

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

FACTUM OF THE NORTEL CANADIAN CONTINUING EMPLOYEES
re: HWT Allocation Motion returnable September 29, 2010

September 24, 2010

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PART I — OVERVIEW

1. By court order dated July 22, 2009, the Nortel Canadian Continuing Employees represent the interests of Nortel non-union Canadian employees whose employment is continuing with Nortel or with the purchasers of Nortel's assets. That order provides, in part, as follows:

“3. **THIS COURT ORDERS** that Nelligan O'Brien Payne, LLP and Shibley Righton LLP be and hereby are appointed as counsel (the “Continuing Employee Counsel”) for the Continuing Employees to provide advice and representation with respect to Continuing Employees' employment-related claims and potential claims in the Proceedings, including issues arising with respect to pension plans and the *health and welfare trust*” [Emphasis added.]

Order of Morawetz J. made July 22, 2009, ¶ 3

2. In summary, and subject to the comments below, the Nortel Canadian Continuing Employees support the Proposed Allocation Methodology described in paragraph 101 of the Fifty-First Report of the Monitor dated August 27, 2010. The Nortel Canadian Continuing Employees oppose any other allocation of the assets of the HWT on this motion, and reserve all of their rights to oppose or to take any other position on any other proposed allocation of the assets of the HWT.

PART TWO — FACTS

3. The Nortel Canadian Continuing Employees do not necessarily accept the facts as set out in the factum of the Monitor. However, because of the position they take on this motion, they make no comment on these facts and add only as follows.

4. Subject to one qualification, the Nortel Canadian Continuing Employees are not Proposed Participating Beneficiaries on the Proposed Allocation Methodology. That qualification is that there are 150 non-union employees currently employed at Nortel whose pension entitlements will vest between August 27, 2010 and December 31, 2010, such that these 150 non-union continuing employees will be Proposed Participating Beneficiaries in respect of Pensioner Life.

**Fifty-First Report of the Monitor dated August 27, 2010 (“Monitor’s 51st Report”), ¶ 101
Monitor’s Motion Record, Vol. I, Tab 2, pp 74-75**

**Monitor’s 51st Report, Appendix C, pp 9 and 11
Monitor’s Motion Record, Vol. II**

PART THREE — POSITION ON THE ISSUES RAISED BY THE MONITOR

5. Although the Nortel Canadian Continuing Employees support the Proposed Allocation Methodology, the Nortel Canadian Continuing Employees do not necessarily agree with any or all of the submissions in the Monitor’s factum or memorandum of law. However, because of their position on this motion, the Nortel Canadian Continuing Employees make no further submissions on the issues raised by the Monitor.

6. The only motion properly before this Honourable Court on September 29, 2010 is the Monitor’s motion seeking approval of the Proposed Allocation Methodology; it is respectfully submitted that, absent any other notice of motion, this Honourable Court can only approve or not approve the Proposed Allocation Methodology. In any event, the Nortel Canadian Continuing Employees reserve all of their rights to oppose or to take any other position concerning fact or law

in respect of any disposition of the assets of the HWT other than the Proposed Allocation Methodology, whether on this motion or in any other motion or proceeding.

PART FOUR — RELIEF SOUGHT

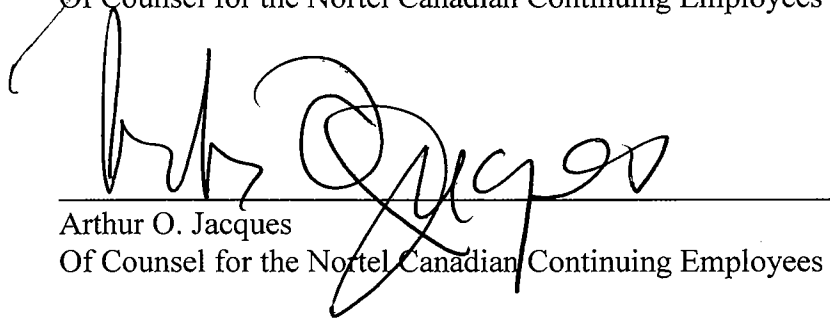
7. The Nortel Canadian Continuing Employees support the relief requested by the Monitor on this motion.

ALL OF WHICH IS RESPECTFULLY SUBMITTED,



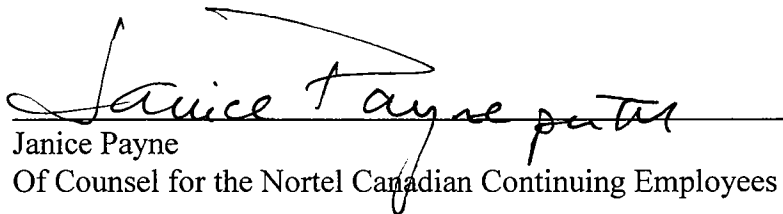
Thomas McRae
Of Counsel for the Nortel Canadian Continuing Employees

September 24, 2010



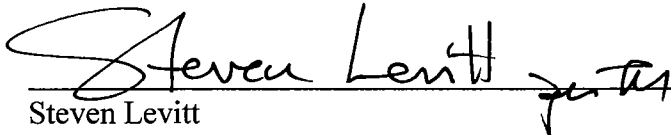
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(Short title of proceeding)

Court File No.: 09-CL-7950

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

FACTUM

of the Nortel Canadian Continuing Employees
on the HWT motion returnable September 29, 2010

Name, address and telephone number of solicitor or party

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