at 1-866-777-6344 to request a package.
 - Please also contact Morneau Shepell and advise of any changes at:
 - Negotiated Plan Members: 1-877-392-2073
 - Managerial Plan Members: 1-877-392-2074



I. NRPC Unfinished Business

- Post Filing Interest
 - Bond Funds are claiming “post filing interest” on the face value of their bonds.
 - We have prepared a brief of the legislative changes required to stop this and have circulated them within Government and the Opposition Parties.
 - We have been well received by certain members of the Government, but Minister Paradis and the Department of Industry has chosen not to act.
 - Our request:
 - Immediate hearings of the House of Commons Industry and Finance Committees on Post Filing Interest.

“Block the Post Filing Interest”

Letter Campaign Re-launch – End of Feb

- Direct your dissatisfaction for inaction at the Prime Minister
- Express your anger at Minister Paradis for his blatant disregard of this vacuum in current Canadian bankruptcy laws
- Demand hearings of the House of Commons Industry and the Finance Committees on post filing interest

More detailed instructions to be sent to you by email and posted on the NRPC website before the end of the month. A special mailing is also being sent to those who do not have internet access

NRPC Unfinished Business

- Fairer Taxation Treatment on Pension Wind Up
 - Have met with Dept of Finance on Taxation and distilled our request to:
 - Eliminate Max Transfer Limits when transferring to a LIF
 - Implement a Pensioners' Pension Adjustment Reversal (PAR)
- Expanded Wind Up Options beyond ON, QC
 - Next up LIF option for AB service
 - Working way through other provinces
- The Nortel Group Life Income Fund (GLIF)
 - Aim: improving the wind up options through a group involvement
 - Fits within the LIF structure: Ontario and Quebec
 - Status: Still assessing the implications of Ontario Regulations for Ontario members and the broader viability of the current structure of the GLIF
 - Stay tuned



J. NEXT STEPS IN CCAA

1. Morneau Shepell will:
 - Mail Information Profile Mailings throughout 1Q 2013
 - Target Wind Up Reports:
 - End 2013 for the Negotiated Plan
 - Beginning 2014 for the Managerial Plan
2. Representatives and Representative Counsel will work with the Monitor to finalize Compensation Claims.
3. Justice Morawetz and Justice Gross will provide direction on the next steps in the litigation of claims and the allocation of assets.



K. QUESTIONS?

English or en Français



L. SOURCES OF INFORMATION

- **NRPC**
 - www.nortelpensioners.ca
- **Koskie Minsky LLP, Representative Counsel**
 - www.kmlaw.ca/case-central or nortel@kmlaw.ca
- **Morneau Shepell, the Pension Administrator**
 - https://www.pensionwindups.morneausobeco.com/_private/select_plan.asp?DURL=/en/plan_info/plan_info.asp
- **The Monitor**
 - www.ey.com/ca/nortel