

Bond Owners Use Credit Default Swaps to Gain, While Pensioners, Disabled and Terminated Employees Told to Share the Pain

Preferred Status in Bankruptcy for Pension, Health and Long Term Disability Deficits and Severance

PREPARED BY: Diane A. Urquhart
Independent Financial Analyst
Tel: (905) 822-7618
Cell: (416) 505-4832
urquhart@rogers.com

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The BIA is as Obsolete as the Horse and Buggy in its Treatment of Employment Related Claims

The old premise of balance or equal compromise in Canada's bankruptcy laws between employment related claims and bond claims is as obsolete as the horse and buggy.

The Federal Bankruptcy and Insolvency Act (BIA) is based on the goal of balance or equal compromise amongst employment related claims and bond holder claims, but the metrics used no longer make sense due to the evolution of the credit default swap (CDS) market. Under the BIA, pension, health and long term disability plan deficits and unpaid severance are creditor claims treated the same as bond owners' claims. If there is inadequate assets for disbursement, under the current BIA, balance or equal compromise means, for example as shown in Figure 1, that for every \$1.00 of employment related claims and every \$1.00 of face amount of bonds outstanding, the loss ratio of say -\$0.60 per \$1.00 of claim is the same for the two types of claims.

However, since the credit default swap market was invented in 1997, bond owners are able to insure their loss from possible future bankruptcy, by buying CDS contracts. The CDS hedge contracts are not part of the compromise calculation in the bankruptcy courts. The hedged bond owners, who get assigned a loss of -\$0.60 in the bankruptcy court, would have an equal offsetting gain of \$0.60 from the cash settlement of their CDS hedge contracts outside of the bankruptcy court. The hedged bond owners actually suffer no loss in the bankruptcy process as shown in Figure 1.

Prior to the invention of credit default swaps, there was no vehicle for bond owners to transfer the risk of a credit default or other credit event to third parties. In a CDS, the bond owner "sells" his credit risk to a counterparty who "buys" this risk. The "buyer" of the CDS pays fees in the form of upfront and regular annual payments to the "seller" of the CDS, similar to how you pay premiums for car insurance. In return, the seller agrees to pay the buyer of the CDS a set amount when there is a credit default (technically, a credit event). CDSs are designed to cover many credit risks, including: credit default, corporate debt restructuring and credit rating downgrades. The "seller" of the CDS is effectively acting as an insurance company, just like your car insurance company reimburses you for your car accident damages. But the sellers of CDS are public investors and not large insurance companies.

In fact, many hedged bond owners can make a profit from the bankruptcy process, either because: (1) they have bought more CDS contracts than the amount of bonds they own and as such are "short the bonds"; or, (2) their CDS hedge contracts are settled within days of the bankruptcy protection announcement, when the bond price is usually at its lowest point, so that the CDS hedge gain is greater than the actual bond loss when the liquidation occurs at a higher recovery amount calculated at a later date in the bankruptcy process. (See Figures 5 and 6 below)

Canadian pension, health and long term disability plan deficits and unpaid severance have no private sector insurance coverage. Canadians must rely upon the nominal amount of protection under the Ontario Pension Benefit Guaranteed Fund for Ontario residents only, the Canada Pension Plan disability benefit and provincial welfare programs, and the Federal Employment Insurance Fund. The negative situation for Nortel's Canadian pensioners, long term disabled and terminated employees is made worse by the depletion of the Nortel Canada estate by Nortel's foreign subsidiaries, such that their loss could be \$-0.90 per dollar of claim.

Figure 1: Old Theory on Equal Compromise Between Employment Related & Bond Claims

BALANCE AND EQUAL COMPROMISE BETWEEN EMPLOYMENT RELATED CLAIMS & BOND CLAIMS

OLD THEORY:

Per \$1.00
Face Amount

Credit Default Swap Valuations

CDS Effective Put Price	@ Purchase Date	1.000
CDS Auction Cash Settlement	@ Dec. 31, 2009	0.400

CDS CASH SETTLEMENT PRICE EQUALS FINAL BANKRUPTCY RECOVERY VALUE.

Bond Valuations

Bond Purchase Price	@ Purchase Date	1.000
Bond Bankruptcy Court Cash Settlement Price	@ Dec. 31, 2009	0.400
Effective Bond Cost Base Due to CDS Hedge	@ Feb. 10, 2009	0.400

Employment Related Claim 1.000

Bankruptcy Court Cash Settlement Ratio @ Dec. 31, 2009 0.400

Employment Claim Gain (Loss) @ Dec. 31, 2009 -0.600

Bond Claim @ Original Face Amount 1.000

Bankruptcy Court Cash Settlement Ratio @ Dec. 31, 2009 0.400

Unhedged Bond Owner's Gain (Loss) @ Dec. 31, 2009 -0.600

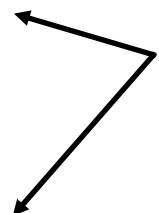
Bond Claim @ Original Face Amount 1.000

Bankruptcy Court Cash Settlement Ratio @ Dec. 31, 2009 0.400

Hedged Bond Owner's Gain (Loss) @ Dec. 31, 2009 -0.600

CDS Actual Hedge Gain (Loss) @ Feb. 10, 2009 0.600

Hedged Bond Owner's Gain (Loss) @ Dec. 31, 2009 0.000



EMPLOYMENT RELATED AND BOND CLAIMS TREATED THE SAME, BOTH LOSE -\$0.60. (NORTEL CANADA ESTATE CREDITORS COULD LOSE -\$0.90 WITHOUT INTERVENTION)

= 1.000 - 0.400



HEDGED BOND OWNERS HAVE NO LOSS, WHILE EMPLOYMENT RELATED CLAIMS LOSE -\$0.60. (CANADIAN EMPLOYMENT RELATED CLAIMS COULD LOSE -\$0.90 WITHOUT INTERVENTION)

Nortel Junk Bonds Had Extensive Access to Credit Default Swap Contracts to Hedge Against Loss

In the Nortel case, the bond owners in Nortel Networks Corporation and Nortel Networks Limited had extensive access to CDS contracts to hedge their investment. There is no mandatory requirement in the bankruptcy courts for the Nortel bond owners to declare whether they have or had CDS contract hedges in place. Appendix A contains a list of the 435 parties that submitted letters to the International Derivatives and Swaps Association agreeing to adhere to the 2009 Nortel CDS Entities Protocol as of February 5, 2009. The names on this list would be the parties to the Nortel CDS contracts and their dealers. The names on the list are primarily foreign, with the exception of Canada's 6 banks, HOOPP, the Caisse and Her Majesty the Queen in Right of Alberta.

Bloomberg News reported on January 14, 2009 in "Credit-Default Swaps Jump Amid Concerns Recession Will Persist" that "Nortel's bankruptcy filing will trigger about US\$1.5 billion of derivatives protecting against a default on its bonds." Creditflux reported on January 14, 2009 in "CDX HY Index Hit by New Default," that Nortel CDS contracts were widely held and were consistently included across the CDX HY Index Series. Figure 2 shows that Nortel Networks Corporation had CDS contracts outstanding at the time of their cash settlement auction on February 10, 2009 of US\$5,120 million on a gross notional and US\$520 million on a net notional basis. There was no information supplied on the gross and net notional amount outstanding of Nortel Networks Limited CDS contracts in the February 10, 2009 auction details for these NNL bonds (See Figure 3).

Figure 2: Markit - NNC Senior Unsecured CDS Cash Settlement Auction on February 10, 2009

Nortel Networks Corporation CDS			
Final Price		12	
Auction Date		10Feb09	
Reference Data		Deliverable Obligations	
RED 6 :	6B8BBE	US656568AC66	US656569AK65
RED 9 :	6B8BBEAD3	US656568AF97	US656569AL49
Index Constituents of	"Markit CDX.NA.HY.1 to 11	US656568AE23	US656569AG53
	Markit CDX.NA.HY.B 1 to 9	US656568AD40	US656569AB66
	Markit CDX.NA.HY.HB 10, 11	US656569AD23	US656569AD80 - Red Preferred
Trade Information Warehouse (DTCC)			
Gross Notional :	\$5,119,713,532	Contracts :	1,150
Net Notional :	\$520,147,826	Date as of:	2/6/2009

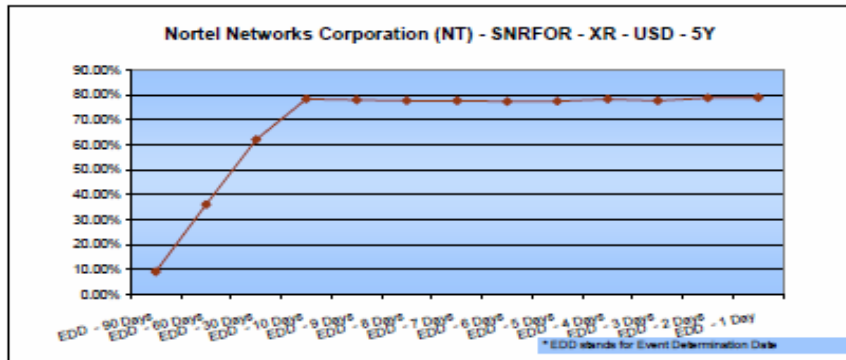
Bond Details

	ISIN	CUSIP	Name	Coupon	Maturity
Bond 1	US656568AC66	656568AC6	Nortel Corp.	1.75	04/15/12
Bond 2	US656568AF97	656568AF9	Nortel Corp.	1.75	04/15/12
Bond 3	US656568AE23	656568AE2	Nortel Corp.	2.125	04/15/14
Bond 4	US656568AD40	656568AD4	Nortel Corp.	2.125	04/15/14
Bond 5	US656569AD23	656569AD2	Nortel Limited	10.75	07/15/16
Bond 6	US656569AK65	656569AK6	Nortel Limited	LIBOR + 4.25	07/15/11
Bond 7	US656569AL49	656569AL4	Nortel Limited	LIBOR + 4.25	07/15/11
Bond 8	US656569AG53	656569AG5	Nortel Limited	10.75	07/15/16
Bond 9	US656569AB66	656569AB6	Nortel Limited	10.125	07/15/13
Bond 10	US656569AD80	656569AD8	Nortel Limited	10.125	07/15/13
Bond 11	US656569AE06	656569AE0	Nortel Limited	10.125	07/15/13
Bond 12	US656569AD80	656569AD8	Nortel Limited	10.75	07/15/16
Bond 13	US656569AA42	656569AA4	Nortel Limited	10.75	07/15/16
Bond 14	US656569AB66	656569AB6	Nortel Limited	10.75	07/15/16

NNC

NNL

CDS Upfronts



Bond Prices

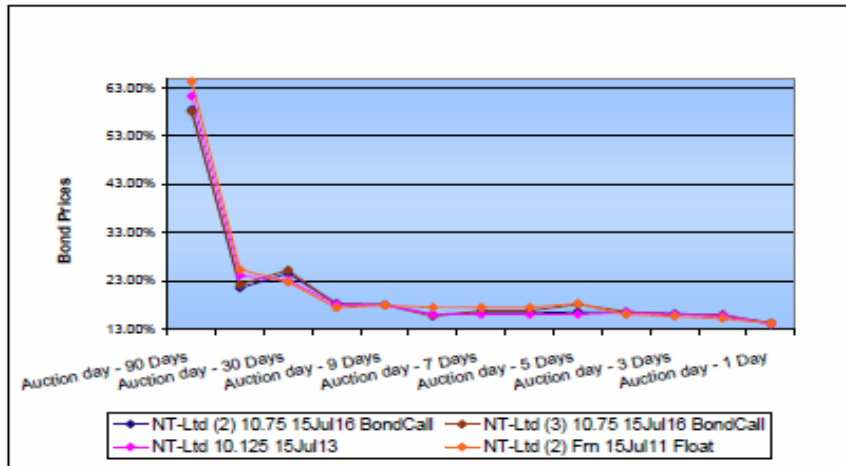
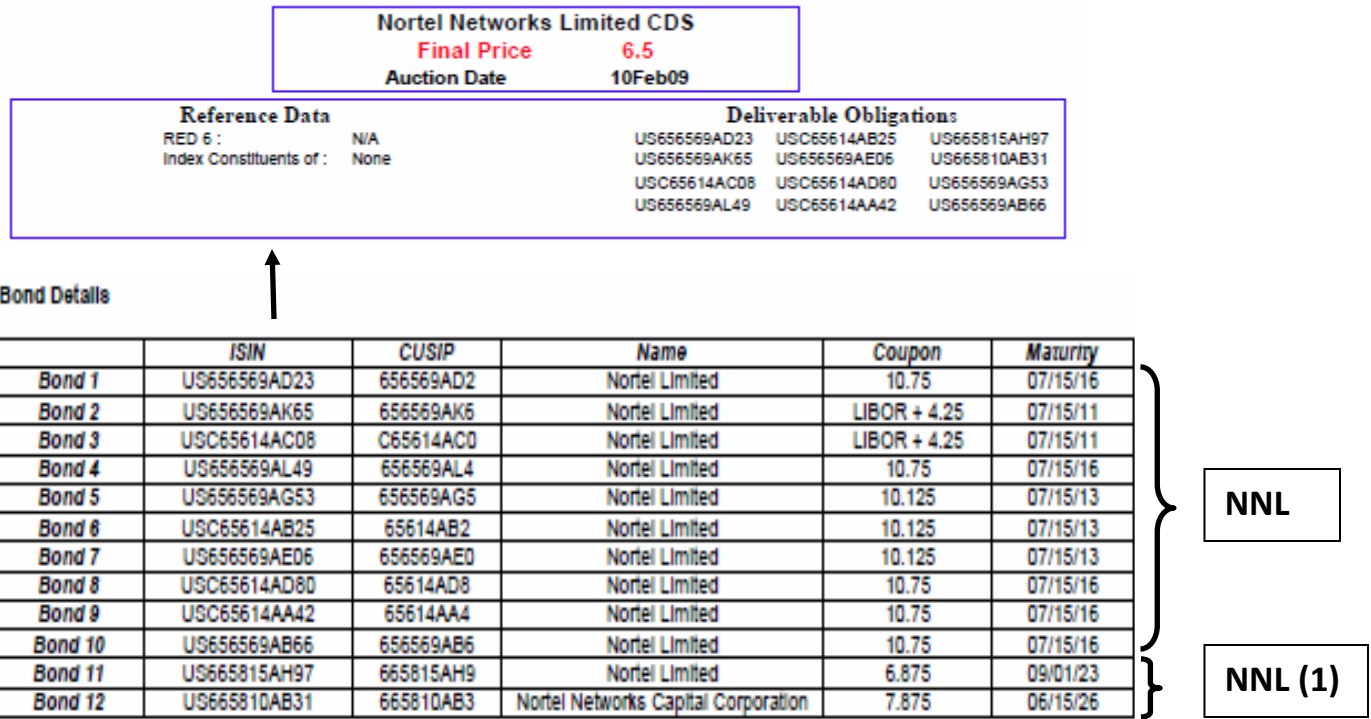


Figure 3: Markit - NNL Senior Unsecured CDS Cash Settlement Auction on February 10, 2009



(1) Nortel Networks Limited bonds not guaranteed by Nortel Networks Inc. U.S.

Nortel Networks Corporation (NNC) has US\$1,150 million of bonds outstanding and Nortel Networks Limited (NNL) has US\$3,025 million of bonds outstanding. Figure 4 shows that all of the Nortel long term unsecured bonds had speculative grade credit ratings since April 4, 2002. Speculative credit ratings put the Nortel bonds in the category of junk bonds. Pension funds and other funds with conservative beneficiaries have restrictions on the ownership of junk bonds in their Statement of Policies and Procedures, so the Nortel junk bonds are now owned primarily by speculative investors. If the Nortel net notional amount of CDS contracts is the US\$1.5 billion reported by Bloomberg News, this is a substantial 36% of total Nortel bonds outstanding that were hedged. **It is interesting that even junk bond owners are able to buy CDS hedges to eliminate their credit default risk. By contrast, houses in flood zones are typically uninsurable. It is unfortunate that the Canadian pensioners, long term disabled and terminated employees have had no opportunity to buy comparable insurance to hedge their losses.**

Figure 4: Nortel Bonds Have Had Speculative Grade Credit Rating Since April 4, 2002

Credit Ratings on Nortel Long Term Bonds Issued or Guaranteed by NNC or NNL

Period	Credit Rating	Moody's	Standard & Poors		
		Last Update	Credit Rating	Last Update	
2001	Baa2	Oct. 3, 2001	BBB-	Oct. 3, 2001	Investment Grade
2001	Ba3	April 4, 2002	BB	April 9, 2002	Speculative Grade
2002	B3	Nov. 1, 2002	B	Sept. 18, 2002	Speculative Grade
2003	B3	Nov. 1, 2002	B-	April 28, 2004	Speculative Grade
2004	B3	Nov. 1, 2002	B-	April 28, 2004	Speculative Grade
2005	B3	Feb. 8, 2006	B-	Feb. 8, 2006	Speculative Grade
2006	B3	Sept. 26, 2006	B-	June 16, 2006	Speculative Grade
2007	B3	March 22, 2007	B-	March 22, 2007	Speculative Grade
2008	Caa2	Dec. 15, 2008	D	Jan. 14, 2009	Speculative Grade
2009	Ca - NNC/D-Other	Jan. 15, 2009	D	Jan. 14, 2009	Speculative Grade

Investment Grade:	Moody's	Standard & Poors
Exceptional	Aaa, Aaa1, Aaa2, Aaa3	AAA, AAA-, AA+
Excellent	Aa, Aa1, Aa2, Aa3	AA, AA-, A+
Good	A, A1, A2, A3	A, A-, BBB+
Adequate	Baa, Baa1, Baa2, Baa3	BBB, BBB-, BB+
Speculative Grade:		
Questionable	Ba, Ba1, Ba2, Ba3	BB, BB-, B+
Poor	B, B1, B2, B3	B, B-, CCC+
Very Poor	Caa, Caa1, Caa2, Caa3	CCC, CCC-, CC+
Extremely Poor	Ca, Ca1, Ca2, Ca3	CC, CC-, C+
Lowest	C	C

Nortel Bond Owners Hedged by CDS and Unhedged Bond Buyers After Nov. 14, 2008 Have Gains

The Nortel hedged bond owners are expected to have a gain of \$0.28 or more per \$1.00 of face amount, as shown in Scenario 1 of Figures 5 and Scenario 2 of Figure 6. The Nortel CDS hedge contracts have already been cash settled at the February 10, 2009 CDS auctions called upon the credit event of Nortel filing for bankruptcy protection on January 14, 2009. Figure 2 shows that the Nortel Networks Corporation February 10, 2009 CDS settlement auction had a final cash settlement price of \$0.12. This CDS cash settlement of \$0.12 is about where the relevant Nortel bonds traded on February 10, 2009. The impact of the CDS cash settlement at \$0.12 is that the effective cost base for these Nortel hedged bond owners is now \$0.12. The final liquidation cash settlement in the Nortel US estate is estimated to be about \$0.40. So, the Nortel hedged bond owner will earn an estimated \$0.28 profit from the Nortel bankruptcy.

This expected Nortel hedged bond owner gain of \$0.28 compares to the Nortel unhedged bond owners' loss of -\$0.60. **This expected Nortel hedged bond owner gain of \$0.28 occurs, even though the expected Nortel Canada estate loss could be -\$0.90 per \$1.00 of claim due to the depletion of the Canada estate to date and the prospects for the Canada estate getting an inadequate amount of the business sales proceeds to get out of its starting hole.** It does not matter what the purchase price is for these Nortel hedged bond owners provided they bought their CDS hedge contracts at about the same time their bonds were bought. For example in Figure 5, the Nortel bond owner purchasing his bond on February 11, 2008 at \$0.963 per \$1.00 face amount has an expected gain of \$0.28. The Figure 6 Nortel hedged bond owner purchasing his bond on December 10, 2008 at \$0.200 per \$1.00 face amount has the same expected gain of \$0.28.

The Nortel unhedged bond buyer in Figure 6, who paid only \$0.20 on December 10, 2008, is also making a profit during the bankruptcy process, since his expected cash recovery amount of at least \$0.40 is \$0.20 above his purchase price of \$0.20. **The buyers of Nortel bonds after about November 14, 2008 and for a two month period prior to the bankruptcy protection filing date paid less than \$0.40 and would be making a profit in this bankruptcy process.** Bankruptcy laws throughout the world have accepted bond claims at the face amount being the legitimate amount of claim, notwithstanding the fact that many bond owners bought their bonds at discount prices. However, the BIA and other bankruptcy laws in the world have not adjusted for the new phenomena of bond owners having insurance and not taking credit default risk on their investment due to their CDS hedge contracts. This new phenomena surely compels Canada to take a fundamentally different public policy stance on the concept of what balance and equal compromise means between employment related and bond claims during bankruptcy.

The employment related claims getting preferred status over the unsecured bond owners in the BIA is necessary to restore integrity to the BIA process and to give balance between different types of unsecured creditors that was intended to be there. With preferred status the pension, health and long term disability plan deficits and unpaid severance claims have a shot at being paid in full, just like the bond owners have had the opportunity to be immunized from loss in bankruptcies by buying CDS hedging contracts.

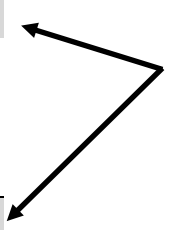

Figure 5: Scenario 1 - Nortel Bonds Bought on February 11, 2008

NO BALANCE OR EQUAL COMPROMISE BETWEEN EMPLOYMENT RELATED CLAIMS & BOND CLAIMS

		Per \$1.00 Face Amount	
SCENARIO ONE: Nortel Bonds Bought on February 11, 2008			
Credit Default Swap Valuations			
CDS Effective Put Price	@ Feb. 11, 2008	0.963	
CDS Auction Cash Settlement	@ Feb. 10, 2009	0.120	CDS CASH SETTLEMENT PRICE BELOW BANKRUPTCY RECOVERY VALUE
Bond Valuations			
Bond Purchase Price	@ Feb. 11, 2008	0.963	
Bond Bankruptcy Court Cash Settlement Price	@ Dec. 31, 2009	0.400	
Effective Bond Cost Base Due to CDS Hedge	@ Feb. 10, 2009	0.120	
Employment Related Claim		1.000	
Bankruptcy Court Cash Settlement Ratio	@ Dec. 31, 2009	0.400	
Employment Claim Gain (Loss)	@ Dec. 31, 2009	-0.600	EMPLOYMENT RELATED CLAIMS SLIGHTLY WORSE OFF THAN BOND CLAIMS (NORTEL CANADA ESTATE CREDITORS COULD LOSE -\$0.90 WITHOUT INTERVENTION)
Bond Claim		0.963	
Bankruptcy Court Cash Settlement Ratio	@ Dec. 31, 2009	0.400	
Unhedged Bond Owner's Gain (Loss)	@ Dec. 31, 2009	-0.563	
Bond Claim		0.963	
Bankruptcy Court Cash Settlement Ratio	@ Dec. 31, 2009	0.400	
Hedged Bond Owner's Gain (Loss)	@ Dec. 31, 2009	-0.563	
CDS Actual Hedge Gain (Loss)	@ Feb. 10, 2009	0.843	= 0.963 - 0.120
Hedged Bond Owner's Gain (Loss)	@ Dec. 31, 2009	0.280	HEDGED BOND OWNERS HAVE PROFIT, WHILE RETIREES, DISABLED AND SEVERED EMPLOYEES LOSE -\$0.60. (CANADIAN EMPLOYMENT RELATED CLAIMS COULD LOSE -\$0.90 WITHOUT INTERVENTION)

Figure 6: Scenario 2 - Nortel Bonds Bought on December 10, 2008

NO BALANCE OR EQUAL COMPROMISE BETWEEN EMPLOYMENT RELATED CLAIMS & BOND CLAIMS

		Per \$1.00 Face Amount	
SCENARIO TWO: Nortel Bonds Bought on December 10, 2008			
Credit Default Swap Valuations			
CDS Effective Put Price	@ Dec. 10, 2008	0.200	
CDS Auction Cash Settlement	@ Feb. 10, 2009	0.120	CDS CASH SETTLEMENT PRICE BELOW FINAL BANKRUPTCY RECOVERY VALUE.
Bond Valuations			
Bond Purchase Price	@ Dec. 10, 2008	0.200	
Bond Bankruptcy Court Cash Settlement Price	@ Dec. 31, 2009	0.400	
Effective Bond Cost Base Due to CDS Hedge	@ Feb. 10, 2009	0.120	
Employment Related Claim		1.000	
Bankruptcy Court Cash Settlement Ratio	@ Dec. 31, 2009	0.400	
Employment Claim Gain (Loss)	@ Dec. 31, 2009	-0.600	 <p>EMPLOYMENT RELATED CLAIMS MUCH WORSE OFF THAN BOND CLAIMS. (NORTEL CANADA ESTATE CREDITORS COULD LOSE -\$0.90 WITHOUT INTERVENTION)</p>
Bond Claim		0.200	
Bankruptcy Court Cash Settlement Ratio	@ Dec. 31, 2009	0.400	
Unhedged Bond Owner's Gain (Loss)	@ Dec. 31, 2009	0.200	
Bond Claim		0.200	
Bankruptcy Court Cash Settlement Ratio	@ Dec. 31, 2009	0.400	
Hedged Bond Owner's Gain (Loss)	@ Dec. 31, 2009	0.200	
CDS Actual Hedge Gain (Loss)	@ Feb. 10, 2009	0.080	= 0.200 - 0.120
Hedged Bond Owner's Gain (Loss)	@ Dec. 31, 2009	0.280	 <p>HEDGED BOND OWNERS HAVE PROFIT, WHILE RETIREES, DISABLED AND SEVERED EMPLOYEES LOSE -\$0.60. (CANADIAN EMPLOYMENT RELATED CLAIMS COULD LOSE -\$0.90 WITHOUT INTERVENTION)</p>

CDS Cash Settlement Price Is Below the Expected Liquidation Amount, Producing a 28% Profit

The Nortel Networks Corporation CDS cash settlement of \$0.12 on February 10, 2009 is well below the expected Nortel U.S. estate settlement of at least \$0.40. The related Nortel bonds are trading in the range of \$0.415 to \$0.430 per \$1.00 face amount. There is great opportunity for bankruptcy abuse due to the difference in timing between cash settlement in the CDS market upon announcement of a credit event and the final cash disbursement in liquidation or the provision of new securities in a restructuring as an ongoing concern. At the time of the bankruptcy protection announcement, there is dumping of bonds in the market, and the CDS cash settlement shortly thereafter will likely be at the bond price's lowest point. This locks in a very low cost base for the hedged bond owners, from which major profits can be achieved as the true value of the business is discovered by acquirers and restructuring actions.

It is a grave concern that the relatively new CDS market is causing an increase in bankruptcy protection filings and bankruptcies, because the bond owners who also own CDS contracts need to have a credit event in order to trigger the CDS cash settlement auction process. A fully hedged bond owner would rather realize upon the full value of his investment by collecting upon his CDS hedge rather than take the uncertain value of new securities offered in an out-of-court restructuring plan. The incentive for advocating bankruptcy court filings is high from the bond owner who bought more CDS coverage than the amount of bonds owned, since he can make more money on the CDS contract cash settlement than he loses on the underlying bonds. Also, as we see in the Nortel case, there is money to be made from the bankruptcy court filing even on a perfectly hedged bond position, because the CDS cash settlement occurs when the bankruptcy court filing is announced and not when the liquidation occurs.

It is a reasonable question to ask whether the Nortel CDS contracts were a significant contributing factor for Nortel making its bankruptcy protection filing. This factor would be in addition to Export Development Canada pulling its US\$750 million line of credit on January 15, 2009. It is believed that Nortel began contemplating its bankruptcy protection filing in September 2008, well before EDC pulled its credit line.

Nortel Bond Prices Validate the Canada Estate is Being Depleted to the Benefit of the US Estate

The various Nortel Networks Corporation and Nortel Network Limited bond prices are shown in Figures 7 and 8 denoted in \$ per one hundred dollar of face amount. The Figure 7 Nortel bond prices are currently \$41.50 to \$43.00 compared to the Figure 8 Nortel bond price currently of \$12.50. The difference between the Nortel bonds in Figure 7 and the one in Figure 8 is that the Figure 7 Nortel bonds are the ones guaranteed by the Nortel Networks Inc. U.S. and the Figure 8 Nortel bond is not. **The Figure 8 Nortel bond price at \$12.50 currently is one of the two Nortel Networks Limited Canada bonds that is not guaranteed by the Nortel Networks Inc. U.S. It is very important to note the differential in the two sets of Nortel bond prices validates my conclusion that the Nortel Canada estate is being depleted and that the expected cash recovery for the Canadian pensioners, long term disabled and terminated employees is likely to be substantially less than that obtained by the U.S. and U.K creditors of, unless government intervention occurs.** The Canada estate settlement is apt to be close to where the Figure 8 Nortel bond trades, which is currently at \$0.125 per \$1.00 of face amount. Whereas, the US estate settlement is apt to be in the range of the \$0.415 to \$0.430 per \$1.00 face amount, based on the current bond trading prices of Figure 7. The Nortel Networks Inc. U.S. guaranteed bonds in Figure 7 jumped 33%, or an additional \$0.105 per \$1.00 face amount, post the July 25, 2009 announcement that Ericsson won the auction for Nortel's wireless business at a price of US\$1,130 million compared to the stalking horse bid of US\$650 million from Nokia Siemens Networks. The non-guaranteed Nortel bond in Figure 8 reflecting the likely outcome in the Canada estate has jumped only 14% or about \$0.015 per \$1.00 face amount due to the Ericsson sale announcement.

Figure 7: Recent Price History of Nortel Bonds Guaranteed By NNI US

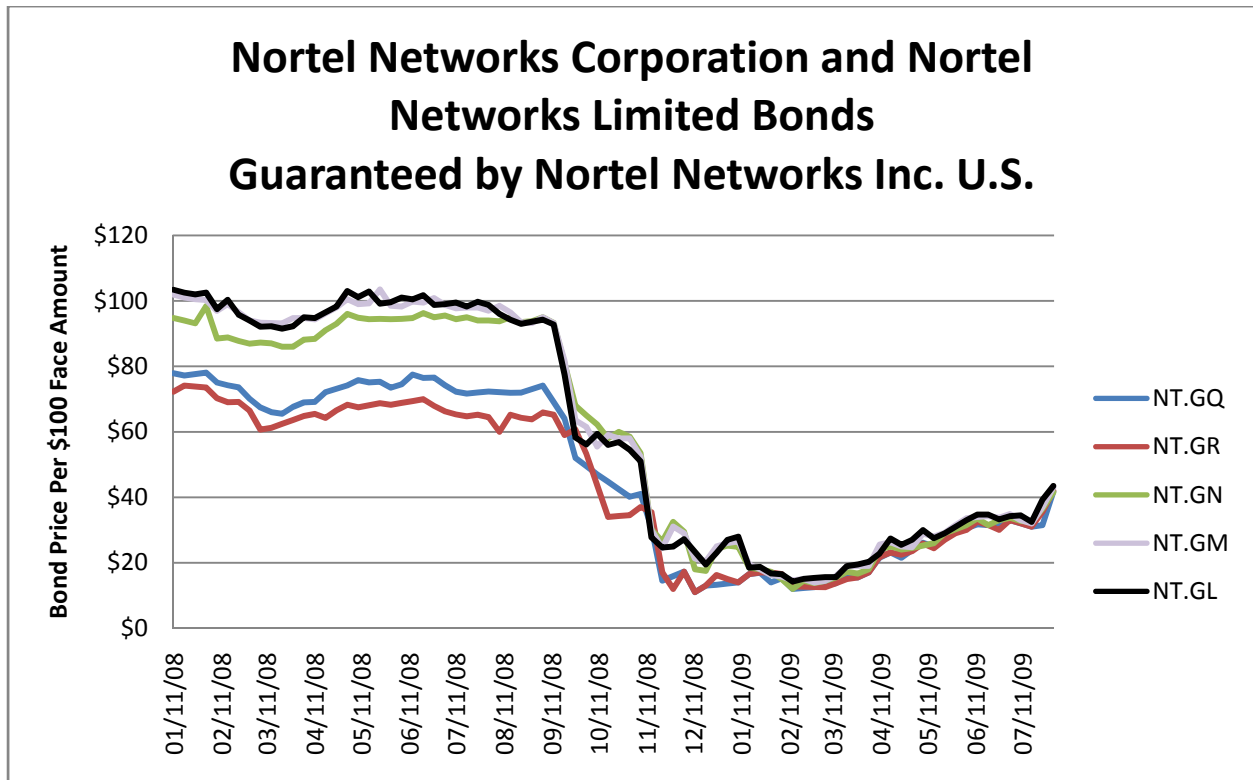
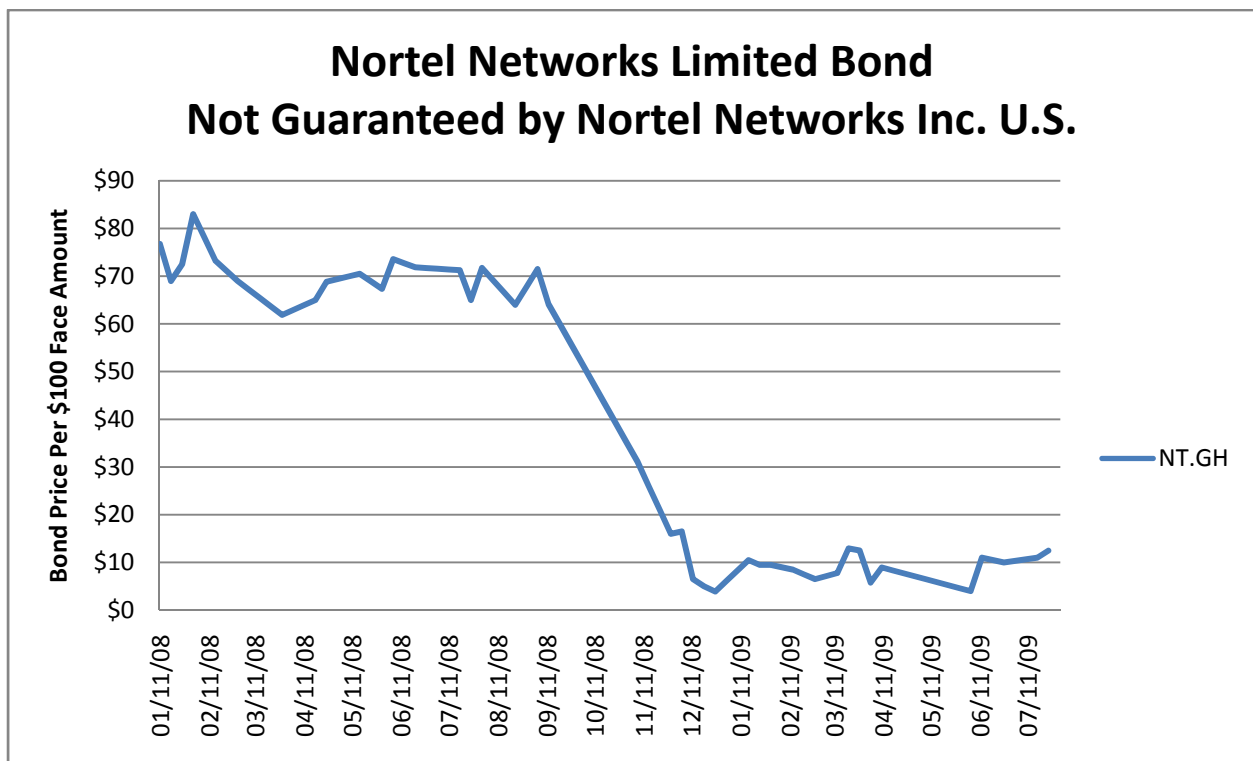


Figure 8: Recent Price History of Nortel Bonds Not Guaranteed by NNI US



Preferred Status Needed to Bring Back Balance into BIA Using Today's CDS Metrics

I, and most Canadians, would subscribe to employment related claims being given preferred status over unsecured creditor claims as good social policy based on sound equitable principles. These equitable principles were set out in my research report, "Interventions to Protect Nortel's Canada Estate," dated July 6, 2009.

<http://ismymoneysafe.org/pdf/InterventionstoProtectNortel'sCanadaEstateforCanadiansJuly6,2009.pdf>

Equitable principles would support that employment related claims be paid in full or at least receive substantially less loss than the unsecured creditors' loss. My first Nortel research report estimated that the impact of preferred status for pension, health and long term disability plan deficits and unpaid severance on the cost of debt for the market as a whole ranges from 0.05% to 0.26%. This estimate did not take into account CDS hedging contracts, which would make the impact range less, since the hedged bond owners do not suffer any incremental loss despite the lower recovery amount when employment related claims have preferred status, because their loss is fully offset by the gain on the CDS contracts. The cost of debt impact of preferred status varies with the term of the debt, the quality grade of the debt, whether the issuer has a pension plan and whether the debt owner has hedged his position with CDS contracts. I concluded the social benefits of the preferred status far outweighed the impact on the cost and availability of debt and economic growth. **But even the most right wing capitalist, who does not subscribe to the concept of social policy and the equitable principle of putting people first, cannot argue that the current BIA offers balance between the pensioners, long term disabled and terminated employees without access to insurance and the bond owners with access to insurance.** The scale that looks superficially balanced with -\$0.60 of loss for both types of claims is actually seriously tipped to the benefit of hedged bond owners, who bear no loss at all or have a profit gain during the bankruptcy process.

When one takes into account the prospects for the Canada estate having a much higher loss or compromise, at say, close to -\$0.90 compared to -\$0.60 for the US estate, the difference in bankruptcy outcomes between the Canadian pensioners, long term disabled and terminated employees and the hedged U.S. bond owners with a profit of \$0.28 is flagrantly abusive and crass. In Canada, there are 17,500 Nortel pensioners with expected income loss of -28%; 410 long term disabled employees with expected income loss of -90% and up to 1000 expected terminated employees losing -90% of their severance.

Canada Has No Pension Insurance, Ontario's Pension Insurance is Less than 1/4 of U.S. and U.K.

Figure 9 shows that Canada does not have a public pension benefit insurance program, whereas the U.S. guarantees pension benefits up to Cdn\$58,511 per year and the U.K. up to Cdn\$51,397. The Ontario Pension Guarantee Fund that is available to Ontario residents offers less than 1/4 the pension guarantee of the U.S. and the U.K. To date, Ontario Premier Dalton McGuinty has said that the OBGF will itself be bankrupt shortly and that Ontario will not be honouring the insurance payable to pension plan members of bankrupt companies.

In the Nortel case, there are about 12,500 out of the total 17,500 pension plan members living in the Province of Ontario, whose pension funds have estimated deficits of -31% before cash recovery from the Nortel bankruptcy. If the Nortel Canada estate pays out just 10% upon Nortel's liquidation, which is my current estimate without intervention by the Canadian CCAA court or the Ontario/Canadian

governments, and if Ontario does honour its pension guarantee after all, then the first \$12,000 of pension income for Ontario pensioners are protected and pension income above this level will be cut by -28%. Nortel pensioners outside of Ontario are estimated to have a pension income cut of -28% upon Nortel's liquidation. These cuts compare to the expected 28% gains for the hedged bond buyers. **It is a sad coincidence that the 28% expected gain for the Nortel hedged bond owners is the mirror image of the -28% expected pension income loss for the Nortel Canadian pensioners.**

Figure 9: Comparison of Canada, U.S. and U.K. Pension Benefit Insurance Programs

Comparison of Canada, U.S. And U.K. Pension Benefit Insurance Programs

	Home Currency	03-Aug-09 Currency Exchange	03-Aug-09 Cdn. Dollars
Maximum Annual Guarantee			
Canada Outside of Ontario Residents	0	1.000	0
Ontario Pension Benefit Guarantee Fund	12,000	1.000	12,000
U.S. Pension Benefit Guarantee Corporation	54,000	1.084	58,511
U.K. Pension Protection Fund	28,743	1.788	51,397

The Nortel Canadian long term disabled employees are being paid 60% of their employment income on an administrative services only basis. Upon Nortel's liquidation, these disabled people are uninsured and their income will decline from 60% to 6% of what it was before they became disabled, unless there is intervention to protect the Nortel Canada estate. The maximum Canada Pension Plan disability income is \$13,272.

The Nortel Canadian terminated employees without severance are entitled to receive a maximum Employment Insurance income of \$447 per month for a maximum number of months ranging from 43 to 50. So, the maximum employment insurance being paid is \$19,221 to \$22,350 on a one time basis.

Figure 10: Nortel Defined Benefit Pension Plan Deficits - Canada, U.S. & U.K.

Nortel Defined Benefit Pension Plan Deficits					
	Latest Update	03-Aug-09	03-Aug-09	Estimated	Deficit After
\$ Millions	Home Currency	Currency Exchange	Deficit US\$	Recovery Rate	Recovery US\$
Canada	1250	0.9229	1,154	10%	1,038
US	514	1.0000	514	40%	308
UK	2000	1.6503	3,301	40%	1,980
Total DB Pension Plan Deficits			4,968	33%	3,327

The Canadian pensioners, long term disabled and terminated employees, who are the primary creditors in the Canada estate, are seriously disadvantaged relative to the other creditor groups in the Nortel Global estate: the Nortel hedged bond owners making an estimated profit of +28%, the majority of Nortel U.S. and U.K. pensioners covered by robust public pension insurance plans, and the U.S. and U.K./EMEA unsecured creditors who are expected to have much higher recoveries due to their considerable power being used to deplete the Canada estate to date and to extract a considerable

proportion of the pending cash proceeds from sale of the businesses. The U.S. Pension Benefit Guarantee Corporation and the U.K. Pension Protection Fund will act vigorously to recover the estimated US\$308 million and US\$1,980 million respectively being paid to guarantee their citizens' pensions shown in Figure 10. So both the bond owners and the U.S. and U.K. government pension insurance agencies will be seeking to reduce the size of the Canada estate for their benefit.

What Does Canada Need to Do to Fix the Problem

(1) Fix the Bankruptcy and Insolvency Act (BIA): Make an emergency amendment of the BIA to provide "Preferred Status" to the claims of pensioners, long term disabled and severed employees, so that they receive their full, hard earned pensions, disability income and severance.

(2) Set Conditions for Allocation of Sale Proceeds Under the Investment Canada Act: Set conditions on the approval of the foreign purchases of Nortel's businesses as authorized under the Investment Canada Act for allocation of sale proceeds to the Nortel Canadian pension, health and long term disability plans and a severance fund. These conditions are to ensure that the Canada estate has adequate cash available to pay these Canadian employment-related claims.

To get the desired outcome for the full payment of Canadian pensioners, long term disabled and terminated employees' claims, the Canadian government now needs to ask for a higher than otherwise allocation to the Canada estate of the cash proceeds from the expected sales of Nortel's businesses to foreign buyers. Additional monies need to be collected to make up for the original cash balance in Canada being too low at the January 14th CCAA filing date, for the disproportionate bearing of Nortel's global costs by the Canada estate, and the many prior charges placed against the Canada estate during the restructuring period.

These actions can be done unilaterally by Canada, albeit with a likely pushback from the US Pension Benefit Guarantee Corporation and the UK Pension Protection Fund. It is due to this possible pushback that I anticipate this matter to become the subject of tri-lateral negotiations amongst the three governments. A tri-lateral government settlement for the protection of Nortel pensioners, long term disabled and severed employees throughout the world would be a good outcome. The Nortel Global available cash balance is rising and not falling since January 14th, and so there appears to be time for successful intervention.

If the Canadian government does not intervene as requested, the Nortel Canadian pensioners, long term disabled and terminated employees will be relying solely on KM LLP's success in the court process, where it has already admitted to several Nortel retirees there is very little it and the Canadian CCAA judge can do to protect the Canada estate. Also, from a public policy of point of view, without Canadian government intervention there will be a line up of other companies entering bankruptcy protection and bankruptcy with the intention of not paying pension, health and LTD plan deficits and severance. The powerful bond owners with access to the CDS market to hedge and game their positions will fuel this flagrantly abusive and crass process where:

Bond Owners Use Credit Default Swaps to Gain, While Pensioners, Disabled and Terminated Employees Are Told to Share the Pain.

List of Adhering Parties

#	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z
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LIST OF ADHERING PARTIES FOR 2009 NORTEL ENTITIES CDS PROTOCOL

This list of entities adhering to the 2009 Nortel Entities CDS Protocol is set forth below by alphabetic order.

LAST UPDATED: February 5, 2009	NO. OF ADHERING PARTIES: 435
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PARTICIPANT	Nortel Networks Corporation	Nortel Networks Limited	SUBMISSION DATE OF MOST RECENT LETTER
ABN AMRO Bank N.V.	✓	✓	February 5, 2009
Absolute Return Capital Partners, L.P.	✓	✓	February 2, 2009
ADAR Investment Fund Ltd	✓	✓	February 2, 2009
ADI ALTERNATIVE INVESTMENTS acting on behalf of the funds listed in the appendix	✓		February 4, 2009
AHL Evolution Ltd	✓	✓	February 4, 2009
AIG FINANCIAL PRODUCTS CORP.	✓	✓	February 5, 2009
AllianceBernstein L.P., as Investment Manager actinf on behalf of each of the funds and accounts specified in the relevant Master Agreement between it and another Adhering Party	✓	✓	February 5, 2009
ALLSTATE INSURANCE COMPANY	✓		February 5, 2009
ALLSTATE LIFE INSURANCE COMPANY	✓		February 5, 2009
Alphadyne Asset Management, LLC	✓	✓	February 3, 2009
AMERICAN CENTURY INVESTMENT MANAGEMENT, INC.,	✓		February 5, 2009
American Investors Life Insurance Co., Inc.	✓	✓	February 4, 2009
AMIDA CAPITAL MANAGEMENT II, LLC	✓		February 4, 2009
ANCHORAGE ADVISORS, L.L.C., Investment Manager acting on behalf of Anchorage Crossover Credit Offshore Master Fund, Ltd. and Anchorage Short Credit Offshore Master Fund, Ltd.	✓	✓	February 3, 2009
Andromeda Global Credit Fund, Ltd	✓	✓	February 5, 2009
AOZORA BANK,LTD.	✓		February 3, 2009
Appaloosa Management L.P.	✓	✓	February 3, 2009
AQR Capital Management, LLC			February 3, 2009

	✓	✓	
<u>ARES ENHANCED CREDIT OPPORTUNITIES FUND LTD.</u>	✓		February 4, 2009
<u>Ares Enhanced Credit Opportunities Master Fund, L.P.</u>	✓		February 4, 2009
<u>Aristeia International Limited</u>	✓		February 3, 2009
<u>Aristeia Partners, L.P.</u>	✓		February 3, 2009
<u>Atlas Capital Management LLC.</u>	✓	✓	February 4, 2009
<u>ATLAS MASTER FUND, LTD.</u>	✓		February 3, 2009
<u>ATLAS MASTER FUND, LTD.</u>	✓		February 5, 2009
<u>Australia and New Zealand Banking Group Limited</u>	✓		February 3, 2009
<u>Aviva Investors Global Services Limited as Investment Manager acting on behalf of the Aviva Investors Alternative Funds PCC limited: Convertible Bond Arbitrage Fund</u>	✓		February 4, 2009
<u>Aviva Life and Annuity Company f/k/a AmerUs Life Insurance Co.</u>	✓	✓	February 4, 2009
<u>AvQuaest Capital Master Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>BANCA IMI SPA</u>	✓		February 4, 2009
<u>BANCO SANTANDER S.A.</u>	✓		February 3, 2009
<u>BANK OF AMERICA, N.A.</u>	✓	✓	February 2, 2009
<u>BANK OF MONTREAL</u>	✓	✓	February 5, 2009
<u>BANQUE AIG, LONDON BRANCH</u>	✓	✓	February 3, 2009
<u>BARCLAYS BANK PLC</u>	✓	✓	February 3, 2009
<u>BARCLAYS CAPITAL</u>	✓	✓	February 3, 2009
<u>Barclays Global Investors Limited acting as trustee or investment manager on behalf of various funds and accounts</u>	✓	✓	February 5, 2009
<u>Barclays Global Investors, N.A., acting as trustee or investment manager on behalf of various funds and accounts</u>	✓	✓	February 5, 2009
<u>Basso Capital Management, L.P.</u>	✓	✓	February 4, 2009
<u>Bayerische Hypo- und Vereinsbank AG</u>	✓	✓	February 2, 2009
<u>BBT Fund, LP</u>	✓	✓	February 3, 2009
<u>BDC Finance, L.L.C.</u>	✓	✓	February 2, 2009
<u>BEAR STEARNS CREDIT PRODUCTS INC.</u>	✓	✓	February 2, 2009
<u>Bear Stearns Structured Risk Partners Master Fund, LTD</u>	✓	✓	February 2, 2009
<u>BEAR, STEARNS INTERNATIONAL LIMITED</u>	✓	✓	February 2, 2009

BH Finance LLC	✓	✓	February 3, 2009
Bill & Melinda Gates Foundation Trust	✓		February 4, 2009
BlackRock	✓	✓	February 3, 2009
BlueCrest Emerging Markets Master Fund Limited	✓		February 3, 2009
BlueCrest Strategic Limited	✓		February 3, 2009
BlueMountain Capital Management, LLC	✓	✓	February 3, 2009
BNP PARIBAS	✓	✓	February 4, 2009
BNP PARIBAS ASSET MANAGEMENT, acting on behalf of SEED GLOBAL HIGH YIELD BOND	✓		February 5, 2009
Brevan Howard Asset Management acting as agent for Brevan Howard Master Fund, WCG Strategies Fund	✓	✓	February 4, 2009
Brigade Leveraged Capital Structures Fund Ltd.	✓	✓	February 3, 2009
BROOKLINE AVENUE MASTER FUND, L.P.	✓	✓	February 3, 2009
C P Management, LLC, acting on behalf of accounts listed on the attached annex	✓	✓	February 3, 2009
CAISSE DE DEPOT ET PLACEMENT DU QUEBEC	✓	✓	February 5, 2009
CALYON	✓	✓	February 3, 2009
Camomille Global Opportunities Fund	✓	✓	February 5, 2009
Camulos Capital LP, Investment Manager, acting on behalf of Camulos Master Fund LP	✓		February 3, 2009
CANADIAN IMPERIAL BANK OF COMMERCE	✓	✓	February 3, 2009
Canyon Capital Advisors LLC, Investment Manager acting on behalf of the funds listed in the annex attached to this Adherence Letter	✓	✓	February 4, 2009
CAP Fund, LP	✓	✓	February 3, 2009
Cardinal Point Master Fund I Ltd.	✓	✓	February 5, 2009
Carlson Capital, LP, Investment Manager, acting on behalf of the funds listed in the annex attached to this Adherence Letter	✓	✓	February 3, 2009
CASTLERIGG MASTER INVESTMENTS LTD.	✓		February 5, 2009
Cedar Hill Capital Partners Offshore, Ltd.	✓	✓	February 3, 2009
Cedar Hill Capital Partners Onshore, LP	✓	✓	February 3, 2009
Cetus Capital, LLC	✓		February 4, 2009
Challenger Managed Investments Limited as Responsible Entity for Challenger High Yield Fund	✓	✓	February 5, 2009
Citadel Equity Fund Ltd.	✓	✓	February 4, 2009
Citibank Canada	✓	✓	February 3, 2009

Citibank, N.A.	✓	✓	February 3, 2009
Citigroup Financial Products Inc.	✓	✓	February 3, 2009
Citigroup Global Markets Limited	✓	✓	February 3, 2009
CNH Partners, LLC	✓	✓	February 3, 2009
Coast Troob Strategy Investments Ltd.	✓	✓	February 3, 2009
Cohen Brothers, LLC	✓	✓	February 5, 2009
Columbia Management Advisors, LLC	✓		February 5, 2009
Commerzbank Aktiengesellschaft	✓	✓	February 4, 2009
Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank International	✓	✓	February 3, 2009
CPM LUXEMBOURG S.A.	✓	✓	February 3, 2009
CQS DIRECTIONAL OPPORTUNITIES MASTER FUND LIMITED	✓	✓	February 3, 2009
CREDIT INDUSTRIEL ET COMMERCIAL SA	✓	✓	February 3, 2009
Credit Suisse Candlewood Special Situations Master Fund Ltd	✓		February 2, 2009
CREDIT SUISSE HEDGING-GRIFFO SERVICOS INTERNACIONAIS S.A.	✓		February 4, 2009
Credit Suisse High Yield Fund	✓		February 5, 2009
CREDIT SUISSE INTERNATIONAL	✓	✓	February 2, 2009
Credit Suisse Management LLC	✓	✓	February 2, 2009
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	✓	✓	February 2, 2009
Credit Suisse Securities (USA) LLC	✓	✓	February 2, 2009
Credit Suisse Syndicated Loan Fund	✓		February 5, 2009
Credit Suisse, Cayman Islands Branch	✓	✓	February 2, 2009
CTC MASTER FUND LTD.	✓	✓	February 3, 2009
D. E. Shaw Laminar Portfolios, L.L.C.	✓	✓	February 5, 2009
D. E. Shaw Oculus Portfolios, L.L.C.	✓	✓	February 5, 2009
D. E. Shaw Valence Portfolios, L.L.C.	✓	✓	February 5, 2009
Dalton CDO, Ltd.	✓	✓	February 4, 2009
DB Zwirn and Co., L.P.	✓	✓	February 4, 2009
DBS BANK LTD	✓	✓	February 4, 2009
DBSO Corporates Ltd.	✓	✓	February 5, 2009

DBX Convertible Arbitrage 12 Fund	✓	✓	February 3, 2009
DBX Convertible Arbitrage 13 Fund	✓	✓	February 3, 2009
Deephaven International Convertible Trading Ltd.	✓	✓	February 5, 2009
Deephaven Relative Value Equity Trading Ltd.	✓	✓	February 5, 2009
Del Mar Asset Management, L.P. FBO Del Mar Master Fund, LTD.	✓		February 4, 2009
Delaware Management Company, a series of Delaware Management Business Trust, acting on behalf of the funds listed on the attached Appendix A	✓	✓	February 3, 2009
DEUTSCHE BANK AG	✓	✓	February 4, 2009
Dexia Asset Management Luxembourg acting for and behalf of the funds listed below:	✓		February 4, 2009
DGAM MOSAIC MULTI-STRATEGY MASTER FUND	✓	✓	February 4, 2009
DIAMOND NOTCH OPPORTUNITIES MASTER FUND LTD.	✓	✓	February 3, 2009
DKR Soundshore Oasis Holding Fund Ltd.	✓	✓	February 4, 2009
Drawbridge Special Opportunities Fund Ltd.	✓	✓	February 5, 2009
Dresdner Bank AG	✓	✓	February 4, 2009
Duma Master Fund, L.P.	✓	✓	February 4, 2009
Dune Capital LLC	✓	✓	February 4, 2009
Durham Asset Management	✓		February 2, 2009
DWS Investment S.A.	✓	✓	February 5, 2009
ECO MASTER FUND LIMITED	✓	✓	February 3, 2009
EDGE ASSET MANAGEMENT	✓		February 3, 2009
Eidesis Capital Master Fund, Ltd.	✓	✓	February 4, 2009
Eidesis Synthetic Opportunities Fund II, Ltd.	✓	✓	February 4, 2009
Eidesis Synthetic Opportunities Fund, Ltd.	✓	✓	February 4, 2009
Elliott Associates, L.P.	✓	✓	February 3, 2009
Elliott International, L.P.	✓	✓	February 3, 2009
Erste Group Bank AG	✓		February 5, 2009
ESP Funding 1 Ltd.	✓	✓	February 3, 2009
Eton Park Capital Management, L.P., as investment manager, acting on behalf of Eton Park Fund, L.P. and Eton Park Master Fund, Ltd.	✓	✓	February 3, 2009
Evergreen Investments - Global High Yield	✓	✓	February 4, 2009

FAF Advisors, Inc.	✓	✓	February 3, 2009
FCI Holdings I Ltd.	✓	✓	February 5, 2009
Federated Investment Management Company, Federated MDTA LLC and Federated Global Investment Management Corp.	✓	✓	February 4, 2009
Federico Ferrari	✓	✓	February 3, 2009
FFI Fund Ltd.	✓	✓	February 5, 2009
Focused Sicav	✓	✓	February 4, 2009
Fortis Investment Management Belgium	✓	✓	February 5, 2009
Fulcrum Alternative Beta Plus Fund	✓	✓	February 5, 2009
FYI Ltd.	✓	✓	February 5, 2009
Ghisallo Limited	✓		February 3, 2009
GLG Market Neutral Fund	✓		February 4, 2009
GMO Mean Reversion Fund (Onshore)	✓		February 5, 2009
GoldenTree Asset Management, LP on behalf of the funds and accounts listed on the attached annex.	✓	✓	February 4, 2009
GOLDMAN SACHS ASSET MANAGEMENT, L.P., not in its individual capacity, but solely as investment advisor to the Funds listed on Annex A attached hereto	✓	✓	February 5, 2009
GOLDMAN SACHS BANK USA	✓	✓	February 3, 2009
GOLDMAN SACHS INTERNATIONAL	✓	✓	February 3, 2009
Good Steward Trading Company SPC solely on behalf of and for the benefit of Class II Segregated Portfolio	✓	✓	February 5, 2009
Government of Singapore Investment Corporation Pte Ltd	✓	✓	February 5, 2009
Gracie Credit Opportunities Master Fund, LP	✓	✓	February 3, 2009
Greywolf Capital Overseas Fund	✓		February 4, 2009
Greywolf Capital Overseas Master Fund	✓		February 4, 2009
Greywolf Capital Partners II LP	✓		February 4, 2009
Greywolf Structured Products Master Fund, Ltd.	✓		February 4, 2009
GS INVESTMENT STRATEGIES, LLC, not in its individual capacity, but solely as investment advisor to the Funds listed on Annex A attached hereto	✓	✓	February 5, 2009
H/2 Credit Partners Master Fund Ltd	✓		February 4, 2009
Halcyon Structured Asset Management L.P.	✓	✓	February 5, 2009
Hartfield Fund Limited	✓	✓	February 3, 2009
HARTFORD LIFE INSURANCE COMPANY			February 3, 2009

	✓	✓	
<u>HARTFORD SERIES FUND, INC., on behalf of HARTFORD TOTAL RETURN BOND HLS FUND</u>	✓	✓	February 3, 2009
<u>Her Majesty The Queen in Right of Alberta</u>	✓	✓	February 3, 2009
<u>High River Limited Partnership</u>	✓		February 4, 2009
<u>HIGHBRIDGE CONVERTIBLE ARBITRAGE MASTER FUND, L.P.</u>	✓	✓	February 3, 2009
<u>HIGHBRIDGE INTERNATIONAL LLC</u>	✓	✓	February 3, 2009
<u>HIGHFIELDS CAPITAL MANAGEMENT LP, AS AGENT ACTING ON BEHALF OF EACH OF THE FUNDS LISTED ON EXHIBIT A HERETO</u>	✓		February 4, 2009
<u>HOSPITALS OF ONTARIO PENSION PLAN (HOOPP)</u>	✓	✓	February 5, 2009
<u>HSBC Bank USA, National Association</u>	✓		February 4, 2009
<u>Hudson Bay Fund LP</u>	✓		February 3, 2009
<u>Hudson Bay Overseas Fund LTD</u>	✓		February 3, 2009
<u>HUTCHIN HILL CAPITAL C1, LTD.</u>	✓	✓	February 3, 2009
<u>Hyperion Brookfield Asset Management, Inc.</u>	✓		February 4, 2009
<u>Icahn Fund Sub 1 Ltd.</u>	✓		February 4, 2009
<u>Icahn Fund Sub 2 Ltd.</u>	✓		February 4, 2009
<u>Icahn Fund Sub 3 Ltd.</u>	✓		February 4, 2009
<u>Icahn Fund Sub 4 Ltd.</u>	✓		February 4, 2009
<u>III OFFSHORE ADVISORS</u>	✓		February 3, 2009
<u>Ilmarinen Mutual Pension Insurance Company</u>	✓	✓	February 3, 2009
<u>ING Bank N.V.</u>	✓	✓	February 3, 2009
<u>INTESA SANPAOLO SPA</u>	✓		February 4, 2009
<u>IRON Financial LLC, acting solely as investment advisor, on behalf of: Unified Series Trust Solely on Behalf of its Series, IRON STRATEGIC INCOME FUND</u>	✓	✓	February 3, 2009
<u>J.P. Morgan Investment Management Inc., as agent for and on behalf of the funds and accounts specified in the relevant master Agreement between it and another Adhering Party</u>	✓	✓	February 2, 2009
<u>J.P. Morgan Whitefriars (UK)</u>	✓	✓	February 3, 2009
<u>JABCAP Multi Strategy Master Fund Limited</u>	✓	✓	February 4, 2009
<u>Jeffrey Peskind, JLP Credit Opportunity Master Fund Ltd</u>	✓	✓	February 2, 2009
<u>JPMorgan Asset Management (UK) Limited, as agent for and on behalf of the funds and accounts specified in the relevant Master Agreement between it and another Adhering</u>	✓		February 4, 2009

Party			
<u>JPMorgan Chase Bank, N.A.</u>	✓	✓	February 2, 2009
<u>JPMorgan Chase Bank, N.A., as agent for and on behalf of the funds and accounts specified in the relevant Master Agreement between it and another Adhering Party</u>	✓	✓	February 2, 2009
<u>KALLISTA MASTER FUND</u>	✓		February 3, 2009
<u>Kayne Anderson Capital Advisors, L.P.</u>	✓	✓	February 5, 2009
<u>KBC Financial Products (Cayman Islands) Ltd.</u>	✓	✓	February 5, 2009
<u>Kenmont Special Opportunities Master Fund, L.P.</u>	✓		February 4, 2009
<u>King Street Capital Master Fund, Ltd.</u>	✓	✓	February 4, 2009
<u>King Street Capital, L.P.</u>	✓	✓	February 4, 2009
<u>KLS Diversified Master Fund L.P.</u>	✓	✓	February 3, 2009
<u>Lagern Fund Limited</u>	✓	✓	February 5, 2009
<u>Laminar Direct Capital, L.L.C.</u>	✓	✓	February 5, 2009
<u>Landesbank Baden-Wuerttemberg</u>	✓		February 3, 2009
<u>Lehman Brothers Credit Arbitrage Master Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>Lehman Brothers Q Master Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>Lloyds TSB Bank PLC</u>	✓	✓	February 4, 2009
<u>LLT Limited</u>	✓	✓	February 5, 2009
<u>Loeb Arbitrage Fund</u>	✓	✓	February 5, 2009
<u>Loeb Offshore Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>London Diversified Fund Limited</u>	✓	✓	February 5, 2009
<u>London Select Fund Limited</u>	✓	✓	February 5, 2009
<u>Longacre Capital Partners (QP), L.P.</u>	✓	✓	February 3, 2009
<u>Longacre Master Fund, Ltd.</u>	✓	✓	February 3, 2009
<u>LOOMIS, SAYLES & COMPANY, L.P.</u>	✓	✓	February 5, 2009
<u>LOTSOFF CAPITAL MANAGEMENT ACTIVE INCOME TRUST FUND</u>	✓	✓	February 5, 2009
<u>LOTSOFF CAPITAL MANAGEMENT CREDIT OPPORTUNITIES 2 FUND</u>	✓	✓	February 5, 2009
<u>LOTSOFF CAPITAL MANAGEMENT CREDIT OPPORTUNITIES MASTER FUND</u>	✓	✓	February 5, 2009
<u>Luxor Capital Group, LP</u>	✓	✓	February 4, 2009
<u>Lydian Global Opportunities Master Fund Ltd</u>	✓		February 3, 2009

Lydian Overseas Partners Master Fund Ltd	✓		February 3, 2009
LYRICAL OPPORTUNITY PARTNERS II LP	✓		February 5, 2009
LYRICAL OPPORTUNITY PARTNERS II LTD	✓		February 5, 2009
LYXOR ASSET MANAGEMENT as sub-manager of the funds Listed above	✓		February 4, 2009
MACQUARIE BANK LIMITED	✓	✓	February 4, 2009
Macquarie Investment Management Limited	✓	✓	February 4, 2009
Magnetar Capital Master Fund, Ltd	✓	✓	February 4, 2009
Magnetar Constellation Fund II, Ltd	✓	✓	February 4, 2009
Magnetar Constellation Master Fund III, Ltd	✓	✓	February 4, 2009
Magnetar Constellation Master Fund, Ltd	✓	✓	February 4, 2009
Magnetar Spectrum Fund	✓	✓	February 4, 2009
Magnetar Structured Credit Fund, LP	✓	✓	February 4, 2009
Marathon Asset Management, LP, as Investment Advisor to the following funds:	✓	✓	February 3, 2009
Mariner LDC	✓	✓	February 3, 2009
Mariner-Tricadia Credit Strategies Master Fund, Ltd.	✓	✓	February 3, 2009
Marret Asset Management Inc., Investment/Asset Manager, acting on behalf of the funds and accounts listed in the annex attached to this Adherence letter.	✓	✓	February 3, 2009
Massachusetts Financial Services Company, acting on behalf of the funds listed on attached Appendix A	✓	✓	February 5, 2009
MERRILL LYNCH CAPITAL SERVICES, INC.	✓	✓	February 3, 2009
MERRILL LYNCH INTERNATIONAL	✓	✓	February 3, 2009
Metropolitan West High Yield Bond Fund (705)	✓	✓	February 3, 2009
Microsoft Corporation	✓		February 3, 2009
MILLENNIUM PARTNERS, L.P.	✓		February 4, 2009
MIP CoreAlpha Bond Master Portfolio	✓	✓	February 5, 2009
Mizuho Alternative Investments LLC, acting as investment advisor for Wind Credit Arbitrage Fund.	✓	✓	February 2, 2009
Monarch Debt Recovery Master Fund Ltd.	✓		February 3, 2009
Monarch Income Master Fund Ltd.	✓		February 3, 2009
Monarch Opportunities Master Fund Ltd.	✓		February 3, 2009
Moore Capital Management acting as investment/asset manager for the funds above.	✓		February 3, 2009
Mooring Capital Fund, LLC			February 2, 2009

	✓		
<u>MORGAN STANLEY & CO. INTERNATIONAL PLC</u>	✓	✓	February 2, 2009
<u>MORGAN STANLEY CANADA LIMITED</u>	✓	✓	February 2, 2009
<u>MORGAN STANLEY CAPITAL SERVICES INC.</u>	✓	✓	February 2, 2009
<u>MORGAN STANLEY CREDIT PRODUCTS LIMITED</u>	✓	✓	February 2, 2009
<u>Mount Lucas Management Corporation, as Investment Manager, acting for and on behalf of each of Peak Offshore Master Fund Limited and Peak Partners LP.</u>	✓		February 5, 2009
<u>Mount Lucas Management Corporation, as Investment Manager, acting for and on behalf of each of Peak Offshore Master Fund Limited and Peak partners LP.</u>	✓		February 5, 2009
<u>NATIONAL BANK OF CANADA</u>	✓	✓	February 4, 2009
<u>NATIXIS</u>	✓	✓	February 3, 2009
<u>Natixis Financial Products Inc</u>	✓	✓	February 2, 2009
<u>NMS SERVICES (CAYMAN) INC.</u>	✓	✓	February 5, 2009
<u>Nomura Corporate Research and Asset Management, Inc., the Investment Manager acting on behalf of the following funds:</u>	✓	✓	February 3, 2009
<u>Nomura International plc</u>	✓	✓	February 5, 2009
<u>Nomura Securities Co., Ltd.</u>	✓	✓	February 3, 2009
<u>Norges Bank</u>	✓	✓	February 5, 2009
<u>North Pole Capital Master Fund</u>	✓		February 4, 2009
<u>Northwest Specialty Global High Yield Bond Fund</u>	✓	✓	February 4, 2009
<u>Northwest Specialty High Yield Bond Fund</u>	✓	✓	February 4, 2009
<u>Nuveen Asset Management, acting on behalf of the funds listed on the attached Appendix</u>	✓		February 3, 2009
<u>OAK HILL CREDIT ALPHA FUND (OFFSHORE), LTD.</u>	✓	✓	February 2, 2009
<u>OAK HILL CREDIT ALPHA FUND, L.P.</u>	✓	✓	February 2, 2009
<u>OAK HILL CREDIT ALPHA MASTER FUND, L.P.</u>	✓	✓	February 2, 2009
<u>Oak Hill Credit Opportunities Master Fund, Ltd.</u>	✓	✓	February 2, 2009
<u>OAK HILL SECURITIES FUND II, L.P.</u>	✓	✓	February 2, 2009
<u>OAK HILL SECURITIES FUND, L.P.</u>	✓	✓	February 2, 2009
<u>OCH-ZIFF CAPITAL STRUCTURE ARBITRAGE MASTER FUND, LTD</u>	✓		February 5, 2009
<u>OFI Institutional Asset Management</u>	✓	✓	February 3, 2009
<u>OHA COAST HEDGING, LTD</u>			February 2, 2009

	✓	✓	
<u>OHA Hedged Credit, LTD</u>	✓	✓	February 2, 2009
<u>Olifant Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>One East Capital Advisors, L.P., Investment manager, acting on behalf of One East Partners Master, L.P. and One East Liquidity Master, L.P.</u>	✓	✓	February 4, 2009
<u>OppenheimerFunds, Inc.</u>	✓	✓	February 3, 2009
<u>ORIX Finance Corp.</u>	✓	✓	February 3, 2009
<u>OWL CREEK ASSET MANAGEMENT, L.P.</u>	✓		February 5, 2009
<u>OZ MASTER FUND, LTD</u>	✓		February 5, 2009
<u>Pacific Investment Management Company LLC</u>	✓	✓	February 4, 2009
<u>Pacific Life Insurance Company</u>	✓		February 3, 2009
<u>PACIFIC MADRONE MASTER FUND LP</u>	✓		February 3, 2009
<u>Par-Four Master Fund, Ltd.</u>	✓	✓	February 3, 2009
<u>Partner Fund Management, L.P.</u>	✓	✓	February 5, 2009
<u>Partners Group Alternative Strategies PCC Limited acting in respect of its Black Vega Cell</u>	✓	✓	February 5, 2009
<u>Partners Group Alternative Strategies PCC Limited acting in respect of its Green Vega Cell</u>	✓	✓	February 5, 2009
<u>Partners Group Alternative Strategies PCC Limited acting in respect of its Yellow Vega Cell</u>	✓	✓	February 5, 2009
<u>Partners in Prophet, Ltd.</u>	✓	✓	February 4, 2009
<u>PAYDEN & RYGEL</u>	✓	✓	February 4, 2009
<u>Pequot Credit Opportunities Fund, L.P.</u>	✓	✓	February 5, 2009
<u>Perella Weinberg Partners Xerion Master Fund Ltd</u>	✓		February 4, 2009
<u>PLAINFIELD DIRECT INC.</u>	✓	✓	February 4, 2009
<u>PLAINFIELD SPECIAL SITUATIONS MASTER FUND LIMITED</u>	✓	✓	February 4, 2009
<u>PNC BANK, NATIONAL ASSOCIATION</u>	✓	✓	February 4, 2009
<u>POLYGON GLOBAL OPPORTUNITIES MASTER FUND</u>	✓		February 4, 2009
<u>PPM AMERICA, INC.</u>	✓	✓	February 5, 2009
<u>PRESIDENT AND FELLOWS OF HARVARD COLLEGE</u>	✓		February 4, 2009
<u>Principal Global Investors (Australia) Limited</u>	✓		February 3, 2009
<u>Principal Global Investors, LLC</u>	✓		February 3, 2009
<u>ProFunds Advisors/Access One Trust, acting on behalf of</u>			February 3, 2009

<u>the funds listed on the appendix</u>	✓		
<u>PROTECTIVE LIFE CORPORATION</u>	✓	✓	February 4, 2009
<u>Prudential Investment Management, Inc.</u>	✓		February 5, 2009
<u>PUTNAM FIDUCIARY TRUST COMPANY</u>	✓	✓	February 3, 2009
<u>PUTNAM INVESTMENT MANAGEMENT, LLC</u>	✓	✓	February 3, 2009
<u>QIC Limited ACN 130 539 123 (formerly known as Queensland Investment Corporation)</u>	✓	✓	February 3, 2009
<u>Quattro Fund, Ltd</u>	✓	✓	February 3, 2009
<u>Quintessence Fund LP</u>	✓	✓	February 3, 2009
<u>QVT Fund LP</u>	✓	✓	February 3, 2009
<u>R2 Investments, LDC</u>	✓	✓	February 2, 2009
<u>R3 Capital Partners Master L.P.</u>	✓	✓	February 3, 2009
<u>Rafferty Asset Management LLC c/o Direxion Funds</u>	✓		February 3, 2009
<u>Raven Credit Opportunities Master Fund, Ltd</u>	✓	✓	February 4, 2009
<u>RCG PB, Ltd. RCG Enterprise, Ltd</u>	✓	✓	February 4, 2009
<u>Reams Asset Management</u>	✓	✓	February 4, 2009
<u>Restoration Capital Management, LLC</u>	✓		February 3, 2009
<u>RiverSource Bond Series, Inc., for and behalf of its series, RiverSource Income Opportunites Fund</u>	✓	✓	February 4, 2009
<u>Robeco Capital Growth Funds - Robeco Divirente Var2 Fund</u>	✓	✓	February 4, 2009
<u>Robeco Capital Growth Funds - Robeco Divirente Var4 Fund</u>	✓	✓	February 4, 2009
<u>Robeco Institutional Asset Management - Robeco Capital Growth Divirente Var2 Fund</u>	✓	✓	February 3, 2009
<u>Robeco Institutional Asset Management - Robeco Capital Growth Divirente Var4 Fund</u>	✓	✓	February 3, 2009
<u>Rockview Management LLC - "Investment Manager, acting on behalf of Rockview Trading Ltd, SR Rockview Master MA Ltd, and Rockview Short Alpha Fund Ltd."</u>	✓	✓	February 2, 2009
<u>Royal Bank of Canada</u>	✓		February 4, 2009
<u>Rydex Investments</u>	✓	✓	February 4, 2009
<u>Sandelman Partners Opportunity Master Fund, LP</u>		✓	February 5, 2009
<u>Sankaty Advisors, LLC</u>	✓	✓	February 5, 2009
<u>Satellite Advisors, L.L.C. General Partner, acting on behalf of the funds and accounts listed in the relevant Master Agreement between it and another Adhering Party</u>	✓		February 4, 2009
<u>Satellite Asset Management, LP Investment Manager, acting on behalf of the funds and accounts listed in the relevant</u>	✓		February 4, 2009

<u>Master Agreement between it and another Adhering Party</u>			
<u>Schroder Investment Management Limited</u>	✓		February 4, 2009
<u>Segall Bryant and Hamill Investment Counsel</u>	✓	✓	February 3, 2009
<u>Seix Investment Advisors LLC</u>	✓	✓	February 2, 2009
<u>Seix Investment Advisors LLC</u>	✓	✓	February 5, 2009
<u>Silver Point Capital Fund, L.P.</u>	✓	✓	February 5, 2009
<u>Silver Point Capital Offshore Fund, Ltd</u>	✓	✓	February 5, 2009
<u>SMBC Capital Markets Limited</u>	✓		February 2, 2009
<u>Smith Breeden Associates, Inc., acting as agent on behalf of the fund listed below: Smith Breeden Credit Master Ltd.</u>	✓	✓	February 2, 2009
<u>Smith Breeden Associates, Inc., acting as agent on behalf of the fund listed below: Underlying Funds Trust, on behalf of its series Fixed Income Arbitrage</u>	✓	✓	February 2, 2009
<u>Societe Generale</u>	✓	✓	February 4, 2009
<u>SOF Investments, L.P.</u>	✓	✓	February 5, 2009
<u>SOLA Ltd</u>	✓		February 3, 2009
<u>SOLENT CREDIT OPPORTUNITIES MASTER FUND</u>	✓	✓	February 3, 2009
<u>Solus Core Opportunities Master Fund Ltd</u>	✓		February 3, 2009
<u>SPINNAKER GLOBAL EMERGING MARKETS FUND</u>	✓	✓	February 3, 2009
<u>SPINNAKER GLOBAL OPPORTUNITY FUND</u>	✓	✓	February 3, 2009
<u>SPINNAKER GLOBAL STRATEGIC FUND</u>	✓	✓	February 3, 2009
<u>SRI Fund, LP</u>	✓	✓	February 3, 2009
<u>STANDARD CHARTERED BANK</u>	✓	✓	February 5, 2009
<u>Standard Pacific Credit Opportunities Master Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>Standish Asset Management</u>	✓		February 3, 2009
<u>Stark Criterion Master Fund Ltd.</u>	✓	✓	February 4, 2009
<u>Stark Global Opportunities Master Fund Ltd.</u>	✓	✓	February 4, 2009
<u>Stark Master Fund Ltd.</u>	✓	✓	February 4, 2009
<u>STATE BOARD OF ADMINISTRATION ACTING ON BEHALF OF THE FLORIDA RETIREMENT SYSTEM</u>	✓	✓	February 5, 2009
<u>State Street Bank and Trust Company as trustee for the GMAM Group Pension Trust I</u>	✓	✓	February 3, 2009
<u>STICHTING PENSIOENFONDS ABP</u>	✓	✓	February 4, 2009
<u>Stichting Shell Pensioenfond</u>	✓	✓	February 4, 2009

<u>Strongbow Fund Ltd.</u>	✓	✓	February 5, 2009
<u>Sunrise Partners Limited Partnership</u>	✓	✓	February 3, 2009
<u>SUSQUEHANNA FINANCIAL PRODUCTS</u>	✓	✓	February 5, 2009
<u>SuttonBrook Capital Associates (Cayman) LTD, acting as general partner of SuttonBrook Capital Portfolio LP (Adhering Party)</u>	✓		February 2, 2009
<u>SuttonBrook Offshore Partners (LF) Ltd.</u>	✓		February 2, 2009
<u>SWISS RE FINANCIAL PRODUCTS CORPORATION</u>	✓		February 3, 2009
<u>T. Rowe Price Funds SICAV - Global High Yield Bond Fund</u>	✓		February 5, 2009
<u>T. Rowe Price High Yield Fund, Inc.</u>	✓		February 5, 2009
<u>T. Rowe Price Institutional High Yield Fund</u>	✓		February 5, 2009
<u>Taconic Capital Advisors LP, acting on behalf of the funds and accounts listed below:</u>	✓	✓	February 3, 2009
<u>Tamalpais Global Partners Master Fund LTD.</u>	✓	✓	February 5, 2009
<u>TCM Spectrum Fund (Offshore) Ltd</u>	✓	✓	February 3, 2009
<u>Telluride Capital Master Fund LTD</u>	✓		February 4, 2009
<u>Tenor Opportunity Master Fund, Ltd</u>	✓		February 4, 2009
<u>The Bank of Nova Scotia</u>	✓	✓	February 4, 2009
<u>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</u>	✓	✓	February 3, 2009
<u>The Catalyst Credit Opportunity Fund Ltd</u>	✓	✓	February 2, 2009
<u>THE COAST FUND, L.P.</u>	✓	✓	February 4, 2009
<u>The Drake Offshore Master Fund, Ltd.</u>	✓		February 5, 2009
<u>THE HARTFORD MUTUAL FUNDS, INC., on behalf of THE HARTFORD INCOME FUND</u>	✓	✓	February 3, 2009
<u>THE HARTFORD MUTUAL FUNDS, INC., on behalf of THE HARTFORD STRATEGIC INCOME FUND</u>	✓	✓	February 3, 2009
<u>THE HARTFORD MUTUAL FUNDS, INC., on behalf of THE HARTFORD TOTAL RETURN BOND FUND</u>	✓	✓	February 3, 2009
<u>The Liverpool Limited Partnership</u>	✓	✓	February 3, 2009
<u>THE LOCAL GOVERNMENT PENSIONS INSTITUTION</u>	✓	✓	February 5, 2009
<u>THE PUTNAM ADVISORY COMPANY, LLC</u>	✓	✓	February 3, 2009
<u>THE ROYAL BANK OF SCOTLAND PLC</u>	✓	✓	February 4, 2009
<u>THE TORONTO-DOMINION BANK</u>	✓	✓	February 4, 2009
<u>THIRD AVENUE SPECIAL SITUATIONS (MASTER) FUND, L.P.</u>	✓		February 5, 2009
<u>Third Stage Investment Group, LLC</u>			February 5, 2009

	✓		
<u>Thrivent Asset Management, LLC acting on behalf of the funds and accounts listed in the relevant Master Agreement between it and another Adhering Party</u>	✓		February 5, 2009
<u>Thrivent Financial for Lutherans, acting on behalf of the funds and accounts listed in the relevant Master Agreement between it and another Adhering Party</u>	✓		February 5, 2009
<u>Tiden Core Master Fund Limited</u>	✓	✓	February 2, 2009
<u>Tiptree Financial Partners, L.P.</u>	✓	✓	February 3, 2009
<u>TRAFALGAR DISCOVERY FUND</u>	✓	✓	February 3, 2009
<u>Tredje AP-fonden</u>	✓	✓	February 3, 2009
<u>Tricadia Distressed and Special Situations Master Fund, Ltd.</u>	✓	✓	February 3, 2009
<u>Two Sigma Horizon Portfolio, LLC</u>	✓	✓	February 5, 2009
<u>UBS (Lux) Institutional Sicav</u>	✓	✓	February 4, 2009
<u>UBS (Lux) Key Selection Sicav</u>	✓	✓	February 4, 2009
<u>UBS AG</u>	✓	✓	February 3, 2009
<u>UBS Fund Management (Switzerland) AG</u>	✓	✓	February 3, 2009
<u>UBS Global Asset Management (Americas) Inc.</u>	✓	✓	February 5, 2009
<u>UBS GLOBAL ASSET MANAGEMENT (AMERICAS) INC., acting on behalf of MFS Diversified Target Return Fund, a series of MFS Series Trust XV</u>	✓	✓	February 5, 2009
<u>UBS GLOBAL ASSET MANAGEMENT (UK) LTD</u>	✓	✓	February 4, 2009
<u>UBS Institutional Fund Management Company S.A.</u>	✓	✓	February 4, 2009
<u>UBS LIMITED</u>	✓	✓	February 3, 2009
<u>Ultra Master Ltd</u>	✓		February 3, 2009
<u>Van Kampen Asset Management</u>	✓		February 5, 2009
<u>VGE III Portfolio Ltd.</u>	✓		February 4, 2009
<u>Viking Global Equities II LP</u>	✓		February 4, 2009
<u>Viking Global Equities LP</u>	✓		February 4, 2009
<u>Visium Balanced Fund, LP.</u>	✓		February 4, 2009
<u>Visium Balanced Master Fund, LTD.</u>	✓		February 4, 2009
<u>Visium Balanced Offshore Fund, Ltd.</u>	✓		February 4, 2009
<u>Visium Long Bias Fund, LP.</u>	✓		February 4, 2009
<u>Visium Long Bias Offshore Fund, Ltd.</u>	✓		February 4, 2009

<u>VR Global Partners, L.P.</u>	✓	✓	February 4, 2009
<u>WACHOVIA BANK, NATIONAL ASSOCIATION</u>	✓	✓	February 3, 2009
<u>WATERSHED CAPITAL INSTITUTIONAL PARTNERS, L.P.</u>	✓	✓	February 4, 2009
<u>WATERSHED CAPITAL PARTNERS (OFFSHORE), LTD.</u>	✓	✓	February 4, 2009
<u>WATERSHED CAPITAL PARTNERS, L.P.</u>	✓	✓	February 4, 2009
<u>Waterstone Market Neutral Mac51 Fund, Ltd.</u>	✓	✓	February 3, 2009
<u>Waterstone Market Neutral Master Fund, Ltd.</u>	✓	✓	February 3, 2009
<u>WCG Master Fund, Ltd.</u>	✓	✓	February 5, 2009
<u>Wellington Management Company, LLP</u>	✓	✓	February 3, 2009
<u>WELLPOINT, INC.</u>	✓		February 5, 2009
<u>WELLS FARGO BANK, N.A.</u>	✓		February 3, 2009
<u>West Gate Strategic Income Fund 1 Master Fund, Ltd.</u>	✓	✓	February 3, 2009
<u>Western Asset Management Company, acting as Investment Manager and Agent on behalf of the accounts listed on Schedule 2</u>	✓	✓	February 5, 2009
<u>Western Investment Activism Partners LLC</u>	✓	✓	February 4, 2009
<u>Western Investment Hedged Partners LP</u>	✓	✓	February 4, 2009
<u>Western Investment Institutional Partners LLC</u>	✓	✓	February 4, 2009
<u>Western Investment Total Return Partners LP</u>	✓	✓	February 4, 2009
<u>WestLB AG</u>	✓	✓	February 3, 2009
<u>Westpac Banking Corporation</u>	✓		February 5, 2009
<u>WHIPPOORWILL DISTRESSED OPPORTUNITY FUND, L.P.</u>	✓		February 5, 2009
<u>WHIPPOORWILL OFFSHORE DISTRESSED OPPORTUNITY FUND, LTD.</u>	✓		February 5, 2009
<u>Whitebox Combined Partners LP</u>	✓		February 5, 2009
<u>Whitebox Hedged High Yield Partners LP</u>	✓		February 5, 2009
<u>YieldQuest Flexible Income Fund</u>	✓	✓	February 3, 2009
<u>YieldQuest Low Duration Bond Fund</u>	✓	✓	February 3, 2009
<u>YieldQuest Tax-Exempt Bond Fund</u>	✓	✓	February 3, 2009
<u>YieldQuest Total Return Bond Fund</u>	✓	✓	February 3, 2009
<u>YORK CAPITAL MANAGEMENT</u>	✓		February 5, 2009

