

# **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 12, 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 14, 2009**

### **Order Granted: Expansion of the Monitor's Powers**

On August 14, the Ontario Superior Court of Justice granted an Order seeking the expansion of the role and powers of the Monitor. In granting the Order, the Court noted that "given the decisions that have been made and the direction that the restructuring has taken, Nortel has reached a natural transition point for certain matters".

As many of Nortel's management team have left the company, the Monitor has assumed expanded powers in Nortel's CCAA proceedings and will play a much larger role in managing the company.

In furtherance of the expansion of these powers, the Monitor advises that it will "consult on a timely basis" with the Applicants' major creditor constituencies "in exercising powers in relation to matters of material substance and that it will provide timely (with regard to circumstances) delivery of relevant information reasonably requested by such appropriate creditor constituent". This language forms part of Justice Morawetz's endorsement.

KM sees the expanded role of the Monitor as a positive step forward for the Former Employees, Pensioners and Disabled Employees, as it will facilitate a more transparent process. Going forward, KM will work closely with the Monitor to advance the objectives of the NRPC and the CNELTD, and will work diligently to achieve the most favourable outcome for these groups of individuals.

Our financial advisors, Richter, have been extremely involved in meetings this week dealing with proposed Nortel transactions.

### **August 14, 2009 Court Update**

A number of motions were heard by the Commercial List on August 14. In addition to an Order granting the Monitor with expanded powers, Justice Morawetz also granted Orders:

- Recognizing that Nortel Networks (CALA) Inc. is entitled to relief under the CCAA;
- Recognizing the U.S. Claims Bar Order;
- Recognizing the U.S. Bidding Procedures Order regarding Enterprise Solutions; and
- Recognizing the U.S. Sale Order regarding certain of Nortel's CDMA and LTE assets.

### **August 10, 2009 Mailing of Pensioners' Insert**

An insert to Pensioners was forwarded to Northern Trust in early August, to be mailed out in the Nortel Pensioners' monthly statements for August. The insert informs Pensioners that the Court has appointed the three Representatives and Representative Counsel, and describes how Pensioners may be affected by Nortel's insolvency proceedings. The insert provides a link for Pensioners to obtain a Representation Order opt-out form, and provides links to both the NRPC and KM websites.

### **August 12, 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 2009 Communication with Disabled Employees**

A conference call between KM and the Canadian Nortel Employees on Long-Term Disability (CNELTD) Committee is scheduled for 2:00 p.m. on August 18, 2009. A number of issues will be 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. For more information, please contact the court-appointed Representative, Susan Kennedy, at [kennedy.robinson@rogers.com](mailto:kennedy.robinson@rogers.com).

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 [p.d.klein@rogers.com](mailto:p.d.klein@rogers.com) or through Paula's LinkedIn Group.

## **August 25, 2009 Webinar**

The NRPC and KM have scheduled a Webinar on August 25, 2009, which will be broadcast to Former Employees and Pensioners across the country. Details on how to participate will be released shortly. The Webinar will provide an update on Nortel's proceedings and an outline on the future course of the proceedings. Time will be set aside to ensure that individuals have the opportunity to ask questions.

## **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](http://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](mailto: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](http://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>