

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 5, 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 21, 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 KM as Representative Counsel to all disabled employees of Nortel, with certain exceptions. An individual may also choose to opt out of representation by KM. The Court appointed a representative, Susan Kennedy ("Representative"), to act as the representative for all Disabled Employees of Nortel.

RECENT UPDATES

August 4, 2009

Court Hearing Approves the Enterprise Bid Process

Justice Morawetz of the Ontario Superior Court of Justice approved the bid process to sell the Enterprise assets. The auction of the Enterprise assets will take place on September 11.

July 31, 2009

Leave to Appeal Motion

KM has filed the materials for the upcoming leave to appeal motion. The CAW has also filed its materials. KM expects to hear back from the Court of Appeal within the next 30 days.

July 30, 2009
Hardship Cases

The hardship proposal was approved by Justice Morawetz of the Ontario Superior Court of Justice. Certain terminated employees receiving no Employment Insurance (EI) or pension will soon be able to make an application to obtain some relief from the Nortel estate. Qualifying applicants will be eligible for an advance of up to \$10,000 on any future distribution. The hardship application and specific rules will be posted on the KM website shortly.

July 30, 2009
Canadian Claims Procedure Not Applicable to Pensioners, Former Employees or LTD Recipients

The court has approved a Claims Procedure for Nortel's creditors in Canada. THIS CLAIMS PROCESS DOES NOT APPLY TO CANADIAN PENSIONERS, FORMER EMPLOYEES OR LTD RECIPIENTS. KM is negotiating a separate simplified claims process for all Former Employees, including pensioners, whereby KM will prepare the original claims with data from the company and Monitor and send them out to people for verification. This way individuals will not be in the difficult position of having to calculate and submit their own claims. All Former Employee claims will be included in this separate Claims Procedure, as will any lost benefits, including pension and health benefits.

Once the process has been determined, we will post information about it on our website. LTD recipients continue to receive their benefits from Nortel and as such, do not have a claim against Nortel as yet. Should claims crystallize, KM as Representative Counsel will also file claims on behalf of LTD recipients

July 30, 2009
Disabled Employees

Justice Morawetz of the Ontario Superior Court of Justice approved the Representation Order appointing Koskie Minsky as Representative Counsel to the Disabled Employees, with certain exceptions, and appointing a representative for the Disabled Employees.

The scope of KM's future newsletters will be broadened to include issues and developments pertaining to Disabled Employees.

July 30, 2009
Meeting with the Monitor

KM and RSM Richter met with the Monitor to discuss several ongoing issues, including the inter-jurisdictional allocation of sale proceeds, future treatment of health benefits and the specialized employee claims process. More details will be available when matters are closer to being finalized.

July 28, 2009
Asset Sale to Ericsson

The sale of CDMA/LTE assets to Ericsson was approved by bankruptcy courts in Delaware and Ontario this past week. Ericsson had made an offer of \$1.13 billion to acquire these assets.

ADDITIONAL INFORMATION

Future Meeting and Webinar

The NRPC is attempting to schedule a public meeting in Ottawa for Former Employees as well as a Webinar across the country for sometime in late August to bring everyone up to date on developments and to take some questions. Plans to hold a meeting in Ottawa for Disabled Employees are also under way.

The Future Process for KM and for Pensioners and Former 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 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 any Claims Process that may be established by Nortel. We will be in contact with you when this time arrives.

If you would like to join the NRPC's efforts to influence the Government's level of involvement in Nortel's pension solutions, or in their efforts to achieve legislative reform in favour of employees, former employees, pensioners and disabled employees, please contact the NRPC.

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 still 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>