

Nortel Health and Welfare Trust

Illustrative Allocation Scenarios

Scenario: Optional Life does not participate

Cdn Millions

Appendix D-1

Scenarios 1 to 4

Type of Benefit	Benefit Liabilities ⁶	1	2	3	4
		All Benefits Share Pro Rata [Distribution %: 14.7%]	Proposed Participating Benefits Share Pro Rata [Distribution %: 34.5%]	Benefits in Pay Share Pro Rata [Distribution %: 72.1%]	Reserved Asset Method ^{3,5} [Distribution %: N/A]
Pensioner Life (including ADB) ¹	\$ 126.9	\$ 10.90	\$ 36.03	\$ -	\$ 33.53
Pensioner M&D	251.3	37.03	-	-	-
Pensioner Benefit Total	378.2	47.93	36.03	-	33.53
LTD Income (including IBNR)	79.9	11.77	27.60	57.57	21.47
LTD M&D ²	29.7	4.38	-	-	-
LTD - STB accrued	0.3	0.04	-	-	-
LTD Life ²	4.5	0.66	1.55	-	0.65
LTD Optional Life Benefit	TBD	-	-	-	-
LTD Benefit Total	114.4	16.86	29.15	57.57	22.12
SIB ⁴	16.2	2.39	5.60	11.67	16.55
STB - in pay	4.1	0.60	1.42	2.95	-
STB - accrued	30.0	4.42	-	-	-
Optional Life	-	-	-	-	-
Total Benefits	\$ 542.9	\$ 72.2	\$ 72.2	\$ 72.2	\$ 72.2
Pensioner Life 2010 Premiums ¹	NA	7.80	7.80	7.80	7.80
Total	\$ 542.9	\$ 80.0	\$ 80.0	\$ 80.0	\$ 80.0

NOTES

1. Pensioner Life Premiums for 2010 have been treated as charge against the distribution in respect of the Pensioner Life Benefit (if any)

2. LTD Life and LTD M&D includes \$2.0 million and \$5.2 million, respectively, related to LTD Individuals who are assumed to proceed to retirement and become eligible as pensioners.

3. Optional life reserved asset of \$18.7 million has been allocated pro rata amongst the other reserved assets based on asset value

4. The pro-rata allocation of the optional life reserved asset amongst the other remaining reserved asset categories results in the SIB reserved asset allocation exceeding the total benefit claim attributable to this category. No adjustments have been made to limit the SIB distribution under the reserved asset method

5. The Reserved Asset Method allocates HWT Assets using the reserved asset mix as at December 31, 2009 (as disclosed in the 2009 Health Welfare Trust Financial Statements)

6. Source: Mercer 2010 HWT Preliminary Valuation