

CNELTD Announces Negotiated Deal with Nortel and the Monitor

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Ottawa: - Following court approval of the final Canadian Funding Agreement, the Legal Steering Committee of the Canadian Nortel Employees on Long Term Disability (CNELTD) announces that the Court-Appointed Representative for Nortel's disabled employees, Susan Kennedy, along with the Court-Appointed Representatives of the pensioners and former employees of Nortel (Don Sproule, Michael Campbell, David Archibald) (the "Representatives"), and their counsel, Koskie Minsky LLP, have negotiated a deal to ensure the continuation of benefits through 2010. The details of the Agreement, which is subject to court approval, will be available on the Monitor's website at www.ey.com/ca/nortel. The Agreement requires the payment by Nortel of an estimated \$57 million through 2010 to ensure:

- continuation of disability income benefits, medical, life and dental benefits for disabled employees until December 31, 2010;
- for all defined benefit pension plan members, including those on long term disability, continuation and current service funding of the pension plans until the end of September, 2010;
- continuation of medical, life and dental benefits to pensioners until December 31, 2010;
- continuation of survivor income and survivor transition income benefits until December 31, 2010;
- a lump sum payment of up to \$3,000 to eligible employees terminated without severance pay as an advance against their claims under CCAA, to a total maximum of \$4.2 million;

With the exception of retiree life benefits, none of these payments will be made from the health and welfare trust assets. The Agreement does not affect the discussions that are already underway to determine the allocation of the assets in the health and welfare trust, and we anticipate a resolution of the allocation of those trust assets prior to December 31, 2010.

The employment of disabled employees will be formally terminated effective December 31, 2010, but that will not diminish their right to make claims against Nortel in the insolvency proceedings.

According to Susan Kennedy, "The disabled employees were very worried about the possibility of losing their income and their health benefits when funding under the Canadian Funding Agreement was to end on March 31, 2010. The continuation of these benefits through 2010 is a welcome relief.

Among the many benefits of the deal, it gives us:

- a priority cash distribution ahead of other Canadian creditors, without giving up our rights to claim preferred creditor status if the BIA is amended, and without depleting the assets of the Health and Welfare Trust to pay our income benefits;

