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Ex-Nortel staff slam executive bonuses

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Nortel Networks Corp. pensioners reacted with disgust on Friday to reports of new lavish bonuses for the company's top executives.

It was yet another blow to Nortel's distressed pensioners, retirees and long-term disabled former employees, who have dealt with financial uncertainty since the former Canadian tech darling declared bankruptcy in January.

"It seems so aberrant, in terms of the executive of the company awarding themselves really, really rich pay raises for doing the job of taking the company apart," said Tony Marsh, who retired from Nortel in 2000 after 30 years.

"Those of us who built the company up, into arguably the world's No. 1 telecom company, could never have dreamed of such riches," Marsh added.

An internal Nortel file "outlines a new compensation scheme for 72 Nortel executives that will see them get a total of \$7.5 million U.S. on top of their current salaries in 2009," according to CBC News.

The company has argued that bonuses are necessary to keep executives aboard what is essentially a sinking ship following Nortel's filing for bankruptcy protection and the subsequent selling off of the company's assets.

Nortel would not comment on details of the plan. It issued a statement saying: "As Nortel works through the highly complex tasks of this restructuring, it is critical to have the right specialist resources in place ... Any steps taken around these individuals has been within the context of a previously approved compensation plan, taken in consultation with the creditor committees, external legal counsel and the Canadian Monitor."

Earlier, former CEO Mike Zafirovski claimed \$12.3 million (U.S.) for back pay and bonuses. In March, some 100 executives were awarded \$45 million in retention bonuses.

The company's divisions are being auctioned off in a process dragged out by bankruptcy court approvals. Retirees are worried that when Nortel's various global divisions are entirely sold off, they will be stuck with even less than they are now, which is not much, Marsh said.