

SUMMARY TABLE: Estimated Impact of No to Feb. 8th Agreement

\$ Cdn Millions	Pensioners		LTD Employees	
	15%	50%	15%	50%
Bankruptcy Estate Cash Settlement	Worst	Best	Worst	Best
Change In				
Feb. 8th Agreement 2010 Estimated Cash Flow %	-1%	-1%	-2%	-2%
Estimated Pension Fund/H & WT Funding % (1)	0%	0%	-4%	-4%
Estimated Bankruptcy Estate Funding % (2)	0%	0%	1%	3%
Estimated Liquidation Settlement %	-1%	0%	-5%	-3%
Lost Agreement Benefits \$ M	-\$24	-\$14	-\$11	-\$7
Gained Legal Rights \$ M	\$0	\$0	\$169	\$99

Legal Release for Parties Involved, Excluding S. 5.1 (2) and Fraud

Pension Fund

H & WT

Litigation Prospects for Success

No evidence of Misconduct

Evidence of Misconduct

Separate Class for CCAA Plan

Limited prospects for success

Prospects for success

Fairness Hearing Request for Above Equal Cash Settlement in CCAA

Limited prospects for success

Prospects for success

Source: Diane A. Urquhart

15/02/2010

TABLE 1: LTD Employees' Interests in February 8th Agreement

\$ Cdn Millions	2010 Q1		2010 Q2 to Q3		2010 Q4		2010 Year		Combined
	Nortel Op.	H & WT	Nortel Op.	H & WT	Nortel Op.	H & WT	Nortel Op.	H & WT	
Yes to Feb. 8th Agreement									
Wage Loss Replacement Income	\$3.00	\$0.00	\$6.00	\$0.00	\$3.00	\$0.00	\$12.00	\$0.00	\$12.00
Health Care Benefits	\$0.45	\$0.00	\$0.90	\$0.00	\$0.45	\$0.00	\$1.80	\$0.00	\$1.80
Life Insurance Benefit	\$0.00	\$0.43	\$0.00	\$0.86	\$0.00	\$0.14	\$0.00	\$1.44	\$1.44
Total Cash Flow Received	\$3.45	\$0.43	\$6.90	\$0.86	\$3.45	\$0.14	\$13.80	\$1.44	\$15.24
H & WT Capital Allocation Assumed		\$37.07		\$36.21		\$36.07		\$36.07	\$36.07
Estimated PV Liabilities Owed to Group	\$246.12		\$238.36		\$234.77		\$234.77		\$234.77
Net Bankruptcy Creditor Claim	\$209.05		\$202.15		\$198.70		\$198.70		\$198.70
Total Settlement Value @ Worst Case	15%								\$81.11
Total Settlement Value @ Best Case	50%								\$150.65
No to Feb. 8th Agreement									
Wage Loss Replacement Income	\$0.00	\$3.00	\$0.00	\$6.00	\$0.00	\$0.00	\$0.00	\$9.00	\$9.00
Health Care Benefits	\$0.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.45	\$0.00	\$0.45
Life Insurance Benefit	\$0.00	\$0.43	\$0.00	\$0.86	\$0.00	\$0.00	\$0.00	\$1.29	\$1.29
Total Cash Flow Received	\$0.45	\$3.43	\$0.00	\$6.86	\$0.00	\$0.00	\$0.45	\$10.29	\$10.74
H & WT Capital		\$34.07		\$27.21		\$27.21		\$27.21	\$27.21
Estimated PV Liabilities Owed to Group	\$246.12		\$239.26		\$239.26		\$239.26		\$239.26
Net Bankruptcy Creditor Claim	\$212.05		\$212.05		\$212.05		\$212.05		\$212.05
Total Agreement Value @ Worst Case	15%								\$69.76
Total Agreement Value @ Best Case	50%								\$143.98
Impact of No to Feb. 8th Agreement								Gained Rights	Lost Settle. Value
Total Agreement @ Worst Case								\$168.90	-\$11.35
Total Agreement @ Best Case								\$99.35	-\$6.68

NOTES:

	Monthly	Quarterly	Annually	
Wage Loss Replacement Income	\$1.00	\$3.00	\$12.00	
Health Care Benefits	\$0.15	\$0.45	\$1.80	Assumed 1 X Mark Zigler's Estimate
Life Insurance Benefit	\$0.14	\$0.43	\$1.72	Assumed \$70,000 pre-disability income, 3 X Factor, 2% death rate, all self-insured
Health and Welfare Trust Capital	31-Dec-09	\$37.50		
H & WT Wind-up Date Assumed	30-Sep-10	Except in yes situation, life insurance benefits paid from H & WT in 2010 Q4.		
Estimated PV Liabilities Owed to Group	31-Dec-09	\$250.00		
Worst Bankruptcy Estate Cash Settlement %		15%		
Best Bankruptcy Estate Cash Settlement %		50%		

TABLE 2: Comparison of Pensioners and LTD Employees' Interests in February 8th Agreement

\$ Cdn Millions Bankruptcy Estate Cash Settlement	Pensioners		LTD Employees		LTD Employees		
	15%	50%	15%	50%	15%	50%	
	Worst	Best	Worst	Best	Worst	Best	
Yes to Feb. 8th Agreement						Yes to Agreement	
Estimated PV Liabilities Owed to Group	\$4,500	\$4,500	\$250	\$250			
Feb. 8th Agreement 2010 Estimated Cash Flow	1%	1%	6%	6%	\$15.2	\$15.2	
Estimated Pension Fund/H & WT Funding % (1)	83%	90%	14%	14%	\$36.1	\$36.1	
Estimated Bankruptcy Estate Funding % (2)	3%	5%	12%	40%	\$29.8	\$99.4	
Estimated Liquidation Settlement %	86%	96%	32%	60%	\$81.1	\$150.7	
Estimated Deficit % Relative to Est. PV Liab. (3)	14%	4%	68%	40%	\$168.9	\$99.4	

\$ Cdn Millions Bankruptcy Estate Cash Settlement	Pensioners		LTD Employees		LTD Employees		
	15%	50%	15%	50%	15%	50%	
	Worst	Best	Worst	Best	Worst	Best	
No to Feb. 8th Agreement						No to Agreement	
Estimated PV Liabilities Owed to Group	\$4,500	\$4,500	\$250	\$250			
Feb. 8th Agreement 2010 Estimated Cash Flow	0%	0%	4%	4%	\$10.7	\$10.7	
Estimated Pension Fund/H & WT Funding % (1)	83%	90%	11%	11%	\$27.2	\$27.2	
Estimated Bankruptcy Estate Funding % (2)	3%	5%	13%	42%	\$31.8	\$106.0	
Estimated Liquidation Settlement %	86%	95%	28%	58%	\$69.8	\$144.0	
Estimated Deficit % Relative to Est. PV Liab. (3)	14%	5%	72%	42%	\$180.2	\$106.0	

SUMMARY TABLE: Estimated Impact of No to Feb. 8th Settlement

\$ Cdn Millions Bankruptcy Estate Cash Settlement	Pensioners		LTD Employees		LTD Employees		
	15%	50%	15%	50%	15%	50%	
	Worst	Best	Worst	Best	Worst	Best	
						No to Agreement	
Feb. 8th Agreement 2010 Estimated Cash Flow	-1%	-1%	-2%	-2%	-\$4.5	-\$4.5	
Estimated Pension Fund/H & WT Funding % (1)	0%	0%	-4%	-4%	-\$8.9	-\$8.9	
Estimated Bankruptcy Estate Funding % (2)	0%	0%	1%	3%	\$2.0	\$6.7	
Estimated Liquidation Settlement %	-1%	0%	-5%	-3%	-\$11.3	-\$6.7	
Lost Agreement Benefits \$ M	-\$24	-\$14	-\$11	-\$7			
Gained Legal Rights \$ M	\$0	\$0	\$169	\$99			

Legal Release for Parties Involved, Excluding S. 5.1 (2) and Fraud

Pension Fund

H & WT

Litigation Prospects for Success

No evidence of Misconduct

Evidence of Misconduct

Separate Class for CCAA Plan

Limited prospects for success

Prospects for success

Fairness Hearing Request for Above Equal Cash Settlement in CCAA

Limited prospects for success

Prospects for success

Source: Diane A. Urquhart

15/02/2010

NOTES TO TABLE 2:

(1) H & WT Funding % is Undisclosed, So This is Placeholder Estimate Only

September 30, 2009 H & WT Total Assets	\$75
% Assumed allocated to LTD Employees	50%
H & WT Allocated to LTD Employees	\$38

Pension Plan Funding % Estimated Average as Shown Below	With OPBGF		Without OPBGF	
Member retirees with avg. monthly pension:	\$1,500	\$1,500	\$1,500	\$1,500
Pension plan has a deficit of:	-31%	-31%	-31%	-31%
Bankruptcy cash settlement ratio is:	15%	50%	15%	50%
On the first \$1000 of pension income	\$1,000	\$1,000	\$0	\$0
Pension fund pays	\$690	\$690	\$0	\$0
Bankruptcy cash settlement pays (Fully Credited to OPBGF)	\$47	\$155	\$0	\$0
Ontario PBGF pays	\$264	\$155	\$0	\$0
On the next portion of pension income	\$500	\$500	\$1,500	\$1,500
Pension fund pays	\$345	\$345	\$1,035	\$1,035
Bankruptcy cash settlement pays	\$23	\$78	\$70	\$233
Total pension income	\$1,368	\$1,423	\$1,105	\$1,268
% of original pension	91.2%	94.8%	73.7%	84.5%

	% Mix	CV Before	CV After OPBGF	Bankruptcy Settlement Benefit	CV After Bankruptcy Settlement
Bankruptcy Cash Settlement Ratio				0%	15%
Ontario Pensioners	51%	69%	90%	2%	5%
Other Pensioners	49%	69%	69%	5%	16%
All Average		69%	80%	3%	10%

(2) Bankruptcy Estate Funding % on Plan Deficits	15%	15%	50%	50%
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(3) Not taking into account possible further loss of benefit due to forced annuities purchase at current interest rates below the amount assumed in the wind-up actuarial report.

Source: Diane A. Urquhart

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