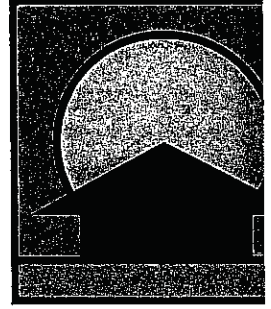
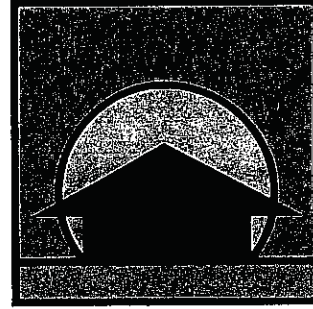
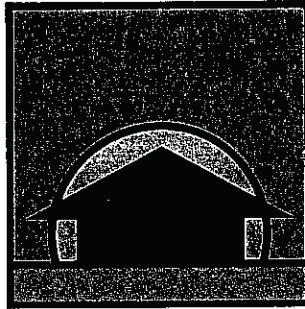
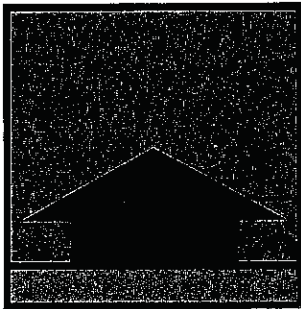


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**your benefits
program**

INTRODUCTION

This benefits kit outlines the major provisions of the non-negotiated benefits program for full-time Northern Telecom employees in Canada. In addition, it contains details of related government benefits and the flexible plans which can add to your financial security.

Government programs provide you with basic benefits including health insurance, disability and survivor benefits, and retirement income. You and the Company support these plans together through direct contributions and general taxation.

The Company builds on government programs with a supplementary core program, paid by Northern Telecom. This core program provides you and your family with health and dental care, disability income protection, survivor and retirement benefits.

Because only you can determine your unique security requirements, and take steps to address them, the Company offers a range of optional plans. These allow you to tailor a comprehensive package through the convenience of payroll deductions.

Government programs, Company core benefits, and comprehensive options are the building blocks of a secure future.

From time to time, you will receive bulletins relating to the benefits program. The Company will also send you annual statements of your personal entitlements under all compensation plans. We suggest you file these bulletins and your most recent statement with this kit for easy reference.

The benefits program at Northern Telecom is among the finest in Canada. We encourage you to examine this kit carefully and to share it with your family. Any questions you may have should be directed to your manager, HR Info Centre, or your human resources department.

This kit has been designed to serve as a comprehensive reference source. However, it cannot include all the details contained in the official plan documents, which govern in cases of conflict.



YOUR BENEFITS IN BRIEF

This table is intended to summarize the highlights of your benefits coverage. Complete details are available in the employee benefits kit.



HEALTH CARE

- Provincial health insurance

Most basic health care expenses, including doctors' fees, surgical procedures, ward hospital accommodation and emergency outpatient care.

- Supplementary hospital

Preferred hospital accommodation to a maximum of \$50/day + 50% of eligible expenses in excess.

- Extended health;
Vision and hearing

100% of many medical expenses not covered under provincial health insurance, after the annual deductible, plus 50% of vision and hearing care (up to a maximum), with no deductible.

- Dental

After the annual deductible, 100% of basic dental, 80% of periodontic/endodontic plus 50% of major restorative and orthodontic expenses (with no deductible). Specific conditions and maximums apply.

DISABILITY

- Sickness and accident

100% or 70% of your salary for up to 52 weeks.

- Long term disability

70% of your basic salary if a total disability lasts beyond 52 weeks.

- Canada/Quebec Pension Plan

Monthly income in case of a severe and prolonged disability.

- Workers' Compensation

Payments in the event of a work-related disability.

- Unemployment Insurance

Income in case of sickness during first 3 months of employment or during maternity leave.

SURVIVOR PROTECTION**Basic**

- Group life insurance - part I

Your basic annual salary, or twice that amount if death is accidental.

- Pension Plan survivor benefit

Pre-retirement death benefit equal to commuted value of your vested pension.

- Travel accident

Twice your basic annual salary, minimum benefit of \$100,000, maximum benefit of \$300,000 if death results from an accident while travelling on Company business.

- Canada/Quebec Pension Plan

Continuing monthly income to your surviving spouse/dependent children, plus a lump sum.

- Workers' Compensation

Continuing monthly income to your surviving spouse/dependent children, plus a lump sum, if death is work-related.

Optional

- Group life insurance - part II

Your choice of an additional amount from 50% to 300% of your basic annual salary.

- Dependent life insurance

Flexible coverage in the event of death of your spouse/dependent children.

- Survivor income

Voluntary coverage to provide additional continuing monthly income to your eligible survivors.

RETIREMENT INCOME

- Pension Plan

Lifetime monthly income based on pensionable service and your best three consecutive years' average annual earnings.

- Canada/Quebec Pension Plan

Monthly retirement income starting as early as age 60.

- Old Age Security

Monthly retirement income starting at age 65.

- Transitional retiring allowance

Additional retirement income in flexible monthly payments, to ease the transition from full earnings.

- Voluntary retirement
savings plans

Opportunity to accumulate savings to supplement your retirement income.