

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION AND NORTEL NETWORKS TECHNOLOGY
CORPORATION**

NOTICE RESPECTING HARDSHIP PAYMENT APPLICATIONS

On July 30, 2009, the Honourable Mr. Justice Morawetz approved a process for former employees of Nortel who are experiencing financial hardship to apply for immediate payment on account of their future distributions. The eligibility requirements and application that have been approved by the Court are attached.

Please note that you do not have to be represented by counsel to apply. If you have questions, you may call 1-866-777-6344 Koskie Minsky LLP or 1-866-942-7177 Ernst & Young Inc.

Eligibility Requirements and Procedure with Respect to Hardship Payment Applications

1. **Eligibility** – A former employee would be eligible for hardship payments if he or she is resident in Canada and has no available source of income, being all monies receivable by the former employee including, without limitation, employment income such as wages, salary or bonuses, consulting income, or pension or disability payments or income replacement payments (“Income”), or Income of a spouse, as of the date of the application and has no reasonable expectation of being in receipt of Income during the Application Period (referred to below) and:
 - a. The former employee is unable to work due to illness or is incurring costs in excess of 25% of his or her EI payments as a result of treatment for illness or healthcare costs, or as a result of the illness of a family member who is dependent on the former employee for support; or
 - b. During the Application Period the former employee is not receiving a Nortel pension or employment insurance (EI) as a result of ineligibility for EI or exhaustion of EI benefits, and demonstrates some other significant hardship in dealing with financial obligations.
2. **Application Process** – Notice of the application process will be posted on the Monitor’s website and the website of the Nortel Retiree Protection Committee (NRPC) in a form approved by the Court. An applicant would be required to complete an application form (to be approved by the Court) to be submitted to a person designated by the Monitor. The person so designated would be expected to deal with completed applications within 14 to 21 days and to make an initial determination to approve or reject the application. The first payment will proceed within seven business days subject to the payment parameters set out below. If not approved, the application is to be reviewed by an informal committee and the applicant will be given the right to be heard by the committee. The committee will be composed of one company appointee, one appointee of the Monitor and one appointee chosen by the NRPC, who will be compensated for his time on an hourly basis. A further appeal may be brought to the Court or an officer of the Court designated by the presiding judge, costs to be determined by the Court on the application.
3. **Payment Parameters** – Any successful applicant may be approved for a maximum payment of up to 8 weeks salary based on a maximum weekly salary of up to \$1,200 per week payable in monthly instalments. The hardship committee will also have discretion to approve additional amounts in cases of medical and other emergencies in an amount up to \$2,500.
4. **Application Period** – From the date of court approval to November 30, 2009.
5. **Miscellaneous**
 - a. Hardship Payments are advances against distributions on claims, and will be deducted from any payments on claims that may be allowed in the ultimate claims process in these proceedings.
 - b. The Monitor shall report to the Court on or before November 30, 2009 with respect to the processing and administration of hardship payment applications.
 - c. The aggregate maximum amount available for hardship payments on applications approved during the Application Period is \$750,000.

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APPLICATION FOR HARDSHIP PAYMENTS

Applicant Information

1. Name: _____
2. Address: _____

3. Telephone Number(s): _____
4. Email Address: _____
5. Nortel Global Identification Number: _____

Nortel Employment Information

1. Date Started Nortel Employment: _____
2. Date Left Nortel Employment: _____
3. Gross Monthly Pay: \$ _____
4. Nortel Canadian Entity
Which Employed You _____
5. Severance Received \$ _____
6. Date Eligible to Receive
Nortel Pension _____

Name: _____

Current Sources of Income

- 1. Employment Insurance: (a) Amount: _____
- (b) Actual/Expected End Date: _____
- (c) If NO EI or EI terminated, reason: _____

- 2. Other Sources of Income (including income of a spouse living with the Applicant):
- (a) _____
- (b) _____
- (c) _____

Personal Circumstances Requiring Hardship Payment

- (a) Medical expenses for self or dependant (including nature of expense, amount, whether can be reimbursed from another source):

- (b) Other reason for immediate or urgent need for funds:

I certify the contents hereof to be true.

Witness

Signature

Submit this form

by fax to: 416-943-2808

by e-mail to: Nortel.monitor@ca.ey.com

by mail to: Ernst & Young Inc. 222 Bay St.
P.O. Box 251
Toronto-Dominion Centre
Toronto, ON M5K 1J7 CANADA
Attention: Nortel Claims