

Agreement for Administrative Services Only

Plan Sponsor	Nortel Networks Limited
Plan Number	90002
Effective Date	January 1, 1999

You, Nortel Networks Limited, have agreed to provide a group health and welfare plan for certain employees and have assumed liability for the payment of certain disability, hospital, medical and dental benefits to these employees, according to the provisions of the Nortel Networks Limited Employee Benefit Plan and Spending Account.

We, Clarica Life Insurance Company, agree with you, Nortel Networks Limited, to provide administrative services for the Nortel Networks Limited Employee Benefit Plan and Spending Account according to the provisions of this agreement.

This agreement, the Nortel Networks Limited Employee Benefit Plan, Spending Account and Clarica's Guidelines on Privacy form the entire contract between Clarica Life Insurance Company and Nortel Networks Limited. The agreement supersedes all prior written or oral agreements on the subject matter. This agreement is not protected by the Canadian Life and Health Insurance Compensation Corporation.

We will maintain the insurance coverage set out in Appendix IV, attached to this agreement.

Definitions

Bank account	means the bank account issued to you, upon which we are authorized to draw cheques for payment of claims under the Plan and Spending Account.
Calendar year	means January 1 to December 31.
Plan	means the Nortel Networks Limited Employee Benefit Plan.
Spending Account	means the Nortel Networks Limited Health Care Spending Account.
We, us and our	refer to Clarica Life Insurance Company.
You and your	refer to Nortel Networks Limited.

General Provisions

1. You agree that we, in providing services under this agreement, are acting on your behalf as administrator only of the Plan and Spending Account. You are solely liable for payment of claims submitted under the terms of the Plan and Spending Account.
2. We have the power to interpret the provisions and terms of this agreement, the Plan and Spending Account in performing our obligations under this agreement. Any interpretation adopted by us in good faith and in a reasonable manner and without negligence is binding upon you.
3. Regardless of any other provision in this agreement, you may determine the amount of payment to be made for any specific benefit claim submission, provided you instruct us in writing to make the payment.

4. You agree to indemnify and hold us harmless from any and all claims, damages, lawsuits, losses, costs and charges incurred by us as a result of our performance of this agreement, unless caused by a willful act, negligence or a breach of contract by us.
5. This agreement may be amended at any time, provided such amendment is in writing and approved by you and us.
6. We may change the Administration Charges on the effective date of an amendment by giving you written notice of any changes.
7. We may change the Administration Charges one year after the effective date, or any time after that, by giving you 30 days' prior written notice of any changes.
8. All financial transactions will be in Canadian currency.
9. All questions relating to the validity, interpretation or administration of this agreement will be determined according to the laws of the Province of Ontario.
10. With the exception of our indemnification of you under the *Our obligations* section below, or breach of the Privacy Guidelines outlined in *Appendix III*, neither party will be liable for any unforeseeable, incidental or consequential damages or for any loss of revenues, loss of profits, loss of goodwill or other forms of economic loss, even if the party or its authorized representative has been advised of the possibility of the type of damages and notwithstanding any failure of the essential purpose of any limited remedy.
11. Notices will be given in writing by fax, courier service, electronic mail (e-mail), or Canada Post. Courier service notice is effective on the earlier of 5 days from being deposited for delivery or the date on the mail or courier receipt. Fax and e-mail notice are effective when the sender receives confirmation that the fax was sent or the e-mail was received. Each party will provide the other with the contact information required for each type of notice. The information will be first provided on the effective date and promptly updated during the term as it changes.
12. If any provision of this agreement is determined to be legally unenforceable or invalid, the remaining provisions will continue in effect. The parties will substitute a provision that most closely approximates the economic effect and intent of the invalid provision.
13. Unless waived and agreed in writing by both parties, no action or inaction by a party under this agreement will constitute a waiver of a party's rights or obligations under this agreement, or breach of this agreement.
14. Neither party will assign or transfer this agreement, or its rights or obligations, without the prior written consent of the other. Neither party will unreasonably withhold or delay consent. However, we may assign this agreement to an entity that directly or indirectly owns at least 50% of the voting securities or may exercise 50% of the voting power of us or to a person or entity to which we have seceded all or substantially all of its business and assets to which this agreement relates.
15. All written communication concerning this agreement or amendments or restatements of this agreement will be in the English language.
16. This agreement may be executed by the parties in multiple counterparts, each of which will be deemed an original and all of which will be one and the same document.

Our Obligations

1. We will prepare and maintain documents for the Plan and Spending Account.
2. We will provide claim forms and assess and pay claims according to the terms of the Plan and Spending Account. We will pay claims by issuing cheques on the bank account according to the terms of this agreement.
3. We will advise you of any contested claims within a reasonable time after the claims are made.

4. We will report fraudulent claims to you within 10 days of discovering the fraud by Investigative Services.
5. We will provide you with a monthly invoice which includes a monthly claims report, a monthly expense report and a monthly cheque reconciliation report.
6. We will make available to you all records relating to the contracted administrative services. This manner will incorporate methods designed to protect the confidentiality of the individual's personal information according to our Guidelines on Privacy.
7. We will retain claim records, internal records for the preparation of bank reconciliations and any other files or records pertaining to this Plan and Spending Account for a maximum of 6 years, at which time they will be destroyed.
8. We warrant that the services have been performed in a good and workmanlike manner in accordance with generally accepted industry standards and will conform to the agreement.
9. We are an independent contractor in relation to you for the services provided under this agreement. This agreement does not create a joint venture, partnership, principal-agent or employment relationship between you and us.
10. We will indemnify and hold you and your subsidiaries and affiliates (including your employees, officers and directors) harmless from fines, penalties, losses, costs, damages, injuries, claims, expenses or liabilities resulting from injury or death of a third party or of any of our employees or of any employees of our subcontractors, or damage or loss of property to the extent caused by our employees' or employees of our subcontractors', contractors', or consultants' performance of this agreement.

The fines, penalties, losses, costs, damages, injuries, claims or liabilities resulting from the above will be known collectively as liabilities.

At our expense we will:

- defend against or settle liabilities, and
- pay related costs and attorneys' fees.

We will have sole control of the settlement or defense of liabilities, but you or the indemnified subsidiary or affiliate may participate in the defense or settlement at your own expense.

The obligations under this indemnities section will survive the termination of this agreement.

11. We will indemnify you and hold you harmless for any intellectual property claims of a third party solely resulting from us representing ourselves as agents of a third party under our performance of this agreement.

Audit

We will allow you or your authorized representatives to audit records in our possession in regards to payment of claims under the terms and conditions of the plan.

This audit may be carried out at your request, provided however, that such audit will take place in our offices and during our regular office hours. You will give us at least two weeks notice in advance and provide a detailed description of how you will conduct the audit and what records you will need.

You or your authorized representatives must provide us with a copy of the audit report and we may submit comments in writing to you on the audit report.

Your Obligations

1. You are responsible for all aspects of the administration of the Plan and Spending Account except those specifically assumed by us under the terms of this agreement.
2. You will provide us with a full monthly enrollment for verification of Health and Dental claims and a separate enrollment file showing employees enrolled in the Spending Account and their benefit credits.
3. You will deposit in the bank account sufficient funds to pay all claims and administration charges approved according to the terms of this agreement.
4. You will give us 30 days' prior written notice of any amendments to the Plan and Spending Account.
5. You will provide us with records and other information as we may reasonably require for the administration of this agreement, subject to your right to refuse disclosure for reasons of confidentiality.
6. If we incur any tax liability on contributions to the Plan and Spending Account or on monies paid out of the Plan and Spending Account, or as a result of this agreement, you will reimburse us to the extent of that liability as an additional administration charge.

Stop Loss Provision

(80004-OOP)

Your liability for emergency out-of-province claims is limited to \$50,000 of paid claims per injury or disease for each member and each covered dependent in a calendar year.

The Stop Loss Insurance under Policy # 80004 - OOP, provides coverage for emergency out-of-province claims in excess of \$50,000 of paid claims per injury or disease for each member and each insured dependent in a calendar year.

Administration Charges

Within 30 days of the end of a calendar month, we will provide an invoice for charges for the previous month's services provided under the terms of the Agreement according to the following Schedule.

Base Fees

Health and Dental Benefits

General Administration	.30% of Extended Health and Dental Claims
Profit	.35% of Extended Health and Dental Claims
Claims Administration	
Extended Health	\$5.70 per cheque plus postage
Pay Direct Drug	\$1.03 per prescription plus GST
Drug Utilization Review	\$.20 per prescription that is reviewed
Dental	\$4.58 per cheque plus postage
Health Care Reimbursement Account	\$4.80 per certificate in force on January 1, plus \$3.00 per cheque issued

Survivor Income, Survivor Transition and Long Term Disability Benefits

General Administration	.40% of Survivor Income, Survivor Transition and Long Term Disability claims
Profit	.35% of Survivor Income, Survivor Transition and Long Term Disability claims
Claims Administration	
Survivor Income Benefit	\$125 per death claim unless a Group Insurance claim has been made plus \$7.25 per cheque issued
Survivor Transition Benefit	\$125 per death claim unless a Group Insurance claim has been made plus \$7.25 per cheque issued
Long Term Disability	\$303 per claim in force plus \$6.56 per cheque issued and \$.40 per deduction per cheque issued (The average number of deductions will be used for the purposes of tracking costs.)

Base Fees include the following services:

- assessment and payment of claims
- individual case assessment of Long Term Disability claims, including rehabilitation referrals and recommendations for independent medical assessments
- services of the claims information centre for claim inquiries
- providing pay direct drug cards to members under the plan to be delivered to the member's business location
- maintenance of member data for verification of claims
- quarterly report confirming members enrolled on Clarica's system
- assistance with plan design and review
- accumulation of claims statistical data
- annual reports outlined in Appendix I
- annual estimates of incurred but not reported claims
- annual estimate of disability and survivor reserves
- monthly claim reports to be included with the invoice
- monthly cheque reconciliation with supporting reports
- maintenance of enrollment data and benefit credits for the payment of Spending Account
- quarterly payments for the Health Care Reimbursement Account
- annual forfeiture report for Health Care Reimbursement Accounts
- maintenance of a plan document and ASO Agreement
- services of a Group National Accounts Officer, Client Service Representative, assigned underwriter, new business coordinator, senior call centre representative and ASO administrative assistant whose roles are identified in Appendix II
- quarterly reports on block of business audits
- annual renewal report, including per capita cost projections
- recoveries of fraudulent claims using Investigative Services

Additional Services not Included in Base Fees

Ad hoc claim reports

\$250/for a generic report or Programming costs and computer time, billed as incurred for creation of new and specialized reports.

Customized printing, redistribution of cards

as incurred

Special Mailing

as incurred

Subrogation assistance	\$150/hour for legal staff and \$100 for paralegal
Benefit Statements	\$.50/statement plus postage
Spending Account Forfeiture Letters	\$.35/member plus postage
Spending Account Balance Letters	\$.35/member plus postage
Member Enrollment	\$2/member
Dependent Enrollment	\$2/member with dependents
Reassessment of claims as a result of late enrollment	as incurred
Rehabilitation Services including:	\$110/hour
<ul style="list-style-type: none"> • preparation of business case for selection of rehabilitation candidates • rehabilitation consulting directly with members for return to work • disability plan management services <ul style="list-style-type: none"> * identify early intervention opportunities * annual report on cost savings * claims management report * meetings at client sites for case management or pre-arbitration 	
Disability Consulting Services	negotiated fee for service
<ul style="list-style-type: none"> • development of early intervention programs • training of client staff on short term disability management • ergonomic consulting • occupational therapist consulting • assistance with management of WCB claims 	
Rehabilitation Consultant Travel Costs	as incurred
Cost of Rehabilitation programs and special medical assessments	as incurred
Amendment Costs (for amendments in excess of 1 per year for the Flex plan and one every 3 years for the union plans)	hourly fee or negotiated flat rate for updates to existing benefits: <ul style="list-style-type: none"> • \$675 for modification to existing plans with one division (e.g. union amendment) • \$1,375 for more complex amendments (e.g. flex changes)
Investigative Services, Client Specific Projects	scope and nature of project to be negotiated

Actuarial Services	as incurred
Translation service	as incurred
Legal services for supporting defenses of disputed claims	as incurred
Preparation of tailored audits	as incurred
Hourly Fees for Additional Services	\$60/hour for clerical
	\$110/hour for management
	\$150/hour for senior officer and professionals
SAS Programming for reports	\$125/hour

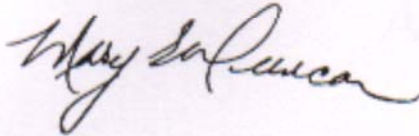
We reserve the right to modify the above administration charges to reflect any Good and Services Tax, Value Added Tax or similar tax that may be instituted.

Termination of Agreement

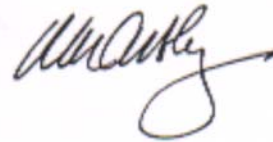
1. You may terminate this agreement by giving us 30 days' prior written notice of termination. We may terminate this agreement one year after the effective date, or any time after that, by giving you 90 days' prior written notice of termination.
2. We may terminate this agreement immediately by giving you written notice if you fail to satisfy any of the terms of this agreement.
3. We may terminate this agreement immediately by giving you written notice if legislation, regulation or judicial decision, in our opinion, prohibits the continuation of this agreement.
4. Upon termination of this agreement,
 - a. All obligations on our part for the payment of claims will stop.
 - b. You will reimburse us for all charges incurred for services rendered and for all claims paid prior to the termination date of this agreement.
 - c. All claim records and files maintained by us in carrying out our administrative services for this agreement will be turned over to you.
 - d. A termination accounting will be made within 1 calendar year after the termination date. After the termination accounting is completed, the bank account will be closed.
5. Obligations and liabilities intended to survive the termination of this agreement will be effective after termination.

Please sign both copies of this agreement and return one to us.

Signed at our Head Office, Waterloo, Ontario.



Secretary



President

This agreement is approved at _____, dated _____

by _____

Nortel Networks Limited

APPENDIX

Appendix I

Annual Reports

Appendix II

Roles and Responsibilities of National Accounts Officers

Appendix III

Privacy Guidelines

Appendix IV

Insurance Requirements

APPENDIX I

Annual Reports

EXTENDED HEALTH

- Paid Claims by Benefit
- Submitted and Paid Claims Summary
- Unit Cost by Service Category
- Utilization Based on Paid Claims
- Utilization Based on Number of Services
- Claims and Premium (3 year comparison of claims)

DENTAL

- Paid Claims by Benefit
- Claims and Premium (3 year comparison of claims)
- Submitted and Paid Claims
- Utilization based on Paid Claims
- Unit Cost by Service Category

The above reports are provided for Management, Pensioners and Union Employees

APPENDIX II

Roles and Responsibilities

The **National Accounts Officer, Joanne Hulley** is responsible for overall plan management which includes and is not limited to coordinating the reporting of performance standards, ensuring changes are implemented according to an agreed upon schedule, negotiating and implementing a fee structure, reporting on annual financial results, recommending plan changes and investigating potential changes. She communicates market trends, new product initiatives and changes in legislation.

The **National Accounts Service Representative, Carol Johrendt** investigates and resolves, transaction level issues such as complex claims issues, member records, card production, responses to claim statements, document production and other administration issues. The Service Representative also provides back up in the absence of the National Accounts Officer.

Supporting the National Account Officer and the Service Representative is a National Accounts team which is responsible for the direct servicing of approximately 20 national accounts. **Karen Martin, National Accounts, Vice President** is responsible for facilitating access to resources within the company. An **Underwriter, Darryl Davis**, calculates rates and annual financial results and prepares renewal reports and ASO fees. A **New Business Coordinator, Rosemary Noronha** prepares documents and updates system records for plan changes. An **Administration Associate, Irmgard Logemann** prepares monthly ASO invoices.

Cathy Scott is the team leader of the National Account claims team which is responsible for assessing and paying Health and Dental claims. She is responsible for accurate claim payment and meeting service standards.

APPENDIX III

Guidelines on Privacy

In order to carry on its business as an insurer, financial intermediary, investor and employer, Clarica Life Insurance Company must obtain and use certain personal information.

To ensure the privacy of its clients, employees and agents, the company will conduct its business in accordance with the following principles:

Relevance and Retention

The company will collect only that personal information which is relevant to the conduct of its business, and will retain such information only as long as it remains relevant or required by law.

Sources of Information

The main source of information about an individual will be that person. The collection of information from other sources will be subject to the consent of the person concerned or as permitted by law. On request, the company will advise the person and these other sources of the relevance and intended use of information being collected.

Confidentiality of Information

The company will maintain, utilize and dispose of all personal information to protect its confidentiality in a manner commensurate with the sensitivity of the information. It will appropriately control access by its employees and agents to such information, granting access only to those with legitimate business needs.

External Disclosure

The company will not disclose personal information to others outside the company without the consent of the person concerned, except as required by statutory authority, legal process, contractual obligation, or widely accepted and ethical business practice.

Personal Access

The company will make available to a person on request, the information maintained in the files on that person, with due concern for the protection of the privacy of its source, and subject to any applicable legal or ethical prohibition or privilege. Personal health information will only be made available through an appropriate health professional. In the case of employees and agents, personal access to business planning information is not available.

Opportunity to Correct

The person concerned will have the opportunity to request the company to correct or clarify personal information. The company will amend the person's file to the extent it agrees that the original information was incorrect, biased or irrelevant. In the case of disagreement, the person will be allowed to file his or her opinion. The company will undertake to inform other organizations which have been provided with such information of amendments which are made.

Communication

The company will communicate these principles to its employees, agents and to other persons and organizations acting on its behalf and will inform its employees and agents of their responsibilities with respect to these principles, both generally and with reference to their specific duties and responsibilities.

Compliance

The company expects all employees to conform to these principles. The company will undertake appropriate procedures to monitor such compliance. Any willful violation of these principles by an employee will be cause for disciplinary action which could result in termination of employment.

APPENDIX IV

Insurance requirements

1. **Coverage and Limits** - During the term we will carry the following types of insurance coverage and liability limits:
 - (a) *Comprehensive automobile insurance* for all non-owned vehicles, covering at minimum, bodily injury and property damage, with a minimum liability limit of \$1,000,000.00 for each occurrence;
 - (b) *Comprehensive general liability insurance* covering at minimum, bodily injury, broad form property damage, and blanket contractual liability, with a minimum liability limit of \$5,000,000.00 for each occurrence;
 - (c) *Employer's liability insurance* with a minimum liability limit of \$1,000,000.00; and,
 - (d) *Workers' compensation*, with the statutory requirement for coverage. (When performing services in the United States, we must carry statutory workers' compensation coverage whether or not state law allows us to elect not to carry coverage)
- 1.1 **Additional Insured** - We will name you as an additional insured on the Comprehensive general liability insurance policy.
- 1.2 **Certification** - On your request we will provide you with certificates confirming all insurance coverage.