

QUESTIONS SPECIFIC TO FORMER EMPLOYEES WITH TERMINATION/SEVERANCE CLAIMS

1. How does this settlement affect me?

The Settlement Agreement establishes a termination fund from which you may receive a lump sum payment in advance of your claim (see Questions 2 and 4 for details). If you are a member of the defined benefit pension plan there may be other impacts arising from the provisions for transfer of the plan to an administrator on October 1, 2010.

SPECIFIC QUESTIONS REGARDING ANY DEFINED CONTRIBUTION OR DEFINED BENEFIT PENSION SHOULD BE DIRECTED TO MERCER AT 1-866-667-8358.

2. Will I get some of the termination fund?

You may be entitled to a termination payment if you fit within the eligibility requirements. If you are a former employee who, among other things, was terminated on or prior to June 30, 2010, you may be entitled to receive an initial lump sum payment of up to \$3000.

In accordance with paragraph B.3 of the Settlement Agreement, you are not eligible for a termination payment if:

1. You have been offered employment with a purchaser of Nortel's assets;
2. You have received or are entitled to receive any of the following payments:
 - a) Gross cumulative Annual Incentive Plan payments from and after October 1, 2009 of \$3,000 or more;
 - b) A Key Employee Incentive Plan or Key Employee Retention Plan payment in 2009; or
 - c) Payment from any Court approved equivalent 2010 plan.

We are actively pursuing the possibility of rolling any eligible amounts directly to RRSPs for tax effective treatment. The amounts are otherwise taxable.

Please note that if you are terminated after June 30, 2010 the payment will depend on whether any funds remain.

3. If I am eligible, how much will I receive? Does the amount differ based on individual circumstances?

The amount you will receive will be a set amount not related to individual circumstances but to the number of eligible former employees. That amount depends on the number of eligible individuals. The number of eligible individuals cannot likely be determined before June 30, 2010. The maximum permitted for each individual will be calculated once the total eligible group is known.

4. When will I get my termination payment from the \$4.2M termination fund?

Payment will not be made until the number of eligible individuals has been determined, which will not happen until after June 30, 2010. Only eligible employees will be entitled to a termination payment. In accordance with paragraph B.3 of the Settlement Agreement, you are not eligible for a termination payment if:

1. You have been offered employment with a purchaser of Nortel's assets;
2. You have received or are entitled to receive any of the following payments:

- a) Gross cumulative Annual Incentive Plan payments from and after October 1, 2009 of \$3,000 or more;
- b) A Key Employee Incentive Plan or Key Employee Retention Plan payment in 2009; or
- c) Payment from any Court approved equivalent 2010 plan.

It is most likely that the payment would be made to the account where your pay cheque was directed to when you were an active employee of Nortel. If your information has changed, please contact Nortel at the following number:

ESN: 355-9351, External: (919) 905-9351

Toll Free: 1-800-676-4636

Fax ESN: 355-9301/9302, External: (919) 905-9301/9302

Hours of Operation: Monday-Friday from 9:00 am to 5:00 pm ET

Or, you can mail your changes to Nortel at:

External Address:

Dept 7094

Mail Stop 570/02/0C2

PO Box 13010

4001 E. Chapel Hill-Nelson Hwy

Research Triangle Park, NC 27709-3010

5. If I receive money from the \$4.2 million termination fund, how will it affect my claim?

If you receive money from the \$4.2 million termination fund, your termination pay claim will be reduced by the amount you receive. For example, if Nortel owes you \$25,000 in termination pay, and you receive \$3,000 from the termination fund, your claim against Nortel in the claims process will be \$22,000. The \$3000 payment is a priority payment of part of your claim.

6. Can I still apply for the Hardship Program?

Yes – however, any termination payment will be considered family income when received and could affect your eligibility for the hardship program.