

Table 1

Nortel Global Estate Cash for Unsecured Creditors	\$10,043
Nortel Global Estate Total Unsecured Creditor Claims	\$13,674
Cash Settlement Ratio - Nortel Global Estate	73%

Table 2

Analysis of Cash Settlement Ratios Under Different Scenarios	Scenario 1 Canada Pays Bond Guarantee 1st			Scenario 2 Shared Bond Guarantee	Scenario 3 US Pays Bond Guarantee 1st	Scenario 2 Shared Bond Guarantee
	<b>Cash Settlement Ratio</b>					
Canada	12%	21%	30%	35%	42%	71%
US Non-Bond	100%	100%	100%	93%	85%	73%
US Bond (Higher Due to NNI & NNL Guarantees)	97%	97%	97%	95%	83%	85%
EMEA	89%	85%	79%	83%	88%	70%
<b>Lock-Box Asset Allocation</b>						
Canada	25%	50%	50%	50%	50%	50%
US	50%	40%	30%	30%	30%	25%
EMEA	25%	10%	20%	20%	20%	25%
<b>Inter-Country Creditor Claims</b>						
IRS Advanced Pricing Agreement	-2,063	-2,063	-2,063	-2,063	-2,063	0
UK Pension	-935	-935	-935	-935	-935	0
EMEA Non-Trades Payable - % of Claim Accepted	100%	100%	25%	25%	25%	0%
EMEA Non-Trades Payable - \$ Claim Accepted	-9,726	-9,726	-2,431	-2,431	-2,431	0
Other	-463	-463	-463	-463	-463	0
<b>Bond Guarantee Claim</b>						
Canada First	100%	100%	100%	50%	0%	50%
US First	0%	0%	0%	50%	97%	50%
Canada Bond Contribution	-407	-797	-1,218	-714	-49	-1,431
US Bond Contribution	-3,529	-3,139	-2,718	-3,222	-3,936	-2,505

Table 3

Nortel Canada Disabled Former Employees Cash Settlement \$ and %	Scenario 1 Canada Pays Bond Guarantee 1st			Scenario 2 Shared Bond Guarantee	Scenario 3 US Pays Bond Guarantee 1st	Scenario 2 Shared Bond Guarantee
	<b>Canada CCAA Cash Settlement Ratio</b>	12%	21%	30%	35%	42%
<b>Nortel Disabled Former Employees \$ Settlement</b>						
Income - HWT & CCAA Settlements						
@ Mercers' \$80 M Actuarial Liabilities	\$33	\$38	\$43	\$46	\$49	\$64
Life Insurance - HWT & CCAA Settlements	\$3	\$4	\$4	\$5	\$5	\$6
Residual Actuarial Liabilities for CCAA Settlement	\$8	\$14	\$21	\$24	\$29	\$48
<b>Total Settlement - \$</b>	<b>\$45</b>	<b>\$56</b>	<b>\$68</b>	<b>\$74</b>	<b>\$83</b>	<b>\$119</b>
<b>Nortel Disabled Former Employees % Settlement</b>						
Income - HWT & CCAA Settlements						
@ Mercers' \$80 M Actuarial Liabilities	42%	47%	54%	57%	62%	81%
Life Insurance - HWT & CCAA Settlements	42%	47%	54%	57%	62%	81%
Residual Actuarial Liabilities for CCAA	12%	21%	30%	35%	42%	71%
<b>Total Settlement - %</b>	<b>29%</b>	<b>36%</b>	<b>44%</b>	<b>48%</b>	<b>53%</b>	<b>76%</b>

## NOTES:

Impact of Higher Income Actuarial Liability	Scenario 1 Canada Pays Bond Guarantee 1st			Scenario 2 Shared Bond Guarantee	Scenario 3 US Pays Bond Guarantee 1st	Scenario 2 Shared Bond Guarantee
	<b>Canada CCAA Cash Settlement Ratio</b>	12%	21%	30%	35%	42%
@ \$104 M Income Actuarial Liabilities - \$	\$36	\$43	\$50	\$54	\$59	\$81
@ \$104 M Income Actuarial Liabilities - %	35%	41%	49%	52%	57%	78%
<b>Total Settlement - \$</b>	<b>\$48</b>	<b>\$61</b>	<b>\$75</b>	<b>\$83</b>	<b>\$93</b>	<b>\$136</b>
<b>Total Settlement - %</b>	<b>27%</b>	<b>34%</b>	<b>42%</b>	<b>46%</b>	<b>52%</b>	<b>75%</b>

Actuarial Liabilities By Type	Low Case	High Case
Income	\$80	\$104
HWT Settlement Ratio for Income	34%	26%
Life Insurance	\$8	\$8
Medical & Dental	\$30	\$30
Pension Accruals	\$26	\$26
Post Retirement Medical & Dental	\$13	\$13
<b>Total</b>	<b>\$157</b>	<b>\$180</b>

% of EMEA Claims Accepted	@0%	@ 25%	@ 100%
Inter-Country Creditor Claims Total	-3,461	-5,892	-13,187

Nortel Estimated Net Assets and Claims By Region

US\$ Millions	Canada	US	UK/EMEA	ASIA	CALA	TOTAL
Sale of Carrier Networks, including CDMA & LTE	662	397	265			1,323
Sale of Enterprise Solutions	466	280	186			932
Sale of Metro Ethernet Networks	316	189	126			631
Sale of Other Businesses As of March 31, 2011	26	15	10			51
Reconciliation Adjustment of 04-Jun-11 Lock-Box	55	33	22			110
Sale of IP	2250	1350	900			4,500
Cash in Lock-Box from Sale of Businesses	3774	2264	1509			7,547
Sale of Westwind Facilities	86	0	0			86
Sale of Carling Facilities	208	0	0			208
Sale of LG Nortel @ 100%	468	0	0			468
Sale of Canada Estate Specific Assets	762	0	0			762
Gross Cash 04-June-11 (Excl. Canada Specific Assets)	-157	999	914	584	146	2486
Restricted Cash 04-June-11	-277	-3	-16	-176	0	-472
Allocation of Asia & CALA Cash	277	166	111	-408	-146	0
Cash Burn from Operations for 12 Months	0	0	0			0
Restructuring Costs for 12 Months	-94	-120	0			-214
Available Cash on Balance Sheet Outside of Lock-Box	511	1,042	1,009	0	0	2,562
Total Cash Sources	4,285	3,306	2,518	0	0	10,109
DIP Financing	-75	75	0			0
EDC Facility & Directors' Indemnification	-66	0	0			-66
Total Preferred Claims (PC)	-141	75	0			-66
Inter-Country Non-Bond Claims						
IRS Advanced Pricing Agreement	-2,063	620	0			-1,443
NNI Lease	-125	38	0			-87
UK Pension	-935	0	281			-654
EMEA Non-Trades Payable	-2,431	0	731			-1,701
Notes Payable	-127	38	0			-89
EMEA Trades Payable	-121	0	36			-84
NNI Trades Payable	-90	269	-242			-63
Inter-Country Non-Bond Claims	-5,892	965	806			-4,058
Inter-Country Bond Claims						
	Scenario 1					
NNC Bonds Guaranteed by NNL & NNI	-1,150	0	0			-1,150
NNL Bonds Guaranteed by NNL & NNI	-2,903	0	0			-2,903
NNCC Wholly Owned BY NNI Guaranteed by NNL	0	-150	0			-150
Bond Interest NNC	-56	0	0			-56
Bond Interest NNL	-715	0	0			-715
Bond Interest NNCC Wholly Owned by NNI	0	-29	0			-29
Inter-Country Bond Claims Total	-4,824	-179	0			-5,003
DB Pension Fund Deficit US \$ Millions	-1,460	-438	-3,366	0	0	-5,265
Post Retirement Benefits + Survivors Income	-361	-139	-535		0	-1,035
LTD	-156	-127	-145			-428
Unpaid Severance US \$ Millions	-171	-312	-156	0	0	-639
Other Unspecified Benefits from May 31, 2011 CCAA Claims St:	-361					-361
Unsecured Supplier and Other Payables	-561	-382	0	0	0	-943
Employee and Supplier Claims Total	-3,071	-1,397	-4,202	0	0	-8,670
Unsecured Claims Before Inter-Country Non-Bond Claims	-7,895	-1,577	-4,202	0	0	-13,674
Total Unsecured Claims	-13,787	-1,577	-4,202	0	0	-19,566
Cash Settlement Ratio for Unsecured Creditors (Initial)	30%	276%	80%			73%
Bond Repayment Contribution (Initial)	-1,218	0			Bond CSR	
Extra Bond Guarantee from NNI		-2,718				-1,218
Surplus Back to Canada	52	52	0			-2,718
Cash Settlement Ratio for Unsecured Creditors (Final)	30%	100%	79%			97%
Allocations of Inter-Country Claims	Canada	US	UK/EMEA	Canada	US	UK/EMEA
	Millions of Dollars			%		
Allocation of Lock-Box Cash Assumed				50%	30%	20%
% of Claims Before Inter-Country Non-Bond Claims				58%	12%	31%
% of All Unsecured Claims				70%	8%	21%
Inter-Country Non-Bond Claims						
IRS Advanced Pricing Agreement	-2,063	2,063	0	-100%		0%
NNI Lease	-125	125	0	-100%		0%
UK Pension	-935	0	935	-100%	0%	
EMEA Non-Trades Payable	-2,431	0	2431	-100%	0%	
Notes Payable	-127	127	0	-100%		0%
EMEA Trades Payable	-121	0	121	-100%	0%	
NNI Trades Payable	-90	392	-302	-23%		-77%
Inter-Country Non-Bond Claims Total	-5,892	2,707	3,185			
Inter-Country Bond Claims						
	Canada	US	UK/EMEA	For Canada Estate		
	Millions of Dollars			Scenario 1	Scenario 2	Scenario 3
NNC Bonds Guaranteed by NNL & NNI	-1,150	-3,936	0	100%	50%	3%
NNL Bonds Guaranteed by NNL & NNI	-2,903		0	100%	50%	3%
NNCC Wholly Owned BY NNI Guaranteed by NNL	-150	-150	0	0%	0%	0%
Bond Interest NNC	-56		0	100%	100%	100%
Bond Interest NNL	-715		0	100%	100%	100%
Bond Interest NNCC Wholly Owned by NNI	-29	-29	0	0%	0%	0%
Inter-Country Bond Claims Total	-5,003	-4,115	0			

Source: Diane A. Urquhart