

PENSIONERS

1. How does the Settlement Agreement affect me?

Rather than ending on March 31, 2010, your medical, dental and life benefits will continue through 2010. Your medical and dental claims must be submitted by February 28, 2011. Also, Nortel has agreed to continue contributing and administering its pension plans until September 30, 2010. The status of the plan and the effect on benefits after that date is not known.

2. Why will the pension plan be wound up in September if the company is still operating?

The Company is winding up its operations and cannot continue to administer the pension plans indefinitely. An orderly transfer of the responsibility to operate the plans will occur on September 30, 2010. One of the factors dictating the timing is the triennial valuation of the plans which must be filed with the Regulator by September 30, 2010. It will require significantly greater deficit funding payments which Nortel does not have the ability to pay.

3. Will the company continue to make its contributions into the pension plan?

The company will continue to make current service contributions into the pension plans until September 30, 2010. Payment of these contributions is supported by a charge against Nortel's assets. Special payments, which are payments that fund the deficit in the pension plan, will stop being paid as of March 31, 2010.

4. Will my pension be reduced? When?

Nortel will stop contributing and administering its pension plans on September 30, 2010. The status of the plan after that date is not known. It is possible that benefits will be reduced after that date.

5. If I am receiving a survivor pension, does the Settlement Agreement state that my survivor pension will stop on December 31, 2010?

No. It is important to understand the difference between a survivor pension vs. a survivor income benefit and/or a survivor transition benefit.

A survivor pension is a payment that you are entitled to under the terms of the pension plans, as the spouse of a deceased pensioner. Payment is made from the pension fund. Survivor pensions will continue in the same way as normal pensions, and you will continue to receive these amounts at 100% until September 30, 2010. Nortel will stop administering its pension plans on September 30, 2010. The status of the plans after that date is not known. It is possible that your survivor pension benefits will be reduced after that date.

"Survivor income benefits" and "survivor transition benefits" are not benefits paid under the pension plans and are not paid from the pension fund. Rather, they are benefits that are paid either by Nortel directly, or through the Health and Welfare Trust. These benefits will be paid in full by Nortel until December 31, 2010. After that date, you will stop receiving these payments. You will be entitled to a distribution from the Health and Welfare Trust and will have a claim against Nortel for the value of your future benefits. Your Representative Counsel will file these claims on your behalf.

6. I am currently receiving my pension. Will I be able to take out the commuted value of my pension?

SPECIFIC QUESTIONS REGARDING COMMUTED VALUE OF ANY PENSION SHOULD BE DIRECTED TO MERCER AT 1-866- 667-8358.

7. Will I get the remainder of my commuted value? When?

That will depend on the ultimate resolution of the pension plan obligations.

8. How do I know if I have a claim against the Health and Welfare Trust?

There has been no claims process established yet for employment-based claims. However, the HWT will be dealt with outside the claims process. Representative Counsel is involved in developing and implementing a claims process, which we expect to be completed in the coming months. If you currently receive income benefits from the HWT, or are a pensioner with life insurance benefits, then you will have a claim on the assets of the trust. We are currently in discussions about the appropriate allocation of the HWT assets, and as soon as there is a proposal to be put before the Court for approval, you will be notified.

9. Is KM, the Monitor or anyone else looking into options for replacement medical benefits for the period past December 31, 2010?

The Representatives, Representative Counsel and their advisors are exploring options to provide medical benefits in the future. We are at the beginning stages of this process and have not yet determined the process through which we will evaluate individual input.

The court-appointed Representatives and Representative Counsel must take into account the collective interests of many individuals, and must balance these interests as best as is possible. The aim is to design a plan that is (a) affordable for as many individuals as possible; (b) feasible, given the amount of funds available to fund a replacement plan; and (c) as beneficial to the affected individuals as is possible.

Before any replacement benefit plan is decided upon and ultimately finalized, it will be necessary to seek and obtain court approval. Individuals entitled to participate in the replacement plan will be given ample notice of all important stages in this process.

10. What life insurance coverage do we have? Is it insured?

Life insurance coverage and benefits remain unchanged until December 31, 2010. Please contact Sun Life with specific inquiries about your life insurance.

OPPOSITION

1. Do I need counsel if I want to oppose the settlement? What information will be available to them? Why do I have to pay them?

If you wish to oppose the Settlement Agreement, you can obtain the requisite Notice of Appearance from the Monitor's website. Completed Notice of Appearance forms must be received by the Monitor and Monitor's counsel by March 1, 2010 at 10:30 a.m.. The Monitor will report your opposition to the Court if it has not been withdrawn before the hearing on March 3. Court-appointed Representative Counsel offers efficiency into the process and provides all individuals, some of whom would be otherwise unable to retain counsel, with fair representation in these proceedings. For this reason, Representative Counsel is paid from the estate. If you wish to pursue your interests on your own, you must pay your own legal fees.

Opposition to the Settlement Agreement will not entitle you to "opt out" of the Agreement. The judge will hear objections and then make a decision to approve the Agreement or not. If the Agreement is approved, it will be binding on everyone.

2. How will my opposition be heard?

Before your opposition to the Settlement Agreement is heard, the Monitor / Representative Counsel / the Monitor's Counsel may contact you to discuss your Notice of Appearance. The Monitor is obliged to report your opposition, if not withdrawn, to the Service List and Settlement parties. Should you wish to pursue an opposition and appear in Court, you may file a Notice, court materials and make oral submissions.

3. How can I get information to help me understand this Settlement?

You can obtain a package containing further details on the Monitor's website at www.ey.com/ca/nortel.

The Representatives and Representative Counsel will hold a webcast information session on February 23, 2010 to explain the agreement and its impact. A dial-in audio-only option will be available to individuals who do not have internet access. You can register for this service by leaving a voice message on our hotline with your name and telephone number.