

April 1, 2011

**Via E-mail**

Rochon Genova LLP  
121 Richmond Street West  
Suite 900  
Toronto, Ontario M5H 2S7

**Attention: Joel P. Rochon**

Dear Mr. Rochon:

**Re: Nortel Networks Corporation, Court File No. 09-CI-7950**

The Monitor has continued its discussions with the Representative for the LTD Beneficiaries, the Representatives for the Former Employees, the Representatives for the Continuing Employees, the CAW, its counsel and the Independent Counsel. We have now confirmed that they all will consent to an order for a further interim distribution to the Income Beneficiaries of 10% of their benefits (inclusive of the interim distribution previously made), to a maximum of an additional two months of benefits, bringing the maximum number of months to 5 months. The effect will be to allow for payments in respect of May and June, 2011.

In summary, there are currently 344 LTD Income Beneficiaries. With the first interim distribution, 52 of the beneficiaries reached 10% of their claim value, primarily because they are close to age 65. Therefore of the 344 LTD Income Beneficiaries, 292 would receive some payment from the proposed distribution. Of those 292, 258 would receive the full 2 additional months. Of the total distribution of about \$1.7 million, \$1.4 would be paid to LTD Income Beneficiaries. There is no withholding tax on account of these payments to LTD Income Beneficiaries.

We will advise his Honour of this intention at the 9:30 already scheduled for April 8, 2011. We will schedule a motion for approval of these payments for April or early May, so that any interim payments can occur in May as anticipated.

To reduce costs for all parties, and the burden on your clients, we suggest the schedule for your pending motion, and its hearing, be deferred by approximately six weeks. By the end of that time frame, the SCC may have released its reasons on your application, which will inform any need to continue with your motion. If you are so agreeable, we shall advise the court and have the schedule adjusted accordingly.

Yours very truly,

**Goodmans LLP**

A handwritten signature in cursive script that reads "Gale Rubenstein". To the right of the signature, there are handwritten initials "per MW".

Gale Rubenstein  
GOR/dm

cc: HWT Distribution Service List  
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