

July 26, 2011

The Honourable Minister of Finance Dwight Duncan,
Queen's Park Crescent, 7th Floor,
Toronto, Ontario, M7A 1Y7
Office: 416-325-0400
Email: dduncan.mpp@liberal.ola.org

The Honourable Minister of Consumer Services John Gerretsen,
900 Bay Street, 6th Floor, Mowat Block,
Toronto, Ontario, M7A 1L2
Office: 416.327.8300
Email: jgerretsen.mpp@liberal.ola.org

Dear Ministers Dwight Duncan and John Gerretsen:

Hamish Dunlop, principal at Morneau Shepell, stated in his July 22, 2011 presentation to Nortel pensioners that an Ontario Pension Benefit Guarantee Fund payment of \$380 M has been made into the Nortel pension fund. On July 14, 2011, the Ottawa Citizen reported that "The Ontario government estimates the average Nortel non-union employee who worked exclusively in Ontario will experience an 18-per-cent reduction in benefits. Unionized employees at Nortel plants in Belleville, Brampton, London, Kingston and Brockville will get a cut of just six per cent because their benefits are much lower."

We wish to remind the Ministers that the Nortel employees covered by Nortel's disability insurance have been forced into abject poverty until they reach age 65 because Nortel cut off our disability income at the end of 2010. To date, the disabled have received a lump sum cash settlement from Nortel's Health and Welfare Trust, which funds just 25% of our disability insurance. The timing of the final HWT payment and the amount and timing of the CCAA settlement is extremely uncertain. People have been forced to sell homes, are under severe financial and emotional stress, some have attempted suicide, and some have died prematurely.

The younger disabled employees, who are deferred Ontario pension plan members, receive only a nominal amount of this OPBGF payment within their pension plan commuted values because their accrued pension incomes are extremely low. Many of the disabled are forced to take early retirements as soon as age 55, but their pension income is reduced by 5% for every year under age 60, on top of the pension cuts due to the pension plan's wind-up. The disabled in Quebec who qualify for pension at age

60 are now in dire straits because their monthly pension income has been withheld pending consideration of an alternative lump-sum commuted value settlement.

A significant number of the former disabled employees are in the defined contribution plan and get no OPBGF payment.

We have filed a complaint with the Ministry of Consumer Services about the unfair practices of Nortel and Sun Life, who both misrepresented our long term disability insurance coverage. Our meetings with various Ministry of Consumer Services officials have met some resistance. We find this unacceptable in the context of the Ontario Government taxpayers funding \$380 M of OPBGF payments to Nortel pensioners. The OPBGF will recover money from the Nortel Canada Estate, to the detriment of the Nortel disabled down the road.

The Ontario Government also amended the Pension Benefit Standards Act to enable Life Income Funds (LIF) and the Financial Sponsorship Model (FSM) as alternatives to life annuities. The OPBGF payments are being made to the high end pensioners who sought the Pension Benefit Standards Act amendment, so that they could continue to invest in the capital markets. The OPBGF payments to these high end pensioners could have been denied since current legislation provided for only life annuities. The money saved could have been used to help the Nortel disabled, who are in much more dire straits than the high end pensioners.

Our legal counsel, Rochon Genova LLP, has the opinion that the Ontario Consumer Protection Act has the legal jurisdiction over Nortel's disability insurance and Sun Life's related administrative services. Furthermore, they have concluded our evidence on misrepresentations by Nortel and Sun Life should lead to a quick court judgment and restitution order, which we badly need.

The Superintendent of the Financial Services Commission of Ontario (FSCO), through his legal counsel, Ken Rosenberg of Paliare Roland Rosenberg Rothstein LLP, supported the March 30, 2010 Nortel interim settlement which paid for just 9 months of pensioner and disabled employee benefits, in exchange for a legal release that prevents the Nortel disabled from seeking their own court remedy for the misrepresentations of their disability insurance and the breach of trust within their Health and Welfare Trust. The Superintendent of FSCO knew that the dissenting Nortel disabled filed a court motion opposing the Nortel interim settlement on grounds that there was not informed consent from the disabled group, through a vote or other evidence of majority support and that there was prima facie evidence of breach of trust in the Health and Welfare Trust. Material disclosures on the amount and reasons for the missing money in the trust were not made until August 15, 2010,

five months after the Superintendent of FSCO supported the March 30, 2010 interim settlement, albeit not as a signatory.

We are asking the Minister of Consumer Services to use his power to enforce the provisions in the Ontario Consumer Protection Act. The Consumer Protection Act does not require amendments to provide a solution to avoid the poverty and premature deaths of Nortel disabled. Actions to remedy the wrongdoings under the Consumer Protection Act will be funded from the Nortel estate and not by the Ontario taxpayers.

We are all living with severe illnesses. If the Ontario Government chooses not to enforce the Consumer Protection Act for our benefit, while using so much taxpayer money and making law amendments for the pensioners, this is just plain wrong and lacks common decency.

We are hoping we can meet with you in the very near future. It is urgent for us.

Sincerely,

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|---------------|--|----------------|
| Carol Sampson | sammygirl1@rogers.com | (613) 224-2791 |
| Greg McAvoy | jgmcavoy@shaw.ca | (403) 288-5568 |
| Josee Marin | marin.josee@sympatico.ca | (614) 678-2960 |
| Jackie Bodie | jbodie@blinc.ca | (403) 247-8782 |

CC:

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| Ontario Minister of Labour Charles Sousa | csousa.mpp@liberal.ola.org |
| Ontario Parliamentary Assistant to Minister of Consumer Services, Jim Brownell | jbrownell.mpp@liberal.ola.org |
| Yasir Navqi, MPP Ottawa Centre | ynaqvi.mpp@liberal.ola.org |
| Bob Chiarelli, MPP Ottawa West - Nepean | bchiarelli.mpp.co@liberal.ola.org |
| Jean-Marc Lalonde, MPP Glengarry - Prescott - Russell | jmlalonde.mpp@liberal.ola.org |
| Diane & Hugh Urquhart | urquhart@rogers.com |
| Joel Rochon, Rochon Genova LLP | jrochon@rochongenova.com |
| Sakie Tambakos, Rochon Genova LLP | stambakos@rochongenova.com |