

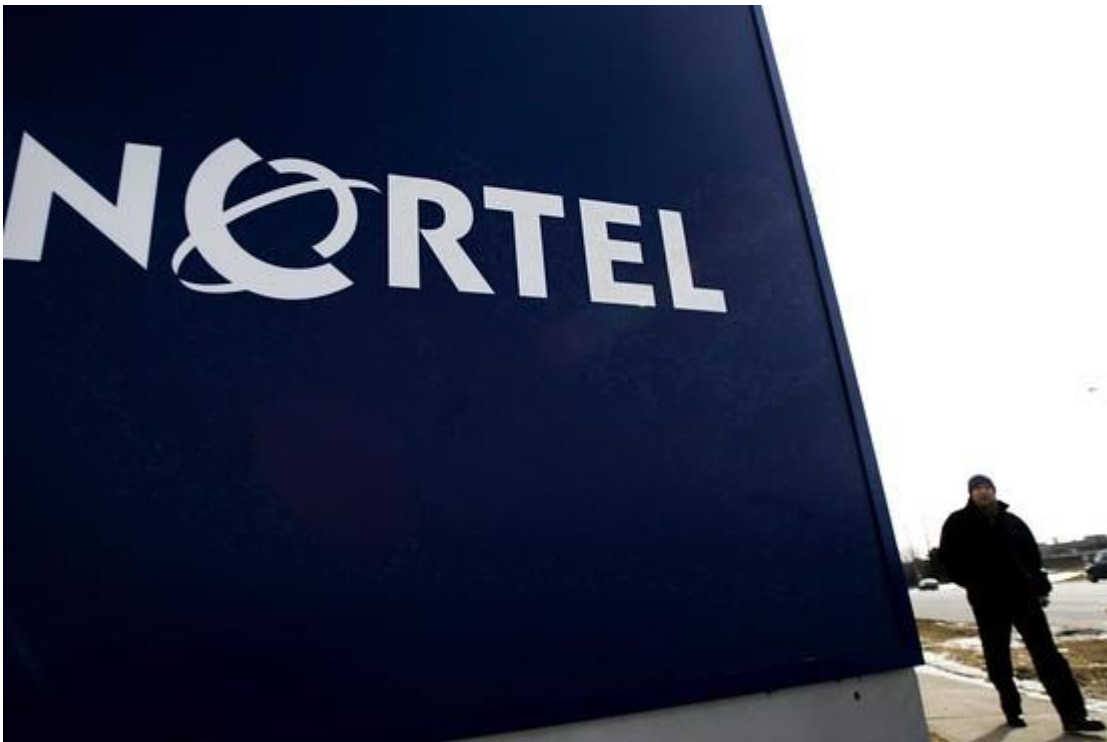
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Nortel U.S. Disabled Employees Win Severance Pay Fight

A bankruptcy judge Tuesday handed a win to disabled Nortel Networks Corp. U.S. employees who say they were entitled to severance pay from the defunct telecommunications company.

By Peg Brickley



Associated Press

A bankruptcy judge Tuesday handed a win to disabled [Nortel Networks](#) Corp. U.S. employees who say they were entitled to severance pay from the defunct telecommunications company, which cut off their income and benefits in a \$26.6 million settlement earlier this year.

The question of severance pay was left open in Nortel's settlement over lost income and benefits for the U.S. disabled, with the company arguing they weren't entitled to collect because they weren't actually employees.

Judge Kevin Gross ruled in favor of Nortel's long-term disabled, based, among other things, on notices Nortel sent out in 2010 saying the disabled were being terminated due

to a workforce reduction. Firing people, it seems, makes it tough to argue they aren't employees.

Nortel sent three attorneys to the June 25 hearing; the official committee of unsecured creditors sent two, setting the legal-fee meters ticking at the total rate of \$3,990 per hour in the effort to defeat the bid for severance pay.

Nortel's U.S. disabled were on their own, having filed form pleadings and dialed in to the U.S. Bankruptcy Court in Wilmington, Del., to argue their case.

Nortel's attorneys did not respond Tuesday to a request for comment on the ruling.

Unlike companies that rely on insurance products to cover their commitments to long-term disabled workers, Nortel classified people rendered unable to work by strokes, or cancer or other health problems as employees and paid them at reduced rates. The telecommunications giant's collapse means a significant drop in income for them, and the disability settlement will only make up part of the loss.

The amounts at stake in the severance pay fight aren't even a drop in the bucket in Nortel's mega-bankruptcy case, where some \$10 billion is sitting in banks while creditors fight over how to divide it up. There's \$7.3 billion raised in the sale of Nortel's businesses, plus another \$1 billion in Nortel U.S.'s coffers and more cash in Canada and the U.K. that's not getting paid out until a deal is struck or the fighting is over.

But to the disabled U.S. workers, the pay due under Nortel's severance program was worth a shot. Once Nortel's completely gone out of corporate existence, there will be no entity—no company, no trust, no insurance policy—to make up their income loss.

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