

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

**KOSKIE
MINSKY_{LLP}
BARRISTERS & SOLICITORS**





INTRODUCTIONS

DON SPROULE – Chair NRPC

PAULA KLEIN

SUE KENNEDY

MARK ZIGLER – KM Partner

SUSAN PHILPOTT – KM Partner



INTRODUCTIONS

MARCEL RIVEST – Quebec Counsel

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

RON OLSEN – Segal (actuaries)



REPRESENTATION ORDERS

(i) FORMER EMPLOYEES*

- DON SPROULE
- DAVID ARCHIBALD
- MICHAEL CAMPBELL

(ii) DISABLED EMPLOYEES

- SUE KENNEDY

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



OTHER EMPLOYMENT CLAIMS

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

(iv) CAW MEMBERS + OPT OUTS



OUTLINE OF PRESENTATION

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



OUTLINE OF PRESENTATION

(cont'd)

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



ASSET SALES UPDATE

Gus Tertigas - Richter's:

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



ASSET ALLOCATION ISSUES

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



ASSETS

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



ASSET ALLOCATION

(a) The “Lock Box”

(b) The Claimants

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



ASSET ALLOCATION

(cont'd)

(c) Unlocking the Box

- negotiation
- litigation



CLAIMS PROCESS IN CANADA

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



CLAIMS PROCESS: EMPLOYMENT CLAIMS

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



CLAIMS PROCESS

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



TYPES OF CLAIMS

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



TYPES OF CLAIMS (cont'd)

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




DEFINED BENEFIT PENSION PLAN ISSUES

March 31, 2009

Estimated Status

Wind Up Ratio 69%

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



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

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



OBJECTIVES (PENSION PLAN)

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



OBJECTIVES (PENSION PLAN)

(cont'd)

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



SEVERANCE CLAIMS

OBJECTIVES

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



DISABILITY INCOME, LIFE AND HEALTH CLAIMS

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



H & W TRUST

(1) What is this?

(2) How is it funded?

(3) What benefits does it cover?

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



H & W TRUST

OBJECTIVES

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



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



DISABILITY BENEFITS

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



OTHER CLAIMS

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



OTHER MATTERS - UPDATE

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



NEXT STEPS IN CCAA

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



ROLE OF COUNSEL AND NRPC

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



CONCLUSION

PATIENCE AND PERSEVERANCE



QUESTIONS?

English or en Français