

APPENDIX “N”

INDEX TO HWT TAX RETURNS

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Canada Customs and Revenue Agency Agence des douanes et du revenu du Canada

Do not use this area 2005

T3 TRUST INCOME TAX AND INFORMATION RETURN

Legislative references on this return refer to the *Income Tax Act* and *Income Tax Regulations*. All references to "the guide" on this return refer to the *T3 Trust Guide*.

▲ Step 1 – Identification and other required information

Name of trust Nortel Networks Health & Welfare Trust		Trust account number T10-3433-06
Name of trustee, executor, liquidator, or administrator The Northern Trust Company		Do not use this area
Mailing address of trustee, executor, liquidator, or administrator 161 Bay Street, Suite 4540		Telephone number (416) 365-7161
Toronto Ontario		Postal code M5J 2S1
Mailing address, if different than trustee (or name and mailing address of the contact person, if different) Nortel Networks		Telephone number (905) 863-6215
8200 Dixie Road, Suite 100 Brampton Ontario		Postal code L6T 5P6
Residence of trust at end of taxation year	Country (if other than Canada) If Canada, state the province or territory Ontario	
Is this a Yukon First Nation (FN) trust? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, give the FN name and identification number.		
If the trust had business income in the year, state the province(s) or territory(ies) where that income was earned.		
If the trust became or ceased to be a resident of Canada in the year, give the date it: became resident Year Month Day or ceased residence Year Month Day		

Type of trust

<input type="checkbox"/> Testamentary <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Other		Date of death Year Month Day Social insurance number of deceased
<input type="checkbox"/> Inter vivos <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Unit <input type="checkbox"/> Mutual fund <input type="checkbox"/> Communal organization <input type="checkbox"/> Employee benefit plan <input type="checkbox"/> Insurance segregated fund <input type="checkbox"/> Fully or partially registered <input type="checkbox"/> Non-registered		Date trust was created Year Month Day 1980-01-01 <input type="checkbox"/> Non-profit organization – Business Number: <input type="checkbox"/> Employee trust <input type="checkbox"/> Personal trust <input type="checkbox"/> Joint spousal or common-law partner trust <input type="checkbox"/> Alter ego trust <input checked="" type="checkbox"/> Other inter vivos (specify) Health & Welfare
Deemed resident Is this a deemed resident trust? Yes <input type="checkbox"/> If yes, please indicate any other country in which it is also considered resident.		

Return for taxation year

from	Year Month Day 2005-01-01	to	Year Month Day 2005-12-31
Is this the first year of filing a T3 return?		No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
If no, for what year was the last return filed?		Year	
If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return).		Attached <input type="checkbox"/>	With T1 <input type="checkbox"/>
Is this an amended return?		No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
Address on last return is same as above, or the following:		Same <input type="checkbox"/>	
Is this the final return of the trust?		No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
If yes, give the date the trust wound up, or is planning to wind up.		Year Month Day	
In which official language do you want to receive correspondence?		English <input checked="" type="checkbox"/>	French <input type="checkbox"/>

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income from all sources, both inside and outside Canada.

If a trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-959-8281 for more filing requirements.

Did the trust hold foreign property at any time in the taxation year with a total cost of more than CAN\$100,000?

No ☒ Yes ☐

If yes, attach a completed Form T1135, *Foreign Income Verification Statement*.

Other required information

1. Is the trust one of a number of trusts created from contributions by the same individual?
If yes, complete Schedule 6 and attach a list of the names, addresses, and account numbers of the other trusts. ☒ No ☐ Yes
- For any trust (other than a unit trust), did the ownership of capital or income interests change since 1984?
If yes, state the year, and, if during this taxation year, attach a statement showing the changes. ☒ No ☐ Yes
3. Were the terms of the trust amended or varied since June 18, 1971?
If yes, state the year, and, if during this taxation year, attach copies of the documents effecting these changes. ☒ No ☐ Yes
4. Has the trust continuously resided in Canada since it was established (or since June 18, 1971, if it was established before that date)? ☐ No ☒ Yes
5. Did the trust receive any additional capital property by way of gift since June 18, 1971? (Do not include the original property settled on the trust.) If yes, state the year, and, if during this taxation year, attach a statement giving the details. ☒ No ☐ Yes
6. Did the trust borrow money, or incur a debt, in a non-arm's length transaction since June 18, 1971?
If yes, state the year, and, if during this taxation year, attach a statement showing the amount of the loan, the lender's name, and the lender's relationship to the beneficiaries. ☒ No ☐ Yes
7. In any previous taxation year, did the trust file Form T1015 to elect to defer the deemed realization day? ☒ No ☐ Yes
8. Does the will, trust document, or court order require the payment of trust income earned in the current year to beneficiaries?
If yes, complete Schedule 9. ☒ No ☐ Yes
9. Did the trust receive, after December 17, 1999, any property as a transfer from a non-grandfathered inter vivos trust where the beneficial ownership of the property did not change as a result of the transfer?
If yes, state the year, and, if during this taxation year, attach a statement giving details. ☒ No ☐ Yes
10. Did the trust distribute assets other than cash to a beneficiary during the taxation year?
If yes, attach a statement giving a complete description of the property, the name and address of the beneficiary to whom the property was distributed, and the date the property was distributed. If the beneficiary is an individual, also state the beneficiary's social insurance number. ☒ No ☐ Yes
11. Did the trust receive any additional property by way of a contribution of property (as defined in the Glossary of the guide) since June 22, 2000? If yes, state the year, and, if during this taxation year, attach a statement giving details. ☒ No ☐ Yes

Step 2 - Calculating total income - See lines 01 to 20 in the guide.

Taxable capital gains (line 21 of Schedule 1)			01 *
▲ Pension income			02 *
▲ Actual amount of dividends from taxable Canadian corporations (line 1 of Schedule 8)			03 *
▲ Foreign investment income (line 4 of Schedule 8)			04 *
▲ Other investment income (line 10 of Schedule 8)		11,789,904.00	05 *
Business income (Form T2124)	Gross	96 Net	06 *
Farming income (Form T2042 or CAIS program form)	Gross	97 Net	07 *
Fishing income (Form T2121)	Gross	98 Net	08 *
Rental income (Form T776)	Gross	99 Net	09 *
NISA Fund 2			10 *
(includes NISA Fund 2 payments received while the beneficiary spouse or common-law partner is, or was, alive, or received by a communal organization)			
Deemed realizations (line 42 of Form T1055)			11 *
▲ Other income (specify and attach any information slips received)			
Add lines 01 to 19. This is the trust's total income.			19 *
11,789,904.00			20

Step 3 – Calculating net income – See lines 21 to 50 in the guide.

Trust's total income (line 20 of page 2) 11,789,904|00 20

▲ Carrying charges and interest expenses (line 15 of Schedule 8)		712,481 61 21 •
Trustee fees – See lines 22 to 24 in the guide.		
Trustee fees that do not relate to income or were deducted elsewhere on this return	22 •	
Trustee fees deductible from income (line 22 minus line 23)	23 •	
Allowable business investment losses (ABIL)		24
Other deductions from total income (specify – see line 40 in the guide)		25 •
Trust Claim Premiums	11,077,422 39	
	11,077,422 39	
	11,077,422 39 40 •	
Add lines 21, 24, 25, and 40.	11,789,904 00	11,789,904 00 41
	Line 20 minus line 41.	0 00 42
Taxable benefits – See lines 43 and 44 in the guide.		
Upkeep, maintenance, and taxes of a property used or occupied by a beneficiary		43 •
Value of other benefits to a beneficiary		44 •
Total taxable benefits (line 43 plus line 44)		45
Income before allocations (line 42 plus line 45)		0 00 46
Amounts paid or payable to beneficiaries		A •
Less: Amounts claimed under subsections 104(13.1) and (13.2) (attach a statement)		B •
Total income allocations and designations to beneficiaries (line A minus line B)		47 •
Income after allocations (line 46 minus line 47)		0 00 48
Gross-up amount of dividends retained or not designated by the trust (line 21 of Schedule 8)		49 •
Line 48 plus line 49. This is the trust's net income.		0 00 50 •

Step 4 – Calculating taxable income – See lines 51 to 56 in the guide.

Deductions to arrive at taxable income		
Non-capital losses of other years – See line 51 in the guide.		51 •
Net capital losses of other years – See line 52 in the guide.		52 •
Capital gains deduction for resident spousal or common-law partner trust only (line 10 of Schedule 5)		53 •
Other deductions to arrive at taxable income (specify – see line 54 in the guide)		54 •
Add lines 51 to 54.	0 00	0 00 55
Line 50 minus line 55. This is the trust's taxable income.		0 00 56 •

If the amount is more than zero, enter the amount on line 56, and on line 1 of Schedule 11. If the amount is zero or negative, enter "0" on line 56, and enter the actual amount on line 23 of Schedule 12 if minimum tax applies.

Step 5 – Summary of tax and credits – See lines 81 to 100 in the guide.

Tax:

Total federal tax payable (line 41 of Schedule 11, or line 55 of Schedule 12)	81	■
Provincial or territorial tax payable (from the applicable provincial or territorial form)	82	■
Part XII.2 tax payable (line 12 of Schedule 10)	83	■
Add lines 81 to 83. Total taxes payable.	0 00	0 00 84 •

Credits:

Tax paid by instalments	85	•
Total tax deducted (see lines C, D, and 86 in the guide)	C	
Transfer to Quebec	D	
Net tax deducted (line C minus line D)	86	•
Refundable Quebec abatement (line 42 of Schedule 11, or line 56 of Schedule 12)	87	•
Refundable investment tax credit [Form T2038(IND)]	88	•
Capital gains refund (Form T184)	89	•
Part XII.2 tax credit (box 38 of T3 slip)	90	•
Other credits (specify)	91	•
Add lines 85 to 91. Total credits.	0 00	0 00 93
Refund or balance owing – Line 84 minus line 93.		0 00 94

If the result is negative, you have a refund.

If the result is positive, you have a balance owing.

Generally, we do not refund or charge a difference of \$2 or less.

Amount enclosed 95

Payment: Attach a cheque or money order payable to the Receiver General. Do not mail cash.

Refund code ☐ 100
(see the guide for details)

Name and address of person or company (other than trustee, executor, liquidator, or administrator) who prepared this return.

Fax

Postal code

Telephone number

Privacy Act – Personal Information Bank number RCT/P-PU-015.

Certification (by trustee, executor, liquidator, or administrator)

I, (please print) John Doolittle

certify that the information given on this T3 return and in any documents attached is, to the best of my knowledge, correct, complete, and fully discloses the income from all sources.

Authorized person's signature

Vice President, Tax

Position or title

Date

Mar 30/02

T3 - 2005 PART XII.2 TAX AND PART XIII NON-RESIDENT WITHHOLDING TAX SCHEDULE 10

- Enter the applicable taxation year in the box above. Attach a completed copy of this schedule to the trust's return.
- All references to "the guide" are to the T3 Trust Guide.

Part A - Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, and for more information on completing this schedule, see Chapter 3 in the guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define **designated beneficiary** and **specified income** in the guide, under "Schedule 10 - Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's taxation year-end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- Eligible beneficiaries will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (lines 06 to 08 of the return)	10010 •	1
Net income (loss) from real properties (land and buildings) located in Canada (line 09 of the return)	10020 •	2
Net income (loss) from timber resource properties	10030 •	3
Net income (loss) from Canadian resource properties the trust acquired after 1971	10040 •	4
Taxable capital gains and allowable capital losses from the disposition of certain properties	10050 •	5
Total specified income (add lines 1 to 5)		6

Calculating Part XII.2 tax

Amounts allocated and designated to beneficiaries other than by preferred beneficiary election

Resident beneficiaries (line 928, column 1 of Schedule 9)	7	
Non-resident beneficiaries (line 928, column 2 of Schedule 9)	8	
Subtotal (line 7 plus line 8)	9	
Taxable benefits (line 44 of the return)	10	
Adjusted amounts allocated and designated to beneficiaries (line 9 minus line 10)		11

Part XII.2 tax payable (line 6 or line 11, whichever is less, x 36%) = **12**

Enter the amount from line 12 on line B3 of the T3 return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to non-resident beneficiaries x Amount from line 12 = **13**

Divide by amount from line 11

Part XII.2 refundable tax credit for eligible beneficiaries (line 12 minus line 13) **14**

Enter the amount from line 14 on line 938 of Schedule 9, *Income Allocations and Designations to Beneficiaries*. If there is only one eligible beneficiary, enter the amount from line 14 in box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see the instructions for Line 14 of Schedule 10 in the guide to calculate the box 38 amount for each eligible beneficiary.

Complete Part B on page 2 if the trust is required to submit Part XIII non-resident withholding tax.

Part B – Calculating Part XIII non-resident withholding taxPayer's remittance no. **NR -505060**

Total income paid or payable to non-resident beneficiaries (line 928, column 2 of Schedule 9)	42,695	64	15
Adjustment for non-cash items included above (provide reconciliation) (if negative, enter in brackets)	10210	•	16
Amounts paid or payable (line 15 plus line 16)	42,695	64	17
Amounts not subject to Part XIII tax:			
Taxable capital gains distributions designated as payable by a mutual fund trust (see Note below)	10230	•	18
Distributions by certain trusts established before 1949	10240	•	19
Other (specify)	10250	•	20
Amount from line 13 in Part A			21
Subtotal (add lines 18 to 21)			22
Taxable Canadian property gains distributions for non-resident beneficiaries (see Note below)			23
Amount subject to non-resident tax (subtract line 22 from line 17, then add line 23)	42,695	64	24
Non-resident tax payable (Multiply the amount on line 24 by the appropriate rate of tax. This amount has to be the same as the amount reported on the NR4 Summary and the related NR4 slip(s))	8,260	77	25
Amounts already remitted on Form NR-76, Non-Resident Tax Statement of Account	8,260	77	26
Part XIII tax due (line 25 minus line 26)			27

Remit the Part XIII tax with your Form NR-76, NR4 Summary, and NR4 slip(s).

Note: If more than 5% (.05) of a mutual fund trust's taxable capital gains distributions are designated to non-resident beneficiaries (including a partnership that is not a Canadian partnership), the trust must do an additional calculation for line 18 and for line 23. Enter the amount from line 43 on line 18 and the amount from line 42 on line 23. To determine the trust's opening taxable Canadian property (TCP) gains balance at the beginning of the following year, complete lines 44 to 47. If the amount at line 37 is less than 5% (.05), do not complete the rest of this area. Instead, enter the amount from line 921, column 2, of Schedule 9 at line 18 and enter "0" at line 23.

TCP gains balance for the mutual fund trust

Trust's TCP gains balance at the end of the previous year (Line 4 of previous year's Schedule 10. If the trust did not exceed the 5% distribution rule, use the amount from line e.)		28
Trust's capital gains from dispositions of taxable Canadian property during the taxation year		29
• gains distributions received by the trust during the taxation year		30
Subtotal (add lines 28, 29, and 30)		31
Trust's capital losses from taxable Canadian property during the taxation year		32
Mutual fund trust's TCP gains balance for the year (line 31 minus line 32). If negative, indicate the negative balance.		33

Pro rata portion for non-resident beneficiaries

Trust's TCP gains balance for the year (line 33 above). If negative, enter "0".		34
Taxable capital gains designated to non-resident beneficiaries for the taxation year		35
Total taxable capital gains designated by the trust to all beneficiaries for the taxation year		36
Line 35 divided by line 36		37
Non-resident beneficiaries' pro rata portion (line 34 multiplied by line 37)		38

Non-resident beneficiaries TCP gains distribution

Amount from line 35	X 2 =	39
Non-resident beneficiaries TCP gains distribution. Enter the lesser of lines 38 and 39.		40

Include the amount from line 40 as code 58 on the beneficiary's NR4 slip.

Capital gains distributions not subject to Part XIII tax

Amount from line 35		41
Amount from line 40	X 1/2 =	42
Capital gains distributions not subject to Part XIII tax (line 41 minus line 42)		43

Enter the amount from line 42 on line 23 above, and the amount from line 43 on line 18 above.

Mutual fund trust's TCP gains balance at the end of the taxation year

Trust's TCP gains balance for the year (line 33 above). If negative, indicate the negative balance.		44
Amount from line 36	X 2 =	45
Total TCP gains distributions to all beneficiaries. Enter the lesser of lines 44 and 45. If negative, enter "0".		46
Trust's TCP gains balance at the end of the taxation year (line 44 minus line 46). If negative, indicate the negative balance.		47

Use this balance when determining the trust's TCP gains balance at the beginning of next year.

T3 - 2005

**INVESTMENT INCOME, CARRYING CHARGES, AND
GROSS-UP AMOUNT OF DIVIDENDS RETAINED BY THE TRUST****SCHEDULE 8**

• Enter the applicable taxation year in the box above. Attach a completed copy of this schedule to the trust's return.

Part A - Calculating investment income and carrying charges

- Attach any information slips received.
- Enter the names of the payers at the appropriate lines below. If there is not enough space, attach a separate sheet.
- Include amounts credited through agencies such as banks, trust companies, and brokers.

Actual amount of dividends from taxable Canadian corporations

(box 23 of T3 slip or box 10 of T5 slip)

Enter the amount from line 1 on line 03 of the T3 return, and line 16 below.

1

Foreign investment income

Interest from foreign sources

Other foreign investment income

Total foreign investment income (line 2 plus line 3)

Enter the amount from line 4 on line 04 of the T3 return.

2

3

4

Other investment incomeInterest Bonds, trust companies,
banks

Other deposits (specify)

Mortgages, notes, and
other securities

Other dividends (including dividends received under a dividend rental arrangement)

Other (specify)

Total other investment income (add lines 5 to 9)

Enter the amount from line 10 on line 05 of the T3 return.

11,789,904.00

5

6

7

8

9

11,789,904.00

10

Carrying charges and interest expensesInterest on money borrowed to earn investment income (attach a statement - see the *T3 Trust Guide* for details)

Management, safe custody, or accounting fees (specify)

Investment counsel fees

Other (specify)

ADMINISTRATION EXPENSES

8160 •

8170 •

8180 •

712,481.61

8190 •

712,481.61

Total carrying charges (add lines 11 to 14)

Enter the amount from line 15 on line 21 of the T3 return.

11

12

13

14

15

Part B - Calculating the gross-up amount of dividends retained or not designated by the trust

Total dividends reported before applying expenses (line 1 above)

Dividends designated to beneficiaries (line 923, Part A of Schedule 9)

Total dividends not designated by the trust (line 16 minus line 17)

Dividends allocated, but not designated, to non-resident beneficiaries
(dividends from line 926, Column 2 of Schedule 9)

Total dividends retained (resident beneficiaries only) or not designated by the trust (line 18 minus line 19)

Multiply line 20 by 25%

Gross-up amount of dividends retained or not designated by the trustEnter the amount from line 21 on line 24 of Schedule 11, *Federal Income Tax*, or on line 19 of Schedule 12, *Minimum Tax*, if applicable, and on line 49 of the T3 return.

16

17

18

19

20

8240 •

x 25 %

21

Summary of Losses Carried Forward

Non-capital losses carried forward

Desired deduction				
Year	Opening balance	Applied to current year	Expired	Closing balance
1998				
1999				
2000				
2001				
2002				
2003				
2004				
	Current year loss		Carried back (T3A)	
2005				
Total				

Non-capital losses carried forward (10 years carryforward)

Year	Opening balance	Applied to current year	Closing balance

Farm/fish losses carried forward

Desired deduction				
Year	Opening balance	Applied to current year	Expired	Closing balance
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
	Current year loss		Carried back (T3A)	
2005				
Total				

Restricted farm losses carried forward

Desired deduction		Farm income		
Year	Opening balance	Applied to current year	Expired	Closing balance
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
	Current year loss		Carried back (T3A)	
2005				
Total				

Capital losses carried forward

Claim maximum possible (including \$2,000 against other income).

Claim losses needed to offset current year capital gains.

Claim losses needed to offset capital gains less capital fees.

ter desired total deduction.

total desired deduction.

Year	Rate of inclusion	Opening balance	Applied to current year	Closing balance
Pre 1986	50.0000 %			
1986-1987	50.0000 %			
1988-1989	66.6667 %			
1989-1999	75.0000 %	832,123 00		832,123 00
2000	75.0000 %	555,507 00		555,507 00
2001	50.0000 %	67,972 00		67,972 00
2002 and after	50.0000 %	1,318,681 50		1,318,681 50

Current year loss

Carried back (T3A)

2005 50.0000 %

Calculation of allowable deduction (section 111(1.1)).

a) i) Taxable capital gains

ii) Grossed-up losses

Pre 1988	x	1.0000	=	
1988-1989	x	0.7500	=	
1989-1999	x	0.6667	=	
2000	x	0.6667	=	
2001	x	1.0000	=	
2002 and after	x	1.0000	=	

Total

Lesser of (i) and (ii)

i) i) Maximum deduction against other income

2,000 00

ii) Pre-86 loss account balance

iii) A) Total losses claimed

minus:

B) Losses required to offset gains

Pre 1988	x	1.0000	=	
1988-1989	x	0.7500	=	
1989-1999	x	0.6667	=	
2000	x	0.6667	=	
2001	x	1.0000	=	
2002 and after	x	1.0000	=	

Total

+ →

Amount (A) minus (B)

Least of amounts i), ii) and iii)

Total deduction allowed [(a) + (b)]

L.P.P losses

Balance forward

Current year loss (Schedule 1 and T1055)

Subtotal

Expired losses

Loss applied in current year (S1)

Loss applied on T1055

ss available for carry forward

Loss carried back (T3A)

Closing Balance

Limited partnership losses		
Balance forward		
Losses from T5013 slips		
Other unused current year losses		
	Subtotal	
Less: Losses applied current year		
	Closing balances	

2

Canada Revenue Agency Agence du revenu du Canada

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T3 TRUST INCOME TAX AND INFORMATION RETURN

Legislative references on this return refer to the Income Tax Act and Income Tax Regulations. All references to "the guide" on this return refer to the T3 Trust Guide.

Step 1 - Identification and other required information

Name of trust: Nortel Networks Health & Welfare Trust

Name of trustee, executor, liquidator, or administrator: The Northern Trust Company

Mailing address of trustee, executor, liquidator, or administrator: 161 Bay Street, Suite 4540 Toronto Ontario

Mailing address, if different than trustee (or name and mailing address of the contact person, if different): Nortel Networks 195 The West Mall, Toronto Ontario

Residence of trust at end of tax year: Country (if other than Canada): Ontario

Is the trust resident on designated Aboriginal settlement lands? No [X] Yes [] If yes, give the name and settlement number.

If the trust had business income in the year, state the province(s) or territory(ies) where that income was earned.

If the trust became or ceased to be a resident of Canada in the year, give the date it: became resident Year Month Day or ceased residence Year Month Day

Type of trust

Testamentary [] Spousal or common-law partner [] Other

Inter vivos [] Spousal or common-law partner [] Unit [] Mutual fund [] Communal organization [] Employee benefit plan [] Insurance segregated fund [] Fully or partially registered [] Non-registered

Date of death Year Month Day Social Insurance number of deceased

Date trust was created Year Month Day 1980-01-01

Non-profit organization - Business Number: [] Employee trust [] Personal trust [] Joint spousal or common-law partner trust [] Alter ego trust [X] Other inter vivos (specify) Health & Welfare

Return for tax year

from Year Month Day 2006-01-01 to Year Month Day 2006-12-31

Is this the first year of filing a T3 return? No [X] Yes []

If no, for what year was the last return filed? 2005 Year

If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return). Attached [] With T1 []

Is this an amended return? No [X] Yes []

Address on last return is same as above, or the following: Same [] 8200 Dixie Road, Suite 100

Is this the final return of the trust? No [X] Yes []

If yes, give the date the trust wound up, or is planning to wind up. Year Month Day

In which official language do you want to receive correspondence? English [X] French []

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income from all sources, both inside and outside Canada.

If the trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-959-8281 for more filing requirements.

Did the trust hold foreign property at any time in the tax year with a total cost of more than CAN\$100,000? No [X] Yes []

If yes, you may have to complete and attach Form T1135, Foreign Income Verification Statement. For filing requirements, see the form.


Canada Revenue Agency
Agence du revenu
du Canada

Do not use this area 2006

T3 TRUST INCOME TAX AND INFORMATION RETURN

Legislative references on this return refer to the *Income Tax Act* and *Income Tax Regulations*.
All references to "the guide" on this return refer to the *T3 Trust Guide*.

▲ Step 1 – Identification and other required information

Name of trust Nortel Networks Health & Welfare Trust		Trust account number T10-3433-06
Name of trustee, executor, liquidator, or administrator The Northern Trust Company		Do not use this area
Mailing address of trustee, executor, liquidator, or administrator 161 Bay Street, Suite 4540		Telephone number (416) 365-7161
Toronto Ontario		Postal code M5J 2S1
Mailing address, if different than trustee (or name and mailing address of the contact person, if different) Nortel Networks		Telephone number (905) 863-6215
195 The West Mall, Toronto Ontario		Postal code M9C 5K1
Residence of trust at end of tax year	Country (if other than Canada)	
Is the trust resident on designated Aboriginal settlement lands?	If Canada, state the province or territory. Ontario	
No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>	If yes, give the name and settlement number.	
If the trust had business income in the year, state the province(s) or territory(ies) where that income was earned.		
If the trust became or ceased to be a resident of Canada in the year, give the date it:		
became resident	Year Month Day	or ceased residence Year Month Day

Type of trust <input type="checkbox"/> Testamentary <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Other Date of death Year Month Day Social insurance number of deceased		Return for tax year from Year Month Day 2006-01-01 to Year Month Day 2006-12-31	
Inter vivos <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Unit <input type="checkbox"/> Mutual fund <input type="checkbox"/> Communal organization <input type="checkbox"/> Employee benefit plan <input type="checkbox"/> Insurance segregated fund <input type="checkbox"/> Fully or partially registered <input type="checkbox"/> Non-registered Date trust was created Year Month Day 1980-01-01 <input type="checkbox"/> Non-profit organization – Business Number: <input type="checkbox"/> Employee trust <input type="checkbox"/> Personal trust <input type="checkbox"/> Joint spousal or common-law partner trust <input type="checkbox"/> Alter ego trust <input checked="" type="checkbox"/> Other inter vivos (specify) Health & Welfare		Is this the first year of filing a T3 return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If no, for what year was the last return filed? 2005 Year If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return). Attached <input type="checkbox"/> With T1 <input type="checkbox"/> Is this an amended return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> Address on last return is same as above, or the following: 8200 Dixie Road, Suite 100 Same <input type="checkbox"/> Is this the final return of the trust? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, give the date the trust wound up, or is planning to wind up. Year Month Day In which official language do you want to receive correspondence? English <input checked="" type="checkbox"/> French <input type="checkbox"/>	
Deemed resident Is this a deemed resident? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, please indicate any other country in which it is also considered resident.			

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income from all sources, both inside and outside Canada.
If the trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-959-8281 for more filing requirements.

Did the trust hold foreign property at any time in the tax year with a total cost of more than CAN\$100,000?

No ☒ Yes ☐

If yes, you may have to complete and attach Form T1135, *Foreign Income Verification Statement*. For filing requirements, see the form.

Other required information

- | | No | Yes |
|--|-------------------------------------|-------------------------------------|
| 1. Is the trust one of a number of trusts created from contributions by the same individual?
If yes, complete Schedule 6 and attach a list of the names, addresses, and account numbers of the other trusts. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. For any trust (other than a unit trust), did the ownership of capital or income interests change since 1984?
If yes, state the year, and, if during this tax year, attach a statement showing the changes. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Were the terms of the trust amended or varied since June 18, 1971?
If yes, state the year, and, if during this tax year, attach copies of the documents effecting these changes. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Has the trust continuously resided in Canada since it was established (or since June 18, 1971, if it was established before that date)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. Did the trust receive any additional capital property by way of gift since June 18, 1971? (Do not include the original property settled on the trust.) If yes, state the year, and, if during this tax year, attach a statement giving the details. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. Did the trust borrow money, or incur a debt, in a non-arm's length transaction since June 18, 1971?
If yes, state the year, and, if during this tax year, attach a statement showing the amount of the loan, the lender's name, and the lender's relationship to the beneficiaries. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Does the will, trust document, or court order require the payment of trust income earned in the current year to beneficiaries?
If yes, complete Schedule 9. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Did the trust receive, after December 17, 1999, any property as a transfer from a non-grandfathered inter vivos trust where the beneficial ownership of the property did not change as a result of the transfer?
If yes, state the year, and, if during this tax year, attach a statement giving details. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Did the trust distribute assets other than cash to a beneficiary during the tax year?
If yes, attach a statement giving a complete description of the property, the name and address of the beneficiary to whom the property was distributed, and the date the property was distributed. If the beneficiary is an individual, also state the beneficiary's social insurance number. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. Did the trust receive any additional property by way of a contribution of property (as defined in the Glossary of the guide) since June 22, 2000? If yes, state the year, and, if during this tax year, attach a statement giving details. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Step 2 – Calculating total income – See lines 01 to 20 in the guide.

Taxable capital gains (line 21 of Schedule 1)			01 •
▲ Pension income			02 •
▲ Total of actual amount of dividends from taxable Canadian corporations (line 3 of Schedule 8)			03 •
Actual amount of dividends other than eligible dividends from taxable Canadian corporations (line 1 of Schedule 8)		3A	
▲ Foreign investment income (line 6 of Schedule 8)			04 •
▲ Other investment income (line 12 of Schedule 8)		7,353,127/67	05 •
Business income (Form T2124)			
Farming income (Form T2042 or CAIS program form)	Gross	96 Net	06 •
Fishing income (Form T2121)	Gross	97 Net	07 •
Rental income (Form T776)	Gross	98 Net	08 •
NISA Fund 2		99 Net	09 •
(includes NISA Fund 2 payments received while the beneficiary spouse or common-law partner is, or was, alive, or received by a communal organization)			10 •
Deemed dispositions income or losses (line 42 of Form T1055)			11 •
▲ Other income (specify and attach any information slips received)			
Add lines 01 to 19. This is the trust's total income.		7,353,127/67	19 •
		7,353,127/67	20

Step 3 – Calculating net income – See lines 21 to 50 in the guide.

Trust's total income (line 20 of page 2)		7,353,127/67	20
<hr/>			
Carrying charges and interest expenses (line 17 of Schedule 8)		371,817/96	21 •
Trustee fees – See lines 22 to 24 in the guide.			
Trustee fees that do not relate to income or were deducted elsewhere on this return	22 •		
Trustee fees deductible from income (line 22 minus line 23)	23 •		
Allowable business investment losses (ABIL)		24	
Other deductions from total income (specify – see line 40 in the guide)		25 •	
Trust Claim Premiums	6,981,309/71		
	6,981,309/71		
	6,981,309/71	6,981,309/71	40 •
	Add lines 21, 24, 25, and 40.	7,353,127/67	41
		Line 20 minus line 41.	0/00 42
<hr/>			
Taxable benefits – See lines 43 and 44 in the guide.			
Upkeep, maintenance, and taxes of a property used or occupied by a beneficiary		43 •	
Value of other benefits to a beneficiary		44 •	
Total taxable benefits (line 43 plus line 44)			45
Income before allocations (line 42 plus line 45)		0/00	46
<hr/>			
Amounts paid or payable to beneficiaries			
Less: Amounts claimed under subsections 104(13.1) and (13.2) (attach a statement)		A •	
		B •	
Total income allocations and designations to beneficiaries (line A minus line B)			47 •
Income after allocations (line 46 minus line 47)		0/00	48
Total gross-up amount of dividends retained or not designated by the trust (line 32 of Schedule 8)			49 •
	Line 48 plus line 49. This is the trust's net income.	0/00	50 •

Step 4 – Calculating taxable income – See lines 51 to 56 in the guide.

Deductions to arrive at taxable income			
Non-capital losses of other years – See line 51 in the guide.			
		51 •	
Net capital losses of other years – See line 52 in the guide.			
		52 •	
Capital gains deduction for resident spousal or common-law partner trust only (line 10 of Schedule 5)			
		53 •	
Other deductions to arrive at taxable income (specify – see line 54 in the guide)			
		54 •	
	Add lines 51 to 54.	0/00	55
	Line 50 minus line 55. This is the trust's taxable income.	0/00	56 •

If the amount is more than zero, enter the amount on line 56, and on line 1 of Schedule 11. If the amount is zero or negative, enter "0" on line 56, and enter the actual amount on line 23 of Schedule 12 if minimum tax applies.

Step 5 – Summary of tax and credits – See lines 81 to 100 in the guide.

Tax:

▲ Total federal tax payable (line 44 of Schedule 11, or line 55 of Schedule 12)	81	
▲ Provincial or territorial tax payable (from the applicable provincial or territorial form)	82	
Part XII.2 tax payable (line 12 of Schedule 10)	83	
Add lines 81 to 83. Total taxes payable.	0/00	0/00 84

Credits:

▲ Tax paid by instalments	85	
▲ Total tax deducted (see lines C, D, and 86 in the guide)	C	
Transfer to Quebec	D	
Net tax deducted (line C minus line D)	86	
Refundable Quebec abatement (line 45 of Schedule 11, or line 56 of Schedule 12)	87	
Refundable investment tax credit (Form T2038(IND))	88	
Capital gains refund (Form T184)	89	
Part XII.2 tax credit (box 38 of T3 slip)	90	
Other credits (specify)	91	
Add lines 85 to 91. Total credits.	0/00	0/00 93
Refund or balance owing – Line 84 minus line 93.		0/00 94

If the result is negative, you have a refund.

If the result is positive, you have a balance owing.

Generally, we do not refund or charge a difference of \$2 or less.

Amount enclosed 95

Payment: Attach a cheque or money order payable to the Receiver General. Do not mail cash.

Refund code ☐ 100
(see the guide for details)

▲ Name and address of person or company (other than trustee, executor, liquidator, or administrator) who prepared this return.

Certification (by trustee, executor, liquidator, or administrator)

I, (please print) Peter Look

certify that the information given on this T3 return and in any documents attached is, to the best of my knowledge, correct, complete, and fully discloses the income from all sources.

Authorized person's signature

Vice President, Tax

Position or title

2007-03-28

Date

Fax:

Postal code

Telephone number

Privacy Act – Personal Information Bank number CRA/P-PU-005

T3 - 2006 PART XII.2 TAX AND PART XIII NON-RESIDENT WITHHOLDING TAX SCHEDULE 10

Enter the applicable tax year in the box above. Include a completed copy of this schedule with the trust's return.
All references to "the guide" are to the *T3 Trust Guide*.

Part A - Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, and for more information on completing this schedule, see Chapter 3 in the guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define **designated beneficiary**, **eligible beneficiary** and **specified income** in the guide, under "Schedule 10 - Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's tax year-end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- Eligible beneficiaries** will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (lines 08 to 08 of the return)	10010	1
Net income (loss) from real properties (land and buildings) located in Canada (line 09 of the return)	10020	2
Net income (loss) from timber resource properties	10030	3
Net income (loss) from Canadian resource properties the trust acquired after 1971	10040	4
Taxable capital gains and allowable capital losses from the disposition of certain properties	10050	5
Total specified income (add lines 1 to 5)		6

Calculating Part XII.2 tax

Amounts allocated and designated to beneficiaries other than by preferred beneficiary election

Preferred beneficiaries (line 928, column 1 of Schedule 9)	7
Non-resident beneficiaries (line 928, column 2 of Schedule 9)	8
Subtotal (line 7 plus line 8)	9
Taxable benefits (line 44 of the return)	10
Adjusted amounts allocated and designated to beneficiaries (line 9 minus line 10)	11

Part XII.2 tax payable (line 6 or line 11, whichever is less, x 36%) = **12**

Enter the amount from line 12 on line 83 of the T3 return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to designated beneficiaries \times Amount from line 12 = **13**
Divide by amount from line 11

Part XII.2 refundable tax credit for eligible beneficiaries (line 12 minus line 13) **14**

Enter the amount from line 14 on line 938 of Schedule 9, *Income Allocations and Designations to Beneficiaries*. (If there is only one eligible beneficiary, enter the amount from line 14 in box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see the instructions for Line 14 of Schedule 10 in the guide to calculate the box 38 amount for each eligible beneficiary.)

Complete Part B on page 2 if the trust is required to submit Part XIII non-resident withholding tax.

Part B -- Calculating Part XIII non-resident withholding tax

Payer's remittance no. **NR 505060**

Total income paid or payable to non-resident beneficiaries (line 928, column 2 of Schedule 9)	42,700/64	15
Amount for non-cash items included above (provide reconciliation) (if negative, enter in brackets)	10210 •	16
Amounts paid or payable (line 15 plus line 16)	42,700/64	17
Amounts payable to non-resident beneficiaries that are not subject to Part XIII tax:		
Taxable capital gains distributions designated as payable by a mutual fund trust (see Note below)	10230 •	18
Distributions by certain trusts established before 1949	10240 •	19
Other (specify)	10250 •	20
Amount from line 13 in Part A		21
Subtotal (add lines 18 to 21)		22
Taxable Canadian property gains distributions for non-resident beneficiaries (see Note below)		23
Amount subject to non-resident tax (subtract line 22 from line 17, then add line 23)	42,700/64	24
Non-resident tax payable (Multiply the amount on line 24 by the appropriate rate of tax. This amount has to be the same as the amount reported on the NR4 Summary and the related NR4 slip(s))	8,260/77	25
Amounts already remitted on Form NR-76, <i>Non-Resident Tax Statement of Account</i>		26
Part XIII tax due (line 25 minus line 26)	8,260/77	27

Remit the Part XIII tax with your Form NR-76, NR4 Summary, and NR4 slip(s).

Note: If more than 5% (.05) of a mutual fund trust's taxable capital gains distributions are designated to non-resident beneficiaries (including a partnership that is not a Canadian partnership), the trust must do a calculation for line 18 and for line 23. Enter the amount from line 43 on line 18 and the amount from line 42 on line 23. To determine the trust's opening taxable Canadian property (TCP) gains balance at the beginning of the following year, complete lines 44 to 47. If the amount at line 37 is less than 5% (.05), do not complete the rest of this area. Instead, enter the amount from line 921, column 2, of Schedule 9 at line 18 and enter "0" at line 23.

TCP gains balance for the mutual fund trust

Trust's TCP gains balance at the end of the previous year (Line 47 of previous year's Schedule 10. If the trust did not exceed the 5% distribution rule, use the amount from line 33.)		28
Trust's capital gains from dispositions of taxable Canadian property during the tax year		29
Capital gains distributions received by the trust during the tax year		30
Subtotal (add lines 28, 29, and 30)		31
Trust's capital losses from taxable Canadian property during the tax year		32
Mutual fund trust's TCP gains balance for the year (line 31 minus line 32). If negative, indicate the negative balance.		33

Pro rata portion for non-resident beneficiaries

Trust's TCP gains balance for the year (line 33 above). If negative, enter "0".		34
Taxable capital gains designated to non-resident beneficiaries for the tax year		35
Total taxable capital gains designated by the trust to all beneficiaries for the tax year		36
Line 35 divided by line 36		37
Non-resident beneficiaries' pro rata portion (line 34 multiplied by line 37)		38

Non-resident beneficiaries TCP gains distribution

Amount from line 35	x 2 =		39
Non-resident beneficiaries TCP gains distribution. Enter the lesser of lines 38 and 39.			40

Include the amount from line 40 as code 58 on the beneficiary's NR4 slip.

Capital gains distributions not subject to Part XIII tax

Amount from line 35		41
Amount from line 40	x 1/2 =	42
Capital gains distributions not subject to Part XIII tax (line 41 minus line 42)		43

Enter the amount from line 42 on line 23 above, and the amount from line 43 on line 18 above.

Mutual fund trust's TCP gains balance at the end of the tax year

Trust's TCP gains balance for the year (line 33 above). If negative, indicate the negative balance.		44
Amount from line 36	x 2 =	45
TCP gains distributions to all beneficiaries. Enter the lesser of lines 44 and 45. If negative, enter "0".		46
Trust's TCP gains balance at the end of the tax year (line 44 minus line 46). If negative, indicate the negative balance.		47

Use this balance when determining the trust's TCP gains balance at the beginning of next year.

Summary of Losses Carried Forward

Non-capital losses carried forward

Desired deduction				
Year	Opening balance	Applied to current year	Expired	Closing balance
1999				
2000				
2001				
2002				
2003				
2004				
2005				
	Current year loss		Carried back (T3A)	
2006				
Total				

Non-capital losses carried forward (10 years carryforward)

Year	Opening balance	Applied to current year	Closing balance

Farm/fish losses carried forward

Desired deduction				
Year	Opening balance	Applied to current year	Expired	Closing balance
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
	Current year loss		Carried back (T3A)	
2006				
Total				

Restricted farm losses carried forward

Desired deduction		Farm income		
Year	Opening balance	Applied to current year	Expired	Closing balance
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
	Current year loss		Carried back (T3A)	
2006				
Total				

Capital losses carried forward

Claim maximum possible (including \$2,000 against other income).

Claim losses needed to offset current year capital gains.

Claim losses needed to offset capital gains less capital fees.

After desired total deduction.

Total desired deduction.

Year	Rate of inclusion	Opening balance	Applied to current year	Closing balance
Pre 1986	50.0000 %			
1986-1987	50.0000 %			
1988-1989	66.6667 %			
1989-1999	75.0000 %	832,123 00		832,123 00
2000	75.0000 %	555,507 00		555,507 00
2001	50.0000 %	67,972 00		67,972 00
2002 and after	50.0000 %	1,318,681 50		1,318,681 50

Current year loss

Carried back (T3A)

2006 50.0000 %

Calculation of allowable deduction (section 111(1.1)).

a) i) Taxable capital gains

ii) Grossed-up losses

Pre 1988	x	1.0000	=	
1988-1989	x	0.7500	=	
1989-1999	x	0.6667	=	
2000	x	0.6667	=	
2001	x	1.0000	=	
2002 and after	x	1.0000	=	

Total

Lesser of (i) and (ii)

b) i) Maximum deduction against other income

2,000 00

ii) Pre-86 loss account balance

iii) A) Total losses claimed

minus:

B) Losses required to offset gains

Pre 1988	x	1.0000	=	
1988-1989	x	0.7500	=	
1989-1999	x	0.6667	=	
2000	x	0.6667	=	
2001	x	1.0000	=	
2002 and after	x	1.0000	=	

Total

+

Amount (A) minus (B)

Least of amounts i), ii) and iii)

Total deduction allowed [(a) + (b)]

L.P.P losses

Balance forward

Current year loss (Schedule 1 and T1055)

Subtotal

Expired losses

Loss applied in current year (S1)

Loss applied on T1055

Loss available for carry forward

Loss carried back (T3A)

Closing balance

Limited partnership losses		
Balance forward		
Losses from T5013 slips		
per unused current year losses		
	Subtotal	
Less: Losses applied current year		
	Closing balance	

T3 - 2006

**INVESTMENT INCOME, CARRYING CHARGES, AND
GROSS-UP AMOUNT OF DIVIDENDS RETAINED BY THE TRUST**

SCHEDULE 8

- Enter the applicable tax year in the box above. Include a completed copy of this schedule with the trust's return.

Part A - Calculating investment income and carrying charges

- Include any information slips received.
- Enter the names of the payers at the appropriate lines below. If there is not enough space, attach a separate sheet.
- Include amounts credited through agencies such as banks, trust companies, and brokers.

Dividends from taxable Canadian corporations

Actual amount of dividends other than eligible dividends from taxable Canadian corporations
(box 23 of T3 slip or box 10 of T5 slip)

\$110 • 1

Actual amount of eligible dividends from specified taxable Canadian corporations (box 49 of T3 slip or box 24 of T5 slip)

\$120 • 2

Total of the actual amount of dividends from taxable Canadian corporations (line 1 plus line 2)

3

Enter the amount from line 3 on line 03 of the T3 return.

Foreign investment income

Interest from foreign sources

Other foreign investment income

Total foreign investment income (line 4 plus line 5)

Enter the amount from line 6 on line 04 of the T3 return.

Other investment income

Interest Bonds, trust companies,
banks

7,353,127/67

Other deposits

Mortgages, notes, and other

securities

Other dividends (including dividends received under a dividend rental arrangement)

Other 10

Total other investment income (add lines 7 to 11)

7,353,127/67 12

Enter the amount from line 12 on line 05 of the T3 return.

Carrying charges and interest expenses

Interest on money borrowed to earn investment income

\$160 • 13

Management, safe custody, or accounting fees

\$170 • 14

Investment counsel fees

\$180 • 15

Other ADMINISTRATION EXPENSES

371,817/96

Total carrying charges (add lines 13 to 16)

\$190 • 16

Enter the amount from line 17 on line 21 of the T3 return.

Part B - Calculating the gross-up amount of dividends retained or not designated by the trust

Total eligible dividends reported before applying expenses (line 2 above)

18

Eligible dividends designated to beneficiaries (line 949, Part A of Schedule 9)

19

Total eligible dividends not designated by the trust (line 18 minus line 19)

20

Eligible dividends allocated, but not designated, to non-resident beneficiaries
(eligible dividends from line 926, Column 2 of Schedule 9)

\$239 • 21

Total eligible dividends available for gross-up (line 20 minus line 21)

22

Multiply line 22 by 45%

x 45 % 23

Gross-up amount of eligible dividends retained or not designated by the trust

24

Total dividends other than eligible dividends reported before applying expenses (line 1 above)

25

Dividends other than eligible dividends designated to beneficiaries
(line 923, Part A of Schedule 9)

26

Total dividends other than eligible dividends not designated by the trust (line 25 minus line 26)

27

Dividends other than eligible dividends allocated, but not designated, to non-resident
beneficiaries (dividends other than eligible dividends from line 926, Column 2 of Schedule 9)

\$240 • 28

Total dividends other than eligible dividends available for gross-up (line 27 minus line 28)

29

Multiply line 29 by 25%

x 25 % 30

Gross-up amount of dividends other than eligible dividends retained or not designated by the trust

31

Total gross-up amount of dividends retained or not designated by the trust (line 24 plus line 31)

32

Enter the amount from line 24 on line 24 of Schedule 11, *Federal Income Tax*. Enter the amount from line 31 on line 25 of Schedule 11. Enter the amount from line 32 on line 19 of Schedule 12, *Minimum Tax*, if applicable, and on line 49 of the T3 return.



Canada Customs and Revenue Agency

Agence des douanes et du revenu du Canada

☐ ☐

☐ ☐ ☐

Do not use this area

2005

T3 TRUST INCOME TAX AND INFORMATION RETURN

Legislative references on this return refer to the *Income Tax Act* and *Income Tax Regulations*. All references to "the guide" on this return refer to the *T3 Trust Guide*.

▲ Step 1 – Identification and other required information

Name of trust Nortel Networks Health & Welfare Trust		Trust account number T10-3433-06
Name of trustee, executor, liquidator, or administrator The Northern Trust Company		Do not use this area
Mailing address of trustee, executor, liquidator, or administrator 161 Bay Street, Suite 4540		Telephone number (416) 365-7161
Toronto	Ontario	Postal code M5J 2S1
Mailing address, if different than trustee (or name and mailing address of the contact person, if different) Nortel Networks		Telephone number (905) 863-6215
8200 Dixie Road, Suite 100 Brampton Ontario		Postal code L6T 5P6
Residence of trust at end of taxation year Country (if other than Canada) If Canada, state the province or territory Ontario		
Is this a Yukon First Nation (FN) trust? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, give the FN name and identification number.		
If the trust had business income in the year, state the province(s) or territory(ies) where that income was earned.		
If the trust became or ceased to be a resident of Canada in the year, give the date it: became resident Year Month Day or ceased residence Year Month Day		

Type of trust

<input type="checkbox"/> Testamentary <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Other Date of death Year Month Day Social insurance number of deceased	
<input type="checkbox"/> Inter vivos <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Unit <input type="checkbox"/> Mutual fund <input type="checkbox"/> Communal organization <input type="checkbox"/> Employee benefit plan <input type="checkbox"/> Insurance segregated fund <input type="checkbox"/> Fully or partially registered <input type="checkbox"/> Non-registered Date trust was created Year Month Day 1980-01-01 <input type="checkbox"/> Non-profit organization – Business Number: <input type="checkbox"/> Employee trust <input type="checkbox"/> Personal trust <input type="checkbox"/> Joint spousal or common-law partner trust <input type="checkbox"/> Alter ego trust <input checked="" type="checkbox"/> Other inter vivos (specify) Health & Welfare	
Deemed resident Is this a deemed resident trust? Yes <input type="checkbox"/> If yes, please indicate any other country in which it is also considered resident.	

Return for taxation year

from	Year Month Day 2005-01-01	to	Year Month Day 2005-12-31
Is this the first year of filing a T3 return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
If no, for what year was the last return filed? Year			
If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return). Attached <input type="checkbox"/> With T1 <input type="checkbox"/>			
Is this an amended return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
Address on last return is same as above, or the following: Same <input type="checkbox"/>			
Is this the final return of the trust? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
If yes, give the date the trust wound up, or is planning to wind up. Year Month Day			
In which official language do you want to receive correspondence? English <input checked="" type="checkbox"/> French <input type="checkbox"/>			

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income from all sources, both inside and outside Canada.

If the trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-859-8281 for more filing requirements.

Did the trust hold foreign property at any time in the taxation year with a total cost of more than CAN\$100,000?

No ☒ Yes ☐

If yes, attach a completed Form T1135, *Foreign Income Verification Statement*.

Other required information

- | | No | Yes |
|--|-------------------------------------|-------------------------------------|
| 1. Is the trust one of a number of trusts created from contributions by the same individual?
If yes, complete Schedule 6 and attach a list of the names, addresses, and account numbers of the other trusts. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| For any trust (other than a unit trust), did the ownership of capital or income interests change since 1984?
If yes, state the year, and, if during this taxation year, attach a statement showing the changes. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Were the terms of the trust amended or varied since June 18, 1971?
If yes, state the year, and, if during this taxation year, attach copies of the documents effecting these changes. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Has the trust continuously resided in Canada since it was established (or since June 18, 1971, if it was established before that date)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. Did the trust receive any additional capital property by way of gift since June 18, 1971? (Do not include the original property settled on the trust.) If yes, state the year, and, if during this taxation year, attach a statement giving the details. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. Did the trust borrow money, or incur a debt, in a non-arm's length transaction since June 18, 1971?
If yes, state the year, and, if during this taxation year, attach a statement showing the amount of the loan, the lender's name, and the lender's relationship to the beneficiaries. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. In any previous taxation year, did the trust file Form T1015 to elect to defer the deemed realization day? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Does the will, trust document, or court order require the payment of trust income earned in the current year to beneficiaries?
If yes, complete Schedule 9. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Did the trust receive, after December 17, 1999, any property as a transfer from a non-grandfathered inter vivos trust where the beneficial ownership of the property did not change as a result of the transfer?
If yes, state the year, and, if during this taxation year, attach a statement giving details. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. Did the trust distribute assets other than cash to a beneficiary during the taxation year?
If yes, attach a statement giving a complete description of the property, the name and address of the beneficiary to whom the property was distributed, and the date the property was distributed. If the beneficiary is an individual, also state the beneficiary's social insurance number. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. Did the trust receive any additional property by way of a contribution of property (as defined in the Glossary of the guide) since June 22, 2000? If yes, state the year, and, if during this taxation year, attach a statement giving details. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Step 2 - Calculating total income - See lines 01 to 20 in the guide.

Taxable capital gains (line 21 of Schedule 1)		01 •
▲ Pension income		02 •
▲ Actual amount of dividends from taxable Canadian corporations (line 1 of Schedule 8)		03 •
▲ Foreign investment income (line 4 of Schedule 8)		04 •
▲ Other investment income (line 10 of Schedule 8)	11,789,904.00	05 •
Business income (Form T2124)	Gross	96 Net 06 •
Farming income (Form T2042 or CAIS program form)	Gross	97 Net 07 •
Fishing income (Form T2121)	Gross	98 Net 08 •
Rental income (Form T776)	Gross	99 Net 09 •
NISA Fund 2		10 •
(Includes NISA Fund 2 payments received while the beneficiary spouse or common-law partner is, or was, alive, or received by a communal organization)		
Deemed realizations (line 42 of Form T1055)		11 •
▲ Other income (specify and attach any information slips received)		
Add lines 01 to 19. This is the trust's total income.		19 •
11,789,904.00		20 • 11,789,904.00

Step 3 – Calculating net income – See lines 21 to 50 in the guide.

		Trust's total income (line 20 of page 2)	11,789,904 00	20
▲	Carrying charges and interest expenses (line 15 of Schedule 8)		712,481 61	21 •
	Trustee fees – See lines 22 to 24 in the guide.			22 •
	Trustee fees that do not relate to income or were deducted elsewhere on this return			23 •
	Trustee fees deductible from income (line 22 minus line 23)			24
	Allowable business investment losses (ABIL)			25 •
	Other deductions from total income (specify – see line 40 in the guide)			
	Trust Claim Premiums	11,077,422 39		
		11,077,422 39	11,077,422 39	40 •
▲	Add lines 21, 24, 25, and 40.		11,789,904 00	41
▲			Line 20 minus line 41.	0 00
				42
	Taxable benefits – See lines 43 and 44 in the guide.			
	Upkeep, maintenance, and taxes of a property used or occupied by a beneficiary			43 •
	Value of other benefits to a beneficiary			44 •
	Total taxable benefits (line 43 plus line 44)			45
▲	Income before allocations (line 42 plus line 45)		0 00	46
	Amounts paid or payable to beneficiaries			A •
	Less: Amounts claimed under subsections 104(13.1) and (13.2) (attach a statement)			B •
	Total income allocations and designations to beneficiaries (line A minus line B)			47 •
	Income after allocations (line 46 minus line 47)		0 00	48
▲	Gross-up amount of dividends retained or not designated by the trust (line 21 of Schedule 8)			49 •
▲	Line 48 plus line 49. This is the trust's net income.		0 00	50 •

Step 4 – Calculating taxable income – See lines 51 to 56 in the guide.

Deductions to arrive at taxable income				
	Non-capital losses of other years – See line 51 in the guide.			51 •
	Net capital losses of other years – See line 52 in the guide.			52 •
	Capital gains deduction for resident spousal or common-law partner trust only (line 10 of Schedule 5)			53 •
	Other deductions to arrive at taxable income (specify – see line 54 in the guide)			54 •
	Add lines 51 to 54.		0 00	55
▲	Line 50 minus line 55. This is the trust's taxable income.		0 00	56 •

If the amount is more than zero, enter the amount on line 56, and on line 1 of Schedule 11. If the amount is zero or negative, enter "0" on line 56, and enter the actual amount on line 23 of Schedule 12 if minimum tax applies.

Step 5 – Summary of tax and credits – See lines 81 to 100 in the guide.

Tax:

Total federal tax payable (line 41 of Schedule 11, or line 55 of Schedule 12)	81	■
Provincial or territorial tax payable (from the applicable provincial or territorial form)	82	■
Part XII.2 tax payable (line 12 of Schedule 10)	83	■
Add lines 81 to 83. Total taxes payable.	0/00	84

Credits:

Tax paid by instalments	85	•
Total tax deducted (see lines C, D, and 86 in the guide)	C	
Transfer to Quebec	D	
Net tax deducted (line C minus line D)	86	•
Refundable Quebec abatement (line 42 of Schedule 11, or line 56 of Schedule 12)	87	•
Refundable investment tax credit [Form T2038(IND)]	88	•
Capital gains refund (Form T184)	89	•
Part XII.2 tax credit (box 38 of T3 slip)	90	•
Other credits (specify)	91	•
Add lines 85 to 91. Total credits.	0/00	93

Refund or balance owing – Line 84 minus line 93. **0/00 94**

If the result is negative, you have a refund.

If the result is positive, you have a balance owing.

Generally, we do not refund or charge a difference of \$2 or less.

Amount enclosed **95**

Payment: Attach a cheque or money order payable to the Receiver General. Do not mail cash.

Refund code ☐ 100
(see the guide for details)

Name and address of person or company (other than trustee, executor, liquidator, or administrator) who prepared this return.

Fax:

Postal code

Telephone number

Privacy Act – Personal Information Bank number RCT/P-PU-015.

Certification (by trustee, executor, liquidator, or administrator)

I, (please print) John Doolittle

certify that the information given on this T3 return and in any documents attached is, to the best of my knowledge, correct, complete, and fully discloses the income from all sources.

Authorized person's signature

Vice President, Tax

Position or title

Date

Mar 30/01

T3 - 2005 PART XII.2 TAX AND PART XIII NON-RESIDENT WITHHOLDING TAX SCHEDULE 10

- Enter the applicable taxation year in the box above. Attach a completed copy of this schedule to the trust's return.
- All references to "the guide" are to the *T3 Trust Guide*.

Part A - Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, and for more information on completing this schedule, see Chapter 3 in the guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define **designated beneficiary** and **specified income** in the guide, under "Schedule 10 - Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's taxation year-end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- Eligible beneficiaries will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (lines 06 to 08 of the return)	10010	1
Net income (loss) from real properties (land and buildings) located in Canada (line 09 of the return)	10020	2
Net income (loss) from timber resource properties	10030	3
Net income (loss) from Canadian resource properties the trust acquired after 1971	10040	4
Taxable capital gains and allowable capital losses from the disposition of certain properties	10050	5
Total specified income (add lines 1 to 5)		6

Calculating Part XII.2 tax

Amounts allocated and designated to beneficiaries other than by preferred beneficiary election

Resident beneficiaries (line 928, column 1 of Schedule 9)	7	
Non-resident beneficiaries (line 928, column 2 of Schedule 9)	8	
Subtotal (line 7 plus line 8)		9
Taxable benefits (line 44 of the return)		10
Adjusted amounts allocated and designated to beneficiaries (line 9 minus line 10)		11

Part XII.2 tax payable (line 6 or line 11, whichever is less, x 36%) = **12**

Enter the amount from line 12 on line 83 of the T3 return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to non-resident beneficiaries \times Amount from line 12 = **13**

Divide by amount from line 11

Part XII.2 refundable tax credit for eligible beneficiaries (line 12 minus line 13) **14**

Enter the amount from line 14 on line 938 of Schedule 9, *Income Allocations and Designations to Beneficiaries*. If there is only one eligible beneficiary, enter the amount from line 14 in box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see the instructions for Line 14 of Schedule 10 in the guide to calculate the box 38 amount for each eligible beneficiary.

Complete Part B on page 2 if the trust is required to submit Part XIII non-resident withholding tax.

Part B - Calculating Part XIII non-resident withholding tax

Payer's remittance no. **NR -505060**

Total income paid or payable to non-resident beneficiaries (line 928, column 2 of Schedule 9)	42,695	64	15
Adjustment for non-cash items included above (provide reconciliation) (if negative, enter in brackets)	10210 *		16
Amounts paid or payable (line 15 plus line 16)	42,695	64	17
Amounts not subject to Part XIII tax:			
Taxable capital gains distributions designated as payable by a mutual fund trust (see Note below)	10230 *		18
Distributions by certain trusts established before 1949	10240 *		19
Other (specify)	10250 *		20
Amount from line 13 in Part A			21
Subtotal (add lines 18 to 21)			22
Taxable Canadian property gains distributions for non-resident beneficiaries (see Note below)			23
Amount subject to non-resident tax (subtract line 22 from line 17, then add line 23)	42,695	64	24
Non-resident tax payable (Multiply the amount on line 24 by the appropriate rate of tax. This amount has to be the same as the amount reported on the NR4 Summary and the related NR4 slip(s))	8,260	77	25
Amounts already remitted on Form NR-76, Non-Resident Tax Statement of Account	8,260	77	26
Part XIII tax due (line 25 minus line 26)			27

Remit the Part XIII tax with your Form NR-76, NR4 Summary, and NR4 slip(s).

Note: If more than 5% (.05) of a mutual fund trust's taxable capital gains distributions are designated to non-resident beneficiaries (including a partnership that is not a Canadian partnership), the trust must do an additional calculation for line 18 and for line 23. Enter the amount from line 43 on line 18 and the amount from line 42 on line 23. To determine the trust's opening taxable Canadian property (TCP) gains balance at the beginning of the following year, complete lines 44 to 47. If the amount at line 37 is less than 5% (.05), do not complete the rest of this area. Instead, enter the amount from line 921, column 2, of Schedule 9 at line 18 and enter "0" at line 23.

TCP gains balance for the mutual fund trust

Trust's TCP gains balance at the end of the previous year (Line 6 of previous year's Schedule 10. If the trust did not exceed the 5% distribution rule, use the amount from line 6.)

Trust's capital gains from dispositions of taxable Canadian property during the taxation year

2 gains distributions received by the trust during the taxation year

Subtotal (add lines 28, 29, and 30)

Trust's capital losses from taxable Canadian property during the taxation year

Mutual fund trust's TCP gains balance for the year (line 31 minus line 32). If negative, indicate the negative balance.

Pro rata portion for non-resident beneficiaries

Trust's TCP gains balance for the year (line 33 above). If negative, enter "0".

Taxable capital gains designated to non-resident beneficiaries for the taxation year

Total taxable capital gains designated by the trust to all beneficiaries for the taxation year

Line 35 divided by line 36

Non-resident beneficiaries' pro rata portion (line 34 multiplied by line 37)

Non-resident beneficiaries TCP gains distribution

Amount from line 35

x 2 =

Non-resident beneficiaries TCP gains distribution. Enter the lesser of lines 38 and 39.

Include the amount from line 40 as code 58 on the beneficiary's NR4 slip.

Capital gains distributions not subject to Part XIII tax

Amount from line 35

Amount from line 40

x 1/2 =

Capital gains distributions not subject to Part XIII tax (line 41 minus line 42)

Enter the amount from line 42 on line 23 above, and the amount from line 43 on line 18 above.

Mutual fund trust's TCP gains balance at the end of the taxation year

Trust's TCP gains balance for the year (line 33 above). If negative, indicate the negative balance.

Amount from line 35

x 2 =

Total TCP gains distributions to all beneficiaries. Enter the lesser of lines 44 and 45. If negative, enter "0".

Trust's TCP gains balance at the end of the taxation year (line 44 minus line 46). If negative, indicate the negative balance.

Use this balance when determining the trust's TCP gains balance at the beginning of next year.

T3 - 2005

**INVESTMENT INCOME, CARRYING CHARGES, AND
GROSS-UP AMOUNT OF DIVIDENDS RETAINED BY THE TRUST****SCHEDULE 8**

- Enter the applicable taxation year in the box above. Attach a completed copy of this schedule to the trust's return.

Part A - Calculating investment income and carrying charges

- Attach any information slips received.
• Enter the names of the payers at the appropriate lines below. If there is not enough space, attach a separate sheet.
• Include amounts credited through agencies such as banks, trust companies, and brokers.

Actual amount of dividends from taxable Canadian corporations
(box 23 of T3 slip or box 10 of T5 slip)

Enter the amount from line 1 on line 03 of the T3 return, and line 16 below.

1

Foreign investment income

Interest from foreign sources

Other foreign investment income

Total foreign investment income (line 2 plus line 3)

Enter the amount from line 4 on line 04 of the T3 return.

2

3

4

Other investment incomeInterest Bonds, trust companies,
banks

11,789,904.00

Other deposits (specify)

5

Mortgages, notes, and

6

other securities

7

Other dividends (including dividends received under a dividend rental arrangement)

8

Other (specify)

9

Total other investment income (add lines 5 to 9)

11,789,904.00

10

Enter the amount from line 10 on line 05 of the T3 return.

Carrying charges and interest expensesInterest on money borrowed to earn investment income (attach a statement - see the *T3 Trust Guide* for details)

8160 •

11

Management, safe custody, or accounting fees (specify)

8170 •

12

Investment counsel fees

8180 •

13

Other (specify)

ADMINISTRATION EXPENSES

712,481.61

8190 •

14

Total carrying charges (add lines 11 to 14)

712,481.61

15

Enter the amount from line 15 on line 21 of the T3 return.

Part B - Calculating the gross-up amount of dividends retained or not designated by the trust

Total dividends reported before applying expenses (line 1 above)

16

Dividends designated to beneficiaries (line 923, Part A of Schedule 9)

17

Total dividends not designated by the trust (line 16 minus line 17)

18

Dividends allocated, but not designated, to non-resident beneficiaries
(dividends from line 926, Column 2 of Schedule 9)

8240 •

19

Total dividends retained (resident beneficiaries only) or not designated by the trust (line 18 minus line 19)

20

Multiply line 20 by 26%

x 25 %

21

Gross-up amount of dividends retained or not designated by the trustEnter the amount from line 21 on line 24 of Schedule 11, *Federal Income Tax*, or on line 19 of Schedule 12, *Minimum Tax*, if applicable, and on line 49 of the T3 return.

Summary of Losses Carried Forward

Non-capital losses carried forward

Desired deduction				
Year	Opening balance	Applied to current year	Expired	Closing balance
1998				
1999				
2000				
2001				
2002				
2003				
2004				
	Current year loss		Carried back (T3A)	
2005				
Total				

Non-capital losses carried forward (10 years carryforward)

Year	Opening balance	Applied to current year	Closing balance

Farm/fish losses carried forward

Desired deduction				
Year	Opening balance	Applied to current year	Expired	Closing balance
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
	Current year loss		Carried back (T3A)	
2005				
Total				

Restricted farm losses carried forward

Desired deduction		Farm income		
Year	Opening balance	Applied to current year	Expired	Closing balance
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
	Current year loss		Carried back (T3A)	
2005				
Total				

Capital losses carried forward

Claim maximum possible (including \$2,000 against other income).

Claim losses needed to offset current year capital gains.

Claim losses needed to offset capital gains less capital fees.

Enter desired total deduction.

Enter desired total deduction.

Year	Rate of Inclusion	Opening balance	Applied to current year	Closing balance
Pre 1986	50.0000 %			
1986-1987	50.0000 %			
1988-1989	66.6667 %			
1989-1999	75.0000 %	832,123 00		832,123 00
2000	75.0000 %	555,507 00		555,507 00
2001	50.0000 %	67,972 00		67,972 00
2002 and after	50.0000 %	1,318,681 50		1,318,681 50

Current year loss

Carried back (T3A)

2005 50.0000 %

Calculation of allowable deduction (section 111(1.1)).

a) i) Taxable capital gains

ii) Grossed-up losses

Pre 1988	x	1.0000	=	
1988-1989	x	0.7500	=	
1989-1999	x	0.6667	=	
2000	x	0.6667	=	
2001	x	1.0000	=	
2002 and after	x	1.0000	=	

Total

Lesser of (i) and (ii)

i) i) Maximum deduction against other income

2,000 00

ii) Pre-86 loss account balance

iii) A) Total losses claimed

minus:

B) Losses required to offset gains

Pre 1988	x	1.0000	=	
1988-1989	x	0.7500	=	
1989-1999	x	0.6667	=	
2000	x	0.6667	=	
2001	x	1.0000	=	
2002 and after	x	1.0000	=	

Total

+ →

Amount (A) minus (B)

Least of amounts i), ii) and iii)

Total deduction allowed [(a) + (b)]

L.P.P losses

Balance forward

Current year loss (Schedule 1 and T1055)

Subtotal

Expired losses

Loss applied in current year (\$1)

Loss applied on T1055

Loss available for carry forward

Loss carried back (T3A)

Closing Balance

Limited partnership losses	
Balance forward	
Losses from T5013 slips	
Other unused current year losses	
	Subtotal
Less: Losses applied current year	
	Closing balances

Canada Revenue Agency
Agence du revenu du Canada

Do not use this area 2007

T3 TRUST INCOME TAX AND INFORMATION RETURN

Legislative references on this return refer to the *Income Tax Act* and *Income Tax Regulations*.
All references to "the guide" on this return refer to the publication T4013, *T3 Trust Guide*.

▲ Step 1 – Identification and other required information

Name of trust Nortel Networks Health & Welfare Trust		Trust account number T10-3433-06
Name of trustee, executor, liquidator, or administrator The Northern Trust Company		Do not use this area
Mailing address of trustee, executor, liquidator, or administrator 145 King Street West, Suite 1910		Telephone number (416) 365-7161
Toronto Ontario		Postal code MSH 1J8
Mailing address, if different than trustee (or name and mailing address of the contact person, if different) Nortel Networks		Telephone number (905) 863-6108
195 The West Mall Toronto Ontario		Postal code M9C 5K1
Residence of trust at end of tax year	Country (if other than Canada)	
Is the trust resident on designated Aboriginal settlement lands?	If Canada, enter the province or territory. Ontario	
No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>	If yes, enter the name and settlement number.	
If the trust had business income in the year, enter the province(s) or territory(ies) where that income was earned.		
If the trust became or ceased to be a resident of Canada in the year, enter the date.		
Became resident	Year Month Day	Ceased to be resident Year Month Day

Type of trust <input type="checkbox"/> Testamentary <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Other Date of death Year Month Day Social insurance number of deceased		Return for tax year from Year Month Day 2007-01-01 to Year Month Day 2007-12-31	
Inter vivos <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Unit <input type="checkbox"/> Mutual fund <input type="checkbox"/> Communal organization <input type="checkbox"/> Employee benefit plan <input type="checkbox"/> Insurance segregated fund <input type="checkbox"/> Fully or partially registered <input type="checkbox"/> Non-registered Date trust was created Year Month Day 1980-01-01 <input type="checkbox"/> Non-profit organization – Business Number: <input type="checkbox"/> Employee trust <input type="checkbox"/> Personal trust <input type="checkbox"/> Joint spousal or common-law partner trust <input type="checkbox"/> Alter ego trust <input checked="" type="checkbox"/> Other inter vivos (specify) Health & Welfare		Is this the first year of filing a T3 return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If no, for what year was the last return filed? 2006 Year If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return). Attached <input type="checkbox"/> With T1 <input type="checkbox"/> Is this an amended return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> Address on last return is same as above, or the following: Same <input checked="" type="checkbox"/> Is this the final return of the trust? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, enter the trust wind up date. Year Month Day Your language of correspondence: English <input checked="" type="checkbox"/> French <input type="checkbox"/>	
Deemed resident Is this a deemed resident trust? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, please indicate any other country in which it is also considered resident.			

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income from all sources, both inside and outside Canada.

If the trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-959-8281 for more filing requirements.

Did the trust hold foreign property at any time in the tax year with a total cost of more than CAN\$100,000?

No ☒ Yes ☐

If yes, you may have to complete and attach Form T1135, *Foreign Income Verification Statement*. For filing requirements, see the form.

Other required information

- | | No | Yes |
|--|-------------------------------------|-------------------------------------|
| 1. Is the trust one of a number of trusts created from contributions by the same individual?
yes, complete Schedule 6 and attach a list of the names, addresses, and account numbers of the other trusts. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. For any trust (other than a unit trust), did the ownership of capital or income interests change since 1984?
If yes, enter the year, and, if during this tax year, attach a statement showing the changes. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. Were the terms of the trust amended or varied since June 18, 1971?
If yes, enter the year, and, if during this tax year, attach copies of the documents effecting these changes. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. Has the trust continuously resided in Canada since it was established (or since June 18, 1971, if it was established before that date)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. Did the trust receive any additional capital property by way of gift since June 18, 1971? (Do not include the original property settled on the trust.) If yes, enter the year, and, if during this tax year, attach a statement giving the details. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. Did the trust borrow money, or incur a debt, in a non-arm's length transaction since June 18, 1971?
If yes, enter the year, and, if during this tax year, attach a statement showing the amount of the loan, the lender's name, and the lender's relationship to the beneficiaries. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7. Does the will, trust document, or court order require the payment of trust income earned in the current year to beneficiaries?
If yes, complete Schedule 9. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Did the trust receive, after December 17, 1999, any property as a transfer from a non-grandfathered inter vivos trust where the beneficial ownership of the property did not change as a result of the transfer?
If yes, enter the year, and, if during this tax year, attach a statement giving details. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 9. Did the trust distribute assets other than cash to a beneficiary during the tax year?
If yes, attach a statement giving a complete description of the property, the name and address of the beneficiary to whom the property was distributed, and the date the property was distributed. If the beneficiary is an individual, provide the beneficiary's social insurance number. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. Did the trust receive any additional property by way of a contribution of property (as defined in the "Definitions" of the guide) since June 22, 2000? If yes, enter the year, and, if during this tax year, attach a statement giving details. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Step 2 - Calculating total income - See lines 01 to 20 in the guide.

Taxable capital gains (line 21 of Schedule 1)		01 •
Pension income		02 •
Total of actual amount of dividends from taxable Canadian corporations (line 3 of Schedule 8)		03 •
Actual amount of dividends other than eligible dividends from taxable Canadian corporations (line 1 of Schedule 8)		3A
Foreign investment income (line 6 of Schedule 8)		04 •
Other investment income (line 12 of Schedule 8)		6,407,301 39 05 •
Business income	Gross	96 Net 06 •
Farming income	Gross	97 Net 07 •
Fishing income	Gross	98 Net 08 •
Rental income	Gross	99 Net 09 •
NISA Fund 2		10 •
(Includes NISA Fund 2 payments received while the beneficiary spouse or common-law partner is, or was, alive, or received by a communal organization.)		
Deemed dispositions income or losses (line 42 of Form T1055)		11 •
Other income (specify and attach any information slips received)		
Add lines 01 to 19. This is the trust's total income.		6,407,301 39 19 •
		6,407,301 39 20

Step 3 – Calculating net income – See lines 21 to 50 in the guide.

Trust's total income (line 20 of page 2) 6,407,301/39 20

▲ Carrying charges and interest expenses (line 17 of Schedule B)		401,218/77 21 •
Trustee fees (see lines 22 to 24 in the guide)	22 •	
Trustee fees that do not relate to income or were deducted elsewhere on this return	23 •	
Trustee fees deductible from income (line 22 minus line 23)	24	
Allowable business investment losses (ABIL)	25 •	
Other deductions from total income (specify – see line 40 in the guide)		
Trust Claim Premiums	6,006,082/62	
	6,006,082/62	40 •
Add lines 21, 24, 25, and 40.	6,407,301/39	41
	Line 20 minus line 41	0/00 42
Taxable benefits – See lines 43 and 44 in the guide.		
Upkeep, maintenance, and taxes of a property used or occupied by a beneficiary	43 •	
Value of other benefits to a beneficiary	44 •	
Total taxable benefits (line 43 plus line 44)		45
▲ Income before allocations (line 42 plus line 45)		0/00 46
Amounts paid or payable to beneficiaries		
Less: Amounts claimed under subsections 104(13.1) and (13.2) (attach a statement)	A •	
	B •	
▲ Total deductible income allocations (line A minus line B)		47 •
Income after allocations (line 46 minus line 47)		0/00 48
▲ Total gross-up amount of dividends retained or not designated by the trust (line 32 of Schedule B)		49 •
Line 48 plus line 49. This is the trust's net income.		0/00 50 •

Step 4 – Calculating taxable income – See lines 51 to 56 in the guide.**Deductions to arrive at taxable income**

Non-capital losses of other years – See line 51 in the guide.

Net capital losses of other years – See line 52 in the guide.

Capital gains deduction for resident spousal or common-law partner trust only (line 10 of Schedule 5)

Other deductions to arrive at taxable income (specify – see line 54 in the guide.)

Add lines 51 to 54. 0/00 55

Line 50 minus line 55. This is the trust's taxable income. 0/00 56 •

If the amount is more than zero, enter the amount on line 56, and on line 1 of Schedule 11. If the amount is zero or negative, enter "0" on line 56, and enter the actual amount on line 23 of Schedule 12 if minimum tax applies.

Step 5 – Summary of tax and credits – See lines 81 to 100 in the guide.

Tax:

▲ Total federal tax payable (see line 81 in the guide)		81 ■
▲ Provincial or territorial tax payable (from the applicable provincial or territorial form)		82 ■
Part XII.2 tax payable (line 12 of Schedule 10)		83 ■
Add lines 81 to 83. Total taxes payable.	0/00 ▶	0/00 84 ■

Credits:

▲ Tax paid by instalments		85 ■
▲ Total tax deducted (see lines C, D, and 86 in the guide)	C	
Transfer to Quebec	D	
Net tax deducted (line C minus line D)	▶	86 ■
Refundable Quebec abatement (line 45 of Schedule 11, or line 56 of Schedule 12)		87 ■
Refundable investment tax credit (Form T2038(IND))		88 ■
Capital gains refund (Form T184)		89 ■
Part XII.2 tax credit (box 38 of T3 slip)		90 ■
Other credits (specify)		91 ■
Add lines 85 to 91. Total credits.	0/00 ▶	0/00 93
Refund or balance owing – Line 84 minus line 93		0/00 94

If the result is negative, you have a refund.
If the result is positive, you have a balance owing.

Generally, we do not refund or charge a difference of \$2 or less.

Amount enclosed 95

Payment: Attach a cheque or money order payable to the Receiver General. Do not mail cash.

Refund code ☐ 100
(see the guide for details.)

▲ Name and address of person or company (other than trustee, executor, liquidator, or administrator) who prepared this return.

Fax:

Postal code

Telephone number

Privacy Act, Personal Information Bank number CRA/P-PU-005

Certification (by trustee, executor, liquidator, or administrator)

I, (please print) PETER LOOK

certify that the information given on this T3 return and in any documents attached is, to the best of my knowledge, correct, complete, and fully discloses the income from all sources.

Authorized person's signature

Vice President, Tax

Position or title

Date

March 25, 2008

T3 - 2007 PART XII.2 TAX AND PART XIII NON-RESIDENT WITHHOLDING TAX SCHEDULE 10

- Include a completed copy of this schedule with the trust's return.
• All references to "the guide" are to the *T3 Trust Guide*.

Part A - Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, and for more information on completing this schedule, see Chapter 3 in the guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define **designated beneficiary**, **eligible beneficiary** and **specified income** in the guide, under "Schedule 10 - Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's tax year-end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- **Eligible beneficiaries** will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (lines 06 to 08 of the return)	10010 •	1
Net income (loss) from real properties (land and buildings) located in Canada (line 09 of the return)	10020 •	2
Net income (loss) from timber resource properties	10030 •	3
Net income (loss) from Canadian resource properties the trust acquired after 1971	10040 •	4
Taxable capital gains and allowable capital losses from the disposition of certain properties	10050 •	5
Total specified income (add lines 1 to 5)		6

Calculating Part XII.2 tax

Amounts allocated and designated to beneficiaries other than by preferred beneficiary election

Eligible beneficiaries (line 928, column 1 of Schedule 9)	7
Non-resident beneficiaries (line 928, column 2 of Schedule 9)	8
Subtotal (line 7 plus line 8)	9
Taxable benefits (line 44 of the return)	10
Adjusted amounts allocated and designated to beneficiaries (line 9 minus line 10)	11

Part XII.2 tax payable (line 6 or line 11, whichever is less, $\times 36\%$) = 12
Enter the amount from line 12 on line 83 of the T3 return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to designated beneficiaries \times Amount from line 12 = 13
Divide by amount from line 11

Part XII.2 refundable tax credit for eligible beneficiaries (line 12 minus line 13) = 14

Enter the amount from line 14 on line 938 of Schedule 9, *Income Allocations and Designations to Beneficiaries*. If there is only one eligible beneficiary, enter the amount from line 14 in box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see the instructions for Line 14 of Schedule 10 in the guide to calculate the box 38 amount for each eligible beneficiary.

Complete Part B on page 2 if the trust is required to submit Part XIII non-resident withholding tax.

Part B – Calculating Part XIII non-resident withholding tax

Payer's remittance no. **NR J505060**

Total income paid or payable to non-resident beneficiaries (line 928, column 2 of Schedule 9)	42,695/64	15
Adjustment for non-cash items included above (provide reconciliation) (if negative, enter in brackets)	10210 •	16
Amounts paid or payable (line 15 plus line 16)	42,695/64	17
Amounts payable to non-resident beneficiaries that are not subject to Part XIII tax:		
Taxable capital gains distributions designated as payable by a mutual fund trust (see Note below)	10230 •	18
Distributions by certain trusts established before 1949	10240 •	19
Other (specify)	10250 •	20
Amount from line 13 in Part A		21
Subtotal (add lines 18 to 21)		22
Taxable Canadian property gains distributions for non-resident beneficiaries (see Note below)		23
Amount subject to non-resident tax (subtract line 22 from line 17, then add line 23)	42,695/64	24
Non-resident tax payable (Multiply the amount on line 24 by the appropriate rate of tax. This amount has to be the same as the amount reported on the NR4 Summary and the related NR4 slip(s))	8,381/38	25
Amounts already remitted on Form NR-76, Non-Resident Tax Statement of Account	8,381/38	26
Part XIII tax due (line 25 minus line 26)		27

Remit the Part XIII tax with your Form NR-76, NR4 Summary, and NR4 slip(s).

Note: If more than 5% (.05) of a mutual fund trust's taxable capital gains distributions are designated to non-resident beneficiaries (including a partnership that is not a Canadian partnership), the trust must do a calculation for line 18 and for line 23. Enter the amount from line 43 on line 18 and the amount from line 42 on line 23. To determine the trust's opening taxable Canadian property (TCP) gains balance at the beginning of the following year, complete lines 44 to 47. If the amount at line 37 is less than 5% (.05), do not complete the rest of this area. Instead, enter the amount from line 921, column 2, of Schedule 9 at line 18 and enter "0" at line 23.

TCP gains balance for the mutual fund trust

Trust's TCP gains balance at the end of the previous year (Line 47 of previous year's Schedule 10. If the trust did not exceed the 5% distribution rule, use the amount from line 33.)		28
Trust's capital gains from dispositions of taxable Canadian property during the tax year		29
Trust's gains distributions received by the trust during the tax year		30
Subtotal (add lines 28, 29, and 30)		31
Trust's capital losses from taxable Canadian property during the tax year		32
Mutual fund trust's TCP gains balance for the year (line 31 minus line 32). If negative, indicate the negative balance.		33

Pro rata portion for non-resident beneficiaries

Trust's TCP gains balance for the year (line 33 above). If negative, enter "0".		34
Taxable capital gains designated to non-resident beneficiaries for the tax year		35
Total taxable capital gains designated by the trust to all beneficiaries for the tax year		36
Line 35 divided by line 36		37
Non-resident beneficiaries' pro rata portion (line 34 multiplied by line 37)		38

Non-resident beneficiaries TCP gains distribution

Amount from line 35	X 2 =		39
Non-resident beneficiaries TCP gains distribution. Enter the lesser of lines 38 and 39.			40

Include the amount from line 40 as code 58 on the beneficiary's NR4 slip.

Capital gains distributions not subject to Part XIII tax

Amount from line 35		41
Amount from line 40	X 1/2 =	42
Capital gains distributions not subject to Part XIII tax (line 41 minus line 42)		43

Enter the amount from line 42 on line 23 above, and the amount from line 43 on line 18 above.

Mutual fund trust's TCP gains balance at the end of the tax year

Trust's TCP gains balance for the year (line 33 above). If negative, indicate the negative balance.		44
Amount from line 36	X 2 =	45
TCP gains distributions to all beneficiaries. Enter the lesser of lines 44 and 45. If negative, enter "0".		46
Trust's TCP gains balance at the end of the tax year (line 44 minus line 46). If negative, indicate the negative balance.		47

Use this balance when determining the trust's TCP gains balance at the beginning of next year.

SCHEDULE 1

- If you need more space, attach a separate sheet of paper. Include a completed copy of this schedule with the trust's return.

1 Year of acquisition	2 Proceeds of disposition	3 Adjusted cost base	4 Outlays and expenses (from dispositions)	5 Gain (or loss) (column 2 minus column 3 and 4)
--------------------------	------------------------------	-------------------------	---	---

Before March 18, 2007

No. of shares	Name of corporation and class of shares
After March 18, 2007	
	1013 •
Total of A and B	1011 •
	Total of A and B (Gain (or loss))
	1012 •

Before March 19, 2007

[illegible]

(report capital gains or losses shown on an information slip on line 10 below)

[illegible]

Face value	Maturity date	Name of issuer					
		See Schedule		11,275,060 00	11,536,586 50		-261,526 50
			1041 •	11,275,060 00		Gain (or loss)	1042 • -261,526 50 4

Real estate and depreciable property (do not include losses on depreciable property)

Address of legal description		1051 •	Gain (or loss)	1052 •

[illegible]

<p>Note: You can only apply LPP losses against LPP gains.</p>									
<p>1071 • 1072 •</p>									

Note: You can only apply LPP losses against LPP gains.

Enter LPP losses from line 7 of Form T1055, and unapplied LPP losses from other years (give details).	1072	7
Net gain (line 7 minus line 8)	1080	8

Subtotal (Add lines 1 to 6, 9, and 10)		-261,526.50	10
--	--	-------------	----

Total of amounts in column 5 before reserves (line 11 minus line 12)		-261 526 50 14
---	--	----------------

Reserves from line 9, column 3 of Schedule 2 (if negative, show it in brackets and subtract it from the amount on line 2363 of Schedule 2)

		11/0	15
Subtotal (line 1A plus line 1E)		764,896,89	

Amount from line 9 D Schedule A (attach Schedule A)

Total capital losses transferred under subsection 164(6) (do not put this amount in brackets)	1646	10
---	------	----

Total capital gains (or losses) (line 17A plus line 19)		-261,526	50	20
---	--	----------	----	----

Total taxable capital gains (or net capital losses)	1220 *	-120	763	25	81
---	--------	------	-----	----	----

If the amount on line 21 is positive, enter it on line 01 of the return. If the amount is negative, see line 01 in the T3 Trust Guide.

Canada
CRA-07-504

Bonds, debentures, promissory notes, and other similar properties (continued)

Face value	Maturity date	Name of issuer	1 Year of acqul- sition	2 Proceeds of disposition	3 Adjusted cost base	4 Outlays and expenses (from dispositions)	5 Gain (or loss) (column 2 minus columns 3 and 4)
1,000,000	2008-07-18	Ontario Hydro		1,017,250 00	945,000 00		72,250 00
1,000,000	2008-07-18	Ontario Hydro		1,013,800 00	945,000 00		68,800 00
1,000,000	2008-06-01	Canada Government Ser H74		1,055,450 00	1,164,750 00		-109,300 00
1,000,000	2008-06-01	Canada Government Ser H74		1,037,200 00	1,164,750 00		-127,550 00
2,000,000	2008-06-01	Canada Government Ser H74		2,067,300 00	2,329,500 00		-262,200 00
1,000,000	2013-07-22	Bank of Nova Scotia		1,014,000 00	985,500 00		28,500 00
2,000,000	2013-07-22	Bank of Nova Scotia		2,009,000 00	1,971,000 00		38,000 00
1,000,000	2008-04-22	Royal Bank of Canada		1,014,500 00	999,200 00		15,300 00
1,000,000	2008-04-22	Royal Bank of Canada		1,013,560 00	999,200 00		14,360 00
33,000	2009-01-19	Societe D Habitation		33,000 00	32,686 50		313 50
Total				11,275,060 00	11,536,586 50		-261,526 50

T3 - 2007

INVESTMENT INCOME, CARRYING CHARGES, AND
GROSS-UP AMOUNT OF DIVIDENDS RETAINED BY THE TRUST

SCHEDULE 8

• Include a completed copy of this schedule with the trust's return.

A - Calculating investment income and carrying charges

- Include any information slips received.
- Enter the names of the payers at the appropriate lines below. If there is not enough space, attach a separate sheet.
- Include amounts credited through agencies such as banks, trust companies, and brokers.

Dividends from taxable Canadian corporations

Actual amount of dividends other than eligible dividends from taxable Canadian corporations (box 23 of T3 slip or box 10 of T5 slip)

\$110 • 1

Actual amount of eligible dividends from specified taxable Canadian corporations (box 49 of T3 slip or box 24 of T5 slip)

\$120 • 2

Total of the actual amount of dividends from taxable Canadian corporations (line 1 plus line 2)

3

Enter the amount from line 3 on line 03 of the T3 return.

Foreign investment income

Interest from foreign sources

4

Other foreign investment income

5

Total foreign investment income (line 4 plus line 5)

6

Enter the amount from line 6 on line 04 of the T3 return.

Other investment income

Interest	Bonds, trust companies, banks	6,331,810/22	
	Other deposits	18,625/74	7
	Mortgages, notes, and other securities	56,865/43	8
			9

Other dividends (including dividends received under a dividend rental arrangement)

10

Other

11

Total other investment income (add lines 7 to 11)

6,407,301/39 12

Enter the amount from line 12 on line 05 of the T3 return.

C - Carrying charges and interest expenses

Interest on money borrowed to earn investment income

\$160 • 13

Management, safe custody, or accounting fees

\$170 • 14

Investment counsel fees

\$180 • 15

Other Administration Expenses

401,218/77

\$190 • 16

Total carrying charges (add lines 13 to 16)

401,218/77 17

Enter the amount from line 17 on line 21 of the T3 return.

Part B - Calculating the gross-up amount of dividends retained or not designated by the trust

Total eligible dividends reported before applying expenses (line 2 above)

18

Eligible dividends designated to beneficiaries (line 949, Part A of Schedule 9)

19

Total eligible dividends not designated by the trust (line 18 minus line 19)

20

Eligible dividends allocated, but not designated, to non-resident beneficiaries (eligible dividends from line 926, Column 2 of Schedule 9)

\$239 • 21

Total eligible dividends available for gross-up (line 20 minus line 21)

22

Multiply line 22 by 45%

x 45 %

23

Gross-up amount of eligible dividends retained or not designated by the trust

24

Total dividends other than eligible dividends reported before applying expenses (line 1 above)

25

Dividends other than eligible dividends designated to beneficiaries (line 923, Part A of Schedule 9)

26

Total dividends other than eligible dividends not designated by the trust (line 25 minus line 26)

27

Dividends other than eligible dividends allocated, but not designated, to non-resident beneficiaries (dividends other than eligible dividends from line 926, Column 2 of Schedule 9)

\$240 • 28

Total dividends other than eligible dividends available for gross-up (line 27 minus line 28)

29

Multiply line 29 by 25%

x 25 %

30

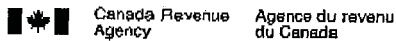
Gross-up amount of dividends other than eligible dividends retained or not designated by the trust

31

Total gross-up amount of dividends retained or not designated by the trust (line 24 plus line 31)

32

Enter the amount from line 24 on line 24 of Schedule 11, Federal Income Tax. Enter the amount from line 31 on line 25 of Schedule 11. Enter the amount from line 32 on line 19 of Schedule 12, Minimum Tax, if applicable, and on line 49 of the T3 return.



Do not use this area 2008

T3 TRUST INCOME TAX AND INFORMATION RETURN

Relative references on this return refer to the *Income Tax Act* and *Income Tax Regulations*.
References to "the guide" on this return refer to the publication T4013, *T3 Trust Guide*.

A Step 1 – Identification and other required information

Residence of trust at end of tax year Indicate Country (if other than Canada) If Canada, enter the province or territory Ontario		Trust account number T10-3433-06 Do not use this area
Name of trust Nortel Networks Health & Welfare Trust		
Name of trustee, executor, liquidator, or administrator The Northern Trust Company		
Mailing address of trustee, executor, liquidator, or administrator 145 King Street West, Suite 1910		
Toronto Ontario		Telephone number (416) 365-7161
Mailing address, if different than trustee (or name and mailing address of the contact person, if different) Nortel		Postal code M5H 1J8
Telephone number (905) 863-7762		Postal code M9C 5K1
195 The West Mall Toronto Ontario		
Is the trust resident on designated Aboriginal settlement lands? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, enter the name and settlement number.		
If the trust had business income in the year, enter the province(s) or territory(ies) where that income was earned.		
If the trust became or ceased to be a resident of Canada in the year, enter the date.		
Became resident	Year Month Day	Ceased to be resident
Year Month Day	Year Month Day	

Type of Trust

Testamentary	
<input type="checkbox"/> Spousal or common-law partner	Date of death Year Month Day
<input type="checkbox"/> Other	Social Insurance number of deceased
Inter vivos	
<input type="checkbox"/> Spousal or common-law partner	Date trust was created Year Month Day
<input type="checkbox"/> Unit	1980-01-01
<input type="checkbox"/> Mutual fund	<input type="checkbox"/> Non-profit organization – Business Number:
<input type="checkbox"/> Communal organization	<input type="checkbox"/> Employee trust
<input type="checkbox"/> Employee benefit plan	<input type="checkbox"/> Personal trust
<input type="checkbox"/> SIFT trust (Specified investment flow-through trust)	<input type="checkbox"/> Joint spousal or common-law partner trust
<input type="checkbox"/> Insurance segregated fund:	<input type="checkbox"/> Alter ego trust
<input type="checkbox"/> Fully or partially registered	<input checked="" type="checkbox"/> Other Inter vivos (specify)
<input type="checkbox"/> Non-registered	Health & Welfare

Return for tax year

from	Year Month Day 2008-01-01	to	Year Month Day 2008-12-31
Is this the first year of filing a T3 return?		No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
If no, for what year was the last return filed?		2007 Year	
If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return).		Attached <input type="checkbox"/>	With T1 <input type="checkbox"/>
Is this an amended return?		No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
Address on last return is same as above, or the following:		Same <input checked="" type="checkbox"/>	
Is this the final return of the trust?		No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
If yes, enter the trust wind up date.		Year Month Day	
Your language of correspondence:		English <input checked="" type="checkbox"/>	French <input type="checkbox"/>

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income all sources, both inside and outside Canada.	Did the trust hold foreign property at any time in the tax year with a total cost of more than CAN\$100,000?	No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/>
If the trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-959-8281 for more filing requirements.	If yes, you may have to complete and attach Form T1135, <i>Foreign Income Verification Statement</i> . For filing requirements, see the form.		

Other required information

1. Is the trust one of a number of trusts created from contributions by the same individual?
If yes, complete Schedule 6 and attach a list of the names, addresses, and account numbers of the other trusts. No ☒ Yes ☐
2. For any trust (other than a unit trust), did the ownership of capital or income interests change since 1984?
If yes, enter the year, and, if during this tax year, attach a statement showing the changes. [] ☒ ☐
3. Were the terms of the trust amended or varied since June 18, 1971?
If yes, enter the year, and, if during this tax year, attach copies of the documents effecting these changes. [] ☒ ☐
4. Has the trust continuously resided in Canada since it was established (or since June 18, 1971, if it was established before that date)? [] ☐ ☒
5. Did the trust receive any additional capital property by way of gift since June 18, 1971? (Do not include the original property settled on the trust.) If yes, enter the year, and, if during this tax year, attach a statement giving the details. [] ☒ ☐
6. Did the trust borrow money, or incur a debt, in a non-arm's length transaction since June 18, 1971?
If yes, enter the year, and, if during this tax year, attach a statement showing the amount of the loan, the lender's name, and the lender's relationship to the beneficiaries. [] ☒ ☐
7. Does the will, trust document, or court order require the payment of trust income earned in the current year to beneficiaries?
If yes, complete Schedule 9. [] ☒ ☐
8. Did the trust receive, after December 17, 1989, any property as a transfer from a non-grandfathered inter vivos trust where the beneficial ownership of the property did not change as a result of the transfer?
If yes, enter the year, and, if during this tax year, attach a statement giving details. [] ☒ ☐
9. Did the trust distribute assets other than cash to a beneficiary during the tax year?
If yes, attach a statement giving a complete description of the property, the name and address of the beneficiary to whom the property was distributed, and the date the property was distributed. If the beneficiary is an individual, provide the beneficiary's social insurance number. [] ☒ ☐
10. Did the trust receive any additional property by way of a contribution of property (as defined in the "Definitions" of the guide) since June 22, 2000? If yes, enter the year, and, if during this tax year, attach a statement giving details. [] ☒ ☐
- Does the trust qualify as a public trust or public investment trust that is required to post information relating to the trust on the internet website CDS Innovations Inc under section 204.1 of the *Income Tax Regulations*? [] ☒ ☐

Step 2 – Calculating total income – See lines 01 to 20 in the guide.

Taxable capital gains (line 21 of Schedule 1)		290,402	50	01 *	
▲ Pension income		+		02 *	
▲ Total of actual amount of dividends from taxable Canadian corporations (line 3 of Schedule 8)		+		03 *	
Actual amount of dividends other than eligible dividends from taxable Canadian corporations (line 1 of Schedule 8) 3A					
▲ Foreign investment income (line 6 of Schedule 8)		+		04 *	
▲ Other investment income (line 12 of Schedule 8)		+	5,665,306	00 05 *	
Business income	Gross	96	Net	+	06 *
Farming income	Gross	97	Net	+	07 *
Fishing income	Gross	98	Net	+	08 *
Rental income	Gross	99	Net	+	09 *
NISA Fund 2				+	10 *
(includes NISA Fund 2 payments received while the beneficiary spouse or common-law partner is, or was, alive, or received by a communal organization.)					
Deemed dispositions income or losses (line 42 of Form T1055)		+		11 *	
▲ Other income (specify and attach any information slips received.)					
	+				
	+				
	=				
Add lines 01 to 19. This is the trust's total income.		+	5,955,708	50 19 *	
		=	5,955,708	50 20	

Step 3 – Calculating net income – See lines 21 to 50 in the guide.

Trust's total income (line 20 of page 2)

5,955,708|50 20

▲ **Carrying charges and interest expenses (line 17 of Schedule 8)**

324,000|00 21 •

Trustee fees (see lines 22 to 24 in the guide)

22 •

Trustee fees that do not relate to income or were deducted elsewhere on this return

23 •

Trustee fees deductible from income (line 22 minus line 23)

=

24

Allowable business investment losses (ABIL)

+

25 •

Other deductions from total income (specify – see line 40 in the guide)

Trust Claim Premiums

5,341,306|00

+

+

=

5,341,306|00

+

5,341,306|00 40 •

Add line 21, 24, 25, and 40.

=

5,665,306|00

41

Line 20 minus line 41

=

290,402|50 42

Taxable benefits – See lines 43 and 44 in the guide.

Upkeep, maintenance, and taxes of a property used or occupied by a beneficiary

43 •

Value of other benefits to a beneficiary

+

44 •

Total taxable benefits (line 43 plus line 44)

=

+

45

▲ **Income before allocations (line 42 plus line 45)**

=

290,402|50 46

Amounts paid or payable to beneficiaries

A •

Less: Amounts claimed under subsections 104(13.1) and (13.2) (attach a statement)

-

B •

▲ **Total deductible income allocations (line A minus line B)**

=

-

47 •

Income after allocations (line 46 minus line 47)

=

290,402|50 48

▲ **Total gross-up amount of dividends retained or not designated by the trust (line 32 of Schedule 8)**

+

49 •

Line 48 plus line 49. This is the trust's net income.

=

290,402|50 50 •

Step 4 – Calculating taxable income – See lines 51 to 56 in the guide.

Deductions to arrive at taxable income

Non-capital losses of other years – See line 51 in the guide

51 •

Net capital losses of other years – See line 52 in the guide

+

290,402|50 52 •

Capital gains deduction for resident spousal or common-law partner trust only (line 10 of Schedule 5)

+

53 •

Other deductions to arrive at taxable income (specify – see line 54 in the guide.)

+

54 •

Add lines 51 to 54.

=

290,402|50

-

290,402|50 55

Line 50 minus line 55. This is the trust's taxable income.

=

0|00 56 •

If the amount is more than zero, enter the amount on line 56, and on line 1 of Schedule 11.

If the amount is negative, enter "0" on line 56.

If minimum tax applies, enter the positive or negative result from line 56 on line 23 of Schedule 12.

Step 5 – Summary of tax and credits — See lines 81 to 100 in the guide.**Tax:**

Total federal tax payable (see line 81 in the guide)		81	■
Provincial or territorial tax payable (from the applicable provincial or territorial form)	+	82	■
Part XII.2 tax payable (line 12 of Schedule 10)	+	83	■
Add lines 81 to 83. Total taxes payable.	=	0/00	84 ■

Credits:

Tax paid by instalments		85	■
Total tax deducted (see lines C, D, and 86 in the guide)			
Transfer to Quebec	—		D
Net tax deducted (line C minus line D)	=		
Refundable Quebec abatement (line 45 of Schedule 11, or line 56 of Schedule 12)	+	86	■
Refundable investment tax credit (Form T2038(JND))	+	87	■
Capital gains refund (Form T184)	+	88	■
Part XII.2 tax credit (box 38 of T3 slip)	+	89	■
Other credits (specify)	+	90	■
	+	91	■
Add lines 85 to 91. Total credits.	=	0/00	93 ■
Refund or balance owing — Line 84 minus line 93	=	0/00	94 ■

If the result is negative, you have a refund.
If the result is positive, you have a balance owing.

Generally, we do not refund or charge a difference of \$2 or less.

Amount enclosed 95 ■

Payment: Attach a cheque or money order payable to the Receiver General. Do not mail cash.

Refund code ☐ 100
(see the guide for details.)

Name and address of person or company (other than trustee, executor, liquidator, or administrator) who prepared this return.

Fax:

Postal code

Telephone number

Privacy Act, Personal Information Bank number CRA/P-PU-005

Certification (by trustee, executor, liquidator, or administrator)

I, PETER LOOK

(please print)

certify that the information given on this T3 return and in any documents attached is, to the best of my knowledge, correct, complete, and fully discloses the income from all sources.

Authorized person's signature

Vice President, Tax
Position or title

Date

3/25/09

T3 - 2008

MINIMUM TAX

SCHEDULE 12

Page 1 of 6

- Include a completed copy of this schedule with the trust's return.
- Use this schedule to calculate a trust's minimum tax and minimum tax carryover. See page 4 for trusts not subject to minimum tax in the tax year.
- For information on how to complete this schedule, see the instructions on pages 4 and 5.
- To calculate provincial or territorial minimum tax, see pages 5 and 6. To calculate the Ontario minimum tax carryover, see Schedule 12A, *Chart 2 - Ontario Minimum Tax Carryover for 2008 (Trusts)*, on our Web site at www.cra.gc.ca/forms.

Part 1 - Calculating net adjusted taxable income for minimum tax

Complete sections C, D, and E only if the trust is claiming losses from these sources.

A. Calculating the non-taxable portion of capital gains reported in the year and kept in the trustDo not include taxable capital gains from mortgage foreclosures or conditional sales reposessions. If the trust is reporting deemed dispositions of capital property on Form T1055, *Summary of Deemed Dispositions*, or capital gains from donated property, you will need to make an adjustment for line 3. Use Chart 1 on page 4.

Taxable capital gains (line 21 of Schedule 1)		290,402	50	1
Taxable capital gains allocated and designated to beneficiaries (line 921 of Schedule 9)	-			2
Capital gains kept in the trust (line 1 minus line 2)	=	290,402	50	2A
Capital gains conversion rate	x	3/5		2B
Non-taxable portion of capital gains kept in the trust (line 2A multiplied by line 2B)	12030 =	174,241	50	▶ 174,241 50 3

B. The elected portion of pension benefits under ITAR 40

12040 + 4

C. Rental and leasing property

Capital cost allowance (CCA) and carrying charges claimed on rental and leasing property

12050 5

Net income from rental and leasing property before CCA and related carrying charges (if a loss, enter "0"). See the Note on page 4.

12060 6

Loss, if any, created or increased by CCA and related carrying charges (line 5 minus line 6)

= 7

D. Film property

CCA and carrying charges claimed on certified film property acquired after 1987 and before March 1996

12080 8

Net income reported from certified film property before CCA and related carrying charges (if a loss, enter "0"). See the Note on page 4.

12090 9

Loss, if any, created or increased by CCA and related carrying charges (line 8 minus line 9)

= 10

E. Resource property, royalties, and flow-through shares

Total of all resource deductions, allowances, depletion allowances, and carrying charges related to resource property and flow-through shares

12110 11

Income from production of petroleum, gas, and minerals, including royalties before resource deductions and allowances and depletion allowances and related carrying charges (if a loss, enter "0")

12120 12

Income from dispositions of foreign resource properties and recovery of exploration and development expenses (if a loss, enter "0")

12130 + 13

Total resource income (line 12 plus line 13)

= 14

Loss, if any, created or increased by resource deductions and allowances, depletion allowances, and related carrying charges (line 11 minus line 14)

= 15

F. Limited partnership and tax shelter losses - Include the trust's total share of the partnership loss.

12160 + 16

G. Limited and specified member partnership interest - Amount, if any, by which carrying charges related to acquiring a partnership interest are more than the trust's income from the partnership interest.

12170 + 17

Total additions to taxable income for minimum tax purposes (add lines 3, 4, 7, 10, 15, 16, and 17)

= 174,241/50 18

Part 1 (continued)

Page 2 of 6

Total additions to taxable income for minimum tax purposes (from line 18 on page 1)

174,241|50 18

Total gross-up amount of dividends kept by the trust (line 49 of the return)

19

Taxable business investment losses

(Schedule 1 of the return)

20A

Capital gains conversion rate

x 3/5

20B

Line 20A multiplied by line 20B

=

+ 20

Total deductions from taxable income for minimum tax purposes

(line 19 plus line 20)

= 21

Net additions to taxable income for minimum tax purposes (line 18 minus line 21)

= 174,241|50 22

Taxable income (line 56 of the return; if a loss, enter the amount in brackets)

+ 23

Adjusted non-capital losses of other years used in the current year (see "Line 24" on page 4)

12220 •

+ 24

Subtotal (add lines 22 to 24)

= 174,241|50 25

Net capital losses of other years used in the current year (see "Line 26" on page 5)

12240 •

290,417|02 26A

Capital gains conversion rate

x

3/5

26B

Line 26A multiplied by line 26B

=

174,250|21

- 174,250|21 26

Adjusted taxable income for minimum tax (line 25 minus line 26)

= -8|71 27

Basic exemption (see "Line 28" on page 5)

12260 •

- 28

Net adjusted taxable income for minimum tax (line 27 minus line 28; if negative, enter "0")

12270 •

= 29

If the amount on line 29 is more than zero, continue completing this schedule.

If the amount on line 29 is zero, the trust is not subject to minimum tax. However, you should complete Part 7 to determine the amount of minimum tax carryover available for this year and for future years. Enter "0" on line 70. **Include Schedule 12 with the return.**

If the trust has:

- taxable income on line 56 of the return, complete Schedule 11; or
- no taxable income on line 56 of the return, enter "0" on line 81 of the return.

Part 2 – Calculating the special foreign tax credit

(Complete only if the trust kept foreign income.)

Foreign non-business income for which the trust paid foreign non-business income tax

Foreign business income

Total foreign income (line 30 plus line 31)

Foreign income limit for special foreign tax credit

(line 32

x

15 %) =

Foreign non-business income tax paid

34

x

66.67% =

Foreign business income tax paid

Total foreign taxes paid for special foreign tax credit (line 35 plus line 36)

Line 33 or line 37, whichever is less

Deductible amount of federal foreign tax credit (line 10 of Form T2209)

Special foreign tax credit (line 38 or line 39, whichever is more)

12290 •

40

Part 3 – Obligation to pay minimum tax

Net adjusted taxable income for

minimum tax (line 29

x

15 %) =

Total donations and gifts tax credit (line 20 of Schedule 11)

Minimum amount (line 41 minus line 42)

Special foreign tax credit (line 40)

Net minimum tax payable (line 43 minus line 44)

Federal tax payable (line 44 of Schedule 11)

48% surtax on income not subject to provincial or territorial tax

(line 32 of Schedule 11)

Federal tax before surtax (line 46 minus line 47)

Amount by which minimum amount is more than regular federal tax payable

(line 45 minus line 48; if negative, enter "0")

If the amount on line 49 is more than zero, complete the rest of this schedule.

If the amount on line 49 is zero, the trust is not subject to minimum tax. However, you should complete Part 7 to determine the amount of minimum tax carryover available for this year and for future years. **Include Schedule 12 with the return.**

If the trust has:

- taxable income on line 56 of the return, complete Schedule 11; or
- no taxable income on line 56 of the return, enter "0" on line 81 of the return.

Part 4 – Basic federal tax for the year

Basic federal tax (line 31 of Schedule 11)		50	
Sum amount (from line 43)		51	
Basic federal tax for the year (line 50 or line 51, whichever is more)		12420	52

Part 5 – Calculating federal tax payable (minimum tax)

Net minimum tax payable (from line 45)		53	
Surtax on income not subject to provincial or territorial tax (portion of line 52 not subject to provincial or territorial tax	X 48 %	=	54
Federal tax payable (line 53 plus line 54)		12550	55

Enter this amount on line 81 of the return.

To calculate provincial or territorial minimum tax, use Chart 3 on page 6.

Refundable Quebec abatement (see "Line 56" on page 5)	(line 52	X 16.5 %	=	56
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Enter the amount from line 56 on line 87 of the return.

Part 6 – Calculating this year's additional taxes paid for minimum tax carryover

Minimum amount (from line 43)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Part 7 – Calculating the total minimum tax carryover

Minimum tax carryover from previous years (2001 to 2007)		12680		68
Tax payable before carryover (line 29 of Schedule 11)		69		
Minimum amount (from line 43)	-	70		
Maximum carryover that can be applied this year (line 69 minus line 70; if negative, enter "0") If the trust is subject to minimum tax, enter "0".	=	71		
Minimum tax carryover applied this year:				
Claim an amount that is not more than line 68 or line 71, whichever is less, and enter it on line 30 of Schedule 11.	-			72
Balance of minimum tax carryover (line 68 minus line 72)	=			73
Additional taxes available from this year (from line 67)	+			74
Line 73 plus line 74	=			75
Additional 2001 taxes not applied	-	12760		76
Minimum tax carryover available for next year (line 75 minus line 76)	=	12690		77

Is the trust subject to minimum tax?

Page 4 of 6

The following trusts are not subject to minimum tax:

- a mutual fund trust;
- a related segregated fund trust, master trust; and
- a spousal or common-law partner trust, a joint spousal or common-law partner trust, or an alter ego trust if it reports in the year its first deemed disposition on Form T1055, *Summary of Deemed Dispositions*.

Any other trust is liable to pay minimum tax if the net minimum tax payable on line 45 is more than the regular federal tax payable on line 48. A trust may have to pay minimum tax for the year if it:

- reports taxable capital gains (line 01 of the return);
- reports taxable dividends (line 03 of the return);
- claims a loss resulting from, or increased by, resource expenditures, or claims resource and depletion allowances on resource properties (line 06 or line 19 of the return);
- makes an election on pension benefits under ITAR 40 (line 02 of the return and line 22 of Schedule 11);
- claims a loss resulting from, or increased by, capital cost allowance (CCA) or carrying charges claimed on a rental or leasing property (line 09 of the return), or certified films or videotapes (line 06 of the return);
- has certain losses that limited partners, specified members of a partnership, or partners of a tax shelter deduct for their partnership interest (for this purpose, losses allocated from a partnership are applied against gains from the same partnership source);
- has losses from tax shelters; or
- has carrying charges for interests in limited partnerships, tax shelters, rental and leasing properties, or film and resource properties, that increase or create a loss from these sources.

Note

Net income from rental and leasing property, and film property includes income from these investments (before CCA and related carrying charges) **plus** any net taxable capital gains from the disposition of these investments **minus** any losses from these investments (before CCA and related carrying charges). You also have to subtract allocated partnership losses from gains from the same partnership source.

Line 3 – Non-taxable part of capital gains kept in the trust

This amount usually equals three-fifths of the taxable capital gains kept in the trust after the allocation and designation of net taxable capital gains to beneficiaries. **Do not** include taxable capital gains from mortgage foreclosures and conditional sales repossessions. Only the taxable portion of a capital gain from the donation or gift of property is included in the base for determining minimum tax. If the trust reports a capital gain from donated property, you have to make an adjustment for the non-taxable portion of capital gains as well. To make the adjustment, use the following chart. If you have completed Form T1055, you should also use the following chart to make the adjustment.

Chart 1 – Adjusted Line 3

Taxable capital gains from line 21 of Schedule 1 Amount from line 25 of Form T1055 (include this amount only if the deemed disposition arises on a day described in D to I of that form)		a	
	+		b
Subtotal (line a plus line b)	=		c
Net taxable capital gains allocated and designated (3/5 of line 921 from Schedule 9)			d
30% of reduced capital gains on gifts of certain capital property from line 17 of Schedule 1	+		e
30% of capital gains on other donated property from line 18 of Schedule 1	+		f
Subtotal (add lines d to f)	=		g
Total (line c minus line g). Enter this amount on line 3.	=		h

Line 24 – Adjusted non-capital losses of other years used in the current year

If the trust claimed non-capital losses of other years, you may have to reduce the non-capital losses for minimum tax purposes. This reduction is any portion of the non-capital losses attributable to:

- capital cost allowance or carrying charges claimed on:
 - rental or leasing property; or
 - films certified by the Canadian Film and Videotape Certification Office;
- resource expenditures; or
- resource and depletion allowances.

Enter the reduction on line 24.

For minimum tax purposes, a non-capital loss that is carried forward is calculated according to the minimum tax rules in effect for the year in which the loss was incurred.

Line 26 – Net capital losses of other years used in the current year

You may have claimed a capital loss from previous years on line 52 of the return. If this is the case, you will have to adjust the trust's income for minimum tax purposes. On line 26A, enter the net capital losses of other tax years that you claimed in the current year on line 52 of the return. **Do not** include capital losses on mortgage foreclosures and conditional sales repossessions.

If the amount on line 52 of the return is less than the capital gains remaining in the trust after allocation to beneficiaries, and the trust has additional unapplied losses of other years, you may be able to increase the amount on line 26A. Call us for details.

Line 28 – Basic exemption

We allow a basic exemption of \$40,000 to **testamentary** and **grandfathered** inter vivos trusts. Allocate the \$40,000 basic exemption among the trusts if more than one qualifying trust is formed from contributions by the same individual. To allocate the basic exemption, complete Schedule 6, *Trusts' Agreement to Allocate the Basic Exemption From Minimum Tax*. On line 28, enter the basic exemption, or the trust's allocated amount of the exemption from Schedule 6. For a definition of testamentary and grandfathered inter vivos trusts, see the publication T4013, *T3 Trust Guide*.

Note

For all other inter vivos trusts, enter "0" on line 28 of this schedule.

Part 5 – Calculating federal tax payable (minimum tax)**Line 56 – Refundable Quebec abatement**

For information, see the instructions for line 45 of Schedule 11 in the *T3 Trust Guide*.

Part 6 – Calculating this year's additional taxes paid for minimum tax carryover**Lines 57 to 67**

Use Part 6 to calculate the amount of any additional minimum tax payable by the trust for this year that you can carry over to a future year. You may be able to deduct this amount from the trust's regular tax liability on line 30 of Schedule 11 in future years. You can claim a carryforward for a period of seven years.

Part 7 – Calculating the total minimum tax carryover**Lines 68 to 77**

Use Part 7 to calculate the minimum tax carryover from previous years that you can claim on Schedule 11 in this year. You can carry minimum tax from the seven previous tax years. In the trust's best interests, apply the oldest available carryover first. For example, apply any carryover from 2003 before any carryover from 2004. Also use Part 7 to calculate the total minimum tax carryover, if any, that may be carried forward to later years.

Provincial and territorial minimum tax payable

Use Chart 3 – *Calculating Provincial and Territorial Minimum Tax*, on the next page, to calculate the trust's provincial and territorial minimum tax payable.

Ontario minimum tax carryover

To calculate your Ontario minimum tax carryover, use Schedule 12A, *Chart 2 – Ontario Minimum Tax Carryover for 2008 (Trusts)*, available on our Web site at www.cra.gc.ca/forms. If one of the following situations applies to the trust, call us for information on how to calculate the Ontario minimum tax carryover.

- The trust is **resident in Ontario** in 2008 and:
 - it is subject to tax in multiple jurisdictions (with taxable income in Ontario); or
 - in a year after 2001, it was **not** resident in Ontario, and minimum tax was payable in that year.
- The trust is **not resident in Ontario** in 2008, but has business income in Ontario.
- The trust was subject to tax in multiple jurisdictions in a year after 2001, and it was subject to Ontario minimum tax.

Note

You cannot claim a minimum tax carryover if the trust has to pay minimum tax.

Chart 3 - Calculating Provincial and Territorial Minimum Tax

Newfoundland and Labrador				Saskatchewan			
Line 67		1		Line 57		1	
Newfoundland and Labrador rate	x 54.7 %	2		minus line 58			
Newfoundland and Labrador additional minimum tax (line 1 multiplied by line 2). Enter amount A on line 20 of Form T3NL.	=		A	Saskatchewan rate	x 50 %	2	
				Saskatchewan additional minimum tax (line 1 multiplied by line 2). Enter amount H on line 22 of Form T3SK.	=		H
Nova Scotia				Alberta			
Line 67		1		Line 57		1	
Nova Scotia rate	x 57.5 %	2		minus line 58			
Nova Scotia additional minimum tax (line 1 multiplied by line 2). Enter amount B on line 20 of Form T3NS.	=		B	Alberta rate	x 35 %	2	
				Alberta additional minimum tax (line 1 multiplied by line 2). Enter amount I on line 13 of Form T3AB.	=		I
New Brunswick				British Columbia			
Line 57		1		Line 67		1	
minus line 58				British Columbia rate	x 33.7 %	2	
New Brunswick rate	x 57 %	2		British Columbia additional minimum tax (line 1 multiplied by line 2). Enter amount J on line 20 of Form T3BC.	=		J
New Brunswick additional minimum tax (line 1 multiplied by line 2). Enter amount C on line 20 of Form T3NB.	=		C				
Prince Edward Island				Nunavut			
Line 67		1		Line 67		1	
Prince Edward Island rate	x 57.5 %	2		Nunavut rate	x 45 %	2	
Prince Edward Island additional minimum tax (line 1 multiplied by line 2). Enter amount D on line 20 of Form T3PE.	=		D	Nunavut additional minimum tax (line 1 multiplied by line 2). Enter amount K on line 20 of Form T3NU.	=		K
Ontario				Northwest Territories			
Line 49		1		Line 67		1	
Ontario rate	x 40.33 %	2		Northwest Territories rate	x 45 %	2	
Ontario additional minimum tax (line 1 multiplied by line 2). Enter amount E on line 20 of Form T3ON.	=		E	Northwest Territories additional minimum tax (line 1 multiplied by line 2). Enter amount L on line 20 of Form T3NT.	=		L
Manitoba				Yukon			
Line 57		1		Line 67		1	
minus line 58				Yukon rate	x 44 %	2	
Manitoba rate	x 50 %	2		Yukon additional minimum tax (line 1 multiplied by line 2). Enter amount M on line 20 of Form T3YT.	=		M
Manitoba additional minimum tax (line 1 multiplied by line 2). Enter amount G on line 21 of Form T3MB.	=		G				

T3 – 2008 PART XII.2 TAX AND PART XIII NON-RESIDENT WITHHOLDING TAX SCHEDULE 10

- Include a completed copy of this schedule with the trust's return.

¹ references to "the guide" are to the *T3 Trust Guide*.

Part A – Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, and for more information on completing this schedule, see Chapter 3 in the guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define **designated beneficiary**, **eligible beneficiary** and **specified income** in the guide, under "Schedule 10 – Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's tax year-end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- **Eligible beneficiaries** will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (lines 06 to 08 of the return)	10010 •		1
Net income (loss) from real properties (land and buildings) located in Canada (line 09 of the return)	10020 •	+	2
Net income (loss) from timber resource properties	10030 •	+	3
Net income (loss) from Canadian resource properties the trust acquired after 1971	10040 •	+	4
Taxable capital gains and allowable capital losses from the disposition of certain properties	10050 •	+	5
Total specified income (add lines 1 to 5)		=	6

Calculating Part XII.2 tax

Amounts allocated and designated to beneficiaries other than by preferred beneficiary election

Preferred beneficiaries (line 928, column 1 of Schedule 9)		7	
Resident beneficiaries (line 928, column 2 of Schedule 9)	+		8
Subtotal (line 7 plus line 8)	=		9
Taxable benefits (line 44 of the return)	-		10
Adjusted amounts allocated and designated to beneficiaries (line 9 minus line 10)	=		11

Part XII.2 tax payable (line 6 or line 11, whichever is less, x 36%) = 12

Enter the amount from line 12 on line 83 of the T3 return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to designated beneficiaries		x	Amount from line 12	=		13
Divide by amount from line 11						

Part XII.2 refundable tax credit for eligible beneficiaries (line 12 minus line 13) = 14

Enter the amount from line 14 on line 938 of Schedule 9, *Income Allocations and Designations to Beneficiaries*. If there is only one eligible beneficiary, enter the amount from line 14 in box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see the instructions for Line 14 of Schedule 10 in the guide to calculate the box 38 amount for each eligible beneficiary.

Complete Part B on page 2 if the trust is required to submit Part XIII non-resident withholding tax.

Part B - Calculating Part XIII non-resident withholding taxPayer's remittance no. **NR J505060**Total income paid or payable to non-resident beneficiaries
(line 928, column 2 of Schedule 9)

43,848 95 15

Statement for non-cash items included above (provide reconciliation) (if negative,
enter in brackets)**10210 •**

+

16

Amounts paid or payable (line 15 plus line 16)

43,848 95 17

Amounts payable to non-resident beneficiaries that are not subject to Part XIII tax:

Taxable capital gains distributions designated as payable by a mutual fund trust
(see Note below)**10230 •**

+

18

Distributions by certain trusts established before 1949

10240 •

+

19

Other (specify)

10250 •

+

20

Amount from line 13 in Part A

+

21

Subtotal (add lines 18 to 21)

=

22

Taxable Canadian property gains distributions for non-resident beneficiaries (see Note below)

+

23

Amount subject to non-resident tax (subtract line 22 from line 17, then add line 23)

=

43,848 95 24

Non-resident tax payable (Multiply the amount on line 24 by the appropriate rate of tax. This amount has to be the same
as the amount reported on the NR4 Summary and the related NR4 slip(s))

6,321 26 25

Amounts already remitted on Form NR-76, Non-Resident Tax Statement of Account

-

6,321 26 26

Part XIII tax due (line 25 minus line 26)

=

27

Remit the Part XIII tax with your Form NR-76, NR4 Summary, and NR4 slip(s).

Note: If more than 5% (.05) of a mutual fund trust's taxable capital gains distributions are designated to non-resident beneficiaries (including a partnership that is not a Canadian partnership), the trust must do a calculation for line 18 and for line 23. Enter the amount from line 43 on line 18 and the amount from line 42 on line 23. To determine the trust's opening taxable Canadian property (TCP) gains balance at the beginning of the following year, complete lines 44 to 47. If the amount at line 37 is less than 5% (.05), do not complete the rest of this area. Instead, enter the amount from line 921, column 2, of Schedule 9 at line 18 and enter "0" at line 23.

TCP gains balance for the mutual fund trustTrust's TCP gains balance at the end of the previous year (Line 47 of previous year's Schedule 10. If the trust did not
exceed the 5% distribution rule, use the amount from line 33.)

+

28

Trust's capital gains from dispositions of taxable Canadian property during the tax year

+

29

TCP gains distributions received by the trust during the tax year

+

30

Subtotal (add lines 28, 29, and 30)

=

31

Trust's capital losses from taxable Canadian property during the tax year

-

32

Mutual fund trust's TCP gains balance for the year (line 31 minus line 32). If negative, indicate the negative balance.

=

33

Pro rata portion for non-resident beneficiaries

Trust's TCP gains balance for the year (line 33 above). If negative, enter "0".

+

34

Taxable capital gains designated to non-resident beneficiaries for the tax year

+

35

Total taxable capital gains designated by the trust to all beneficiaries for the tax year

=

36

Line 35 divided by line 36

=

37

Non-resident beneficiaries' pro rata portion (line 34 multiplied by line 37)

=

38

Non-resident beneficiaries TCP gains distribution

Amount from line 35

x 2 =

39

Non-resident beneficiaries TCP gains distribution. Enter the lesser of lines 38 and 39.

+

40

Include the amount from line 40 as code 58 on the beneficiary's NR4 slip.

Capital gains distributions not subject to Part XIII tax

Amount from line 35

+

41

Amount from line 40

x 1/2 =

-

42

Capital gains distributions not subject to Part XIII tax (line 41 minus line 42)

=

43

Enter the amount from line 42 on line 23 above, and the amount from line 43 on line 18 above.

Mutual fund trust's TCP gains balance at the end of the tax year

Trust's TCP gains balance for the year (line 33 above). If negative, indicate the negative balance.

+

44

Amount from line 36

x 2 =

-

45

TCP gains distributions to all beneficiaries. Enter the lesser of lines 44 and 45. If negative, enter "0".

-

46

Trust's TCP gains balance at the end of the tax year (line 44 minus line 46). If negative, indicate the negative balance.

=

47

Use this balance when determining the trust's TCP gains balance at the beginning of next year.

T3 - 2008

DISPOSITIONS OF CAPITAL PROPERTY

SCHEDULE 1

- For information on completing this schedule, see Chapter 3 in the publication T4013, *T3 Trust Guide*.
 - If the trust is reporting a deemed disposition, complete Form T1055, *Summary of Deemed Dispositions*, first.
- ** you need more space, attach a separate sheet of paper. Include a completed copy of this schedule with the trust's return.**

Note: Do not use this schedule to claim an allowable business investment loss from disposing of shares or debts of a small business corporation (see Line 25 in the *T3 Trust Guide*).

1 Year of acquisition	2 Proceeds of disposition	3 Adjusted cost base	4 Outlays and expenses (from dispositions)	5 Gain (or loss) (column 2 minus columns 3 and 4)
--------------------------	------------------------------	-------------------------	---	--

Bonds, debentures, promissory notes, and other similar properties (continued)

Face value	Maturity date	Name of issuer	1 Year of acqui- sition	2 Proceeds of disposition	3 Adjusted cost base	4 Outlays and expenses (from dispositions)	5 Gain (or loss) (column 2 minus column 3 and 4)
2,000,000	2009-07-15	HYDRO QUEBEC		2,061,000 00	1,925,000 00		136,000 00
1,000,000	2010-06-01	CANADA GOVERNMENT		1,114,000 00	992,442 00		121,558 00
2,000,000	2011-12-01	PROVINCE OF NEW BRUNSWICK		2,170,000 00	1,988,400 00		181,600 00
731,000	2009-01-19	SOCIETE D HABITATI		769,231 00	724,056 00		45,175 00
2,000,000	2013-07-22	BANK OF NOVA SCOTIA		2,008,400 00	1,971,000 00		37,400 00
800,000	2028-05-19	CONSUMERS GAS		856,560 00	797,488 00		59,072 00
Total				8,979,191 00	8,398,386 00		580,805 00

T3 - 2008

INVESTMENT INCOME, CARRYING CHARGES, AND GROSS-UP AMOUNT OF DIVIDENDS RETAINED BY THE TRUST

SCHEDULE 8

- Include a completed copy of this schedule with the trust's return.

Part A - Calculating investment income and carrying charges

- Include any information slips received.
- Enter the names of the payers at the appropriate lines below. If there is not enough space, attach a separate sheet.
- Include amounts credited through agencies such as banks, trust companies, and brokers.

Dividends from taxable Canadian corporations

Actual amount of dividends other than eligible dividends from taxable Canadian corporations (box 23 of T3 slip or box 10 of T5 slip)

8110 • 1

Actual amount of eligible dividends from specified taxable Canadian corporations (box 49 of T3 slip or box 24 of T5 slip)

8120 • + 2

Total of the actual amount of dividends from taxable Canadian corporations (line 1 plus line 2)

= 3

Enter the amount from line 3 on line 03 of the T3 return.

Foreign investment income

Interest from foreign sources

4

Other foreign investment income

+ 5

Total foreign investment income (line 4 plus line 5)

= 6

Enter the amount from line 6 on line 04 of the T3 return.

Other investment income

Interest Bonds, trust companies, banks

5,646,869.00

9,959.00 7

Other deposits

+ 8,478.00 8

Mortgages, notes, and other

+ 9

securities

+ 10

Other dividends (including dividends received under a dividend rental arrangement)

+ 11

Other

+ 12

Total other investment income (add lines 7 to 11)

= 5,665,306.00

Enter the amount from line 12 on line 05 of the T3 return.

Carrying charges and interest expenses

Interest on money borrowed to earn investment income

8160 • 13

Management, safe custody, or accounting fees

8170 • + 14

Investment counsel fees

8180 • + 15

Other

Administration Expenses

+ 324,000.00

8190 • + 16

Total carrying charges (add lines 13 to 16)

= 324,000.00 17

Enter the amount from line 17 on line 21 of the T3 return.

Part B - Calculating the gross-up amount of dividends retained or not designated by the trust

Total eligible dividends reported before applying expenses (line 2 above)

18

Eligible dividends designated to beneficiaries (line 949, Part A of Schedule 9)

19

Total eligible dividends not designated by the trust (line 18 minus line 19)

20

Eligible dividends allocated, but not designated, to non-resident beneficiaries (eligible dividends from line 926, Column 2 of Schedule 9)

8239 • 21

Total eligible dividends available for gross-up (line 20 minus line 21)

22

Multiply line 22 by 45%

x 45 % 23

Gross-up amount of eligible dividends retained or not designated by the trust

24

Total dividends other than eligible dividends reported before applying expenses (line 1 above)

25

Dividends other than eligible dividends designated to beneficiaries (line 923, Part A of Schedule 9)

26

Total dividends other than eligible dividends not designated by the trust (line 25 minus line 26)

27

Dividends other than eligible dividends allocated, but not designated, to non-resident beneficiaries (dividends other than eligible dividends from line 926, Column 2 of Schedule 9)

8240 • 28

Total dividends other than eligible dividends available for gross-up (line 27 minus line 28)

29

Multiply line 29 by 25%

x 25 % 30

Gross-up amount of dividends other than eligible dividends retained or not designated by the trust

+ 31

Total gross-up amount of dividends retained or not designated by the trust (line 24 plus line 31)

= 32

Enter the amount from line 24 on line 24 of Schedule 11, *Federal Income Tax*. Enter the amount from line 31 on line 25 of Schedule 11. Enter the amount from line 32 on line 19 of Schedule 12, *Minimum Tax*, if applicable, and on line 49 of the T3 return.

Canada Revenue Agency
Agence du revenu
du Canada

Do not use this area 2008

T3 TRUST INCOME TAX AND INFORMATION RETURNLegislative references on this return refer to the *Income Tax Act* and *Income Tax Regulations*.
All references to "the guide" on this return refer to the publication T4013, *T3 Trust Guide*.**▲ Step 1 – Identification and other required information**

Residence of trust at end of tax year Indicate Country (if other than Canada) If Canada, enter the province or territory Ontario		
Name of trust Nortel Networks Health & Welfare Trust		
Name of trustee, executor, liquidator, or administrator The Northern Trust Company		
Mailing address of trustee, executor, liquidator, or administrator 145 King Street West, Suite 1910		
Toronto Ontario		Trust account number T10-3433-06
Mailing address, if different than trustee (or name and mailing address of the contact person, if different) Nortel		Do not use this area
5945 Airport Rd, Suite 360 Mississauga Ontario		Telephone number (416) 365-7161
		Postal code M5H 1J8
		Telephone number (905) 863-6215
		Postal code L4V 1R9
Is the trust resident on designated Aboriginal settlement lands? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> If yes, enter the name and settlement number.		
If the trust had business income in the year, enter the province(s) or territory(ies) where that income was earned.		
If the trust became or ceased to be a resident of Canada in the year, enter the date.		
Became resident	Year Month Day	Ceased to be resident
		Year Month Day

Type of Trust

Testamentary <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Other Date of death Year Month Day Social insurance number of deceased	
Inter vivos <input type="checkbox"/> Spousal or common-law partner <input type="checkbox"/> Unit <input type="checkbox"/> Mutual fund <input type="checkbox"/> Communal organization <input type="checkbox"/> Employee benefit plan <input type="checkbox"/> SIFT trust (Specified investment flow-through trust) Insurance segregated fund: <input type="checkbox"/> Fully or partially registered <input type="checkbox"/> Non-registered Date trust was created Year Month Day 1980-01-01 <input type="checkbox"/> Non-profit organization – Business Number: <input type="checkbox"/> Employee trust <input type="checkbox"/> Personal trust <input type="checkbox"/> Joint spousal or common-law partner trust <input type="checkbox"/> Alter ego trust <input checked="" type="checkbox"/> Other inter vivos (specify) Health & Welfare	
Deemed resident Is this a deemed resident trust? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please indicate any other country in which it is also considered resident.	

Return for tax year

from	Year Month Day 2009-01-01	to	Year Month Day 2009-12-31
Is this the first year of filing a T3 return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
If no, for what year was the last return filed? 2008 Year			
If yes, attach a copy of the trust document or will, and a list of assets at death (unless filed with the deceased's final T1 return). Attached <input type="checkbox"/> With T1 <input type="checkbox"/>			
Is this an amended return? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
Address on last return is same as above, or the following: Same <input type="checkbox"/>			
195 The West Mall, Toronto, ON			
Is this the final return of the trust? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
If yes, enter the trust wind up date. Year Month Day			
Your language of correspondence: English <input checked="" type="checkbox"/> French <input type="checkbox"/>			

Reporting foreign income and property

If the trust is resident in Canada, you have to report its income from all sources, both inside and outside Canada.

the trust dealt with a non-resident trust or corporation in the year, contact us at 1-800-959-8281 for more filing requirements.

Did the trust hold foreign property at any time in the tax year with a total cost of more than CAN\$100,000?

No ☒ Yes ☐If yes, you may have to complete and attach Form T1135, *Foreign Income Verification Statement*. For filing requirements, see the form.

2009 Health & Welfare Trust 309
2010-03-23 13:37

2009-12-31

Nortel Networks Health & Welfare
T10-3433-08

2

Other required information

- Is the trust one of a number of trusts created from contributions by the same individual?
If **yes**, complete Schedule 6 and attach a list of the names, addresses, and account numbers of the other trusts. No ☒ Yes ☐
2. For any trust (other than a unit trust), did the ownership of capital or income interests change since 1984?
If **yes**, enter the year, and, if during this tax year, attach a statement showing the changes. No ☒ Yes ☐
3. Were the terms of the trust amended or varied since June 18, 1971?
If **yes**, enter the year, and, if during this tax year, attach copies of the documents affecting these changes. No ☒ Yes ☐
4. Has the trust continuously resided in Canada since it was established (or since June 18, 1971, if it was established before that date)? No ☐ Yes ☒
5. Did the trust receive any additional capital property by way of gift since June 18, 1971? (Do not include the original property settled on the trust.) If **yes**, enter the year, and, if during this tax year, attach a statement giving the details. No ☒ Yes ☐
6. Did the trust borrow money, or incur a debt, in a non-arm's length transaction since June 18, 1971?
If **yes**, enter the year, and, if during this tax year, attach a statement showing the amount of the loan, the lender's name, and the lender's relationship to the beneficiaries. No ☒ Yes ☐
7. Does the will, trust document, or court order require the payment of trust income earned in the current year to beneficiaries?
If **yes**, complete Schedule 9. No ☒ Yes ☐
8. Did the trust receive, after December 17, 1999, any property as a transfer from a non-grandfathered inter vivos trust where the beneficial ownership of the property did not change as a result of the transfer?
If **yes**, enter the year, and, if during this tax year, attach a statement giving details. No ☒ Yes ☐
9. Did the trust distribute assets other than cash to a beneficiary during the tax year?
If **yes**, attach a statement giving a complete description of the property, the name and address of the beneficiary to whom the property was distributed, and the date the property was distributed. If the beneficiary is an individual, provide the beneficiary's social insurance number. No ☒ Yes ☐
10. Did the trust receive any additional property by way of a contribution of property (as defined in the "Definitions" of the guide) since June 22, 2000? If **yes**, enter the year, and, if during this tax year, attach a statement giving details. No ☒ Yes ☐
- Does the trust qualify as a public trust or public investment trust that is required to post information relating to the trust on the internet website CDS Innovations Inc under section 204.1 of the *Income Tax Regulations*? No ☒ Yes ☐

Step 2 – Calculating total income – See lines 01 to 20 in the guide.

<div style="border: 1px solid black; padding: 2px;">Taxable capital gains (line 21 of Schedule 1)</div> <div style="border: 1px solid black; padding: 2px;">Pension income</div> <div style="border: 1px solid black; padding: 2px;">Total of actual amount of dividends from taxable Canadian corporations (line 3 of Schedule 8)</div> <div style="border: 1px solid black; padding: 2px;">Actual amount of dividends other than eligible dividends from taxable Canadian corporations (line 1 of Schedule 8) 3A</div> <div style="border: 1px solid black; padding: 2px;">Foreign investment income (line 6 of Schedule 8)</div> <div style="border: 1px solid black; padding: 2px;">Other investment income (line 12 of Schedule 8)</div> <div style="border: 1px solid black; padding: 2px;">Business income 96 Net +</div> <div style="border: 1px solid black; padding: 2px;">Farming income 97 Net +</div> <div style="border: 1px solid black; padding: 2px;">Fishing income 98 Net +</div> <div style="border: 1px solid black; padding: 2px;">Rental income 99 Net +</div> <div style="border: 1px solid black; padding: 2px;">NISA Fund 2 +</div> <div style="border: 1px solid black; padding: 2px;">(includes NISA Fund 2 payments received while the beneficiary spouse or common-law partner is, or was, alive, or received by a communal organization.)</div> <div style="border: 1px solid black; padding: 2px;">Deemed dispositions income or losses (line 42 of Form T1055) +</div> <div style="border: 1px solid black; padding: 2px;">Other income (specify and attach any information slips received.)</div> <div style="border: 1px solid black; padding: 2px; margin-top: 10px;"> <div style="display: flex; justify-content: space-between;"> <div style="width: 40%;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> <div style="width: 10%; text-align: center;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> <div style="width: 40%; text-align: right;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> </div> <div style="border: 1px solid black; padding: 2px; margin-top: 10px;"> <div style="display: flex; justify-content: space-between;"> <div style="width: 40%;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> <div style="width: 10%; text-align: center;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> <div style="width: 40%; text-align: right;"> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div> </div> </div> </div>	<div style="border-bottom: 1px solid black; width: 100%;">373,002 50 01 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 02 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 03 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 04 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 4,909,638 68 05 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 06 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 07 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 08 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 09 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 10 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 11 •</div> <div style="border-bottom: 1px solid black; width: 100%;">+ 19 •</div> <div style="border-bottom: 1px solid black; width: 100%;">= 5,282,641 18 20</div>
<div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-between;"> Add lines 01 to 19. This is the trust's total income. 5,282,641 18 </div>	<div style="border: 1px solid black; padding: 2px; display: flex; justify-content: space-between;"> 5,282,641 18 </div>

Step 3 – Calculating net income – See lines 21 to 50 in the guide.

		Trust's total income (line 20 of page 2)		<u>5,282,641</u> 18 20	
▲	Carrying charges and interest expenses (line 17 of Schedule 8)		<u>304,000</u> 00 21 •		
	Trustee fees (see lines 22 to 24 in the guide)		22 •		
	Trustee fees that do not relate to income or were deducted elsewhere on this return	-	23 •		
	Trustee fees deductible from income (line 22 minus line 23)	=		+	24
	Allowable business investment losses (ABIL)			+	25 •
	Other deductions from total income (specify – see line 40 in the guide)				
	Trust Claim Premiums		<u>4,605,638</u> 68		
		+			
		+			
		=	<u>4,605,638</u> 68	+	<u>4,605,638</u> 68 40 •
▲	Add lines 21, 24, 25, and 40.	=	<u>4,909,638</u> 68	-	<u>4,909,638</u> 68 41
▲			Line 20 minus line 41	=	<u>373,002</u> 50 42
Taxable benefits – See lines 43 and 44 in the guide.					
	Upkeep, maintenance, and taxes of a property used or occupied by a beneficiary			43 •	
	Value of other benefits to a beneficiary	+		44 •	
	Total taxable benefits (line 43 plus line 44)	=		+	45
▲	Income before allocations (line 42 plus line 45)			=	<u>373,002</u> 50 46
Amounts paid or payable to beneficiaries					
	Less: Amounts claimed under subsections 104(13.1) and (13.2) (attach a statement)	-		A •	
▲	Total deductible income allocations (line A minus line B)	=		B •	47 •
	Income after allocations (line 46 minus line 47)	=			<u>373,002</u> 50 48
▲	Total gross-up amount of dividends retained or not designated by the trust (line 32 of Schedule 8)			+	49 •
▲	Line 48 plus line 49. This is the trust's net income.	=		=	<u>373,002</u> 50 50 •

Step 4 – Calculating taxable income – See lines 51 to 56 in the guide.

Deductions to arrive at taxable income					
	Non-capital losses of other years – See line 51 in the guide			51 •	
	Net capital losses of other years – See line 52 in the guide	+	<u>373,002</u> 50 52 •		
	Capital gains deduction for resident spousal or common-law partner trust only (line 10 of Schedule 5)	+		53 •	
	Other deductions to arrive at taxable income (specify – see line 54 in the guide.)	+		54 •	
	Add lines 51 to 54.	=	<u>373,002</u> 50	-	<u>373,002</u> 50 55
▲	Line 50 minus line 55. This is the trust's taxable income.	=		=	<u>0</u> 00 56 •
<p>If the amount is more than zero, enter the amount on line 58, and on line 1 of Schedule 11.</p> <p>If the amount is negative, enter "0" on line 56.</p> <p>If minimum tax applies, enter the positive or negative result from line 58 on line 23 of Schedule 12.</p>					

Step 5 – Summary of tax and credits – See lines 81 to 100 in the guide.**Tax:**

Total federal tax payable (see line 81 in the guide)		81 •	
Provincial or territorial tax payable (from the applicable provincial or territorial form)	+	82 •	
Part XII.2 tax payable (line 12 of Schedule 10)	+	83 •	
Add lines 81 to 83. Total taxes payable.	=	0.00	0.00 84 •

Credits:

Tax paid by instalments		85 •	
Total tax deducted (see lines C, D, and 86 in the guide)			
Transfer to Quebec	-		
Net tax deducted (line C minus line D)	=		
Refundable Quebec abatement (line 45 of Schedule 11, or line 56 of Schedule 12)	+	86 •	
Refundable investment tax credit (Form T2038(IND))	+	87 •	
Capital gains refund (Form T184)	+	88 •	
Part XII.2 tax credit (box 38 of T3 slip)	+	89 •	
Other credits (specify)	+	90 •	
	+	91 •	
Add lines 85 to 91. Total credits.	=	0.00	0.00 93

Refund or balance owing – Line 84 minus line 93If the result is negative, you have a **refund**.If the result is positive, you have a **balance owing**.

Generally, we do not refund or charge a difference of \$2 or less.

Amount enclosed

95 •

Payment: Attach a cheque or money order payable to the Receiver General. Do not mail cash.Refund code ☐ 100
(see the guide for details.)**Name and address of person or company** (other than trustee, executor, liquidator, or administrator) who prepared this return.

Fax: _____

Postal code

Telephone number

Privacy Act, Personal Information Bank number CRA/P-PU-005

Certification (by trustee, executor, liquidator, or administrator)I, JOHN DOOLITTLE

(please print)

certify that the information given on this T3 return and in any documents attached is, to the best of my knowledge, correct, complete, and fully discloses the income from all sources.

Authorized person's signature

VICE PRESIDENT, TAX
Position or title

Date

March 30/10

2009 Health & Welfare Trust 309
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Nortel Networks Health & Welfare
T10-3433-06

T3 - 2009

MINIMUM TAX

SCHEDULE 12

Page 1 of 6

Include a completed copy of this schedule with the trust's return.

- Use this schedule to calculate a trust's minimum tax and minimum tax carryover.
- See page 4 for trusts not subject to minimum tax in the tax year.
- For information on how to complete this schedule, see the instructions on pages 4 and 5.
- To calculate provincial or territorial minimum tax, see pages 5 and 6. To calculate the Ontario minimum tax carryover, see Schedule 12A, Chart 2 - Ontario Minimum Tax Carryover for 2008 (Trusts), on our Web site at www.cra.gc.ca/forms.

Part 1 - Calculating net adjusted taxable income for minimum tax

Complete sections C, D, and E only if the trust is claiming losses from these sources.

A. Calculating the non-taxable portion of capital gains reported in the year and kept in the trust

Do not include taxable capital gains from mortgage foreclosures or conditional sales reposessions. If the trust is reporting deemed dispositions of capital property on Form T1055, *Summary of Deemed Dispositions*, or capital gains from donated property, you will need to make an adjustment for line 3. Use Chart 1 on page 4.

Taxable capital gains (line 21 of Schedule 1)	373,002 50	1	
Taxable capital gains allocated and designated to beneficiaries (line 821 of Schedule 9)		2	
Capital gains kept in the trust (line 1 minus line 2)	373,002 50	2A	
Capital gains conversion rate	3/5	2B	
Non-taxable portion of capital gains kept in the trust (line 2A multiplied by line 2B)	12030 = 223,801 50		3

B. The elected portion of pension benefits under ITAR 40 12040 + 4

C. Rental and leasing property

Capital cost allowance (CCA) and carrying charges claimed on rental and leasing property	12050 +	5	
Net income from rental and leasing property before CCA and related carrying charges (if a loss, enter "0"). See the Note on page 4.	12060 +	6	
Loss, if any, created or increased by CCA and related carrying charges (line 5 minus line 6)			7

D. Film property

CCA and carrying charges claimed on certified film property acquired after 1987 and before March 1996	12080 +	8	
Net income reported from certified film property before CCA and related carrying charges (if a loss, enter "0"). See the Note on page 4.	12090 +	9	
Loss, if any, created or increased by CCA and related carrying charges (line 8 minus line 9)			10

E. Resource property, royalties, and flow-through shares

Total of all resource deductions, allowances, depletion allowances, and carrying charges related to resource property and flow-through shares	12110 +	11	
Income from production of petroleum, gas, and minerals, including royalties before resource deductions and allowances and depletion allowances and related carrying charges (if a loss, enter "0")	12120 +	12	
Income from dispositions of foreign resource properties and recovery of exploration and development expenses (if a loss, enter "0")	12130 +	13	
Total resource income (line 12 plus line 13)			14
Loss, if any, created or increased by resource deductions and allowances, depletion allowances, and related carrying charges (line 11 minus line 14)			15

F. Limited partnership and tax shelter losses - Include the trust's total share of the partnership loss. 12160 + 16

G. Limited and specified member partnership interest - Amount, if any, by which carrying charges related to acquiring a partnership interest are more than the trust's income from the partnership interest. 12170 + 17

Total additions to taxable income for minimum tax purposes (add lines 3, 4, 7, 10, 15, 16, and 17) = 223,801 50 18

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Part 1 (continued)**Total additions to taxable income for minimum tax purposes** (from line 18 on page 1)

223,801 50 18

Total gross-up amount of dividends kept by the trust (line 49 of the return)

19

Allowable business investment losses
(line 25 of the return)

20A

Capital gains conversion rate

x 3/5

20B

Line 20A multiplied by line 20B

=

+ 20

Total deductions from taxable income for minimum tax purposes

(line 19 plus line 20)

=

21

Net additions to taxable income for minimum tax purposes (line 18 minus line 21)

= 223,801 50 22

Taxable income (line 56 of the return; if a loss, enter the amount in brackets)

+ 23

Adjusted non-capital losses of other years used in the current year (see "Line 24" on page 4)

+ 24

Subtotal (add lines 22 to 24)

= 223,801 50 25

Net capital losses of other years used in the current year (see "Line 26" on page 5)

12240 •

373,015 71 26A

Capital gains conversion rate

x

3/5

26B

Line 26A multiplied by line 26B

=

223,809 43

- 223,809 43 26

Adjusted taxable income for minimum tax (line 25 minus line 26)

= -7 93 27

Basic exemption (see "Line 28" on page 5)

- 28

Net adjusted taxable income for minimum tax (line 27 minus line 28; if negative, enter "0")

- 29

If the amount on line 29 is more than zero, continue completing this schedule.

If the amount on line 29 is zero, the trust is not subject to minimum tax. However, you should complete Part 7 to determine the amount of minimum tax carryover available for this year and for future years. Enter "0" on line 70. **Include Schedule 12 with the return.**

If the trust has:

- **taxable income** on line 56 of the return, complete Schedule 11; or
- **no taxable income** on line 56 of the return, enter "0" on line 81 of the return.

Part 2 – Calculating the special foreign tax credit

(Complete only if the trust kept foreign income.)

Foreign non-business income for which the trust paid foreign non-business income tax

30

Foreign business income

+ 31

Total foreign income (line 30 plus line 31)

= 32

Foreign Income limit for special foreign tax credit

(line 32

x

15 %) =

33

Foreign non-business income tax paid 34

x

66.67 % =

35

Foreign business income tax paid

+ 36

Total foreign taxes paid for special foreign tax credit (line 35 plus line 36)

= 37

Line 33 or line 37, whichever is less

38

Deductible amount of federal foreign tax credit (line 10 of Form T2209)

39

Special foreign tax credit (line 38 or line 39, whichever is more)

12290 •

40

Part 3 – Obligation to pay minimum tax**Net adjusted taxable income for minimum tax**

(line 29

x

15 %) =

41

Total donations and gifts tax credit (line 20 of Schedule 11)

- 42

Minimum amount (line 41 minus line 42)

= 43

Special foreign tax credit (line 40)

- 44

Net minimum tax payable (line 43 minus line 44)

= 45

Federal tax payable (line 44 of Schedule 11)

46

48% surtax on income not subject to provincial or territorial tax
(line 32 of Schedule 11)

+ 47

Federal tax before surtax (line 46 minus line 47)

= 48

Amount by which minimum amount is more than regular federal tax payable
(line 45 minus line 48; if negative, enter "0")

= 49

If the amount on line 49 is more than zero, complete the rest of this schedule.

If the amount on line 49 is zero, the trust is not subject to minimum tax. However, you should complete Part 7 to determine the amount of minimum tax carryover available for this year and for future years. **Include Schedule 12 with the return.**

If the trust has:

- **taxable income** on line 56 of the return, complete Schedule 11; or
- **no taxable income** on line 56 of the return, enter "0" on line 81 of the return.

Part 4 – Basic federal tax for the year

Basic federal tax (line 31 of Schedule 11)			50
Minimum amount (from line 43)			51
Basic federal tax for the year (line 50 or line 51, whichever is more)		12420	52

Part 5 – Calculating federal tax payable (minimum tax)

Net minimum tax payable (from line 45)			53
Surtax on income not subject to provincial or territorial tax (portion of line 52 not subject to provincial or territorial tax)	X 48 %	=	54
Federal tax payable (line 53 plus line 54)		12550	55

Enter this amount on line 81 of the return.

To calculate provincial or territorial minimum tax, use Chart 3 on page 6.

Refundable Quebec abatement (see "Line 56" on page 5)	(line 52	X 16.5 %	=	56
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Enter the amount from line 56 on line 87 of the return.

Part 6 – Calculating this year's additional taxes paid for minimum tax carryover

Minimum amount (from line 43)			57	
Basic federal tax (line 31 of Schedule 11)			58	
Special foreign tax credit (from line 40)			59	
Deductible amount of federal foreign tax credit (from line 39)	-		60	
Subtotal (line 59 minus line 60)	=		61	
Amount from line 34			62	
Amount from line 38	+		63	
Total (line 62 plus line 63)	=		64	
line 61	X	line 37 line 64	=	65
Total (line 58 plus line 65)			66	
Additional taxes available to carry over to later years (line 57 minus line 66; if negative, enter "0")		12670	67	

Part 7 – Calculating the total minimum tax carryover

Minimum tax carryover from previous years (2001 to 2007)		12680	68
Tax payable before carryover (line 29 of Schedule 11)			69
Minimum amount (from line 43)	-		70
Maximum carryover that can be applied this year (line 69 minus line 70; if negative, enter "0") if the trust is subject to minimum tax, enter "0"	=		71
Minimum tax carryover applied this year:			
Claim an amount that is not more than line 68 or line 71, whichever is less, and enter it on line 30 of Schedule 11.	-		72
Balance of minimum tax carryover (line 68 minus line 72)	=		73
Additional taxes available from this year (from line 67)	+		74
Line 73 plus line 74	=		75
Additional 2001 taxes not applied	-	12760	76
Minimum tax carryover available for next year (line 75 minus line 76)	=	12690	77

Is the trust subject to minimum tax?

The following trusts are not subject to minimum tax:

- a mutual fund trust;
- a related segregated fund trust;
- a master trust; and

- a spousal or common-law partner trust, a joint spousal or common-law partner trust, or an alter ego trust if it reports in the year its first deemed disposition on Form T1055, *Summary of Deemed Dispositions*.

Any other trust is liable to pay minimum tax if the net minimum tax payable on line 45 is more than the regular federal tax payable on line 48. A trust may have to pay minimum tax for the year if it:

- reports taxable capital gains (line 01 of the return);
- reports taxable dividends (line 03 of the return);
- claims a loss resulting from, or increased by, resource expenditures, or claims resource and depletion allowances on resource properties (line 06 or line 19 of the return);
- makes an election on pension benefits under ITAR 40 (line 02 of the return and line 22 of Schedule 11);
- claims a loss resulting from, or increased by, capital cost allowance (CCA) or carrying charges claimed on a rental or leasing property (line 09 of the return), or certified films or videotapes (line 08 of the return);
- has certain losses that limited partners, specified members of a partnership, or partners of a tax shelter deduct for their partnership interest (for this purpose, losses allocated from a partnership are applied against gains from the same partnership source);
- has losses from tax shelters; or
- has carrying charges for interests in limited partnerships, tax shelters, rental and leasing properties, or film and resource properties, that increase or create a loss from these sources.

Note

Net income from rental and leasing property, and film property includes income from these investments (before CCA and related carrying charges) **plus** any net taxable capital gains from the disposition of these investments **minus** any losses from these investments (before CCA and related carrying charges). You also have to subtract allocated partnership losses from gains from the same partnership source.

Line 3 – Non-taxable part of capital gains kept in the trust

This amount usually equals three-fifths of the taxable capital gains kept in the trust after the allocation and designation of net taxable capital gains to beneficiaries. **Do not** include taxable capital gains from mortgage foreclosures and conditional sales possessions. Only the taxable portion of a capital gain from the donation or gift of property is included in the base for determining minimum tax. If the trust reports a capital gain from donated property, you have to make an adjustment for the non-taxable portion of capital gains as well. To make the adjustment, use the following chart. If you have completed Form T1055, you should also use the following chart to make the adjustment.

Chart 1 – Adjusted Line 3

Taxable capital gains from line 21 of Schedule 1		a	
Amount from line 25 of Form T1055 (include this amount only if the deemed disposition arises on a day described in D to I of that form)	+	b	
Subtotal (line a plus line b)	=		c
Net taxable capital gains allocated and designated (3/5 of line 921 from Schedule 9)		d	
30% of reduced capital gains on gifts of certain capital property from line 17 of Schedule 1	+	e	
30% of capital gains on other donated property from line 18 of Schedule 1	+	f	
Subtotal (add lines d to f)	=		g
Total (line c minus line g). Enter this amount on line 3.			h

Line 24 – Adjusted non-capital losses of other years used in the current year

If the trust claimed non-capital losses of other years, you may have to reduce the non-capital losses for minimum tax purposes. This reduction is any portion of the non-capital losses attributable to:

- capital cost allowance or carrying charges claimed on:
 - rental or leasing property; or
 - films certified by the Canadian Film and Videotape Certification Office;
- resource expenditures; or
- resource and depletion allowances.

Enter the reduction on line 24.

For minimum tax purposes, a non-capital loss that is carried forward is calculated according to the minimum tax rules in effect for the year in which the loss was incurred.

Line 26 – Net capital losses of other years used in the current year

You may have claimed a capital loss from previous years on line 52 of the return. If this is the case, you will have to adjust the trust's income for minimum tax purposes. On line 26A, enter the net capital losses of other tax years that you claimed in the current year on line 52 of the return. Do not include capital losses on mortgage foreclosures and conditional sales reposessions.

If the amount on line 52 of the return is less than the capital gains remaining in the trust after allocation to beneficiaries, and the trust has additional unapplied losses of other years, you may be able to increase the amount on line 26A. Call us for details.

Line 28 – Basic exemption

We allow a basic exemption of \$40,000 to testamentary and grandfathered inter vivos trusts. Allocate the \$40,000 basic exemption among the trusts if more than one qualifying trust is formed from contributions by the same individual. To allocate the basic exemption, complete Schedule 6, *Trusts' Agreement to Allocate the Basic Exemption From Minimum Tax*. On line 28, enter the basic exemption, or the trust's allocated amount of the exemption from Schedule 6. For a definition of testamentary and grandfathered inter vivos trusts, see the publication T4013, *T3 Trust Guide*.

Note

For all other inter vivos trusts, enter "0" on line 28 of this schedule.

Part 5 – Calculating federal tax payable (minimum tax)**Line 56 – Refundable Quebec abatement**

For information, see the instructions for line 45 of Schedule 11 in the *T3 Trust Guide*.

Part 6 – Calculating this year's additional taxes paid for minimum tax carryover**Lines 57 to 67**

Use Part 6 to calculate the amount of any additional minimum tax payable by the trust for this year that you can carry over to a future year. You may be able to deduct this amount from the trust's regular tax liability on line 30 of Schedule 11 in future years. You can claim a carryforward for a period of seven years.

Part 7 – Calculating the total minimum tax carryover**Lines 68 to 77**

Use Part 7 to calculate the minimum tax carryover from previous years that you can claim on Schedule 11 in this year. You can carry over minimum tax from the seven previous tax years. In the trust's best interests, apply the oldest available carryover first. For example, apply any carryover from 2003 before any carryover from 2004. Also use Part 7 to calculate the total minimum tax carryover, if any, that may be carried forward to later years.

Provincial and territorial minimum tax payable

Use Chart 3 – *Calculating Provincial and Territorial Minimum Tax*, on the next page, to calculate the trust's provincial and territorial minimum tax payable.

Ontario minimum tax carryover

To calculate your Ontario minimum tax carryover, use Schedule 12A, *Chart 2 – Ontario Minimum Tax Carryover for 2008 (Trusts)*, available on our Web site at www.cra.gc.ca/forms. If one of the following situations applies to the trust, call us for information on how to calculate the Ontario minimum tax carryover.

- The trust is **resident in Ontario** in 2008 and:
 - it is subject to tax in multiple jurisdictions (with taxable income in Ontario); or
 - in a year after 2001, it was **not** resident in Ontario, and minimum tax was payable in that year.
- The trust is **not resident in Ontario** in 2008, but has business income in Ontario.
- The trust was subject to tax in multiple jurisdictions in a year after 2001, and it was subject to Ontario minimum tax.

Note

You cannot claim a minimum tax carryover if the trust has to pay minimum tax.

Chart 3 – Calculating Provincial and Territorial Minimum Tax

Newfoundland and Labrador				Saskatchewan			
Line 67		1		Line 57		1	
Newfoundland and Labrador rate	$\times 51.33\%$	2		minus line 58		2	
Newfoundland and Labrador additional minimum tax (line 1 multiplied by line 2). Enter amount A on line 20 of Form T3NL.	=		A	Saskatchewan rate	$\times 50\%$	2	
				Saskatchewan additional minimum tax (line 1 multiplied by line 2). Enter amount H on line 22 of Form T3SK.	=		H
Nova Scotia				Alberta			
Line 67		1		Line 57		1	
Nova Scotia rate	$\times 57.5\%$	2		minus line 58		2	
Nova Scotia additional minimum tax (line 1 multiplied by line 2). Enter amount B on line 20 of Form T3NS.	=		B	Alberta rate	$\times 35\%$	2	
				Alberta additional minimum tax (line 1 multiplied by line 2). Enter amount I on line 13 of Form T3AB.	=		I
New Brunswick				British Columbia			
Line 57		1		Line 67		1	
minus line 58		2		British Columbia rate	$\times 33.7\%$	2	
New Brunswick rate	$\times 57\%$	2		British Columbia additional minimum tax (line 1 multiplied by line 2). Enter amount J on line 20 of Form T3BC.	=		J
New Brunswick additional minimum tax (line 1 multiplied by line 2). Enter amount C on line 20 of Form T3NB.	=		C				
Prince Edward Island				Nunavut			
Line 67		1		Line 67		1	
Prince Edward Island rate	$\times 57.5\%$	2		Nunavut rate	$\times 45\%$	2	
Prince Edward Island additional minimum tax (line 1 multiplied by line 2). Enter amount D on line 20 of Form T3PE.	=		D	Nunavut additional minimum tax (line 1 multiplied by line 2). Enter amount K on line 20 of Form T3NU.	=		K
Ontario				Northwest Territories			
Line 49		1		Line 67		1	
Ontario rate	$\times 40.33\%$	2		Northwest Territories rate	$\times 45\%$	2	
Ontario additional minimum tax (line 1 multiplied by line 2). Enter amount E on line 20 of Form T3ON.	=		E	Northwest Territories additional minimum tax (line 1 multiplied by line 2). Enter amount L on line 20 of Form T3NT.	=		L
Manitoba				Yukon			
Line 57		1		Line 67		1	
minus line 58		2		Yukon rate	$\times 44\%$	2	
Manitoba rate	$\times 50\%$	2		Yukon additional minimum tax (line 1 multiplied by line 2). Enter amount M on line 20 of Form T3YT.	=		M
Manitoba additional minimum tax (line 1 multiplied by line 2). Enter amount G on line 21 of Form T3MB.	=		G				

T3 - 2009 PART XII.2 TAX AND PART XIII NON-RESIDENT WITHHOLDING TAX SCHEDULE 10

Include a completed copy of this schedule with the trust's return.

- All references to "the guide" are to the T3 Trust Guide.

Part A - Calculating Part XII.2 tax and the refundable Part XII.2 tax credit

- Part XII.2 tax does not apply to testamentary trusts, mutual fund trusts, or most trusts exempt from tax under Part I. For a complete list of trusts to which Part XII.2 tax does not apply, and for more information on completing this schedule, see Chapter 3 in the guide.
- Part XII.2 tax is calculated on income allocated by trusts to designated beneficiaries where the trust has specified income.
- We define **designated beneficiary**, **eligible beneficiary** and **specified income** in the guide, under "Schedule 10 - Part XII.2 Tax and Part XIII Non-Resident Withholding Tax."
- Part XII.2 tax is due no later than 90 days after the trust's tax year-end. Trustees are personally liable for any Part XII.2 tax not paid by the due date.
- Eligible beneficiaries will receive a refundable tax credit for Part XII.2 tax that the trust paid.

Specified income

Net business income (loss) from businesses carried on in Canada (lines 06 to 08 of the return)	10010	*		1
Net income (loss) from real properties (land and buildings) located in Canada (line 09 of the return)	10020	+		2
Net income (loss) from timber resource properties	10030	+		3
Net income (loss) from Canadian resource properties the trust acquired after 1971	10040	+		4
Taxable capital gains and allowable capital losses from the disposition of certain properties	10050	+		5
Total specified income (add lines 1 to 5)		=		6

Calculating Part XII.2 tax

Amounts allocated and designated to beneficiaries other than by preferred beneficiary election

Resident beneficiaries (line 928, column 1 of Schedule 9)			7	
Non-resident beneficiaries (line 928, column 2 of Schedule 9)	+		8	
Subtotal (line 7 plus line 8)	=			9
Taxable benefits (line 44 of the return)	-			10
Adjusted amounts allocated and designated to beneficiaries (line 9 minus line 10)	=			11
Part XII.2 tax payable (line 6 or line 11, whichever is less, x 36%)	=			12

Enter the amount from line 12 on line 83 of the T3 return.

Calculating Part XII.2 refundable tax credit for eligible beneficiaries

Income allocated to designated beneficiaries	x	Amount from line 12	=		13
Divide by amount from line 11					
Part XII.2 refundable tax credit for eligible beneficiaries (line 12 minus line 13)	=				14

Enter the amount from line 14 on line 938 of Schedule 9, *Income Allocations and Designations to Beneficiaries*. If there is only one eligible beneficiary, enter the amount from line 14 in box 38 of that beneficiary's T3 slip (Part XII.2 tax credit). If there is more than one eligible beneficiary, see the instructions for Line 14 of Schedule 10 in the guide to calculate the box 38 amount for each eligible beneficiary.

Complete Part B on page 2 if the trust is required to submit Part XIII non-resident withholding tax.

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Nortel Networks Health & Welfare
T10-3433-06**Part B - Calculating Part XIII non-resident withholding tax**Payer's remittance no. **NR J505060**

total income paid or payable to non-resident beneficiaries (line 928, column 2 of Schedule 9)		43,754.68	15
Adjustment for non-cash items included above (provide reconciliation) (if negative, enter in brackets)	10210	+	16
Amounts paid or payable (line 15 plus line 16)		= 43,754.68	17
Amounts payable to non-resident beneficiaries that are not subject to Part XIII tax:			
Taxable capital gains distributions designated as payable by a mutual fund trust (see Note below)	10230	+	18
Distributions by certain trusts established before 1949	10240	+	19
Other (specify)	10250	+	20
Amount from line 13 in Part A		+	21
Subtotal (add lines 18 to 21)		=	22
Taxable Canadian property gains distributions for non-resident beneficiaries (see Note below)		+	23
Amount subject to non-resident tax (subtract line 22 from line 17, then add line 23)		= 43,754.68	24
Non-resident tax payable (Multiply the amount on line 24 by the appropriate rate of tax. This amount has to be the same as the amount reported on the NR4 Summary and the related NR4 slip(s))		6,572.55	25
Amounts already remitted on Form NR-76, <i>Non-Resident Tax Statement of Account</i>		- 6,572.55	26
Part XIII tax due (line 25 minus line 26)		=	27

Remit the Part XIII tax with your Form NR-76, NR4 Summary, and NR4 slip(s).

Note: If more than 5% (.05) of a mutual fund trust's taxable capital gains distributions are designated to non-resident beneficiaries (including a partnership that is not a Canadian partnership), the trust must do a calculation for line 18 and for line 23. Enter the amount from line 43 on line 18 and the amount from line 42 on line 23. To determine the trust's opening taxable Canadian property (TCP) gains balance at the beginning of the following year, complete lines 44 to 47. If the amount at line 37 is less than 5% (.05), do not complete the rest of this area. Instead, enter the amount from line 921, column 2, of Schedule 9 at line 18 and enter "0" at line 23.

TCP gains balance for the mutual fund trust

Trust's TCP gains balance at the end of the previous year (Line 47 of previous year's Schedule 10. If the trust did not exceed the 5% distribution rule, use the amount from line 33.)		+	28
Trust's capital gains from dispositions of taxable Canadian property during the tax year		+	29
TCP gains distributions received by the trust during the tax year		=	30
Subtotal (add lines 28, 29, and 30)		=	31
Trust's capital losses from taxable Canadian property during the tax year		=	32
Mutual fund trust's TCP gains balance for the year (line 31 minus line 32). If negative, indicate the negative balance.		=	33

Pro rata portion for non-resident beneficiaries

Trust's TCP gains balance for the year (line 33 above). If negative, enter "0"			34
Taxable capital gains designated to non-resident beneficiaries for the tax year		35	
Total taxable capital gains designated by the trust to all beneficiaries for the tax year		36	
Line 35 divided by line 36		=	37
Non-resident beneficiaries' pro rata portion (line 34 multiplied by line 37)		=	38

Non-resident beneficiaries TCP gains distribution

Amount from line 35	X 2 =		39
Non-resident beneficiaries TCP gains distribution. Enter the lesser of lines 38 and 39.			40

Include the amount from line 40 as code 58 on the beneficiary's NR4 slip.

Capital gains distributions not subject to Part XIII tax

Amount from line 35			41
Amount from line 40	X 1/2 =		42
Capital gains distributions not subject to Part XIII tax (line 41 minus line 42)		=	43

Enter the amount from line 42 on line 23 above, and the amount from line 43 on line 18 above.

Mutual fund trust's TCP gains balance at the end of the tax year

Trust's TCP gains balance for the year (line 33 above). If negative, indicate the negative balance.			44
Amount from line 38	X 2 =		45
Total TCP gains distributions to all beneficiaries. Enter the lesser of lines 44 and 45. If negative, enter "0".			46
Trust's TCP gains balance at the end of the tax year (line 44 minus line 46). If negative, indicate the negative balance.		=	47

Use this balance when determining the trust's TCP gains balance at the beginning of next year.

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Nortel Networks Health & Welfare
T10-3433-06**Bonds, debentures, promissory notes, and other
similar properties (continued)**

Face value	Maturity date	Name of Issuer	1 Year of acquisition	2 Proceeds of disposition	3 Adjusted cost base	4 Outlays and expenses (from dispositions)	5 Gain (or loss) (column 2 minus columns 3 and 4)
1,000,000	2011-02-21	PROVINCE OF BRITISH COLUMBIA		1,123,200 00	997,000 00		126,200 00
4,000,000	2009-03-02	PROVINCE OF MANITOBA		4,020,320 00	3,701,200 00		319,120 00
3,000,000	2009-06-01	MUN FIN AUTHORITY		3,035,100 00	2,944,590 00		90,510 00
1,250,000	2009-06-22	PROVINCE OF NEW BRUNSWICK		1,277,037 50	1,239,062 50		37,975 00
1,000,000	2011-09-19	PRINCE EDWARD IS.		1,172,200 00	1,000,000 00		172,200 00
Total				10,627,857 50	9,881,852 50		746,005 00