



IN THE MATTER OF the *Pension Benefits Act*, R.S.O. 1990,
c. P.8, as amended ("*PBA*");

AND IN THE MATTER OF a Notice of Intended Decision of the
Superintendent of Financial Services under section 69(1) of the *PBA*, to order a
wind up of the **Nortel Networks Limited Managerial and Non-
Negotiated Pension Plan, Registration Number 0342048.**

TO: Morneau Shepell Ltd., successor to
Morneau Sobeco Limited Partnership
895 Don Mills Road, Suite 700
One Morneau Sobeco Centre
Toronto ON M3C 1W3
Attention: Hamish Dunlop, Principal
Administrator

AND TO: The parties listed in Schedule "A"

NOTICE OF INTENDED DECISION

I INTEND TO MAKE AN ORDER under sections 69(1)(a), (b) and (d) of the *PBA*,
that the Nortel Networks Limited Managerial and Non-Negotiated Pension Plan, Registration
Number 0342048 ("*Plan*") be wound up in full effective October 1, 2010 and that the wind up
include Plan members whose employment or Plan membership terminated or who ceased to
accrue pensionable service under the Plan, during the period from and including January 14,
2009 to and including October 1, 2010.

REASONS:

1. Nortel Networks Limited ("*NNL*") and related corporations (collectively "*Nortel*")
sought and were granted creditor protection under the *Companies' Creditors
Arrangement Act* ("*CCAA*") on January 14, 2009.

2. On March 30, 2010, Nortel, Ernst & Young Inc., the court appointed Monitor and various court appointed representatives of the Nortel Former Employees and LTD Beneficiaries and Representative Counsel entered into an Amended and Restated Settlement Agreement which was approved by the Court on March 31, 2010 (“Settlement Agreement”).
3. The Settlement Agreement provided that Nortel would continue to make normal cost contributions for the Plan until the end of September, 2010 and that it would cease to act as administrator of the Plan and would make no more employer contributions to the Plan after September 30, 2010.
4. NNL was an employer and the administrator of the Plan until October 1, 2010. Other related Nortel corporations participated in the Plan as employers. At 11:59 p.m. on September 30, 2010, NNL ceased to act as the administrator of the Plan and Nortel ceased to make any contributions to the Plan.
5. The Plan is a non-contributory defined benefit pension plan (with a defined contribution component added as of January 1, 2001) that is registered by the Superintendent of Financial Services, appointed under the *Financial Services Commission of Ontario Act, 1997 S.O. 1997, c. 28* (“Superintendent”).
6. The Plan is a multi-jurisdictional plan in which Plan members were accruing pension benefits in connection with employment in Ontario, Alberta, Quebec, British Columbia, Nova Scotia, Manitoba, Saskatchewan and Newfoundland & Labrador, as of December 31, 2009.
7. No employer or other contributions were made to the pension fund of the Plan after September 30, 2010.
8. Sections 69(1)(a) and (b) of the *PBA* provide that the Superintendent, by order, may require the wind up of a pension plan if there is a cessation or suspension of employer contributions to the pension fund or if the employer fails to make contributions to the pension fund as required by the *PBA* or the regulations made under the *PBA*.
9. The failure to make contributions, as set out in paragraph number 7 of this Notice of Intended Decision constitutes a cessation or suspension of employer contributions and a failure to make contributions to the pension fund of the Plan within the meaning of sections 69(1)(a) and (b) of the *PBA*.
10. Section 71 of the *PBA* permits the Superintendent to appoint an administrator for a plan that is to be wound up, if the plan does not have an administrator, or the administrator fails to act.
11. Effective October 1, 2010, the Superintendent appointed Morneau Sobeco Limited Partnership as administrator of the Plan for the purpose of winding up the Plan. Morneau Shepell Ltd. (“Morneau”) is the successor to Morneau Sobeco Limited Partnership.

12. The First Monitor's report in the CCAA proceeding, dated February 5, 2009, indicated that it was the intention of Nortel to prepare a business plan and a restructuring plan. Nortel, under the supervision of the Monitor and with the approval of the court began to sell off business divisions as part of a restructuring plan that later became a liquidation plan. A significant number of Plan members ceased to be employed by Nortel as a result of the sales of the business divisions of Nortel from the time the Initial Order was issued in the CCAA proceedings on January 14, 2009 to and including October 1, 2010.
13. The Annual Information Return filed with the Financial Services Commission of Ontario for the Plan as of December 31, 2009 indicated that there were 6847 active members of the Plan at the end of December 2008. Morneau has determined that there were 5306 terminations of employment of active members of the Plan during the period from and including January 14, 2009 to and including October 1, 2010.
14. Section 69(1)(d) of the *PBA* provides that the Superintendent, by order, may require the wind up of a pension plan if a significant number of members of the pension plan cease to be employed by the employer as a result of the discontinuance of all or part of the business of the employer or as a result of the reorganization of the business of the employer.
15. The activities described in paragraph numbers 12 and 13 of this Notice of Intended Decision constitute a termination of employment by Nortel of a significant number of members of the Plan as a result of the discontinuance or reorganization of Nortel's business within the meaning of section 69(1)(d) of the *PBA*.
16. Such further and other reasons as may come to my attention.

YOU ARE ENTITLED TO A HEARING by the Financial Services Tribunal (the "Tribunal") pursuant to section 89(6) of the *PBA*. **To request a hearing, you must deliver to the Tribunal a written notice that you require a hearing, within thirty (30) days after this Notice of Intended Decision is served on you.**¹

YOUR WRITTEN NOTICE must be delivered to:

Financial Services Tribunal
5160 Yonge Street
14th Floor
Toronto ON M2N 6L9

Attention: The Registrar

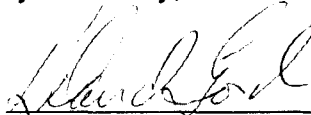
¹ NOTE - Pursuant to section 112 of the *PBA* any Notice, Order or other document is sufficiently given, served or delivered if delivered personally or sent by regular mail and any document sent by regular mail shall be deemed to be given, served or delivered on the seventh day after the date of mailing.

FOR FURTHER INFORMATION on a Form for the written notice, please see the Tribunal website at www.fstontario.ca or contact the Registrar of the Tribunal by phone at 416-590-7294, toll free at 1-800-668-0128, ext. 7294, or by fax at 416-226-7750.

THE ADMINISTRATOR IS REQUIRED pursuant to section 89 (5) of the *PBA* to transmit a copy of this Notice of Intended Decision to the members, former members and retired members of the Plan, by publishing a copy of this Notice once in a newspaper with national circulation.

IF YOU FAIL TO REQUEST A HEARING WITHIN THIRTY (30) DAYS, I MAY CARRY OUT THE INTENDED DECISION AS DESCRIBED IN THIS NOTICE.

DATED at Toronto, Ontario, this 7 day of January, 2011.



K. David Gordon
Deputy Superintendent, Pensions

copy: David Vincent, Ogilvy Renault LLP, counsel to Nortel
Gale Rubenstein, Goodmans LLP, counsel to Ernst & Young Inc., Monitor
Ken Rosenberg, Paliare Roland Rosenberg Rothstein LLP, counsel to the Superintendent
James D. Gage, McCarthy Tetrault LLP, counsel to the Administrator

Schedule "A"

TO: Nortel Networks Limited
5945 Airport Rd. Suite 360
Mississauga, ON, 14V 1R9
Attention: Leila Wong, Director, Global Pensions

AND TO: Ernst & Young Inc. (court appointed Monitor of Nortel)
222 Bay Street, Suite 1600
Toronto, ON M5K 1J7
Attention: Murray A. McDonald, President

- AND TO: Donald Sproule, David Archibald and Michael Campbell, court appointed representatives of the Nortel Former Employees
c/o Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3
Attention: Mark Zigler and Susan Philpott**
- AND TO: Sue Kennedy, court appointed representative of the Represented LTD Beneficiaries of Nortel
c/o Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3
Attention: Mark Zigler and Susan Philpott**
- AND TO: Koskie Minsky LLP, court appointed counsel for the Former Employees of Nortel and the Represented LTD Beneficiaries of Nortel
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3
Attention: Mark Zigler and Susan Philpott**
- AND TO: Kent Felske and Dany Sylvain, court appointed representatives of all Canadian non-unionized employees of Nortel whose employment with Nortel continues**
- C/O: Nelligan O'Brien Payne LLP, court appointed counsel for the Canadian non-unionized employees of Nortel whose employment with Nortel continues
50 O'Connor Street, Suite 1500
Ottawa, ON K1P 6L2
Attention: Janice Payne and Steven Levitt**
- AND C/O: Shibley Righton LLP, court appointed counsel for the Canadian non-unionized employees of Nortel whose employment with Nortel continues
250 University Ave, Suite 700
Toronto, ON M5H 3E5
Attention: Arthur O. Jacques and Thomas McRae**

