

NORTEL DISABLED EMPLOYEE NEWS BULLETIN

THIS NEWS UPDATE IS PREPARED BY KOSKIE MINSKY LLP (KM) IN THEIR
CAPACITY AS REPRESENTATIVE COUNSEL ON BEHALF OF SUSAN
KENNEDY

August 17, 2010

Recent Developments Pertaining to the HWT

In our last bulletin, we advised you that because there is uncertainty in the wording of trust documents relating to Nortel's Health and Welfare Trust ("HWT"), each of the two groups represented by Koskie Minsky have sought independent legal advice with respect to the allocation of the HWT assets. Susan Kennedy has retained Peter Engelmann and Fiona Campbell of Sack Goldblatt Mitchell LLP ("SGM") to advise the CNELTD Steering Committee. Mr. Engelmann and Ms. Campbell are experienced in the areas of human rights and pension law, and are based in Ottawa, where the majority of the disabled employee constituency resides. The pensioner and former employee group have retained their own independent counsel, Lerner LLP, to advise and represent them on the HWT distribution. Koskie Minsky will not represent any parties for the allocation and distribution of the HWT in order to eliminate the possibility of a conflict with the pensioner group.

A motion relating to the distribution from the HWT is scheduled for the end of September which will include consideration of a proposal by the Monitor. Materials will be filed in Court by the end of August. SGM will advise Susan Kennedy and the Steering Committee on the proposal and will participate in a webinar that will be held in early September to discuss the motion. You will be advised of the webinar date once it has been finalized. Please continue to check your email inbox for updates. Prior to the webinar, you may submit questions to the Steering Committee. The questions will be prioritized and will be addressed as appropriate by SGM during the webinar. Notice of any Court proceedings as well as any related motion material relating to the HWT assets will be posted to the Monitor's website in due course.

An allegation of conflict of interest was recently raised in motion materials served by Rochon Genova LLP, however, KM has already taken steps to address any possibility of a conflict of interest between the pensioner and disabled groups. Rochon Genova seeks to replace KM and the disabled employees' current advisors, and to obtain an order that the legal, actuarial and financial fees incurred by Rochon Genova be paid by Nortel. They seek to appoint Arlene Borenstein (Plante) as the court-appointed representative. Susan Kennedy and the Legal Steering Committee do not believe that any replacement is necessary or advisable, and will resist any attempt to displace your existing representatives. The Steering Committee does not want to expose the group to any unnecessary delays in the allocation of the HWT assets, as their priority continues to be to ensure that the disabled employees receive a distribution from the HWT prior to December 31, 2010. The Steering Committee is also concerned about the costs of engaging in unnecessary litigation about the HWT because they would be paid

from the corpus of the HWT. If you share these views, please let Ms. Kennedy and her Steering Committee know.

Although KM will not represent you for the purpose of the allocation and distribution of the HWT assets, they will continue to represent you and the other disabled employees with respect to all other matters pertaining to Nortel's CCAA proceedings until any further Order of the Court.