



General Information

As a result of the liquidation of Nortel Networks Limited and its related companies, the Nortel Networks Limited Managerial and Non-Negotiated Pension Plan, Registration No. 0342048, and the Nortel Networks Negotiated Pension Plan, Registration No. 0587766, must be wound up. These two pension plans are referred to as the 'Nortel Pension Plans' and individually as a 'Nortel Pension Plan' in Form 5.3 - Nortel Ontario Beneficiary Direction, Consent & Waiver Form (the 'Form').

You have received the Form because the records of the Administrator of the Nortel Pension Plans, Morneau Shepell Ltd., indicate that (1) you are receiving pension benefits from a Nortel Pension Plan, and (2) you are eligible to elect a transfer of the commuted value of your pension benefits out of that Plan.

When a pension plan is wound up, all the money must be transferred out of the pension plan and used to settle the plan's obligations to the plan members and other people who are entitled to receive pension benefits from the plan. The Nortel Pension Plans are being wound up as of October 1, 2010. They are underfunded and do not have enough assets to pay the pensions owed in full.

Anyone receiving pension benefits from a Nortel Pension Plan has the right to receive a reduced pension equal to the proportion of the pension that has been funded. You may be eligible to receive additional funds from the Pension Benefits Guarantee Fund (PBGF) to partially compensate you for the reduction in your pension benefit. The PBGF is funded by employers required to make contributions under eligible pension plans that provide defined benefits and is administered by the Ontario pension regulator, the Financial Services Commission of Ontario.

The Administrator filed a claim against Nortel Networks Limited related to the underfunding of the Nortel Pension Plans (the 'Administrator's Claim'). Whether or not any money will be paid to the Administrator for the Nortel Pension Plans as a result of this Claim, and how much money will be paid, will be decided by the courts. The Administrator may not recover any amount of money and, if the Administrator does, the amount recovered may not be the full amount of the shortfall in the Nortel Pension Plans. The amount and timing of any money paid to the Nortel Pension Plans as a result of the Administrator's Claim is unknown.

If and when the Administrator does receive a payment of the Administrator's Claim, you may be entitled to a share of the amount recovered. Your entitlement will be based, among other things, upon the amount of the reduction of your pension benefits and any amounts you received from the PBGF.

Statement of Benefits

The Administrator is required to provide every Nortel Beneficiary with a Statement of Benefits or Interim Statement of Benefits with the Form. The statement sets out your entitlements under the Nortel Pension Plan and any applicable restrictions on the transfer of those entitlements, the options available to you for payment of your pension benefits, the deadline for electing an option, information about the funded status of the Nortel Pension Plan applicable to you, and information about any right you may have to further proceeds received by the Administrator as a result of the Administrator's Claim.

If you did not receive a Statement of Benefits or Interim Statement of Benefits with the Form, contact the Administrator immediately at the telephone number listed below.

Eligibility to Make an Election

Every person who is receiving pension benefits from a Nortel Pension Plan has the right to choose or "elect" how the Administrator pays the remaining benefits owing to him or her as a result of the wind up. The following people, who are referred to as "Nortel Beneficiaries" throughout the Form, have the right to make an election:

- retired members of Nortel Pension Plans who are receiving pension benefits;
- spouses of deceased retired members of Nortel Pension Plans who were receiving survivor benefits as of the windup date of October 1, 2010; and,
- qualifying spouses or former spouses of retired members of Nortel Pension Plans who began receiving, prior to the windup date of October 1, 2010, pension benefits because of a court order made under Part I (Family Property) of the *Family Law Act*, or under a family arbitration award or a domestic contract.

Nortel Beneficiaries have two options from which to choose or elect with respect to their pension benefits. These options are:

1. a Life Annuity (or Joint and Survivor Annuity, if applicable) from an insurance company; or
2. a transfer of the commuted value of their pension benefits to a Life Income Fund (LIF) established under Schedule 1.1 of Ontario Regulation 909 and in accordance with Ontario Regulation 10/13.

In order to elect a Life Annuity (or Joint and Survivor Annuity, if applicable), you do not need to complete the Form.

In order to have the commuted value of your pension benefit transferred to a LIF, you and, where appropriate, your spouse or former spouse, must complete and sign the Form.

If you do not complete the Form and send it to the Administrator before the deadline specified below, you will be deemed to have chosen a Life Annuity (or Joint and Survivor Annuity, if applicable) and the Administrator will purchase a Life Annuity for you (or Joint and Survivor Annuity for you and your spouse or former spouse, if applicable).

Deadline

You must return the completed and signed Form to the Administrator **no later than 90 days** after you receive the Statement of Benefits or Interim Statement of Benefits from the Administrator.

Contacting the Administrator and Mailing Instructions

The Administrator of the Nortel Pension Plans is Morneau Shepell Ltd. If you have questions or concerns regarding the Form, you may contact the Administrator at the following telephone numbers:

Telephone: 1-877-392-2073 (Negotiated Plan members)
1-877-392-2074 (Managerial Plan members)

Completed and signed Forms must be sent to:

Morneau Shepell Ltd.
895 Don Mills Road, Suite 700
Toronto, Ontario
M3C 1W3

Attention: Nortel Wind up Admin Team

No Change of Election

Once you make an election, **your choice is final** and cannot be changed. This is also the case if you do not make an election before the deadline and you are deemed to have chosen a Life Annuity (or Joint and Survivor Annuity, if applicable). Your election (or deemed election) also applies to any money you receive in the future as a result of the Administrator's Claim. This is also the case if you do not make an election and are deemed to have elected a Life Annuity (or Joint and Survivor Annuity, if applicable). This means that if you elect to have the commuted value of your pension transferred to a LIF and you later become entitled to a payment from the Administrator as a result of the Administrator's Claim, the Administrator will pay that money into your LIF. You should take care in making your decision.

Legal, Financial and Tax Advice

The decision to transfer the commuted value of your pension into a LIF has a number of legal, financial and tax implications for you and your spouse or former spouse, if applicable. You and your spouse or former spouse, if applicable, are strongly encouraged to obtain professional legal, financial and tax advice appropriate to your situation about your rights and the effects of completing, signing and submitting the Form. Because your election cannot be changed once filed, it is important that you fully understand the choices that you have and how those choices will impact your future.

How to Complete Form 5.3

PART 1: INFORMATION ABOUT YOU (REQUIRED)

You must complete this Part of the Form

Question 1: Your Nortel Pension Plan

Select the pension plan you are receiving pension benefits from. This information can be found on the Statement of Benefits or Interim Statement of Benefits you received from the Administrator with this Form.

Question 2: Your Name and Address

Please provide your full name and address. If your principal address is different from your mailing address, please also provide your principal address. Your principal address is the address of the place where you normally reside or ordinarily occupy. Typically, your principal address is your home address.

Question 3: Your Nortel Beneficiary Status

Check the box beside the statement that describes you and your entitlement to payment from a Nortel Pension Plan.

Check only one box.

You are a **retired member** of a Nortel Pension Plan if you are a former employee of Nortel Networks Limited, you retired from the company and you began receiving a pension benefit before you received this Form.

- *If you are a retired member, you must also complete Part 2 and Part 3 of the Form.*
- *Please also answer Question 4, which will direct you to other Parts of the Form that you must complete.*

You are the **surviving spouse** of a deceased retired member of a Nortel Pension Plan if your spouse was a retired member of a Nortel Pension Plan and you began receiving a survivor pension prior to the windup date of October 1, 2010 from a Nortel Pension Plan when your spouse died.

- *If you are a surviving spouse, you must also complete Part 2 and Part 3 of the Form.*

You are the **qualifying spouse or former spouse** of a retired member of a Nortel Pension Plan if you are or were the spouse of a retired member of a Nortel Pension Plan and because of the breakdown of your relationship, you began receiving, prior to the windup date of October 1, 2010, a portion of the retired member's pension benefit. Your entitlement to a portion of your spouse's or former spouse's pension benefit must come from a court order under Part I (Family Property) of the Family Law Act, under a family arbitration award or a domestic contract.

- *If you are a qualifying spouse or former spouse, you must also complete Part 2 and Part 3 of the Form.*
- *The retired member must complete Part 6 of the Form if the qualifying spouse or former spouse's pension benefit is payable for the lifetime of the retired member.*

A spouse means either of two persons who:

- a. are married and not living separate and apart from each other;
- b. are not married to each other but are living together in a conjugal relationship,
 - i. continuously for a period of not less than **three years**; or
 - ii. in a relationship of some permanence, and are the natural or adoptive parents of a child; or
- c. are not married to each other but are living together in a conjugal relationship continuously for a period of not less than **one year**, and are publicly represented as being domestic partners to the satisfaction of the Administrator, and are not prohibited from marrying each other by reason of the marriage of either person to another person.

Question 4: Information about Retired Members

Complete this section if you are a retired member of a Nortel Pension Plan. Please check the box beside the statement which best describes your situation. Check only one box. If none of these statements describes your situation, please contact the Administrator.

You have a **survivor beneficiary** if, on the date you began receiving pension benefits from a Nortel Pension Plan, you had a spouse who has not waived his or her entitlement to a survivor pension. A spouse means either of two persons who:

- a. are married and not living separate and apart from each other;
- b. are not married to each other but are living together in a conjugal relationship,
 - i. continuously for a period of not less than **three years**; or
 - ii. in a relationship of some permanence, and are the natural or adoptive parents of a child; or
- c. are not married to each other but are living together in a conjugal relationship continuously for a period of not less than **one year**, and are publicly represented as being domestic partners to the satisfaction of the Administrator, and are not prohibited from marrying each other by reason of the marriage of either person to another person.

A survivor pension is a pension that is payable on the death of a retired member to the retired member's survivor beneficiary. A survivor pension is the default option when a member with a spouse retires, but a survivor beneficiary can choose to waive his or her right to a survivor pension. If you have a spouse or former spouse and he or she has already waived his or her right to a survivor pension, you do not have a survivor beneficiary. If you are not sure whether or not your spouse or former spouse is a survivor beneficiary, please contact the Administrator.

If you have a survivor beneficiary, you must obtain his or her consent to the transfer of the commuted value of your pension benefit to a LIF. Your pension benefit cannot be transferred to a LIF unless your survivor beneficiary consents to the transfer into a LIF and waives his or her right to a survivor pension.

- *Your survivor beneficiary must complete Part 4 of the Form.*
- *See Part 4 of the Instructions.*

A **qualifying spouse or former spouse** is a person who is entitled to payment of a pension benefit from a Nortel Pension Plan because of a court order made under Part I (Family Property) of the Family Law Act or under a family arbitration award or a domestic contract following the breakdown of their relationship with a retired member of a Nortel Pension Plan.

If you have a qualifying spouse or former spouse, and the pension benefit payable to your qualifying spouse or former spouse is for your lifetime, your spouse or former spouse must consent to the transfer of the commuted value of your pension benefit into a LIF.

- *Your qualifying spouse or former spouse must complete Part 5 of the Form.*
- *See Part 5 of the Instructions.*

If you are unsure if your spouse or former spouse is a qualifying spouse or former spouse, please contact the Administrator.

PART 2: INFORMATION ABOUT YOUR LIFE INCOME FUND (LIF)(REQUIRED)

You must complete this Part of the Form

You are responsible for selecting a financial institution (e.g. a bank, insurance company, credit union) and opening a LIF account with them to accept the transfer of the commuted value of your pension benefit. You must open a LIF account before you complete this section of the Form. The LIF account must comply with the requirements of Ontario Regulation 10/13.

Question 1:

Please provide the policy or account number of your LIF. This can be obtained from the financial institution where you opened your LIF account. The only number in this box should be the account or policy number where the money should be transferred. The Administrator cannot transfer your pension entitlements if this number is missing or incorrect.

Question 2:

Please provide the name of your LIF (if it has a name). If the LIF you have chosen does not have a name, please leave this box blank. If you are unsure of the name of the LIF you have chosen, please contact the financial institution where you opened the LIF account.

Question 3:

Please provide the name and address of the financial institution where you opened your LIF account. Please also provide the name of a person at the financial institution (e.g. your LIF account manager) who can be contacted by the Administrator regarding the transfer of your pension benefit to your LIF account. If there is no contact person for your LIF account, you may leave this box blank.

PART 3:DECLARATION OF NORTEL BENEFICIARY (REQUIRED)

You must complete this Part of the Form

You must complete and sign this Declaration in the presence of a witness in order to transfer the commuted value of your pension benefit to a LIF. The Administrator will not transfer your pension benefit unless this Declaration is completed correctly.

Question 4:

Check this box if you are a retired member of a Nortel Pension Plan; and

4(a): Check one of these two boxes, indicating whether or not you have a survivor beneficiary, and

4(b): Check one of these two boxes, indicating whether or not you have a qualifying spouse or former spouse.

Question 5:

Check this box if you are the surviving spouse of a deceased retired member of a Nortel Pension Plan and had begun receiving a survivor pension from a Nortel Pension Plan as of the windup date of October 1, 2010.

Question 6:

Check this box if you are a qualifying spouse or former spouse. Your spouse or former spouse, who is a retired member of a Nortel Pension Plan, must complete and sign Part 6 of the Form (Consent of Retired Member).

Please ensure that:

- you check only one of the boxes in Questions 4, 5 or 6;
- if you are a retired member, you check only one box in Question 4(a) and only one box in Question 4(b);
- you sign and date this Part of the Form in the presence of a witness who is at least 18 years of age and is not your spouse, former spouse or a relative; and,
- your witness signs and dates this Part of the Form and provides his or her full name and address.

You are encouraged to obtain legal advice before signing this Part of the Form.

PART 4: CONSENT AND WAIVER OF SURVIVOR PENSION

If you have a survivor beneficiary, he or she must complete this Part of the Form if he or she chooses to consent and waive his or her right to a survivor pension in order for the Administrator to transfer the commuted value of your pension benefit to a LIF.

Because the transfer of the commuted value of your pension benefit to a LIF is a final settlement of the Administrator's obligations to you and your survivor beneficiary, once the transfer has been completed, there will be no survivor pension payable to your survivor beneficiary after you die.

In order to complete the transfer to a LIF, your survivor beneficiary must consent to the transfer **and** waive his or her right to a survivor pension. The commuted value of your pension benefit cannot be transferred to a LIF unless your survivor beneficiary consents to the transfer **and** waives his or her right to the survivor pension.

Once your survivor beneficiary signs and submits this Consent and Waiver of Survivor Pension, it is **irrevocable**.

If your survivor beneficiary chooses to consent and waive his or her right to the survivor pension, he or she must:

- provide his or her full name and address. His or her principal address is the address of the place where he or she normally resides or ordinarily occupies. Typically, this would be his or her home address;
- sign and date this Part of the Form in the presence of a witness who is at least 18 years of age and is not you, a former spouse of your survivor beneficiary or a relative of your survivor beneficiary; and,
- ensure the witness signs and dates this Part of the Form and provides his or her full name and address.

PART 5: CONSENT OF QUALIFYING SPOUSE OR FORMER SPOUSE

If you are a retired member of a Nortel Pension Plan and you have a qualifying spouse or former spouse who is entitled to payment of a pension benefit from a Nortel Pension Plan because of a court order under Part I (Family Property) of the Family Law Act or under a family arbitration award or a domestic contract, and if the pension benefit payable to the qualifying spouse or former spouse is payable for your lifetime, he or she must consent to the transfer of the commuted value of your pension benefit to a LIF. The commuted value of your pension benefit cannot be transferred unless your qualifying spouse or former spouse consents to the transfer.

If your qualifying spouse or former spouse chooses to consent to the transfer, he or she must:

- provide his or her full name and address. His or her principal address is the address of the place where he or she normally resides or ordinarily occupies. Typically, this would be his or her home address;
- sign and date this Part of the Form in the presence of a witness who is at least 18 years of age and is not you, his or her spouse, another former spouse of your qualifying spouse or former spouse or a relative of your qualifying spouse or former spouse; and,
- ensure the witness signs and dates this Part of the Form and provides his or her full name and address.

PART 6: CONSENT OF RETIRED MEMBER

If you are a qualifying spouse or former spouse of a retired member of a Nortel Pension Plan who is entitled to payment of a pension benefit from a Nortel Pension Plan for the lifetime of the retired member because of a court order under Part I (Family Property) of the Family Law Act or under a family arbitration award or a domestic contract, the retired member must consent to the transfer of the commuted value of your pension benefit to a LIF. The commuted value of your pension cannot be transferred unless the retired member consents to the transfer.

If the retired member chooses to consent to the transfer, he or she must:

- provide his or her full name and address. His or her principal address is the address of the place where he or she normally resides or ordinarily occupies. Typically, this would be his or her home address;
- sign and date this Part of the Form in the presence of a witness who is at least 18 years of age and is not you, his or her spouse, another former spouse of the retired member or a relative of the retired member; and,
- ensure the witness signs and dates this Part of the Form and provides his or her full name and address.