

Court File No. 09-CL-7950

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION AND NORTEL NETWORKS
TECHNOLOGY CORPORATION**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

MOTION RECORD

(The Opposing LTD Beneficiaries' Motion for Representation)

VOLUME II

Date: August 11, 2010

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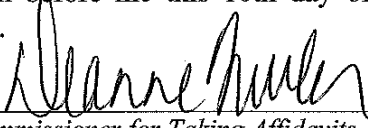
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Lawyers for the Opposing LTD
Beneficiaries

T0: Service List

This is Exhibit G referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

NORTEL DISABLED EMPLOYEE NEWS BULLETIN

**THIS NEWS UPDATE IS PREPARED BY KOSKIE MINSKY LLP (KM)
IN THEIR CAPACITY AS REPRESENTATIVE COUNSEL**

Nous enverrons une traduction de cette lettre dès qu'elle sera disponible.

August 6, 2010

Nortel entered court proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") on January 14, 2009. As a result of the company's insolvency proceedings, there will be changes to your disability income, health, dental & life insurance benefits on December 31, 2010, and to Nortel's pension plans on September 30, 2010 and thereafter. It is therefore important that you remain up to date on these issues by reading the newsletters prepared by your Representative Counsel, by visiting the KM website and by keeping in contact with your court-appointed Representative, Susan Kennedy, and the Canadian Nortel Employees on Long-Term Disability Committee ("CNELTD") Legal Steering Committee.

Please review the sections below for latest developments on issues that are of importance to you as a disabled employee.

ALLOCATION AND DISTRIBUTION OF THE HEALTH AND WELFARE TRUST ASSETS

Background

Nortel established a Health and Welfare Trust ("HWT") through which its benefits programs for both active employees and retirees have been provided since approximately 1980. The treatment and funding of those benefits programs varied over the years, with funds being contributed and reserves established for some kinds of benefits, and for others, costs being covered on a "pay-as-you-go" basis. In the past, retiree life insurance premiums, survivor income benefits and long-term disability income benefits were normally paid from trust assets, while Nortel made "pay-as-you-go" contributions each year for health & dental benefits for its employees (including disabled employees) and pensioners as well as for active employee life insurance premiums. In addition, Nortel paid survivor transition benefits as they fell due.

Allocation & Distribution of the HWT Assets

As provided for in the Settlement Agreement, the parties are working towards a court approved distribution of the HWT in 2010. We expect that the Monitor will make a proposal for the allocation of these assets, and that interested beneficiaries will have an opportunity to make submissions to the Court on that proposal and on the distribution of the assets. Because there is a potential that those positions may conflict due to the uncertainty of the wording in the trust documents, each of the two groups represented by Koskie Minsky have sought independent legal advice with respect to the allocation of the HWT assets. For more information about the independent legal advice being sought by your court-appointed Representative on these issues, please contact Susan Kennedy or other members of the CNELTD Legal Steering Committee.

On December 31, 2009, the assets in the trust were estimated at roughly \$80 million, while the liabilities were considerably higher. More current estimates of the liabilities are not yet available. As the liabilities in the HWT exceed the trust's assets, the distribution will replace only a portion of the lost future benefits that were historically paid from the HWT. Our actuary put evidence before the Court last March that an aggregate distribution based on the HWT financial statement then available would produce a result in the 30% range when considering the benefits which were funded out of the HWT and not on a "pay as you go" basis. We cannot provide any further or more accurate estimates concerning the percentage of recovery that you will receive from the trust assets, as this percentage is dependent on the allocation of trust assets among trust beneficiaries, which is not yet determined and is ultimately subject to Court approval. You will receive notice of such process, and the Court-appointed Representative has demanded that each disabled employee receive an estimate of the amount they will receive through a distribution of HWT assets under the Monitor's proposal.

You will recall that your claim for lost future benefits will be calculated by an actuary, and your claim will be based on the present value of your lost future benefits. The balance of the present value that is not paid through a HWT distribution will form part of your claim against the Nortel estate in the Compensation Claims Procedure.

It continues to be the goal of all parties to achieve the allocation and distribution of the HWT assets before the end of 2010.

STATUS OF HEALTH, DENTAL & LIFE INSURANCE COVERAGE

Health & Dental Benefits Going Forward

As you know, Nortel will cease to pay your health and dental benefits on December 31, 2010. **You must submit your claims by February 28, 2011.** Your court-appointed Representative, the CNETD steering committee, your Representative Counsel, their advisors and members of the Nortel Retiree and Former Employee Protection Canada ("NRPC") have been looking into options to provide some form of ongoing medical coverage post-December 31, 2010. One option originally being considered was the possibility of establishing a Replacement Health Plan using a portion of your future cash recoveries from Nortel. It has been determined that this option is not viable and it will no longer be considered. Two of the major downsides that influenced this decision were (1) the requirement of cash up front to fund the benefits (which would have been difficult and/or not possible to obtain); and (2) the requirement of mandatory participation for all disabled employees (and also for all retirees). As a result of this decision, it is now clear that each individual who is entitled to health & dental benefits from Nortel will have a claim for that loss made against the Nortel estate as part of their claim in the Compensation Claims Procedure.

Although a Replacement Health Plan funded through future cash recoveries is no longer being considered, the CNETD and their advisors continue to look into available options for medical coverage after December 31. The CNETD is working alongside the NRPC on this issue in order to capitalize on economies of scale, among other things. Options being considered include the possibility of locating an insurance provider that will agree to insure your medical benefits without the requirement of a medical assessment and/or

the possibility of conversion from the current group coverage to individual coverage with a provider. We are contacting different providers to determine what options and medical coverage plans may be available. If this type of plan is established, you would be given the option as to whether to participate in this plan and also would be responsible to pay the premiums (premium costs and options for benefit coverage are not yet known).

In light of this new information, you should explore all medical benefit options that are available to you after December 31, which may include your spouse's benefit plan and/or any provincial drug plans for which you may be eligible. Please be sure to submit all claims before February 28, 2011.

COMPENSATION CLAIMS PROCEDURE

Since our last update to you, discussions to finalize the Compensation Claims Procedure have continued and the legal, actuarial and procedural details remain the current focus. Your actuaries (Segal Company) and lawyers (Koskie Minsky) are advising the Court-appointed Representative. All calculations, assumptions and notice forms are being discussed with your actuaries and Koskie Minsky, and are subject to ultimate approval by the Court.

The anticipated process: Before claims are finalized you will receive written notice of your individual claim amounts and will have an opportunity to review the data relevant to your claim, and to correct any existing errors. The package that you receive will explain the process, how your claim was calculated, and will detail each of your claims. You will not have to file your own claim - Koskie Minsky will do that for you. As a disabled employee, you will make a claim for all benefits you are entitled to receive from Nortel now or in the future. Your Representative Counsel is working with your actuaries and the Monitor to ensure that your individual claim includes all entitlements you have lost in the insolvency, including lost disability income benefits, future pension accruals, life insurance (basic and optional to age 65 and retiree life, as applicable), severance and termination pay, transition retirement allowances, any post-retirement benefits you are entitled to receive, and anything else that arises in our review of the documentation. You will receive a letter that will categorize your entitlements, so that you can be certain that none of your entitlements have been overlooked. The contents of the notice, the calculation assumptions and methodologies, and the process will be subject to the court's approval before you receive your claims package.

We anticipate being before the Court for approval of this process in September 2010. Once the process of the Compensation Claims Procedure has been approved, we will move into the individual claim calculation and review stage. You will receive a communication and further instructions at that time. Although we anticipate that you will receive and review your claim in 2010, there will be a number of issues to resolve before the distribution stage is reached. You should not expect a distribution from the Nortel estate before 2011.

UPDATE ON PENSION PLAN ISSUES

Both Nortel's Defined Benefit and Defined Contribution plans will change as of September 30, 2010.

A. THE DEFINED BENEFIT PENSION PLANS

For disabled employees who have an entitlement in Nortel's Defined Benefit pension plans, the future is complicated and to date uncertain. In accordance with the Settlement Agreement, Nortel will cease to administer its pension plans as of September 30, 2010. In the normal course, a pension plan wind-up would involve the appointment of a wind-up administrator by the Financial Services Commission of Ontario ("FSCO") effective October 1. However, Representatives of the NRPC and their advisors continue to explore alternatives to a conventional pension plan wind-up and are seeking support from the Government. The future of Nortel's Defined Benefit pension plans, and the possibility of and timing of plan wind-ups could be affected. Based on a recent estimate, the pension plan is only about 64% funded on a wind-up basis and 76% funded on a solvency basis (including indexing). If you are or will soon become retirement eligible, you should be aware of the possibility that your future pension may be paid at a reduced rate because of this deficiency. If there is a reduction, it will apply to all plan benefits, whether you are already retired or you whether you will retire in the future.

B. THE DEFINED CONTRIBUTION PLANS

Disabled employees who have an entitlement in Nortel's Defined Contribution plan will be able to have the funds that have accumulated in their individual account transferred to a locked-in retirement vehicle. The timing is not yet known. You will experience no loss as a result of Nortel's insolvency. You will have no claim against Nortel for your entitlement in Nortel's Defined Contribution plan.

C. QUESTIONS?

If you have questions about your individual pension and/or retirement please contact the following:

Defined Benefit Plan Members

Mercer -1.866.667.8358

Defined Contribution Plan Members

Sun Life - 1.866.733.8612

STATUS UPDATES

Health and Welfare Trust CRA Advance Ruling Submissions

Tax counsel for all interested stakeholders has been involved in the preparation of written submissions concerning an advance ruling as to the taxability of funds to be distributed from the Health and Welfare Trust. The request for an advance tax ruling has now been submitted to the CRA. The ruling requests that lump sum payments anticipated to be made from the HWT be made without negative tax consequences to

the recipients of the payments. The CRA ruling request relates specifically to certain possible future lump sum distributions from the HWT, being:

- Lump sum payments in connection with termination of rights under the long term disability plan;
- Lump sum payments in connection with the termination of rights under the pensioner group life insurance plan; and
- Lump sum payments in connection with the termination of rights under the survivor income benefit plan or survivor transition benefit plan.

We are uncertain how long it will take the CRA to make its decision on the taxability of the various amounts to be distributed, however, we will advise on the KM website and through written correspondence as developments occur. Information about the ruling, once it has been issued, will be made available on our website. Please note that this ruling will be applicable only to lump sum distributions made from the HWT and not to future distributions from the estate, which will be dealt with separately once we have obtained the first ruling.

Court-Appointed Representative

Since May 27, 2009, Susan Kennedy has been the sole Court-appointed Representative for Nortel's disabled employees, with the exception of those individuals who are represented by the CAW-Canada. The system of a single Court-appointed representative who consults with a steering committee and with members as whole within the time and confidentiality constraints created by the CCAA process is a typical structure in matters of this magnitude, where a number of individuals with the same or similar interests are most effectively represented together. This structure has worked well in other cases. This decision-making structure is also working well in the Nortel CCAA proceeding, where the Court-appointed Representative has been working with a committee to communicate to the constituency and to ensure that important decisions are made on an informed and responsible basis. In his April 8, 2010 endorsement, Justice Morawetz commented positively on the dignified manner in which Ms. Kennedy, among others, has been discharging her functions in difficult circumstances.

Koskie Minsky recently received a request to add two additional Court-appointed representatives for the disabled employee group. This request has been examined, and it has been determined that it is not necessary or advisable to seek a Court appointment of two additional representatives. We are at a critical stage in Nortel's CCAA proceedings in that the allocation of the HWT assets and resulting payments in a tax-effective manner must be dealt with before year end, the compensation claims procedure must be finalized and parties must focus on recovering assets for the Canadian estate in order to maximize the future distribution. Given the overwhelming importance of these issues to the disabled employees, it is far more useful to focus on these issues rather than to expend resources and incur delays engaging in unnecessary procedural steps.

The Court-appointed Representative is grateful to the many disabled employees who have indicated support for her and the Legal Steering Committee that advises her, and thanks them for their continued support of the current system of representation.

Extension of Stay of Proceedings and Employee Hardship Process

On July 16, 2010, the Court granted an extension of Nortel's stay of proceedings in Canada until October 29, 2010. The Court also granted an extension of the Employee Hardship Process until October 29, 2010. Disabled employees are not eligible for the Employee Hardship Process that is currently in place. We have inquired about the possibility of establishing a hardship fund that would apply to disabled employees who experience severe financial hardship after changes to benefits occur on December 31, 2010. We do not yet know whether this is possible but in any event, any such fund would be subject to Court approval. We will advise you of developments as they occur. If you think that in the future you may be in a position of hardship due to high medical costs, you may wish to investigate provincial drug plans in advance of December 31.

Ongoing Asset Sales / Resolution of Intellectual Property Issues

While many of the major asset sale transactions have now been completed, Nortel continues to explore the strategic alternatives to best optimize the value of its residual businesses and assets; including its remaining intellectual property. This is a lengthy process, and there has been no determination as to the form such a recovery would take. KM and financial advisors, Richter, continue to represent the disabled employee, former employee and pensioner constituencies on these issues. The Monitor is aware of our interests and is negotiating, in consultation with our groups, to protect and promote the interests of all Canadian stakeholders. You will be advised of developments.

CONTACT INFORMATION AND UPDATES

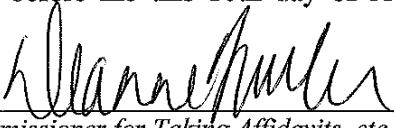
If you have an inquiry, or wish to speak to your Representative Counsel, please contact KM by email at nortel@kmlaw.ca or by calling our toll free hotline at 1.866.777.6344. Please continue to visit the KM website's "Latest Development" section for important developments and for announcements concerning the scheduling of webcasts and information sessions.

Disabled employees who have questions or wish to join the CNETLD should send an email to SteeringCommittee@cnetld.info.

For access to a variety of information pertaining to Nortel's CCAA proceedings, including public Court documents and all Monitor's Reports, please visit the Monitor's website at www.ey.com/ca/nortel.

This update has been sent to all Nortel disabled employees, including those who are members of the CAW-Canada, which has reviewed this update. If you are a CAW member, you should direct any questions regarding this update to the legal representative for the CAW – Barry Wadsworth, Associate Counsel, at (416) 495-3776 or by e-mail to michelle.bondy@kaw.ca.

This is Exhibit H referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

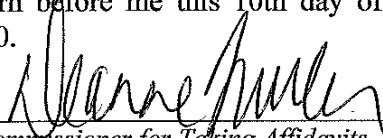
EXHIBIT H**AVERAGE NORTEL PENSIONER**

	Without OPBGF		With OPBGF	
Member retirees with a monthly pension	\$1,457	\$1,457	\$1,457	\$1,457
Member retirees with an annual pension	\$17,487	\$17,487	\$17,487	\$17,487
Pension plan has a deficit of:	-36%	-24%	-36%	-24%
Bankruptcy cash settlement ratio is:	15%	15%	15%	15%
On the first \$1000 of pension income	\$0	\$0	\$1,000	\$1,000
Pension fund pays	\$0	\$0	\$640	\$760
Bankruptcy cash settlement pays	\$0	\$0	\$0	\$0
Ontario PBGF pays	\$0	\$0	\$360	\$240
On the next portion of pension income	\$1,457	\$1,457	\$457	\$457
Pension fund pays	\$933	\$1,108	\$293	\$348
Bankruptcy cash settlement pays	\$79	\$52	\$25	\$16
Total pension income before bankruptcy settlement - mo.	\$933	\$1,108	\$1,293	\$1,348
Total pension income before bankruptcy settlement - ann.	\$11,192	\$13,290	\$15,512	\$16,170
% of original pension	64%	76%	89%	92%
Total pension income after bankruptcy settlement - mo.	\$1,011	\$1,160	\$1,317	\$1,364
Total pension income after bankruptcy settlement - ann.	\$12,136	\$13,920	\$15,808	\$16,368
% of original pension	69%	80%	90%	94%
OPBGF initial payment	\$0	\$0	\$360	\$240
OPBGF recovery from bankruptcy estate	\$0	\$0	\$54	\$36
OPBGF net cost of guarantee	\$0	\$0	\$306	\$204
Bankruptcy cash settlement \$	\$79	\$52	\$79	\$52
Bankruptcy cash settlement % pension	5.4%	3.6%	5.4%	3.6%

Source: Diane A. Urquhart

9-Aug-10

This is Exhibit I referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.


A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

From: Mark Zigler
To: Josée Marin
Cc: Joel Rochon ; Susan Philpott
Sent: Monday, July 26, 2010 11:02 AM
Subject: RE: Important questions

Ms. Marin: As I indicated in my other e-mail I will respond to the other questions you raised apart from the CAR appointment issue. We discussed these issues in our phone call of a few weeks ago and I believe that the CNELTD has but out a newsletter in late June and is putting out updates shortly on some of these and other matters of interest to the Nortel disabled employees.

The division of the HWT is currently being discussed with the monitor and we expect that they will put forward a proposal shortly that must be put before the Court for approval with advance notice to all concerned. They will also put forward up to date calculations to the extent possible. A 17% recovery is not acceptable to Ms. Kennedy and the legal steering committee. Our actuary did put evidence before the Court last March that an aggregate distribution based on the HWT financial statement then available would produce a result in the 30% range when considering the benefits which were funded out of the HWT and not on a 'pay as you go' basis. The CAR and legal steering committee are obtaining independent advice on these issues as well as all of the actuarial support they require.

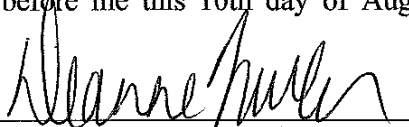
With respect to the intellectual property of Nortel, as we discussed, there is currently a process in place to solicit purchasers for all or parts of it. Whatever format is used to deal with the IP, it will belong to the creditors and no one else.

Mr. Tay indicated that he expected by the end of the year Nortel in Canada would be down to around 500 employees. Parts of the business are still being sold.

Regarding your claims, we are working with our actuaries and the company actuaries to finalize all aspects of it and making sure it includes everything that you have lost in the insolvency including lost LTD income, benefits, future pension accruals, life insurance, post-retirement benefits, severance and termination pay, TRA and anything else that we have seen in reviewing all documents. The source of the data is Nortel but also Mercers (the company actuaries). All data with respect to any individual will be shared with you with an opportunity to correct any errors before any claims process is finalized. Once the actuarial assumptions and other formulas have been worked out they will be put before the court for approval. The June 24 CNELTD Newsletter for Disabled Employees which you should have received contains more information on the anticipated process.

Mark Zigler

This is Exhibit I referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

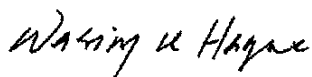
Financial Statements of

**NORTEL NETWORKS
HEALTH AND WELFARE TRUST FUND**

December 31, 2008

Management's Report

The financial statements of the Nortel Networks Health and Welfare Trust Fund have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and to file with the Company's corporate income tax returns. As such, these financial statements do not include all the necessary note disclosures required by Canadian GAAP. The financial statements are expressed in Canadian dollars, have been prepared by management from internal data and are unaudited.



Wasim Haque
Controller, Canada

Toronto, Ontario
March 25, 2009

NORTEL NETWORKS
HEALTH AND WELFARE TRUST FUND
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NORTEL NETWORKS
HEALTH AND WELFARE TRUST FUND
Statement of Net Assets Available for Benefits
December 31, 2008
(in thousands of dollars)

	<u>2008</u>	<u>2007</u>
INVESTMENTS (Note 3)		
Bonds and debentures		
Federal	\$ 22,384	\$ 22,284
Government Agencies	10,645	12,993
Provincial/Municipal	51,463	55,457
Corporate	4,518	7,977
	<u>89,010</u>	<u>98,710</u>
Cash (indebtedness) and short-term investments	<u>2,163</u>	<u>2,719</u>
	<u>91,173</u>	<u>101,429</u>
ACCRUED INTEREST	1,119	1,232
GROUP LIFE INSURANCE SURPLUS ESTIMATE	1,702	-
DUE FROM SPONSORING COMPANY	37,064	40,643
	<u>39,884</u>	<u>41,875</u>
TOTAL ASSETS	131,058	143,304
ACCRUED CLAIMS PAYABLE (Note 2)	(7,741)	(7,507)
NET ASSETS AVAILABLE FOR BENEFITS (Note 4)	<u>\$ 123,317</u>	<u>\$ 135,797</u>

NORTEL NETWORKS
HEALTH AND WELFARE TRUST FUND
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2008
(in thousands of dollars)

	2008	2007
OPENING NET ASSETS AVAILABLE FOR BENEFITS	\$ 135,796	\$ 149,797
INCREASE IN NET ASSETS		
Contributions		
Sponsoring company	173	223
Employees	2,066	1,750
Investment income		
Interest	7,548	6,071
	9,787	8,044
DECREASE IN NET ASSETS		
Claims paid and accrued (Note 4)	20,641	19,956
Administration expenses	324	326
Unrealized Gain and Losses	1,302	1,762
	22,267	22,044
CLOSING NET ASSETS AVAILABLE FOR BENEFITS	\$ 123,317	\$ 135,797

NORTEL NETWORKS HEALTH AND WELFARE TRUST FUND

Notes to the Financial Statements

December 31, 2008

(all amounts in thousands of dollars)

1. DESCRIPTION OF THE FUND

The Health and Welfare Trust Fund (the "Fund") was established by Nortel Networks Limited (the "Administrator") on January 1, 1980 in order to fund the employee benefits program for all eligible employees of Nortel Networks Limited and its Canadian subsidiaries (collectively, the "Company") under the following plans:

Reserved plans (plans for which the Fund holds assets)

- (a) Long-term Disability Plan
- (b) Survivor Income Benefit Plan
- (c) Pensioners' Insurance Plan
- (d) Employee - financed Group Life Plan (Group Life - Part II)

Paid as Incurred Plans (to be reimbursed by Nortel Networks on an ongoing basis)

- (e) Dental Plan
- (f) Extended Health Plan
- (g) Group Life Plan (Group Life - Part I)

**NORTEL NETWORKS
HEALTH AND WELFARE TRUST FUND
Notes to the Financial Statements**

December 31, 2008

(all amounts in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Fund are:

(a) Basis of presentation

Except as noted below, these financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements are prepared using the same accounting policies and methods of application as those disclosed in note 2 (a) to the Company's financial statements for the period from inception to December 31, 2008. The disclosures contained herein are incremental to, and should be read in conjunction with, those annual financial statements.

(b) Investments

Investments are recorded at market value, established by the closing sale price for a security on the recognized exchange on which it is principally traded. This value, together with accrued interest, approximates their market value.

(c) Departure from Canadian GAAP

As of January 1, 2007 the new pronouncements from the Canadian Institute of Chartered Accountants (CICA) in respect of comprehensive income and financial instruments became effective. The application of these new standards resulted in the following insignificant difference between the Fund's statements and Canadian GAAP:

While Canadian GAAP requires use of the effective interest method in calculating the amount of the unamortized bond premium/discount balance, standard practice concerning the Health and Welfare Trust has been to utilize the mark to market method.

(d) Accrued claims payable

Accruals are made for the unpaid claims incurred under the various plans to the year-end date. For experience rated plans, such as the Group Life Plans, premium expense is accrued to the year-end date and any experience gain or loss is reflected in the accounts when settled in the following calendar year. Accruals are not made for future payments in respect of claims received under benefit plans entailing a regular series of payments [Note 4(a)].

**NORTEL NETWORKS
HEALTH AND WELFARE TRUST FUND**

Notes to the Financial Statements

December 31, 2008

(all amounts in thousands of dollars)

3. INVESTMENTS

The purpose of the Fund is to fund the employee benefits program for all eligible employees of the Company. Management intent and historical practice has been to hold bonds to maturity.

The Fund's performance is subject to market and other risks. The maximum market and credit exposure of the Fund is represented by the fair value of the investments at that point in time. The Fair Values of the Investments are presented on the face of the financial statements. The related cost of investments, as at December 31, 2008 and 2007 are as follow (please see Note 2 (c) for departure from Canadian GAAP).

	<u>2008</u>	<u>2007</u>
<u>Bonds and debentures</u>		
Federal	\$ 14,382	\$ 15,375
Government Agencies	10,500	12,425
Provincial/Municipal	42,505	45,217
Corporate	4,018	6,786
	<u>\$ 71,405</u>	<u>\$ 79,803</u>
Cash (Indebtedness) and short-term investments	\$ 2,163	\$ 2,719

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. An increase in interest rates is likely to decrease the fair value of the Fund's investments. The bonds and debentures have maturities up to June 2031 and coupon rates between 5.25% and 11.25%.

NORTEL NETWORKS HEALTH AND WELFARE TRUST FUND

Notes to the Financial Statements

December 31, 2008

(all amounts in thousands of dollars)

4. FUTURE BENEFIT PAYMENTS AND RELATED RESERVES

As at December 31, 2008, the estimated value of obligations under the various benefit plans exceeded the value of reserved assets in the Fund. The funding status of the Reserved Plans at year end is as follows:

(a) Plans requiring a series of benefit payments

Certain plans entail a regular series of benefit payments to a claimant. The estimated present value of the future payments anticipated to be made after December 31, 2008 in respect of claims which commenced before that date and the related value of assets reserved in the Fund are as follows:

	2008		2007	
	Present Value of Future Payments	Market Value of Reserved Assets	Present Value of Future Payments	Market Value of Reserved Assets
Long-term Disability Plan	\$ 100,800	\$ 30,653	\$ 100,893	\$ 42,980
Survivor Income Benefit Plan	22,800	17,056	23,905	17,458
	\$ 123,600	\$ 47,709	\$ 124,798	\$ 60,438

The actual benefit payments are charged against the Fund in the period in which they are paid.

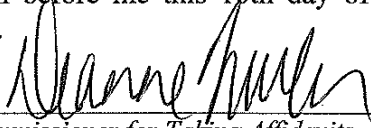
(b) Plan requiring lump sum payments - Pensioners' Insurance Plan

The most recent actuarial valuation of this Plan, dated as at December 31, 2008, indicates that, at that date, the actuarial liabilities amounted to \$134,559 and the market value of the assets amount to \$49,620. Therefore, there exists a funding deficiency of \$84,940. The interest rate actuarial assumption is 7.37% per annum (2007 - 5.6%).

(c) Plan requiring lump sum payments - Group Life - Part II

Employees have the option to purchase additional group life insurance coverage up to age 65. This is fully employee funded, and the market value of the assets reserved at December 31, 2008 totaled \$25,988 (2007 - \$23,421).

This is Exhibit K referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



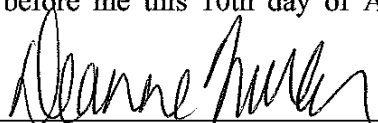
A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

Nortel HWT	Actuarial Liability	Reserve Assets HWT Financial Statement	% Actuarial Liability	Reserve Assets Loan Compromised HWT Financial Statement	% Actuarial Liability	Reserve Assets Loan Compromised Reallocated	% Actuarial Liability
Long Term Disability Plan Income Benefit	\$104,600	\$30,653	29%	\$21,440	20%	\$55,805	53%
Survivors Income Benefit Plan	\$23,000	\$17,056	74%	\$11,930	52%	\$12,271	53%
Retirees Life Plan	\$134,559	\$49,620	37%	\$34,706	26%	\$0	0%
Optional Group Life Insurance - Employee Funded	\$25,988	\$25,988	100%	\$18,177	70%	\$18,177	70%
Total	\$288,147	\$123,317	43%	\$86,253	30%	\$86,253	30%

Source: Diane A. Urquhart, Mercers Actuarial Reports 2008, HWT Financial Statement 2008

This is Exhibit 2 referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

Court File No. 09-CL-7950

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. c-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION AND NORTEL NETWORKS
TECHNOLOGY CORPORATION**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AFFIDAVIT OF JOSEE MARIN
(Sworn March 2, 2010)**

I, JOSEE MARIN, of the City of Vankleek Hill, in the Province of Ontario,
SOLEMNLY AFFIRM AS FOLLOWS:

1. I am an employee of Nortel Networks Corporation, am currently on long-term disability benefits ("LTD"), am directly affected by the outcome of the proceedings herein, and as such, I have direct knowledge of the matters to which I hereinafter depose, except those I state to be based on information and belief. All these matters, I do verily believe to be true.

Introduction

2. I am an employee of Nortel Networks Limited ("Nortel") and am currently not working due to illness in respect of which I receive long term disability ("LTD") income benefits. I have been receiving LTD income benefits from Nortel since the fall of 2005 although I have been disabled since March 13, 2002.

3. I am part of the Canadian Nortel Employees on Long Term Disability ("CNELTD") internet group which had the purpose of organizing all non-unionized employees receiving or entitled to receive disability income benefits by or through Nortel ("The LTD Beneficiaries") and who are represented by Koskie Minsky LLP ("KM"). This internet Yahoo! group was deemed to be the only official channel through which to receive legal information and to discuss and submit our questions or concerns.

4. I am also a member of RFNDE (Rights for Nortel Disabled Employees) which is a different internet group born of the need to discuss and share information freely in order to get answers about our situation and its possible solutions. The creation of this second group was necessary because we felt that the CNELTD was being censored and controlled by our Court-appointed representative, Sue Kennedy, and the Legal Steering Committee ("LSC"), rendering impossible any open communication between members.

5. I am submitting this affidavit on my behalf and on behalf of others members of CNETLD and RFNDE. The purpose is to give important information to this Court regarding the situation within the LTD group which might otherwise be overlooked.

Personal Circumstances

6. I am a 41-year old single mother and reside in the City of Vankleek Hill, Ontario.

7. Before becoming ill in 2002, I was an active mother who lived a modest but happy existence. At that time, I had to deal with the diagnosis of being maybe disabled for life. Four years of my life were spent in hardship because Nortel refused to pay my LTD, all that time I had to cope with the fact I was disabled and try to adapt to the new me.

8. I drove my parents into hardship with me and my father is still today feeling the pain. I learned at the time that my son was also sick, and he suffers from kidney disease, has pulmonary scarring that causes his oxygen to be obstructed and his heart is enlarged.

9. I suffer from numerous medical conditions which leave me completely disabled from any gainful employment. I am environmentally sensitive, which means that I can't live just anywhere or my condition will deteriorate. I also suffer from scleroderma which is a terminal illness that causes the collagen under the skin to harden, eventually causing a mummification of all the organs in the body and ultimately results in death.

10. I also suffer from Crohn's disease which is an inflammatory bowel disease that is aggravated by stress. In addition, I suffer from anaphylaxis, which is an allergic reaction (can be triggered by environment, food, etc.) which triggers an inflammatory response in the whole body and can lead to death in a matter of minutes if not immediately treated with antihistamine and epinephrine injections.

11. In addition, I suffer from asthma, orthostatic intolerance, cardiac arrhythmia, chronic fatigue and fibromyalgia. I am in pain all the time and in the last year my condition has started to worsen as a result of unbearable stress.

12. My LTD benefit provides me with approximately \$35,00 per annum. I still have a student loan that I am repaying at the rate of \$140 per month and my medical expenses that are not covered by my medical plan average \$700 per month out-of-pocket. I am currently living in a small modest home built to suit my physical and medical needs. Without my LTD benefits, I am going to be put in a situation where I will be unable to survive.

The Process Has Been Unfair

13. The representation of our LTD group has never been democratic. Sue Kennedy was appointed by the Court without having been elected to represent the group. In my view, Sue Kennedy was unable to accomplish the task (for example, questions from LTD employees for KM were not conveyed by her in a timely manner and were not thoroughly

followed up). She had too much work and her actions were causing us to worry about our representation.. Although we asked KM to get more representatives appointed, they refused to do so.

14. I wrote a letter to KM in September, 2009 because at the time the opt-out date was about to pass and still we had not received answers to our most of our important questions. I requested that one more representative be appointed for the group. I also asked about which avenues KM was pursuing on our behalf, and inquired about such matters as why wouldn't we block the sales, whether Nortel could sell its tax credit to a purchaser for a lower price in order to generate revenues like in the Eaton's case, among other matters. I was also in doubt about KM representing both us and the Nortel pensioners at the same time, because I saw conflicts of interest in their representation for many reasons.

15. I did not receive an answer. I received a comment from Susan Philpott from KM stating they disagreed with my comments. From that point forward, we had even greater doubts and concerns related to KM's representation of our interests.

16. On September 28, 2009 Sue Kennedy made a call for volunteers in order to organize a legal steering committee of the CNE LTD. We asked how the committee would be created once people had volunteered and we were told that she, Sue Kennedy, would choose the members and that no voting would take place.

17. We did not know who volunteered since the process was kept secret. The process involved sending an e-mail to Johanne Berube and soon after, Sue Kennedy announced who had been chosen. Among the members of the selected LSC was a pensioner who was not an LTD employee. Many people in the CNElTD disagreed with this appointment, as membership in the CNElTD was contingent upon receiving LTD benefits. Many people also expressed concern about the fact that decisions of this committee would not be subject to a vote.

18. As a result of these concerns, a poll was set up on the CNElTD website and the result showed that 70% of the members wanted an elected LSC. Sue Kennedy did not agree, and things started to go from bad to worse from that moment.

19. Since we had no democratic process, everything was controlled by Sue Kennedy and as time passed, tension and frustrations increased. The decision-making process was controlled by one person, and we were denied access to important information. In fact we were told that even though only Sue Kennedy had signed a non-disclosure agreement, and while information was shared with all members of the LSC, the rest of the CNElTD group was not allowed to share the same information and knowledge.

20. We were not happy to be shut out from the process; we had no input, no information and, as a result, no power over our own future. We had no say in the decisions, received no answers to our questions and were denied access to information that we have been

requesting since last summer. As a result, in January, 2010, the situation within the group became so unbearable that many people asked for the resignation of Sue Kennedy.

21. In mid-January, 2010, the message board on the CNELTD website became not only moderated but also censored. Many members were "moderated" and now one member has been removed from the message board and many other members have been prevented from posting by Sue Kennedy. KM has been apprised of this situation and is nonetheless supporting her action.

22. This is now an unbearable situation, since we are prevented from sharing information among all members. I found out recently that Sue Kennedy has a private list of members that do not show on the CNELTD website and who are therefore deprived of the information that has been shared by the group from the beginning. Those individuals are unaware of the information we have been sharing and we are unaware of their information. It is a complete disconnect among members with the same interests who should be pooling resources, not dividing them.

23. Many people who are French (unilingual) have been in the dark regarding the situation of their LTD benefits and the effect of the Settlement Agreement because they received English letters and did not understand what was said. A few of them only learned that they were going to lose their LTD benefits last week when a French mailing was sent out. Many of them did not know what the Settlement Agreement meant anyway,

since they were kept uninformed until last week.

24. On the website of the Monitor, only the "Lettre d'avis" and the "Avis de Comparution" were in French until a couple of days ago and we could not open them on the French site, only on the English site where they also appear. Just yesterday, I noticed that the "Entente de règlement" was also in French. It must be noted that all the other reports on the website are unilingual English only.

25. In addition, many people who do not possess a computer were unable to learn about the Settlement Agreement since only a part of it was sent in the "Notice letter". Further, some people only received the Notice Letter last week making it hard for them to get all the information regarding the Settlement Agreement and next to impossible to obtain a "Notice of Appearance" form by mail, since the timeframe was too short. I personally mailed some forms to people who don't have computers.

The Settlement Agreement is Unfair

26. On February 8, 2010, we were informed about the Settlement Agreement and this came as a shock to us, as we had been unaware that negotiations were even taking place.

27. What we have been able to understand about the Settlement Agreement is devastating. We feel that our interests have been sacrificed to those of the pensioners, without leaving us with any means to pursue avenues of redress against the ones

responsible for the lack of funds in the HWT.

28. Initially, no information about the status of the HWT was disclosed to us by KM. We first obtained information about the HWT only in the November 30, 2009 32nd Report of the Monitor, and we have only been granted access to some information about the true financial circumstances of the HWT since the announcement of the Settlement Agreement. Now that we know the HWT is ours and not an asset of Nortel, we also know there was no valid reason not to disclose it to us, the beneficiaries.

29. We have also been led to believe by KM that there was no possible recourse regarding our insurance or the underfunding of the HWT, however, many such avenues that were deemed to be without merit by KM are now in the Settlement Agreement as released claims and subject to complete procedural bars.

30. We just found out in the 39th report of the Monitor that money was missing from our HWT, and we want to know what happened to it. Since we are still missing complete information regarding the financial aspects of the HWT it is critical that an audit be done before any consideration is given to approving the Settlement Agreement.

31. If the Settlement Agreement of February 8th, 2010 is implemented, there will be tragic consequences. I, for one, will be left homeless since I already live on just 70% of my salary or approximately \$35,000. From the numbers provided by Segal actuaries

regarding the Health and Welfare Trust ("HWT") and if I understand them correctly, the proposed distribution seems to be in the 30% range.

32. That would leave me with an average of \$1,300 per month from all combined sources of income (LTD and CPP) without any certainty of receiving anything further before the age of 65. I already have just enough money to get by with \$35,000 per year.

33. When I bought insurance coverage with Nortel it was presented as being a very secure investment and so I subscribed because it was my duty as a single parent to protect myself while I was young and healthy, to make sure that if something did happen to me, my son would be secure, at least financially.

34. If I had known that this insurance was from Nortel alone and not from Clarica/Sun Life and therefore not secured, never would I have jeopardized my family security. I would have bought insurance somewhere else; if it is not secure, it is not insurance, it is a lottery.

35. Now it is too late, as I am uninsurable for the rest of my life. I have no way of getting a life insurance policy let alone LTD insurance. The prejudice is serious and there is no remedy possible. I have inquired about the possibility of converting with Sun Life, but the cost of \$300 per month is prohibitive and offers only a fraction of the protection I have right now.

36. I won't survive if I do not have the means to have a roof over my head and get medical care. I am a single mother of 41 years who raised a boy on her own and studied and worked hard. I even received a certificate from Nortel for saving with my team hundreds of thousands of dollars in the move and reassignment of material to lab 10 in Ottawa, where I worked as a lab technologist.

37. And yet, today, I am about to be thrown into hardship but this time for the rest of my life since I would not be expected to live until I am 65. All I ask for is to live the remaining years of my life in peace and die with dignity.

38. Because we were denied the right to be represented by a democratic process that led to this Settlement Agreement being executed by Sue Kennedy, her signature should only bind her, since the entire process has been based on one person's opinion only.

39. Based on all the information mentioned in this affidavit, I believe that we should be given the right - and the right amount of time - to completely review the Settlement Agreement and all the related documentation in consultation with counsel of our choosing and any further expertise that they recommend.

40. I do not believe that the Settlement Approval Hearing should proceed until we have been given that opportunity, however, if we are not given the requested adjournment or the appointment of Rochon Genova LLP as counsel for us, I request that this affidavit be received as my formal objection to the Settlement Agreement.

41. I swear this affidavit in support of a motion for, *inter alia*, a representation Order permitting Rochon Genova LLP to act on behalf of all Nortel LTD employees who oppose the Settlement Agreement, an adjournment of the Settlement Approval Hearing and/or, in the alternative, to oppose the Settlement Agreement, and for no other purpose.

AFFIRMED BEFORE ME at the City)
 of ~~Vank~~ ~~Lee~~ ~~Kill~~ Province of Ontario)
 this 2nd day of March 2010)



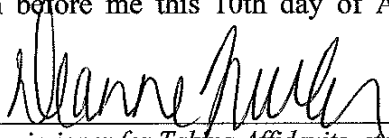
 A Commissioner for Taking Affidavits

Ashleigh Diane Tolhurst, a Commissioner, etc.,
 Province of Ontario, for Robert E. Tolhurst,
 Barrister and Solicitor. Expires April 23, 2012.



 JOSEE MARIN

This is Exhibit M referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. c-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION AND NORTEL NETWORKS
TECHNOLOGY CORPORATION**

**APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AFFIDAVIT OF ARLENE S. BORENSTEIN
(Sworn March 2, 2010)**

I, Arlene S. Borenstein (Plante), of the City of Ottawa, in the province of Ontario,
MAKE OATH AND SAY AS FOLLOWS:

Introduction

1. I am an employee of Nortel Networks Limited ("Nortel") on Long-Term Disability ("LTD"). I began to receive benefits under this plan when medical professionals determined I was no longer able to work due to illness in August 1999, when I started on Nortel's Short-Term Disability Plan then progressed to the LTD plan in February 2000.

2. When I learned of Nortel's CCAA on January 14th, 2009, I began to seek out other Nortel Employees on LTD in the hopes that together we could pool our resources and share what little information we were able to find. This is how I eventually came to be member of the group named Canadian Nortel Employees on Long-Term Disability ("CNELTD") and represented by my Koskie Minsky LLP ("KM") in these legal proceedings.

3. As such, I have personal knowledge of the matters to which I hereinafter depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

4. I swear this Affidavit in support of a motion for, among other things, the appointment of Rochon Genova LLP as counsel for the LTD Employees of Nortel Networks who oppose the Settlement Agreement of February 8, 2010 and to seek an adjournment of the Settlement Approval Hearing, and otherwise to oppose the February 8, 2010 Settlement Agreement. I am not in agreement with this settlement for the reasons I will outline in this affidavit.

Personal Background

5. I began my employment at Bell-Northern Research on March 26th 1990 in the Information Technology Division as a Software Support Consultant. It was less than one year after moving to the brand new Carling Facility at Lab 5 in 1992, that I began to notice my first symptoms.

6. This was in the early days of Northern Telecom/BNR, and much expansion and construction was going on all around us. Eventually, I was diagnosed with fibromyalgia, later with chronic fatigue, arthritis, and possible multiple sclerosis. These illnesses leave me exhausted for the most part.

7. I was on short-term disability 3 times for various lengths of time during the 1990's, and long-term disability for almost one year in 1996. I made many attempts to return to work, only to find that after a 2 or 3 months I could no longer maintain the schedule of a worker. However, I managed to work as a telecommuter (from my home) from 1997 until September 1999, when my pain became unmanageable and I had to concede that I could no longer sit at a desk for any period of time.

Current Medical and Financial Circumstances

8. I have not been attending to my health care regime as I normally would do due to the stress of both Nortel's bankruptcy and the general difficulties of not receiving any information with respect to my outcome and the negotiations that have been undertaken ostensibly on my behalf, but without my input, consideration, or even being allowed to participate in the decision-making process that affects my future. This has caused me severe stress, duress, and has aggravated all of my symptoms and has led to a decline in my health

9. My current income from Nortel is approximately a gross monthly income of \$2,200. I also receive approximately \$1,000/month from CPP Disability. My prescription costs per month amount to approximately \$500-600.

interests in Nortel's CCAA proceedings. Thereafter, I sent in my retainer to the e-mail address provided and contacted them for more information.

14. At the time that I sent my email I did not have a clear understanding as to who was actually the owner and only later learned that my e-mail was directed to Dany Sylvain, the Court-Appointed Representative of the NCCE.

15. When Mr. Sylvain responded to my e-mail, he copied several members of an Internet group then known as "Nortel Networks LTD Survivors" ("NNLTDS"), including Lawrence Clooney, Connie Walsh, who was the original leader and spokesperson of the NNLTDS, Valier Laforge and Mario Gagnon, who are all Nortel LTD Employees, as well as Anne Clark-Stewart, a Nortel pensioner. I do not know or understand why Anne Clark-Stewart was copied on an email that was sent to the NNLTDS group.

16. On April 26th, 2009, I sent my first email to the NNLTDS group after I had been accepted for membership onto its Yahoo! Group, an Internet on-line group that allows for the members to post messages on a message board, as well as an area for sharing files. There were approximately 15-20 members. By that time, Connie Walsh had stepped down as the group's spokesperson and Sue Kennedy had offered to take her place for a while.

17. I received an email on April 28, 2009, providing details and an agenda for the group's first meeting to be held on April 30, 2009. The agenda was set to include such items as:

- Sun Life's role (insurer or Administrative Services Only provider);

21. Connie Walsh circulated an e-mail on May 1, 2009 which included information about several options for our legal representation. Although Connie had been making contacts with these sources of legal representation, Sue Kennedy sent an e-mail on May 12, 2009 advising that the group should be represented by KM, indicating that this was the recommendation of the Monitor and that Nortel would be paying KM's legal fees. Ultimately, KM was appointed to represent all Nortel employee groups (non-unionized), and Sue Kennedy was appointed to represent the group, which eventually came to be called the Canadian Nortel Employees on Long Term Disability ("CNELTD").

22. I felt uncomfortable from the outset about KM representing these different employee groups because I was concerned that conflicts between the different groups' interests might arise. I was also not comfortable with Sue Kennedy being appointed as the group's representative.

23. After learning about Nortel's CCAA proceedings and in order to better understand how Nortel's insolvency would affect my future, I felt it necessary to start my own research using the internet. I had little knowledge of Bankruptcy or CCAA legislation, and no knowledge at all about Nortel's Health and Welfare Trust ("HWT") or the consequences of self-insurance with respect to employee benefits.

24. Based on the research I did, it is my understanding that our LTD benefits were considered "peace of mind" contracts. I found many case precedents in my research regarding "peace of mind" and about trusts in general, and I provided all of the information that I could find on these matters to my court-appointed representative, Sue

Kennedy, so that she would follow-up on behalf of all of us in the CNE LTD with Mr. Zigler and Ms. Philpott, our lawyers at KM.

25. Finding information on the role of the Court Monitor proved more difficult and I realized that this role was less than 20 years old in Canadian Bankruptcies, however, I came to the conclusion that this role has evolved to one that can involve many aspects of a company's restructuring and that in a restructuring as complicated and as large as Nortel's, the Court Monitor's Reports would be of supreme importance to and heavily relied upon by the Court.

26. A review of the Court Monitor's Reports in Nortel's Bankruptcy left me with the conclusion that it would be almost impossible for the court to know our situation. The following are my reasons for this conclusion.

27. Our disability income benefits are paid to us each month from the HWT. This trust contains assets which I have been told are invested for the long-term. The first time the HWT was mentioned to this Court is in the pre-filing report of the Monitor, dated January 14, 2009. Attached hereto at Exhibit "A" is a true copy of the Monitor's pre-filing report dated January 14, 2009.

28. It stated that on January 14, 2009, the assets in the HWT were greater than its liabilities, that it was forecast that the HWT had "sufficient surplus assets to sustain itself during the Forecast Period" and that therefore, there would be no need for Nortel to make funding contributions post-filing.

29. Again, as of February 5, 2009, the First Report of the Monitor stated as follows:

"The Nortel Networks Health and Welfare Trust ("H&WT"), as more fully described in the Doolittle Affidavit, is not subject to the CCAA proceedings and continues to operate in the ordinary course. The Sun Life Assurance Company of Canada administers various non-pension benefits through the H&WT. The H&WT provides funding for various non-pension benefits on behalf of current and former Canadian employees of the Applicants. The Applicants continue to fund this trust in accordance with past practice.

However, "in accordance with past practice" is not defined in any of the Monitor Reports or the Doolittle Affidavit. Attached hereto at Exhibit "B" is a true copy of this Report.

30. From what was made available to us by Sue Kennedy and KM, we were never in a position to meaningfully understand the financial status of the HWT, including its true value and how much was or would be available to fund our LTD benefits.

31. As a result, we have, throughout this process, continued to feel uneasy about the lack of transparency and the difficulties we continued to encounter in getting answers to our questions from both the Court-appointed representative, Sue Kennedy and KM. We kept trying, however, because we believed we were entitled to be heard and answered.

32. By January of this year, in spite of the report indicating that the HWT was in a surplus state, we were being advised that our LTD benefits would likely be compromised in the CCAA proceedings. In an e-mail to Sue Kennedy and to her Legal Steering Committee Members, as well as Mr. Zigler and Ms. Philpott, sent January 14, 2010, I attempted to explain this situation. I set out many of the group's concerns again, along with specific questions to be answered. Attached hereto at Exhibit "C" is a true copy of the text of that e-mail.

33. Furthermore, some members of the CNE LTD and I asked Sue Kennedy to instruct Mr. Zigler and Ms. Philpott to bring this to the attention of the Honourable Judge Morawetz. Our requests were ignored by KM and the Steering Committee did not feel the request had any urgency.

34. In e-mails between Mr. Zigler and Josee Marin, another member of the CNE LTD, in late January, 2010, I requested that she ask him why the Monitor had reported that there was a surplus in the HWT and when Judge Morawetz had been apprised that in fact there was a severe deficit with respect to our LTD income. Mr. Zigler responded that the Monitor was incorrect in his assertion that there was a surplus and that, in the 32nd report of the Monitor, it "indeed indicates that there are ongoing discussions regarding the funding of the HWT and the insolvency of Nortel. It references the assets in the trust but not the liabilities, which exceed the assets". Mr. Zigler further advised that Nortel had not made contributions to the HWT for several years.

35. At the end of January, 2010, therefore, we were being told that the liabilities in the HWT exceeded the assets, and there were ongoing discussions regarding the funding of the HWT, however we, as a group, did not feel that we were properly informed as to the nature of the financial state of the HWT nor the nature and content of the "ongoing discussions".

36. On February 8, 2010, approximately two weeks after receiving this troubling news from Mr. Zigler, we were advised by way of a press release that a Settlement Agreement had been concluded which, as I understand it, severely compromises the rights of LTD Employees and puts all of our futures at risk.

37. As noted, in reading through all these court documents I could see no manner in which we, or the Court, would understand that those of us who were on long-term disability were about to have their futures forever changed.

38. Relying on the Monitor Reports and the Doolittle Affidavit would leave one with the impression that there were sufficient assets in the HWT to continue paying the monthly disability income that Nortel contracted to pay the over 400 LTD Employees, until we all reach age 65, our health improves, or we pass away.

39. According to Diane Urquhart, however, who has filed an affidavit in support of the within motion and which more fully articulates these issues, the HWT in fact has a short-fall, potentially in excess of \$100 million and there are serious questions about the past management of the HWT and its treatment in the context of these CCAA proceedings.


The Process Has Been Unfair

40. As I have attempted to describe above, the manner in which the interests of LTD Employees have been represented in these proceedings has been entirely unsatisfactory. We are dependent upon our benefits – because of our disabilities, we have essentially no financial alternatives and any reduction or loss of benefits will be devastating.

41. For these reasons we desperately needed to be kept informed and to have our interests heard and actively advanced. We do not feel that this has happened in these proceedings and feel that the process has been mainly characterized by a lack of transparency, accountability and meaningful representation.

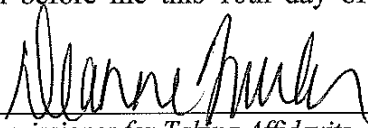
oppose the Settlement Agreement, an adjournment of the Settlement Approval Hearing
and/or, in the alternative, to oppose the Settlement Agreement, and for no other purpose.

SWORN BEFORE ME at the City of)
Ottawa, in the Province of Ontario,)
this 2nd day of March, 2010.)


A Commissioner for Taking Affidavits


ARLENE BORENSTEIN (PLANTE)

This is Exhibit A referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. c-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION AND NORTEL NETWORKS
TECHNOLOGY CORPORATION**

**APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AFFIDAVIT OF JACKIE BODIE
(Sworn February 28, 2010)**

I, Jackie Bodie, of the City of Calgary, in the province of Alberta, **MAKE OATH
AND SAY AS FOLLOWS:**

I. I am an employee of Nortel Networks Corporation, I am currently on long-term disability benefits ("LTD"), I am directly affected by the outcome of the proceedings herein, and as such, I have direct knowledge of the matters to which I hereinafter depose, except those I state to be based on information and belief. All these matters, I do verily believe to be true.

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Personal Background

2. I am forty years old and reside in Calgary, Alberta with my husband Curtis and my two sons, Mathew, aged 7 and Zaden, age 5.

3. I received a diploma in Electrical/Electronics with a Telecommunications option from B.C.I.T., Burnaby in 1990. I began working for Nortel in 1992 as an engineering technologist and worked there until December 2002 when I went on maternity leave prior to Mathew's birth on January 2, 2003.

4. My salary with Nortel started at approximately \$30,000 per annum and was at the rate of approximately \$80,000 per annum when I went on LTD. Additional benefits included medical and dental for my family as well as disability insurance which I had understood would entitle me to benefits, should I require them, until the age of 65. I also had some form of stock options over the years but they are now, of course, essentially worthless.

Medical Circumstances Resulting in LTD

5. On March 5, 2003, at the age of 33 and only two months after Mathew's birth, I was diagnosed with Parkinson's disease. I returned to work at Nortel following the end of my maternity leave and then went on a further maternity leave following Zaden's birth in May, 2004.

6. My Parkinson's progressed, however, and I was eventually required to stop working. I went first on short-term disability between March and September, 2005 and thereafter I was and remain on LTD through Nortel.

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Current Medical and Financial Circumstances

7. Parkinson's is a degenerative, neurological movement disorder for which there is no known cause or cure. Current medications used to manage symptoms become less effective over time and often produce worse side-effects than the symptoms of the disease itself. Drug treatments eventually require patients to decide on a day to day basis which symptoms or side-effects they can tolerate and manage their medication accordingly.

8. When drugs are no longer effective, brain surgery is performed to restore some functionality for a few more years. The harsh reality of Parkinson's disease lies with the nature of its slow progression. It slowly but inevitably takes away a person's physical abilities and independence, one day at a time.

9. I was diagnosed with Parkinson's in 2003, but continued to work as an engineering technologist at Nortel until I could no longer deny the harsh realization that my disease had affected my ability to perform my responsibilities.

10. My 14 year career at Nortel was stressful at times but I loved it -- because it was mine. It was something I had worked hard for. I was independent and proud of my accomplishments. I was contributing to Nortel's goal to become an industry leader -- or so I thought.

11. I did all the things a young person is supposed to do in life - got married, bought a bungalow, contributed dutifully to my RRSP's, and arranged for Long-Term Disability insurance through Nortel's benefit plan.

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12. I was told by Nortel that this was insurance that would provide me with an income until age 65 in the event that I ever became too disabled to work. I was satisfied that I had provided sufficiently for my financial future so that I would not become a burden on my children or society.

13. Now, at age 40, days that were once spent trying to prioritize and meet Nortel project schedule demands are now spent trying in vain to chop a carrot for dinner or help my son button his shirt. Despite my disease taking away my ability to work, I managed to feel somewhat secure in the knowledge that at least my income was protected, until recently.

14. In August of 2009, I received a letter from a law firm notifying me that my Long Term Disability benefits would likely be terminated as a result of Nortel's bankruptcy proceedings. My safety net that I arranged while I was young and still healthy – will disappear for reasons that I've had no control over and don't understand.

15. I am told by the law firm representing Nortel disabled employees not to expect much – if any – disability income that I am entitled to, because there is simply not enough money in Nortel's estate to pay me what they promised they would. This is a hard pill to swallow for any Nortel employee, but for myself and 400+ other disabled employees who can't simply get another job to replace the loss of income, it may as well be a death sentence.

16. Parkinson's is a very expensive disease. It distresses me to recognize that I depend on my income to pay for an illness that I never asked for. The bulk of my expenses come not from medication costs, but from supplementary health services.

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17. In 2009, my health-related expenses totalled approximately \$17,800, only \$4,100 (25%) of which was paid by my health care plan. the remaining costs - \$13,700 were paid with my disability income. While my friends treat themselves with cars, houses or new clothing, I spend my income on things like part-time child care so that I can attend therapy sessions to help me cope with the psychological effects of my illness.

18. Expenses such as massage therapy, acupuncture, yoga and other forms of exercise which may be considered "nice-to-have's" by a healthy person, are in fact a necessity for someone afflicted with Parkinson's disease. Studies have shown that activities such as yoga and exercise slow the natural progression of Parkinson's. Without these activities, my basic ability to move, function and my quality of life are reduced drastically. For example - massage and acupuncture alleviate the constant muscle tightness that is a hallmark symptom of Parkinson's. Without these services, the pain becomes intolerable to the degree that I literally cannot function.

19. I have 2 boys ages 5 and 7 who rely on me to care for them. Because my husband works full time, I am their primary care provider. If my ability to pay for my health is impacted, my condition will deteriorate more quickly, shortening my timeframe of independence. I would inevitably become incapacitated sooner and because my children are so young, I would either require my husband to quit his job to become our family's care provider or I would require some sort of home care support (which I would not be able to afford) to help me to care for my children.

20. My husband is a contractor in the IT industry. He does not have a medical/dental plan and relies on my plan for his health, dental and life insurance coverage. Last year,

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my husband and children's medical/dental/vision expenses totalled approximately \$1600.00. This cost was covered by my health benefit plan. I am researching alternate private health care plans and am alarmed at the high costs compared to what I've been paying Nortel.

21. Since going on Long-Term Disability in 2005, my cost for health care premiums to maintain my current group coverage with Nortel has been approximately \$1000/year. To replace my coverage with a private plan will cost me at least 3-4 times my current cost.

22. If I lose my income AND my health/dental plan, not only will I not have money to afford all the necessary health services I require, but I will not have money to pay for replacement medical/dental coverage for me and my family.

23. My neurologist currently provides me with samples of one of my Parkinson's medications (Azilect) at no cost to me. He has graciously agreed to do this because this drug costs \$3600/year which I cannot afford. As he cannot continue to do this indefinitely, I am anticipating a medication cost increase of \$3600/yr when he decides to stop supplying this medication (my drug plan coverage does not include Azilect).

24. I am currently on 2 medications to manage my Parkinson symptoms and 1 medication to assist with sleep - which is severely impaired due to my Parkinson's symptoms and medications. At this point in time, my prescription medication costs are the cheapest they will ever be (approximately \$1,000 in 2009). As I age and my disease progresses, the quantity of medication I will require will inevitably increase and so will the costs.

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25. My husband and I split the household expenses in a manner such that he covers the expenses relating to the house (ie: mortgage, taxes, utilities, phone, etc) and I pay for the daily living household expenses (ie: food, clothing, gasoline, etc). My daily household expenses total approximately \$30,000/year. Adding to this, my personal health-related expenses not covered by my health plan (\$13,700), my total expenses are approximately \$43,700.

26. My disability income from Nortel (after tax) is approximately \$37,000/year. My CPP disability income is approximately \$12,800/year. As well, I receive approximately \$2400/year in universal child care benefits but this will cease in May 2010 when my youngest son turns 6. Therefore, my total income is approximately \$50,000/year.

27. If I lose my disability income from Nortel, this reduces my overall income to approximately \$13,000/year. This will barely cover my personal health-related expenses (\$13,700) let alone my additional annual household expenses for my family (approximately \$30,000).

28. I am 40 years old which means I have 25 years to go until retirement. I am not eligible to claim any traditional pension earnings upon retirement because I chose to opt out of the traditional employer sponsored pension plan in 2001 when Nortel changed the structure of their pension program and offered their "Investor" plan.

29. According to my records, Nortel contributed into my Deferred Profit Sharing Plan (DPSP), matching up to 6% of my employee RRSP contributions until December 31, 2002. Their contributions were invested solely into units of Nortel common shares and

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they stopped all contributions in January 2003. The present day value of my DPSP plan is approximately \$136 due to the decline of Nortel's stock price

30. Since January 2008, Nortel has contributed approximately \$3,000 to date in my Defined Contribution Pension Plan (DCPP). My understanding from discussions with Sunlife Financial is that this value now comprises my "pension" earnings. So, not only will I not have any significant pension income to rely on in 25 years, but now I face the bleak prospect of having my income for the next 25 years reduced to below the poverty level.

31. I do not live a lavish lifestyle by any means. My husband and I live in a 48 year old, 1200 sq. ft. bungalow in an average, middle class Calgary neighbourhood. I drive a 2002 mini-van and my husband drives a 2006 half-ton truck. Both are in need of repairs which will have to wait until we can afford the cost.

32. Most people spend their disposable income on things to make their lives more enjoyable. I spend my disposable income on things that allow me to get up every morning and survive each day.

33. Living with Parkinson's disease has been a burden I would not wish on anyone. I certainly didn't expect to be disabled at age 40, relying on horrible medication to be able to write my name or brush my teeth. Every day is a struggle – both mentally and physically and as my health deteriorates, so does my energy to fight for my survival.

34. My boys are 5 and 7 and they shouldn't have to deal with adult problems so I try and hide the tears and stress of not knowing what my future holds. My philosophy has

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always been to pay my own way in life. I've never expected to be looked after. But if Nortel is allowed to take away my income, I fear I'm headed for social assistance.

35. A year ago, I had no clue that my financial future was in jeopardy. Now, this situation with my LTD income has become such a huge source of stress in my life, that I'm constantly worrying, I'm not sleeping and my Parkinson's symptoms are the worst they've ever been. Stress is particularly bad for people with Parkinson's. It has the effect of worsening a person's symptoms and reducing the effectiveness of the medications.

36. I am convinced without a doubt that the stress I am enduring due to Nortel is causing my health to deteriorate more quickly. It's bad enough that I have to endure the stress of having a degenerative disease at such a young age, but my situation with Nortel makes me ask the question: how much stress should one person be expected to handle? Why is Nortel allowed to do this to me?

The Settlement Agreement and Process are Unacceptable

37. With everything that I am required to manage as a result of my health and our financial circumstances, I have now found out about the proposed settlement barely a couple of weeks before the approval hearing is scheduled. I have simply not had the opportunity to fully review all of the material or to get the kind of advice that I think I should be entitled to obtain and that I know I need.

38. I have many questions and very few answers and this has been my experience throughout this process. I, along with many other LTD employees, have long felt that our voices were not being heard and that our questions were not being answered. It became

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so bad that I formally requested from Koskie Minsky LLP ("KM") the resignation of our Court-appointed representative.

39. My main complaint is the lack of information from KM. We were basically told to wait to see our fate in silence; they largely ignored the group's concerns up until February 8, 2010 and then, all of a sudden I'm informed via a press release that I've agreed to a deal that I knew absolutely nothing about, and I'm told that we should consider ourselves lucky to even get this offer.

40. Throughout the process, since my involvement in August of last year, it has seemed that we were not a priority to KM and I get the sense that their priority had to do with satisfying 17000 pensioners versus 400 disabled's. My overall impression of KM's treatment of the disabled employees is that they ignored us until they could no longer ignore us.

41. As a result of the non-communication throughout the process, and because the proposed settlement itself was only disclosed a matter of weeks ago, I am still in the process of reviewing the relevant documentation and consulting with counsel. The time frames imposed by this process are simply too short.

42. I do not see how anyone could possibly have been able to digest all of this information in the very short amount of time that has been given to us. This schedule is completely unreasonable, particularly for people who have physical and other disabilities that make daily activities difficult.

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43. What I have understood so far about the proposed settlement is not acceptable; I am facing 25 years of not being able to earn an income and contribute to my household expenses unless I have my LTD benefits at full value. The effects of this proceeding will be profound on me and my family and I feel that I should have the opportunity to get fully informed and the have opportunity to be meaningfully heard.

44. I swear is affidavit in support of a motion for, *inter alia*, a representation Order permitting Rochon Genova LLP to act on behalf of the Nortel LTD employees, an adjournment of the Settlement Approval Hearing and/or, in the alternative, to oppose the Settlement Agreement and for no other purpose.

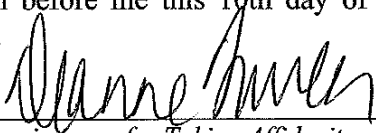
SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta,)
this 24 day of February, 2010.)


A Commissioner for Taking Affidavits

SHAUN FLANNIGAN
Barrister and Solicitor


JACKIE BODIE

This is Exhibit C referred to in the
Affidavit of Arlene Borenstein (Plante) ,
sworn before me this 10th day of August,
2010.



A Commissioner for Taking Affidavits, etc.

DEANNE E. FOWLER
BARRISTER AND SOLICITOR

Court File No. 09-CL-7950

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. c-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION AND NORTEL NETWORKS
TECHNOLOGY CORPORATION**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AFFIDAVIT OF JOSEPH GREGORY MCAVOY
(Sworn February 28, 2010)**

I, Joseph Gregory McAvoy, of the City of Calgary, in the province of Alberta,
MAKE OATH AND SAY AS FOLLOWS:

1. I am an employee of Nortel Networks Corporation, am currently on long-term disability benefits ("LTD"), am directly affected by the outcome of the proceedings herein, and as such, I have direct knowledge of the matters to which I hereinafter depose, except those I state to be based on information and belief. All these matters, I do verily believe to be true.

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Personal Background

2. I reside in Calgary, Alberta with my wife, Janice (Dignum). We have one daughter, Dana, who is currently enrolled in her second year of an Honours Bachelor of Science programme in Biology at the University of Calgary. Dana lives with us at home while attending university which is funded partly through an RESP, scholarships Dana has received and from income Dana earns as a lifeguard and swimming instructor.

3. I received my university education at the University of Calgary. I first earned a Bachelor of Science degree in physics in 1980 and then went on to earn a Masters degree in science, again in the field of physics, in 1983.

4. On March 27th of 1995, I began my employment with Nortel at the Calgary Wireless Research and Development Centre. My position at that time was Manager of Software engineering from which I was promoted to Senior Manager, Research and Development in 1999.

5. My base salary was \$106,000 per annum, plus various contributions to an employee savings plan, a management profit sharing plan and a stock option plan. Additional benefits included employee defined benefit pension plan, medical and dental plans, life insurance, spousal and dependent life insurance, short and long term disability coverage which, in my last position with Nortel required the employee contribution to go up from 50% to 70%.

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Medical Circumstances Resulting in LTD

6. I was diagnosed with Multiple Sclerosis ("MS") about twenty-five years ago. This disease is incurable and my condition deteriorates every month. In spite of my progressing illness, I continued working at Nortel until I could physically no longer do so.

7. In 2001, as I had clinically definite MS, I applied for and was granted LTD benefits. The LTD benefit to which I was entitled amounted to 70% of my base salary, however, the employee savings plan and stock option plans ceased to apply to me. LTD also includes medical and dental coverage and life insurance for me and my family and contribution to a defined benefit pension plan.

Current Medical and Financial Circumstances

8. MS is a very unpredictable disease and I never know how I will feel. There is no cure for MS, only drugs that may delay progression or relieve symptoms. My disease is so unpredictable that I may end up in long term care. This uncertainty is a major issue and daily stressor.

9. I am currently confined to a wheelchair and have difficulty with mobility and maintaining my bowel and bladder functions. I rarely get out of the house and I am bedridden for most of the day and rely almost entirely upon Janice. Fatigue is a major problem.

10. I recently completed a new drug trial of a drug for secondary progressive MS, however, this drug was not successful. I fully expect that I will require new medications

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in the future as this disease is by definition a progressive one. In the past, I have needed to take immune modulating drugs which can cost in the range of \$20,000-40,000 per annum. There are more than 100 drugs in trials now, all of which will be extremely expensive and may take years before they are approved by provincial health plans.

11. I am currently required to pay approximately \$1,200 per annum in premiums for continuing medical and dental coverage. My annual medical costs are approximately \$7,500, although, as noted, the future may bring the need for different and significantly more expensive drug therapies.

12. I am in need of significant modifications to my house to accommodate my physical needs, including the installation of lifts and ramps and modifications to my kitchen, bedroom and bathrooms. The estimated cost for this is work exceeds \$100,000 and none of these modifications have been started because of the uncertainty surrounding the outcome of the within proceedings. We investigated the possibility of public funding for this work, however we do not qualify as we are neither seniors, nor considered to be destitute. I require a power wheelchair, but am required to have the home modifications done before I can qualify for funding such a chair which costs in the range of \$10,000.

13. We feel stuck in a vicious cycle of impossible financial circumstances that should never have occurred. We live very simply now, do not eat out and have not taken a family vacation in years. Janice helps me out when I need direct physical help (i.e. getting in and out of the house, to and from numerous doctor appointments, etc.) and doing the inside and outside household chores that I can no longer perform. She has been out of the workforce for 11 years. While she might be able to secure a job commensurate

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with her abilities and training in Calgary's difficult job market, the expense of hiring attendant care for me to replace her will no doubt cut into that income. This care and attendant cost could become even more expensive in the future as my condition worsens.

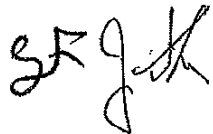
14. The money I currently receive from LTD just covers expenses, including mortgage payments on our home. Losing my medical and dental coverage, my life insurance and my salary replacement will force us into poverty. We will have nothing to live on. We will have no home to live in.

The Settlement Agreement is Unacceptable

15. The February 8, 2010 Settlement ("the Settlement Agreement") for former Nortel and LTD employees requires settlement for a miniscule amount of the Nortel LTD employees' total claim, a denial of many political and legal rights and effectively amounts to a gag order.

16. There are many facts related to the past management of the Health and Welfare Trust ("HWT") from which LTD benefits have been paid which gives us tremendous cause for concern, in terms of accounting irregularities and questions as to the possibility that the terms of the trust were breached. Among those matters that I find particularly shocking is the fact that there is possibly in excess of \$100 million missing from the \$134 million HWT.

17. In these circumstances, it is unacceptable that we, the LTD employees, should be forced to accept a settlement which will preclude us from taking further legal steps in relation to these issues. This is particularly unacceptable, given that we have only just

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obtained these documents and reflects an unacceptable pressure tactic on a group that represents the most vulnerable stakeholders in this process.

18. As I understand the terms of the Settlement Agreement, my LTD benefits will only be paid until the end of this year, whereas I have 8 years until retirement and I know of other LTD employees who have thirty years remaining before retirement. In addition, we are expected to shoulder further losses to our deferred pensions, due to accrual losses.

19. Also worth mentioning with respect to LTD employee deferred pensions is that the current pensioners are being asked to compromise rights that may affect LTD deferred pension claims – two especially important rights being the right to a preferred status, and the right to the pension claim (deemed trust) as a priority claim.

20. Further, as a Nortel Alberta employee, I must point out that non-Nortel-Ontario workers will not be a part of the Ontario pension protection which includes pension backstopping. These are just some of the terms that I and other LTD employees consider to represent unacceptably onerous burdens.

21. LTD employees are also financially disabled. We live on 50-70% of our pre-LTD salary and now face being reduced to only the CPP Disability portion of our monthly LTD payments (which for me currently is about \$1,100/month), plus a very low percentage of our current company LTD monthly payment. Any reduction to our benefits will represent tremendous hardship to this group of individuals. A complete loss of benefits will obviously throw most of us into poverty.

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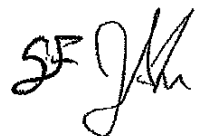
The Settlement Agreement Process Has Been Unfair to LTD Employees

22. On or about February 8, 2010, a copy of a press release ("the Press Release") was sent by Susan Kennedy, the court-appointed representative for the LTD employees. The Press Release provides only a brief summary of the complex Settlement Agreement. Attached hereto at Exhibit "A" and "B", respectively are true copies of the Press Release and the Settlement Agreement.

23. The Press Release was sent to the Canadian Nortel Employees on LTD ("CNELTD") website. The CNELTD group site was created to share information among Nortel LTD employees but there are only 93 registered members out of Nortel's 409 continuing employees currently on LTD.

24. A different group, Rights for Nortel Disabled Employees ("RFNDE"), immediately disseminated the information via e-mails to its contacts, however, many LTD employees only learned about the Settlement Agreement after receiving a copy of a letter ("the Notice Letter") which provided some explanation of the terms of the settlement and relevant dates (including for a webinar to be held on February 23, 2010) and deadlines.

25. The Notice Letter was to have been sent out by February 16, 2010 to all LTD employees, providing at most, **13 days within which to review the complex documentation, seek independent advice and make an informed decision about whether to oppose the settlement.**

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26. As an Albertan, I did not receive the Notice Letter until the morning of the February 23, 2010 webinar. This letter did not include a copy of the document that had to be filed to appear at the hearing ("the Notice of Appearance"). Attached hereto at Exhibits "C" and "D", respectively, are true copies of the Notice Letter and the Notice of Appearance.

27. Further, neither the Settlement Agreement, Press Release nor the Notice Letter specifies the consequences of opposing the approval and implementation of the settlement. For example, the Notice Letter specifies that the March 3, 2010 motion includes the barring and release of certain claims with respect to the Settlement Agreement, yet it does not provide further details on who is barred or released. Further, counsel representing the former and LTD employees of Nortel, Koskie Minsky LLP, and counsel representing the unionized LTD employees, CAW Canada, have provided conflicting opinions with respect to the opposition of the settlement.

28. The February 23, 2010 webinar consisted of one-way communication, with a screened question and answer period. As noted above, many of the LTD employees would not have received notice of this webinar in a timely manner so that they might participate. Many questions remain unanswered.

29. On or about February 16, 2010, leaders of the RFNDE sent a letter to Mr. Mark Zigler at Koskie Minsky LLP, counsel for the former and LTD employees of Nortel, informing him of problems with the notice and expressing their concerns about the inadequacy of the notice in terms of being sufficient to allow the LTD employees to

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make informed decisions. The letter also requested that Koskie Minsky LLP provide LTD employees, *inter alia*, as follows:

- a) an extension of the March 1, 2010 deadline to submit a Notice of Appearance should an LTD employee wish to oppose the settlement;
- b) an additional date and time for a conference call whereby all LTD employees have the option to participate;
- c) disclosure of relevant documents and information that would allow for LTD employees to obtain meaningful independent legal advice; and
- d) proper factual representation of the LTD employees to be brought before Justice Morawetz, i.e. LTD employees have been characterized as former and ex-Nortel employees, when the correct term is "continuing Nortel employees".

30. A response to the above noted letter was never received from either Mr. Zigler or any other lawyer at Koskie Minsky LLP. Indeed, Koskie Minsky LLP has not engaged in meaningful communication with the majority of LTD employees over the course of this lawsuit, nor with respect to the Settlement Agreement. As a result, the LTD employees have been forced to retain, on extremely short notice, representation to represent their opposition to the Settlement Agreement at the Motion for Approval and Implementing of the Settlement Agreement on March 3, 2010.

31. Based on the above, I do not believe that most LTD employees are able to make an informed decision with respect to the settlement by the court-imposed deadline of March 1, 2010. Further, the notice period is inadequate from a fairness perspective and

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does not take into consideration the additional mental and physical challenges that disabled people may face.

32. In addition, the requirements to oppose the settlement are unreasonable as they require litigants to appear in person at the March 3, 2010 hearing. This is not only costly, but also inaccessible and does not take into consideration that we are disabled and living on reduced monthly income. Also, the requirements do not allow for alternative means to oppose settlement, such as written submissions.

33. It is difficult, if not impossible, for many of us to travel in the first place, let alone oppose this settlement in person or through a lawyer. LTD employees are already physically disabled and/or disabled due to chronic illness. No accommodation has been made with respect to this circumstance.

34. Further, many LTD employees are too sick to have been actively involved in this process and have relied entirely on the representation we had been provided through the CCAA process which, as noted above, has not been satisfactory.

35. The Proposed Settlement was made behind closed doors with little input from actively concerned and informed LTD employees. I understand that much of the negotiations and communication about these negotiations to us, the LTD employees, was hampered by non-disclosure agreements, particularly about issues related to the HWT and its significant underfunding, among other issues. It was only in the past few days that we have learned some of these troubling details.

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36. To make matters worse, I now understand that in the last couple of days, Koskie Minsky is advising this group of vulnerable individuals that they will lose all rights if they object to the settlement. In the circumstances of this complex case which directly threatens so many disabled individuals, I do verily believe that these sorts of strong arm tactics are out of place and should be sanctioned by the court.

37. I, along with many other LTD employees, believe that the Monitor has not provided adequate information to the judge with respect to the following issues:

- the recently discovered massive shortfall in the HWT; and
- questions as to why the HWT trustee has not met or has not been forced by Nortel to meet its obligations under the original trust documentation for full funding of all liabilities.

38. I swear this affidavit in support of a motion for, *inter alia*, a representation Order permitting Rochon Genova LLP to act on behalf of the Nortel LTD employees, an adjournment of the Settlement Approval Hearing and/or, in the alternative, to oppose the Settlement Agreement, and for no other purpose.

SWORN BEFORE ME at the City of
Calgary, in the Province of Alberta,
this 26 day of February, 2010.

[Signature]
A Commissioner for Taking Affidavits

SHAUN FLANNIGAN
Barrister and Solicitor

[Signature]
JOSEPH GREGORY MCAVOY

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