

PENSIONERS, FORMER EMPLOYEES AND DISABLED EMPLOYEES NEWS BULLETIN

**THIS BULLETIN PROVIDES A WEEKLY SUMMARY
OF NORTEL'S CCAA PROCEEDINGS**

**THIS NEWS UPDATE IS PREPARED BY KOSKIE MINSKY LLP (KM)
IN THEIR CAPACITY AS REPRESENTATIVE COUNSEL
TO ALL PENSIONERS, FORMER EMPLOYEES AND DISABLED
EMPLOYEES OF NORTEL**

AUGUST 19, 2009

OVERVIEW

On January 14, 2009, Nortel Networks Corporation and several of its affiliated companies ("Nortel") were granted protection from their creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to an Order of the Honourable Justice Morawetz. Ernst & Young was appointed as Monitor of Nortel's CCAA proceedings.

On May 27, 2009, the Ontario Superior Court of Justice (Commercial List) appointed KM as Representative Counsel to all Pensioners and Former Employees of Nortel, unless an individual is specifically excepted or chooses to opt out of representation by KM. The Court also appointed three representatives, Donald Sproule, David Archibald and Michael Campbell (the "Representatives"), to act as representatives for all Pensioners and Former Employees of Nortel.

On July 30, 2009, the Ontario Superior Court of Justice (Commercial List) appointed Susan Kennedy (the "Representative") to act as Representative for all Disabled Employees of Nortel. KM was appointed as Representative Counsel to all Disabled Employees of Nortel, with certain exceptions. Individuals may choose to opt out of representation by KM.

RECENT UPDATES

August 25, 2009

Webcast

The NRPC and KM will host a Webcast from **4:30 – 6:30 pm on August 25, 2009**, which will be broadcast to Former Employees, Pensioners and Disabled Employees across the country. KM will be giving a short presentation followed by a Q&A session to provide you with an update on the status of Nortel's CCAA proceedings and to allow you the opportunity to ask questions about this process. The presentations will be given in English, but there will be capacity to answer questions asked in French.

Details for how to connect to the Webcast as well as the minimum computer hardware and software requirements to participate will be made available soon. In the meantime, please mark your calendars. For those of you unable to attend the Webcast, the session will be recorded and the playback will be available at www.nortelpensioners.ca. If you want to submit any questions in advance, you can do so by emailing them to Paula Klein at pklein@nortelpensioners.ca.

August 18, 2009

KM's Contact with the Company and the Monitor

KM counsel and actuaries have met with their counterparts for the Company and the Monitor to obtain data and start discussions on a claims process for Former Employees and Pensioners.

August 18, 2009

Court Update

As previously discussed, KM has filed for leave to appeal to the Ontario Court of Appeal in respect of termination and severance payments owed to Former Employees in accordance with applicable provincial minimum standards employment legislation.

KM filed materials for leave to appeal on July 31, 2009. Responding materials in support of the Former Employees' leave to appeal motion were served by Continuing Employees on August 20, 2009. Responding materials in opposition of the Former Employees' leave to appeal motion were served by Nortel, the Nortel Board of Directors and the UCC / Bondholders on August 21, 2009. The Monitor also served materials on August 21, 2009 in order to provide the Court with information and clarity, but did not take a position on the law.

We anticipate that the Court of Appeal will decide whether to grant leave to appeal on August 25, 2009 or later next week. If leave is granted, the Former Employees' appeal will be heard on an expedited basis.

August 19, 2009

Notice to Disabled Employees

A notice to the Disabled Employees is being prepared to inform affected individuals of the Representation Order, which appointed Susan Kennedy as Representative and Koskie Minsky LLP as Representative Counsel for Disabled Employees of Nortel. KM and the Monitor are working together to have this notice mailed out next week.

August 18, 2009

Teleconference with Disabled Employees

A conference call between KM and the Canadian Nortel Employees on Long-Term Disability (CNELTD) Committee was held on August 18, 2009. A number of issues were discussed at that meeting, including the scope of KM as Representative Counsel, the status of LTD recipients' disability income benefits and the CNELTD's political lobbying strategy. Minutes of this meeting will be released by the CNELTD next week. For more information, please contact the court-appointed Representative, Susan Kennedy, at the CNELTD LinkedIn Group.

KM has updated its website in order to make information easily accessible to Disabled Employees. To view this link, please visit the KM website at <http://www.koskieminsky.com/Case-Central> and click on the tab "Information for Disabled Employees".

August 7, 2009

Hardship Applications are Underway

Documents relating to the Hardship Application Process have been posted on the KM and E&Y website. There have already been a number of hardship applications submitted to E&Y and it is anticipated that the number of applications will continue to grow.

Paula Klein has been appointed as the Former Employee liaison between terminated Former Employees and the Monitor. If you have any questions surrounding the Hardship Application Process, please contact Paula Klein at pklein@nortelpensioners.ca, or through Paula's LinkedIn Group.

ADDITIONAL INFORMATION

The Future Court Process for KM, Pensioners, Former Employees and Disabled Employees

While it is an uncertain and frustrating time, right now there is no positive action that is required to be taken by individual Pensioners, Former Employees and Disabled Employees. You need not provide KM with any personal documentation, as this will be obtained directly from Nortel and the Monitor. If you have a specific concern to be addressed, please do not hesitate to contact KM.

KM is working hard to advance the interests of the Pensioners, Former Employees and Disabled Employees. RSM Richter will be providing KM and the Representatives with their analysis of each proposed transaction announced by Nortel, and KM will attend at all scheduled motions to object and/or support the motions accordingly. We will also work with the Monitor and other Canadian creditors to ensure a fair allocation of assets from these sales to the Canadian estate. KM and the Representatives are working with Segal Company to generate the best possible outcome for Pensioners', Former Employees' and Disabled Employees' pension, disability income and health benefit funding issues. When the time is appropriate, KM will work with Segal Company and others to file your Proof of Claim in the Claims Process being established with Nortel and the Monitor. We will be in contact with you when this time arrives.

The Political Process for Pensioners, Former Employees and Disabled Employees

In addition to working closely with KM in the Court process, the NRPC is very active in various political arenas. If you have not already done so, and you would like to join the NRPC's efforts to get action from both the federal and provincial Governments to improve outcomes for the Former Employees, Pensioners and Disabled Employees, please contact the NRPC via their website at www.nortelpensioners.ca. The political voice of an estimated 20,000 people affected by this insolvency deserves to be heard.

The Claims Process

A U.S. claims process has been released. A Canadian process for creditors who are not employees or former employees was approved on July 30, 2009. However, Representative Counsel, the NRPC, the Company and the Monitor are conducting discussions to establish a separate employee and former employee claims process which must then be approved by the Court. You need not take any steps in this process for now. Once finalized, we will notify everyone about the claims process and how it will take place.

CONTACT INFORMATION

For more information, please contact KM by email at nortel@kmlaw.ca or by calling our toll free hotline at 1.866.777.6344. Please contact the NRPC by visiting their website at www.nortelpensioners.ca.

For access to all public Court documents, please visit the Monitor's website at: <http://documentcentre.eycan.com/Pages/Main.aspx?SID=89&Redirect=1>