

**IN THE SUPREME COURT OF CANADA
(ON APPEAL FROM COURT OF APPEAL OF ONTARIO)**

BETWEEN:

JENNIFER HOLLEY

APPLICANT

Acting in Person

AND:

**NORTEL NETWORKS CORPORATION, NORTEL NETWORKS LIMITED,
NORTEL NETWORKS GLOBAL CORPORATION, NORTEL NETWORKS
INTERNATIONAL CORPORATION, NORTEL NETWORKS TECHNOLOGY
CORPORATION, NORTEL NETWORKS INC. AND OTHER U.S. DEBTORS,
ERNST & YOUNG INC. IN ITS CAPACITY AS MONITOR, OFFICIAL
COMMITTEE OF UNSECURED CREDITORS OF NORTEL NETWORKS INC. ET
AL, AD HOC GROUP OF BONDHOLDERS, THE EMEA DEBTORS, CANADIAN
FORMER EMPLOYEES AND DISABLED EMPLOYEES COURT APPOINTED
REPRESENTATIVES, NORTEL CANADIAN CONTINUING EMPLOYEES COURT
APPOINTED REPRESENTATIVES**

RESPONDENTS

Legal Counsel Listed

**RESPONSE TO MOTION TO EXPEDITE
OF THE MONITOR AND CANADIAN DEBTORS
JENNIFER HOLLEY, APPLICANT**

(Pursuant to Rules 6(1), 47 AND 49 of the Rules of the Supreme court of Canada)

RESPONDENT TO MOTION AND APPLICANT FOR LEAVE TO APPEAL

Jennifer Holley
Nortel CCAA LTD Creditor
2034 River Road
Ompah, ON, K0H 2J0
(613) 479-2653
jholley@xplornet.com

ORIGINAL TO:

THE REGISTRAR

Attn: Jill Haché, Registry Officer
The Supreme Court of Canada
301 Wellington St.
Ottawa, ON K1A 0J1
Tel: 613.995.4330
reception@scc-csc.gc.ca

**SERVICE TO:
MOVING PARTIES AND RESPONDENTS TO APPLICATION FOR LEAVE TO
APPEAL**

GOWLING WLG (CANADA) LLP

Barristers & Solicitors
One First Canadian Place
100 King Street West, Suite 1600
Toronto, Ontario, Canada M5X 1G5
Derrick Tay (LSUC#21152A) derrick.tay@gowlingwlg.com
Jennifer Stam (LSUC#46735J) jennifer.stam@gowlingwlg.com
Tel: 416.862.5697
Fax: 416.862.7661
Lawyers for the Canadian Debtors

TORYS LLP

79 Wellington St. W., Suite 3000 Box 270, TD Centre
Toronto, Ontario, Canada, M5K 1N2
Sheila Block (LSUC#14089N) sblock@torys.com
Scott A. Bomhof (LSUC#37006F) sbomhof@torys.com
Andrew Gray (LSUC#46626V) agray@torys.com
Adam M. Slavens (LSUC#54433J) aslavens@torys.com
Jeremy Opolsky (LSUC#60813N) jopolsky@torys.com
Tel: 416.865.0040
Fax: 416.865.7380
Lawyers for Nortel Networks Inc. and the other U.S. Debtors

GOODMANS LLP

Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario, Canada, M5H 2S7
Benjamin Zarnett (LSUC#17247M) bzarnett@goodmans.ca
Jessica Kimmel (LSUC#32312W) jkimmel@goodmans.ca
Peter Kolla (LSUC#54608K) pkolla@goodmans.ca
Tel: 416.979.2211
Fax: 416.979.1234
Lawyers for the Monitor, Ernst & Young Inc.

CASSELS BROCK & BLACKWELL LLP

Suite 2100, Scotia Plaza 40 King Street West
Toronto, Ontario, Canada, M5H 3C2
Shayne Kukulowicz (LSUC# 30729S) skukulowicz@casselsbrock.com
Michael Wunder (LSUC# 313510) mwunder@casselsbrock.com
Ryan Jacobs (LSUC# 59510J) rjacobs@casselsbrock.com

Geoff Shaw (LSUC #26367) gshaw@casselsbrock.com

Tel: 416.869.5300

Fax: 416.360.8877

Lawyers for the Official Committee of Unsecured Creditors of Nortel Networks Inc., et al.

BENNETT JONES LLP

I First Canadian Place Suite 3400

Toronto, Ontario, Canada, M5X 1A4

S. Richard Orzy (LSUC# 23181I) orzyr@bennettjones.com

Gavin Finlayson (LSUC# 44126D) finlaysong@bennettjones.com

Richard Swan (LSUC# 32076A) swanr@bennettjones.com

Tel: 416.863.1200

Fax: 416.863.1716

Lawyers for the Ad Hoc Group of Bondholders

LAX O'SULLIVAN LISUS GOTTLIEB LLP

Suite 2750, 145 King Street W,

Toronto, Ontario, Canada, M5H 1J8

M. Paul Michell pmichell@counsel-toronto.com

Tel: 416 .598.1744 / Fax: 416.598.3730

Lawyers for Joint Administrators of the EMEA Debtors

KOSKIE MINSKY LLP

20 Queen Street West, Suite 900,

Toronto, Ontario, Canada, M5H 3R3

Mark Zigler (LSUC #19757B) mzigler@kmlaw.ca

Tel: 416.595.2090 / Fax: 416.204.2877

Susan Philpott (LSUC #31371C) sphilpott@kmlaw.ca

Tel. 416.595.2104 / Fax 416.204.2882

Barbara Walancik (LSUC #62620U) bwalancik@kmlaw.ca

Tel: 416.542.6288 / Fax: 416.204.2906

Lawyers for the Canadian Former Employees and Disabled Employees
through their court appointed Representatives

NELLIGAN O'BRIEN PAYNE LLP

Suite 1500, 50 O'Connor Street

Ottawa, Ontario, Canada, K1P 6L2

Janice Payne janice.paynenelligan.ca

Christopher C. Rootham christopher.roothamnelligan.ca

Tel: 613-231-8245

Fax: 613-788-3655

Lawyers for Nortel Canadian Continuing Employees

SHIBLEY RIGHTON LLP

700-250 University Avenue

Toronto, Ontario, Canada, M5H 3E5

Thomas McRae thomas.mcraeshibleyrighton.com
Tel: 416-214-5200
Fax: 416-214-5400
Lawyers for Nortel Canadian Continuing Employees

The Attorney General of Canada
Suite 3400, Exchange Tower Box 36, First Canadian Place, Toronto, Ontario M5X 1K6
-and-
Justice Building, 234 Wellington Street, Ottawa, Ontario K1A 0H8
mcu@justice.gc.ca

The Attorney General of Ontario Constitutional Law Branch, 4th floor, 720 Bay Street,
Toronto, Ontario M5G 2K1
attorneygeneral@ontario.ca

Savitri Gordian
Counsel, Constitutional Law Branch
Ministry of the Attorney General (Ontario), Civil Law Division
720 Bay Street, 4th Floor
Toronto, Ontario M7A 2S9
Tel: 416.326.4466
Savitri.Gordian@ontario.ca

DISAGREE WITH EXPEDITED SCHEDULE SOUGHT

1. I do not agree with the expedited schedule in the Motion to Expedite of the Monitor and Canadian Debtors, which has the Supreme Court of Canada (“SCC”) beginning its consideration of the Application for Leave to Appeal, Jennifer Holley, Applicant SC File No. 37562 (“this Application”) on the earlier of Monday, May 29, 2017 or the filing of my Reply.
2. Despite the Respondents having served their Responses on Friday, May 19, 2017, the regular schedule should apply for Responses and Reply, to allow sufficient time for Responses from The Attorney General of Canada and the Attorney General of Ontario, who were served a Notice of Constitutional Question on February 27, 2017 and an Amended Notice of Constitutional Question on May 18, 2017. The Amended Notice of Constitutional Question says:

“This Amended Notice of Constitutional Question amends the Notice of Constitutional Question provided to the Attorney General of Canada and Attorney General of Ontario dated Feb. 27, 2017, which did not contain the details on the dates for consideration by the Supreme Court of Canada of this Constitutional Question. These details are now available.

The Constitutional Question is to be argued in writing within the Supreme Court of Canada Case # 37562, Application for Leave to Appeal to the Supreme Court of Canada, Jennifer Holley, Applicant. The Registrar at the Supreme Court of Canada, 301 Wellington Street, Ottawa, Ontario, K1A 0J1, reception@scc-csc.gc.ca has accepted, by way of the attached March 16, 2017 letter to Jennifer Holley, the filing of the Application. The Registrar at the Supreme Court of Canada has provided, by cc: of this letter to respondents, this “Note to respondents: If you intend to submit a response, it must be served and filed within 30 days of the date of this letter.””

3. I do not agree, if the Appeal is granted, that the schedule for the Appeal be expedited.

STATEMENT OF ARGUMENT

4. Points 13 and 14 of this Application already provide five arguments for there being no need for an expedited schedule of this Application, and the Appeal if granted, due to the Waiver and Reserve Agreement of the Nortel Debtors and Canadian Court

Monitor dated May 1, 2017, which established an LTD SCC Appeal Reserve of Cdn\$44 million payable to the Nortel Canadian long term disabled former employees in the event this Application is granted, and if granted, the Appeal is successful, due to an affirmative answer to the Constitutional Question raised. If this Application is not granted, or the Appeal is unsuccessful on the merits, then the Cdn\$44 million reserve will be distributed to the Canada estate creditors.

5. The Monitor and Debtor has amongst its arguments to expedite this Application, and Appeal if granted “The conclusion of the litigation over the entitlements to the \$44 million Appeal Reserve is important and significant to all creditors of the Canadian Debtors (including former employees, pensioners, persons under disability and retirees). This argument is simply not supported by the facts that all creditors throughout the world are receiving their cash shortly, net of the LTD SCC Appeal Reserve at 0.76% of the Canada estate, (in Point 13 a) of this Application.) The LTD SCC Appeal Reserve is the same reserve amount that had been requested by Greg McAvoy and Jennifer Holley at the January 24, 2017 Fairness Hearing. The Affidavit of Financial Expert Diane Urquhart dated January 12, 2017 at Table 5 (Exhibit A in this Response) showed that the Cdn\$44 million reserve is 0.8% of the Cdn\$5.7 billion Canada estate. This de minimis % was not refuted in the Responses to this Application from Legal Counsel for the Monitor and Canadian Debtors, Representative Legal Counsel for the Pensioners, Severed and LTD former employees, Representative Legal Counsel for the Continuing Employees, Legal Counsel for the US Debtors and Bond Owners, and Legal Counsel for the EMEA creditors.
6. The Monitor and Canadian Debtors’ Motion to Expedite has applied a different urgency standard to the LTD SCC Appeal Reserve at 0.76% of the Canada Estate compared to the

Pre-Filing Unresolved Claim Reserve Amount of Cdn\$713 million, or 12.3% of the Canada Estate, that has no apparent deadline for resolution and return of any excess reserve amounts to all the creditors. The Monitor and Canadian Debtors' Motion to Expedite Pages 22 to 50 contain the Nortel Sanction Order, which at Point 44 discusses the existence of the Unresolved Claim Reserve Amount. The Unresolved Claim Reserve Amount totalling US\$530 million, or Cdn\$713 million, is specified in Appendix "H" to the One Hundred and Thirty Fifth Monitor's Report dated January 20, 2017 (Exhibit B to this Response.)

44. THIS COURT ORDERS that:

- (a) following the Plan Implementation Date and prior to the Initial Distribution Date, the Canadian Estate be and is hereby authorized and directed to establish the Unresolved Claims Reserve, including the individual claim reserve amounts (a "Claim Reserve Amount") specified at Appendix "H" to the One Hundred and Thirty Fifth Report for each Unresolved Affected Unsecured Claim specified therein;
7. The Attorney General of Canada and Attorney General of Ontario should not be prejudiced by not being given ample time to serve a Response to the SCC and the parties on this Application for Leave to Appeal, in the event that the SCC uses its authority to consider the Application for Leave to Appeal, and Appeal if granted, on a Constitutional Question, despite the Notice of Constitutional Question not having been filed before the Superior Court of Justice hearing on January 24, 2017 and before the Court of Appeal expedited written hearing between February 14, 2017 and February 24, 2017. Points 15 to 23 of the Application for Leave to Appeal give the arguments and cited case authority for the SCC's use of its authority to consider the Constitutional Question despite the Notice of Constitutional Question not having been filed in the lower courts.
 8. Point 27 of the Application for Leave to Appeal further indicates there is no other reasonable way or effective way for this constitutional matter to come directly before the courts, so this Application provides an extremely important opportunity for the Attorney General of

Canada and Attorney General of Ontario to formulate and publish their opinions on whether S. 6 (1) and S. 11 of the CCAA violates the Charter of Rights and Freedoms for individuals of mental or physical disability. The SCC can then make its determination on the Constitutional Question affecting 937,000 Canadians covered by self-insured group long term disability benefit plans, knowing that the Attorney General of Canada and Attorney General of Ontario have had the opportunity to provide their legal opinions on the matter.

27. If the leave to appeal is not granted, there is no other reasonable way or effective way for this constitutional matter to come before the courts. Disabled persons cannot afford a very costly direct constitutional challenge of the CCAA against the Government of Canada that can take more than 10 years to complete. From a practical point of view, it is unreasonable to expect seriously ailing persons to bring a direct systemic challenge against the whole insolvency regime. The material physical and emotional resources of individuals, who are ill, and quite possibly dying, need to be focused on their own circumstances. An appeal is in the broader interest of administration of justice for disabled persons, because they are confronted in CCAA proceedings by the most powerful lawyers representing debtors, banks, bond holders and other large creditors. These lawyers are well-organized within the lobby group known as the Insolvency Institute of Canada that has undue influence on both the government insolvency legislation agenda and on court proceedings interpreting insolvency legislation.
9. The Form 4F Notice of Constitutional Question must be served as soon as the circumstances requiring it become known and, in any event, at least 15 days before the question is to be argued, unless the court orders otherwise. The Constitutional Question being argued within the Application for Leave to Appeal, SCC File No. 37562, officially started on May 16, 2017 when the SCC accepted the filing of the application, with a regular Response deadline of June 17, 2017 and regular Reply deadline of June 27, 2017. The 15 day notice period before the Constitutional Question is to be argued was met by the first Notice of Constitutional Question on February 27, 2017 and is also met in the Amended Notice of Constitutional Question within the regular SCC schedule for Responses before June 17, 2017.

10. Sue Kennedy, court-appointed representative for the LTD former employees, has authorized the court-appointed legal counsel for the LTD former employees, Koskie Minsky LLP, to oppose this Application and to support the Monitor and Canadian Debtors' Motion to Expedite this Application. It is unreasonable for Sue Kennedy to have these positions on behalf of the LTD group, when there is only upside and no downside for the LTD group from this application. See TABLE 1

TABLE 1

LTD Income + Medical & Dental Claims	Cdn \$ Millions	Cdn \$ Per Person
# of LTD Persons		350
LTD CCAA Claim	\$79.2	<u>\$226,400</u>
Application Not Granted & Appeal Lost		
CCAA Settlement %	45%	-
LTD CCAA Settlement Total	\$35.3	<u>\$100,700</u>
LTD CCAA Settlement Delayed %	0.76%	
LTD CCAA Settlement Delayed \$	<u>\$0.275</u>	<u>\$800</u>
LTD CCAA Settlement Now	\$35.0	<u>\$100,000</u>
Application Granted & Appeal Won		
LTD CCAA Settlement Now	\$35.0	<u>\$100,000</u>
LTD CCAA Settlement Delayed \$ Paid	\$0.275	<u>\$800</u>
LTD SCC Appeal Reserve to LTD	\$44.0	<u>\$125,600</u>
LTD CCAA Settlement Total	\$79.2	<u>\$226,400</u>

11. Sue Kennedy's support for expediting this Application indicates that she finds it important and significant for the LTD group to get an estimated \$275,000 payment sooner, if this Application is not granted, and the Appeal is unsuccessful. This is an estimated average of \$800 per LTD person being delayed by this Application seeking Charter protection of disability income from non-LTD creditors in insolvency. These are delayed payments and not permanent sacrifices by the LTD, since these amounts are paid back whether this Application and Appeal fail or succeed.
12. On the other hand, the upside for the LTD Group is that they get the whole LTD Appeal

Reserve of Cdn\$44 million, or an estimated average additional payment of \$125,600 per LTD person. Accepting a delay of \$800 per LTD person in order to potentially be awarded an additional \$125,600 by a positive SCC decision on this Application should have been supported by Sue Kennedy. She should be encouraging the SCC to take all the time it needs to thoroughly and carefully review the constitutional question affecting vulnerable persons with mental or physical disability, who are an expressly mentioned group in the Charter.

13. More importantly, Sue Kennedy's attempt to expedite the SCC's consideration of this Application may encourage the SCC to simply deny the Application for expediency. Then, it is her LTD Group that loses the benefit of a yes decision on the Constitutional Question raised by this Application. Also, Sue Kennedy is unreasonably hampering the effort being made by this Application to have the SCC consider whether or not there is Charter protection for the 937,000 Canadians in self-insured group long term disability benefit plans.

Dated at Ompah, Ontario this 25th day of May, 2017

SIGNED BY



EXHIBIT A

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

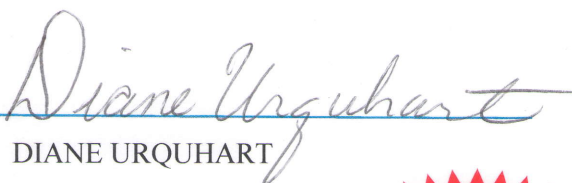
APPLICATION UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

Affidavit of DIANE A. URQUHART

I, DIANE A. URQUHART, an independent financial analyst, of the City of Mississauga, in the Province of Ontario, **SOLEMNLY AFFIRM AS FOLLOWS:**

1. I prepared TABLES 1 to 8 in this affidavit at the request of Greg McAvoy and Jennifer Holley, two Nortel long term disabled former employees.
2. TABLES 1 to 8 contain my calculations for the absolute and relative impact on the LTD of the Nortel CCAA Plan of Arrangement and Compromise. The sources of disclosure are listed at the bottom of each table.
3. I have served before as a financial expert before the Ontario Superior Court of Justice in the Non Bank Asset Backed Commercial Paper CCAA proceeding, the CIBC Misrepresentation Class Action proceeding, and this Nortel CCAA proceeding.
4. I swear this affidavit for the purpose of Greg McAvoy and Jennifer Holley making reference to it in their Submission for the Anticipated January 24, 2017 Fairness Hearing to Sanction the Nortel CCAA Plan.

AFFIRMED BEFORE ME at the
City of Mississauga, Province of Ontario,
this 12th day of January, 2017


DIANE URQUHART

A COMMISSIONER FOR TAKING
OATHS IN ONTARIO

Robert Aubin
Barrister & Solicitor
Notary Public & Commissioner of Oaths
in and for the Province of Ontario
My commission is of unlimited duration.
No legal advice given.

1
Red Seal Notary Inc.
50 Burnhamthorpe Rd. W #401
Mississauga, ON L5B 3C2
Tel: 416-922-7325



TABLE 1: NORTEL CREDITORS' RECOVERY %'S

Nortel Bankruptcy Recovery %'s = Cents on the Dollar of Claim	Recovery %	
	Low	High
Canada ⁽¹⁾	45	49
US Bond Holders	98	100
US Pensioners		100
US Pension Benefit Guaranty Corporation		81
US Other Unsecured Creditors	55	61
UK Pensioners		100
UK Pension Protection Fund (DU Estimate)		54
UK /EMEA Other Unsecured Creditors (DU Estimate)		46
Global	70	

Sources:

[Nortel CCAA Information Circular Nov. 30, 2016](#)

[Nortel Chapter 11 Disclosure Docket 17502 Dec. 1, 2016](#)

[Pensions & Investments - PBGC reaches settlement with Nortel ..., Dec. 22, 2016](#)

[UK High Court of Justice Approved Judgement Nov. 3, 2016](#)

[Nortel UK Pension Plan Accounts March 31, 2009](#)

Note (1)

* Canada Canadian dollar denominated claims

Canada US dollar denominated claims	42	45
-------------------------------------	----	----

Prepared by Diane Urquhart

TABLE 2: NORTEL CANADIAN LONG TERM DISABLED COMBINED HWT AND CCAA SETTLEMENTS

Nortel Canadian Long Term Disabled Canadian Dollars Millions	Aggregate Act. Liab.	In Aggregate		Loss	Loss %	Settlement %
		HWT Settlement	CCAA Settlement (1)			
		38%	45%			
Income Actuarial Liability	79.9	30.4	22.3	27.2	34%	66%
Medical Expenses Actuarial Liability	29.7	0.0	13.4	16.3	55%	45%
Combined	109.6	30.4	35.7	43.6	40%	60%

Nortel Canadian Long Term Disabled Canadian Dollars	# Persons (2)	Per Person			Loss	Loss %	Settlement %
		Act. Liab.	HWT Settlement	CCAA Settlement			
			38%	45%			
Income Actuarial Liability	357	223,810	85,048	62,443	76,319	34%	66%
Medical Expenses Actuarial Liability	360	82,500	0	37,125	45,375	55%	45%
Combined		306,310	85,048	99,568	121,694	40%	60%

Sources:

[Nortel HWT Illustrative Allocation Scenarios - Revised](#)[Nortel CCAA Information Circular Nov. 30, 2016](#)[Monitor's Report 99th Nov. 13, 2013](#)[Appendix C- Mercers Actuarial Report for LTD and Other Plans 2010](#)

Note

(1):

At the upper end of CCAA recovery %

				49%			
Income Actuarial Liability	79.9		30.4	24.3	25.3	32%	68%
Medical Expenses Actuarial Liability	29.7		0.0	14.6	15.1	51%	49%
Combined	109.6		30.4	39.3	40.4	37%	63%

(2) There are also 158 spouses and 160 children covered for benefits (85 members with children)

Prepared by Diane Urquhart

TABLE 3: NORTEL CANADIAN LONG TERM DISABLED CAPITAL AND INCOME OVER TIME

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
KEY ASSUMPTIONS																					
CPI - Mercers	2.4%	2.3%	0.8%	1.2%	1.5%	1.4%	1.5%	1.8%	1.8%	1.8%	1.8%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Medical Inflation - Mercers		8.4%	8.2%	8.0%	7.8%	7.6%	7.4%	7.2%	7.0%	6.8%	6.6%	6.4%	6.2%	6.0%	5.8%	5.6%	5.4%	5.2%	5.0%	5.0%	5.0%
Dental Inflation - Mercers		4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Investment Return		1.01%	0.95%	0.78%	1.13%	0.82%	0.82%	1.3%	1.8%	2.3%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Age	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
Pre- Disability Income	60,000																				
Disability Income																					
Coverage	70%																				
HWT + CCAA SETTLEMENTS WITH 6 YEAR DELAY ON CCAA SETTLEMENT																					
Settlement Capital	85,048							99,568													
Capital Beginning of																					
Year	85,048	58,033	29,919	868	-29,404	-60,750	6,227	-26,948	-61,904	-99,052	-138,844	-181,241	-226,361	-274,324	-325,253	-379,271	-436,506	-497,083	-561,133	-628,823	
Capital Income	859	551	233	10	-241	-498	82	-490	-1,436	-2,793	-3,915	-5,111	-6,383	-7,736	-9,172	-10,695	-12,309	-14,018	-15,824	-17,733	
Nortel Disability Income	28,328	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CPP Disability Income	13,672	13,986	14,098	14,555	14,773	15,175	15,490	15,763	16,041	16,323	16,611	17,025	17,448	17,883	18,328	18,785	19,252	19,732	20,223	20,727	21,243
Combined Income	42,000	14,845	14,650	14,788	14,783	14,934	14,992	15,845	15,550	14,887	13,818	13,109	12,337	11,500	10,592	9,612	8,557	7,422	6,205	4,903	3,510
Medical Expenses	6,186	6,705	7,255	7,836	8,447	9,089	9,761	10,464	11,197	11,958	12,747	13,563	14,404	15,268	16,154	17,059	17,980	18,915	19,860	20,853	21,896
Dental Expenses	1,750	1,833	1,920	2,011	2,106	2,206	2,311	2,421	2,536	2,657	2,783	2,915	3,053	3,198	3,350	3,509	3,676	3,851	4,034	4,225	4,426
Medical & Dental Exp.	7,935	8,538	9,175	9,847	10,553	11,295	12,073	12,885	13,733	14,615	15,530	16,478	17,458	18,467	19,504	20,568	21,656	22,766	23,894	25,079	26,322
Other Expenses	32,573	33,322	33,589	33,992	34,502	34,985	35,510	36,135	36,772	37,420	38,080	39,028	40,000	40,996	42,017	43,063	44,135	45,234	46,360	47,515	48,698
Net Loss	1,491	-27,015	-28,114	-29,050	-30,272	-31,346	-32,591	-33,176	-34,955	-37,148	-39,792	-42,397	-45,120	-47,963	-50,929	-54,019	-57,234	-60,577	-64,049	-67,691	-71,510
WITHOUT BANKRUPTCY																					
Settlement Capital	0							0													
Capital Beginning of																					
Year	0	9,383	18,839	28,613	38,534	48,612	58,830	69,388	80,392	91,955	104,200	116,721	129,519	142,595	155,950	169,586	183,502	197,700	212,178	226,938	
Capital Income	0	89	147	323	316	399	777	1,263	1,865	2,593	2,938	3,292	3,652	4,021	4,398	4,782	5,175	5,575	5,983	6,400	
Nortel Disability Income	28,328	28,719	28,857	29,065	29,326	29,572	29,839	30,154	30,473	30,795	31,121	31,586	32,058	32,537	33,023	33,516	34,017	34,525	35,041	35,564	36,096
CPP Disability Income	13,672	13,986	14,098	14,555	14,773	15,175	15,490	15,763	16,041	16,323	16,611	17,025	17,448	17,883	18,328	18,785	19,252	19,732	20,223	20,727	21,243
Combined Income	42,000	42,705	43,044	43,766	44,423	45,064	45,727	46,693	47,776	48,984	50,325	51,549	52,798	54,072	55,372	56,698	58,051	59,432	60,839	62,274	63,738
Medical Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dental Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Medical & Dental Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	32,573	33,322	33,589	33,992	34,502	34,985	35,510	36,135	36,772	37,420	38,080	39,028	40,000	40,996	42,017	43,063	44,135	45,234	46,360	47,515	48,698
Net Loss	9,427	9,383	9,455	9,774	9,921	10,079	10,217	10,558	11,004	11,563	12,245	12,521	12,798	13,076	13,355	13,636	13,916	14,197	14,479	14,760	15,040

Sources:
[Bank of Canada Consumer Price Index](#)
[Bank of Canada Guaranteed Investment Certificate 1-Year V122524](#)
[Nortel HWT Illustrative Allocation Scenarios - Revised](#)
[Nortel CCAA Information Circular Nov. 30, 2016](#)
[Monitor's Report 99th Nov. 13, 2013](#)
[Appendix C- Mercers Actuarial Report for LTD and Other Plans 2010](#)
Prepared by Diane Urquhart

TABLE 4: NORTEL CANADIAN LONG TERM DISABLED REASONABLE EXPENSES EXCLUDING MEDICAL AND DENTAL EXPENSES

Average Household Expenditure (Canada)		Ex Health Care Per Person	
	Year	2014	2014
Number of Persons Per Household 2011		2.5	
Food expenditures	8,109	3,244	Not prorated
Shelter	17,160	17,160	
Household operation	4,393	4,393	
Household furnishings and equipment	2,067	827	
Clothing and accessories	3,503	1,401	Not prorated
Transportation	11,891	4,756	
Health care	2,251	0	
Personal care	1,207	483	
Recreation	3,843	1,537	
Education	1,502	0	
Reading materials and other printed matter	144	58	
Tobacco products and alcoholic beverages	1,222	0	
Games of chance	156	0	
Miscellaneous expenditures	1,608	643	
Income taxes	14,867	0	
Personal insurance payments and pension contributions	4,871	0	
Gifts of money, alimony and contributions to charity	1,934	0	
Sum	80,728	34,502	

Source:

Statistics Canada, CANSIM, table [203-0021](#) and Catalogue no. [62F0026M](#).

Last modified: 2016-04-06.

Prepared by Diane Urquhart

TABLE 5: IMPACT ON OTHER CREDITORS OF BOND HOLDERS AND LTD RECONSIDERATIONS

IMPACT OF RECONSIDERATION FOR BOND OWNERS

US \$ Millions

	Bonds	US Ratio	US Claims	Bond Payments			US Limit	Tot.	Recovery
			Tot.	US	Canada	SUM		Limit	
@ 100% of Bond Claim	3,936	61%	5,459	2,409	1,771	4,180	2,165	3,936	100%
@ 55% of Bond Claim	2,165	91%	3,688	1,961	1,771	3,732	1,961	3,732	95%
Impact of Reconsideration				448		448	204	204	

IMPACT OF RECONSIDERATION FOR LTD COMPARED TO BOND OWNERS

%	US	Canada	Cost of Reconsideration	
	Estate	Estate	Bonds	Disabled
US \$	3,341	4,244	204	
Cdn\$	4,450	5,653		44
% of Local Estate			6.1%	0.8%

Notes:

Cdn\$/US\$ 1.332

Prepared by Diane Urquhart

TABLE 6: NORTEL CANADIAN LONG TERM DISABLED COMPARED TO PENSIONERS

	HWT %	CCAA %	Combined %	Max. CPP/OAS Income				
LTD Plan		45%						
HWT Income	38%	28%	66%	\$15,763				
Medical and Dental Expenses	0%	45%	45%	\$7,291	LTD M & D			
Pension Plans	Pension Plan %	CCAA %	Combined %	Max. CPP + OAS				
		45%						
Ontario Nortel Pension <= \$12,000	100%	0%	100%	\$20,312				
Ontario Nortel Pension Portion > \$12,000	78%	10%	88%	\$20,312				
Nova Scotia	67%	15%	82%	\$20,312				
Other	57%	19%	77%	\$20,312				
Medical and Dental Expenses	0%	45%	45%	\$1,961	Pensioners M & D			
Sources:					LTD Life Pensioners Life			
CPP and OAS Maximum Benefits 2016								
Nortel HWT Illustrative Allocation Scenarios - Revised								
Appendix C- Mercers Actuarial Report for LTD and Other Plans 2010								
Nortel Negotiated Pension Plan Webinar Nov. 26, 2015								
Nortel Managerial Pension Plan Webinar Nov. 24, 2016								
Notes:								
Comparison of HWT & Pension Plan Funding Canadian \$ Millions	# of Members Receiving Income	Pre OPGF Assets	Liabilities	Pre OPBG Deficit	Pre OPGG Funding %	OPBG Payment	Ontario Funding %	Nova Scotia Funding %
Managerial Pension Plan	6,500	1,762	3,110	-1,348	56.64%	287	77.12%	66.00%
Negotiated Pension Plan	6,000	760	1,280	-520	59.38%	97	79.59%	69.00%
Two Pension Plans	12,500	2,522	4,390	-1,868	57.44%	384	77.84%	66.87%

August 2011 – Managerial Plan Pensions cut back to est. funded ratio of 70% for Ontario service, and 59% for other provinces (later adjusted to 66% for Nova Scotia service).

August 2011 – Negotiated Plan Pensions cut back to est. funded ratio of 75% for Ontario service, and 57% for other provinces (later adjusted to 69% for Nova Scotia service).

Jan. 1, 2010 - LTD disability Income reduced to zero, upon 38% HWT settlement.

Prepared by Diane Urquhart

TABLE 7: BANKRUPTCY PROFESSIONAL FEES AND DISBURSEMENTS

Nortel Bankruptcy Professional Fees		US \$ Millions	Cdn \$ Millions	
Canada	Jan. 14, 2009 to Sept. 10, 2016	524	698	27%
U.S.	Jan. 14, 2009 to Aug. 30, 2016	685	912	35%
U.K. (Inc. 18 EMEA Entities)	Jan. 14, 2009 to July 13, 2016	729	970	38%
Total Professional Fees		1937	2580	100%
Sources:				
U.S. Debtor-In-Possession Monthly Operating Reports for Feb. 2009 to August 2016				
Ernst & Young Canada Court Monitor Report Numbers 8, 15,16, 25, 33, 35, 43, 50, 55, 59, 70, 78, 84, 87, 89, 91, 94, 98, 103, 104, 108, 114, 121, 127, 129 (to Sept. 10, 2016)				
U.K. Joint Administrators Progress Reports Aug. 8, 2016 (to July 13, 2016)				
Bankruptcy Fees & Disbursement %'s		Global Estate US \$ M.	Canada Estate Cdn \$ M.	
Percentage of Peak Assets	18%	10,500	11%	6,351
Percentage of Current Assets	23%	8,464	12%	5,653
Canadian \$ Per US \$			Jan. 4, 2017	1.3320

Prepared by Diane Urquhart

TABLE 8: EXECUTIVE RETENTION BONUSES

Court Document	Date Approved		Period	US \$ M
US Debtors' Motion Feb. 27, 2009	March 11, 2009	KEIP	2009	23.0
Monitor's Report 4th, March 2, 2009	March 11, 2009	KERP	2009	22.0
CBC Investigation Undisclosed Bonuses	Nov. 28, 2009		2009	7.5
US Debtors' Motion Feb. 11, 2010	March 4, 2010	Special Incentive Plan	2010&2011	92.4
Monitor's Report 37th Feb. 11, 2010	March 4, 2010	Reserve Plan	2010&2011	7.0
	March 4, 2010	Discretionary Plan	2010&2011	20.0
	March 4, 2010	Special Employee Agreements	2010&2011	4.5
Monitor's Report 78th Dec. 7, 2011	Dec. 14, 2011	Retention Plan	2012	3.9
Debtors' Motion Oct. 25, 2011	Nov. 14, 2011	Incentive Plan	2012	3.5
		Special Employee Agreements	2012	1.0
Monitor's Report 89th Oct. 24, 2012	Oct. 30, 2012	Retention Plan	2013	1.4
Debtors' Motion Dec. 19, 2012		Incentive Plan	2013	1.1
		Special Employee Agreements	2013	0.8
Monitor's Report 98th Oct. 22, 2013	Oct. 29, 2013	Retention Plan	2014	0.9
Monitor's Report 108th Sept. 24, 2014	Oct. 2, 2014	Retention Plan	2015	0.5
Monitor's Report 121st Sept. 22, 2015	Oct. 1, 2015	Retention Plan	2016	0.5
Monitor's Report 129th Sept. 23, 2016	Sept. 29, 2016	Retention Plan	2017	0.5
TOTAL US \$ MILLIONS				190.0
CDN\$/US\$				1.3320
CDN \$ MILLIONS				253.1

Prepared by Diane Urquhart

EXHIBIT B
ONE HUNDRED AND THIRTY FIFTH REPORT OF THE MONITOR DATED
JANUARY 20, 2017
APPENDIX H

Prefiling Unresolved Claims

Creditor Name	Claim Reserve Amount in USD
Alberta Finance and Enterprise	5,690
Apex Logistics Inc.	13,521,819
Canada Revenue Agency	415,990
Chen, Kien	-
Continuous Computing Corporation	208,980
Convergys Emea Limited	766,275
Directors & Officers	-
Dunn, Frank Andrew	90,000,000
Employee Benefit Plan	1,639,008
Gardener, William Kenneth	2,787,277
Gie Les Jeunes Bois	23,531,118
Gollogly, Michael	6,000,000
Her Majesty the Queen in right of Canada, as represented by the Minister of National Revenue	-
Her Majesty the Queen in right on Ontario as represented by the Ministry of the Environment	81,950,420
Industrial Development Agency Ireland	7,098,655
Jaco Electronics Inc.	479,000
Lead Plaintiffs on behalf of the Class in Lucescu v Zafirovski et al.	-
Lucescu, David	-
Microsoft Licensing, GP	9,994,666
Minto, Moreno	-
Nortel Networks Pass-Through Trust, Series 2001-1	38,566,714
Ontario Ministry of Revenue	1,421,796
Oracle Canada ULC	1,134,233
Owens, William A.	2,278,679
SCI Brockville Corp.	21,465,324
Sidney Street Properties Corp.	42,147,921
SNMP Research International, Inc.	7,549,323
Sun Microsystems of Canada, Inc.	-
Sun Microsystems, Inc.	8,510,153
The Algonquin and Lakeshore Catholic District School Board	47,556,648
The Corporation of the City of Belleville	52,637,574
The Superintendent of Financial Services as administrator of the PBGF	-
Wireless (TX) LP	60,137,123
Zafirovski, Mike	8,497,000
Total Claim Reserve Amount	530,301,386

Post-filing Unresolved Claims

Creditor Name	Claim Reserve Amount in USD
The Northern Trust Company, Canada	819,504

*The reserves contemplated hereby do not include any amount in respect of the CA\$44 million priority claim sought by two former LTD recipients on behalf of the LTD Beneficiaries