



HUMAN RESOURCE CONSULTING AND ADMINISTRATIVE SOLUTIONS

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895 Don Mills Road, Suite 700
One Morneau Sobeco Centre
Toronto ON M3C 1W3

November 15, 2010

NORTEL.0001/NORTEL.0002 (DC)

Dear Member/Former Member:

**Re: Nortel Networks Limited Managerial and Non-Negotiated Pension Plan
Registration No. 0342048, and
Nortel Networks Negotiated Pension Plan, Registration No. 0587766 (the “Plans”)**

Morneau Sobeco Limited Partnership (“Morneau Sobeco”) was appointed as the Administrator of the above Plans by Ontario’s Superintendent of Financial Services (“the Superintendent”) effective October 1, 2010, to administer the wind up of the Plans. The Superintendent made this appointment in accordance with the provisions of subsection 71(1) of the *Pension Benefits Act*, R.S.O. 1990, c.P.8 (“the Act”).

Role of Administrator

The appointment of Morneau Sobeco as Administrator places the operation of all aspects of the Plans under the control of Morneau Sobeco. The Administrator is responsible to process the wind up of the Plans, as ordered by the Superintendent, and to ensure that all Plan members are treated fairly in accordance with the Plan documents, applicable pension legislation and any other legal requirements.

The Wind Up Process

We are in the early stages of our administration, which includes gathering documentation and records, informing members and interested parties of our appointment, and assuming responsibilities for the administration of the Plans.

Due to legislative requirements, the wind up of a pension plan and the distribution of benefits to plan members can be a lengthy process. In our capacity as the Administrator, we will correspond with you from time to time and provide you with updates on the wind up process.

We will be collecting some personal information about you for the purposes of administering the winding up of the Plans. We request that you **please keep us informed of any changes** in your mailing address or marital status, by contacting us as shown near the end of this letter.

One of the responsibilities in our administration will be requesting a Notice of Proposal from the Superintendent to formally wind up the Plans, as contributions to the Plans have ceased.

Defined Contribution Account (“DC Account”)

Under each of the Plans, members control the investment strategy of their individual DC Accounts. **During the wind up administration, members are encouraged to continue to monitor and make any investment changes they wish** via the Sun Life Financial Plan Member Services website at www.mysunlife.ca (French version is www.masunlife.ca) or by calling the Sun Life Financial Customer Care Centre at 1-866-733-8612.

In the past, the record-keeping fee associated with the DC Accounts was paid by Nortel. As Nortel is no longer making any payments into the Plans, in the future, the annual fee of \$31.50 (\$2.62 per month) will be deducted from each member's individual DC Account. The first deduction will be for October and November 2010 fees for a total of \$5.24 and will be applied to your December 2010 statement. Effective January 2011, the record-keeping fee will be applied on a monthly basis.

The Plans provide for a pension benefit that can be purchased with the member's DC Account balance at their date of retirement or a transfer of their DC Account balance to a locked-in Registered Retirement Savings Plan. Now that the Plans have commenced the wind up process we are generally not permitted to transfer any member's entitlement from the Plans, or to purchase monthly pensions, until the Wind Up Report (for each respective pension plan), has been completed and approved by the Superintendent.

For more information

If you have any questions regarding the administration of your Plan, please call us at **1-877-392-2073** (Negotiated Plan) or **1-877-392-2074** (Managerial, Non-Negotiated Plan), from Monday to Friday, between 8:30 a.m. and 5:00 p.m. (Eastern time). You can also email us at nortelwindup@morneausobeco.com. For more information regarding the wind up process, please visit our website at www.pensionwindups.morneausobeco.com.

Yours truly,

The Nortel Wind Up Administration Team

Morneau Sobeco Limited Partnership

in its capacity as Administrator for the

Nortel Networks Limited Managerial and Non-Negotiated Pension Plan, and

the Nortel Networks Negotiated Pension Plan

and not in its personal capacity.