

## APPENDIX "GGG"

06 February 2006

### Valuation of the Obligations of the Health & Welfare Trust as at September 30, 2005 Nortel Networks Corporation

**MERCER**  
Human Resource Consulting

#### Employer Contributions Withdrawn from HWT

Employer Contributions	(\$20,900)
Employee Contributions	<u>\$ 2,700</u>
Net Contributions	(\$18,100)

The following table presents a reconciliation of Trust assets by benefit.<sup>19</sup>

	Retiree Life	LTD	SIB	Optional Life	Total
Balance at September 30, 2004	61,079	74,524	18,755	18,938	173,296
Contributions	-	(18,098)	-	2,183	(15,915)
Benefit payments	7,374	11,846	1,487	3,641	24,348
Investment income	3,133	3,822	972	977	8,904
Unrealized gains/(losses)	4,662	(2,302)	1,633	1,639	5,632
Balance at September 30, 2005	61,500	46,100	19,874	20,096	147,569

<sup>19</sup> Figures are in thousands of Canadian dollars.

## NORTEL HEALTH AND WELFARE TRUST FINANCIAL STATEMENTS 2005 TO 2009

### 2005 ADJUSTED TO REMOVE PAY AS YOU GO MEDICAL AND LIFE CLAIMS

Adjusted HWT Financial Statements	2005 (1)	2006 (1) & (2)	2007 (2)	2008	2009	2010
Employer Contributions Cash (1)	-20,866	-11,237	2,098	3,752	35,801	
Change in Due from Sponsoring Companies	10,831	11,397	-1,875	-3,579	-35,706	
Employer Contributions Total	-10,035	160	223	173	95	
Employee Contributions Cash	2,726	4,785	1,750	2,066	1,583	
Investment Income & Realized Gains/Losses Cash	11,492	7,136	6,071	7,548	5,654	
Additions	4,183	12,081	8,044	9,787	7,332	
Claims & Administration Cash (1)	25,155	23,968	18,881	20,732	52,954	
Change in Claims Payable	-392	49	1,401	233	-1,774	
Deductions	24,763	24,017	20,282	20,965	51,180	
Net Change	-20,580	-11,936	-12,238	-11,178	-43,848	
Unrealized Gains/Losses	0	21,778	-1,762	-1,302	-3,043	
Change in Net Assets	-20,580	9,842	-14,000	-12,480	-46,891	
Change in Net Assets Before Due from Sponsor/Claims Payable	-31,803	-1,506	-10,724	-8,668	-12,959	

NOTES:

(1) Medical and Dental Claims for Pensioners, Actives and Disabled	2005	2006
	34,984	38,128

Est. \$16 M of \$32 M spent on the medical claims of pensioners ,  
Est. \$5 M on the medical claims and life insurance of the LTD and  
Est. \$11 M on the medical claims and life insurance of the active  
employees

(2) Change from Cost to Marked to Market for the HWT Assets 24,513