



Nortel Health & Group Benefits

Canada

December 2009



What We'll Cover Today

- Enrollment at a Glance
- What You Should Consider
- Make a Better Decision About Your Benefits
With the Choose the Right Plans Toolkit
- Take Action and Enroll!
- What Happens If You Don't Enroll
- Where to Find More Information

Health & Welfare Benefits Enrollment at a Glance

- **What You Need to Do:**
 - Get the facts about your Health & Welfare Benefits on Health N-site at www.NortelHealthN-site.com.
 - Review the enrollment overview guide with your family.
 - Use the Choose the Right Plans Toolkit on Health N-site.
 - Actively enroll through Employee Self Service (ESS) at <https://selfservice.us.nortel.com>.

Health & Group Benefits are just one component of Total Rewards

TOTAL REWARDS AT NORTEL	
<p><u>Your Benefits</u></p> <ul style="list-style-type: none"> ■ Health & Group Benefits ■ Nortel Networks Investment Plan ■ Paid Time Off 	<p><u>Your Pay</u></p> <ul style="list-style-type: none"> ■ Salary ■ Incentive Compensation
<p><u>Your Workplace</u></p> <ul style="list-style-type: none"> ■ Quality of Work Life Programs 	<p><u>Your Career</u></p> <ul style="list-style-type: none"> ■ Career development programs ■ On-the-job training ■ Learning opportunities



Eligibility

Eligible Employees

- You're eligible if you're **not covered by a collective labour agreement** (except in Quebec) and you're:
 - Covered by a **provincial health insurance plan** or an equivalent plan;
 - Employed on a **regular full-time** or **regular part-time** basis; and
 - Regularly scheduled to work **18 hours or more** a week.

For eligibility details, visit Health **N**-site
at www.NortelHealthN-site.com.

Eligibility

Eligible Dependents

- Your eligible dependents include:
 - Your **spouse** (including common-law spouse under Quebec law and domestic partner if qualified).
 - You and your spouse's or domestic partner's **unmarried children under age 21**.
 - You and your spouse's or domestic partner's unmarried children under age 25 who are **full-time students**.
 - You and your spouse's or domestic partner's eligible, unmarried, **physically or mentally disabled children** who are age 21 or over.

For eligibility details, visit Health **N**-site

at www.NortelHealthN-site.com.

How Benefits Credits Work

- Nortel pays the full cost of core benefits and subsidizes the cost of medical and dental/vision/hearing care benefits.
- Nortel provides you with Benefits Credits to purchase optional benefits (except optional life insurance).
- Using your Benefits Credits:
 - If your benefits choices cost **more than** your Benefits Credits, you pay the difference with after-tax dollars through payroll deductions.
 - If your benefits choices cost **less than** your Benefits Credits, you can:
 - Direct unused credits to the Health Care Reimbursement Account (must be at least \$1.00 per pay period); or
 - Receive them as additional taxable pay throughout the year.

Your Benefit Choices

- If you're an eligible employee, here are your benefit options:

CORE BENEFITS	OPTIONAL BENEFITS
<p>Nortel automatically provides you with these benefits at no cost to you.</p> <ul style="list-style-type: none"> ■ Employee life insurance equal to one times Benefits Earnings ■ Short-term disability (STD) of 100% of Benefits Earnings for 6 weeks, then 66-2/3% of Benefits Earnings for additional 20 weeks ■ Long-term disability (LTD) of 50% of Benefits Earnings after you've been on STD for 26 consecutive weeks ■ Employee Assistance Program (EAP) ■ Emergency medical coverage for international travel for you and your eligible dependents 	<p>You can enroll in these benefits and share the cost with Nortel.</p> <ul style="list-style-type: none"> ■ Medical coverage (can't opt out unless you have coverage elsewhere) ■ Dental/vision/hearing care coverage (must enroll in or waive all three) ■ Additional STD coverage to increase benefit to 90% of Benefits Earnings for weeks 7–26 ■ Additional LTD coverage to increase benefit to 66-2/3% of Benefits Earnings after you've been on STD for 26 consecutive weeks ■ Additional employee and dependent life insurance ■ Employee and dependent AD&D insurance

Medical Coverage Options

Benefit	Basic	Comprehensive	Plus	Select
Percentage Paid	80%	90%	95%	100%
Annual deductible (excluding drugs)	None	Individual: \$40 Family: \$80	None	None
Prescription drugs <ul style="list-style-type: none"> ■ Generic ● Brand-name 	Covered under all four options Covered only if there is no generic equivalent on the market			
Prior authorization	Required for 5 categories of drugs, plus Wellbutrin			Required for two categories of drugs
Drug formulary	New drugs will not be covered under the plan unless approved by at least one provincial plan first			New drugs covered automatically, subject to plan provisions
Per-prescription copayment	\$8	\$8	\$8	\$8
Dispensing fee cap	\$7	\$7	\$7	\$7
Out-of-pocket maximum for prescription drugs	\$954 per person ¹	\$954 per person ¹	\$954 per person ¹	\$954 per person ¹

¹ For Quebec residents, please note that all plan options covering prescription drugs are designed to meet the requirements of Bill 33

Medical Coverage Options – cont.

Benefit	Basic	Comprehensive	Plus	Select
Hospital Coverage ■ Acute care ■ Convalescent care	None None	Semi-private room rate, up to \$225/day Up to 90 days/year	Semi-private room rate Up to 90 days/year	Semi-private room rate Up to 90 days/year
Ambulance	Ground transportation and emergency air ambulance			
Professional Services*	Up to combined \$300/year for all professionals	Up to \$300/year for each professional	Up to \$500/year for each professional	Up to \$500/year for each professional
Psychologist	\$300/year	\$300/year	\$500/year	\$500/year
Physiotherapy	\$300/year	\$300/year	\$500/year	\$500/year
Private-duty nursing	\$10,000	\$12,500	\$15,000	\$15,000
Out-of-province emergency (within Canada)	Personal emergency travel assistance included			
Overall maximum per person	21 days maximum	31 days maximum	90 days maximum	90 days maximum
	\$1,000,00 lifetime (exceptions apply to Quebec residents)			

* Includes chiropractor, osteopath, chiroprapist, speech therapy, acupuncturist, naturopath, massage, podiatrist, registered dietitians

Dental/Vision/Hearing Care Options

Dental Coverage	Basic	Comprehensive	Plus
Deductible	None	None	None
Preventive services, such as exams, x-rays, cleanings and fluoride treatments (for dependent children under age 19)	100%	100%	100%
Restorative services, such as fillings and extractions	80%	80%	90%
Oral surgery	Varies by type of service		
Endodontics (treatment of roots) and periodontics (treatment of gums)	80%	80%	90%
Major services, such as crowns, bridges and dentures	N/A	50%	50%
Orthodontia	N/A	50%	50%
Maximum per person per year	\$1,000	\$2,000	\$2,500
Lifetime maximum per person for orthodontia	N/A	\$2,000	\$3,000
Dental fee guide	Prior year	Prior year	Prior year

Dental/Vision/Hearing Care Options (continued)

Vision Care Coverage	Basic	Comprehensive	Plus
Percentage paid	N/A	90%	100%
Maximum benefit every 12 months for each dependent child under age 19 and every two calendar years for each adult	N/A	\$200	\$300
Hearing Care Coverage	Basic	Comprehensive	Plus
Percentage paid	80%	90%	100%
Maximum benefit per person every 24 months	\$500	\$750	\$1,000

Health Care Reimbursement Account (HCRA)

- If you don't use all of your Benefits Credits on optional benefits, you can allocate the unused Credits to your HCRA to pay for eligible out-of-pocket medical and dental expenses including deductibles, copayments, spousal plan premiums and any other expenses allowed under the Income Tax Act
- Benefits Credits allocated to your HCRA are not taxable, which increases the purchasing power of these Benefits Credits (In Quebec, amounts reimbursed from your HCRA are subject to provincial income tax)
- Once you have allocated any unused Benefits Credits to your HCRA for the year, you can't make changes in allocation amount until the next annual enrolment period, unless you have a Status Change
- You are immediately “vested” in your annual allocation to your HCRA; you can request reimbursement **monthly** up to your total year's selected amount — even if your per-pay allocation has not yet accumulated to the total amount requested for reimbursement
- Use it or lose it: Any balance remaining in your HCRA after the plan year ends will be forfeited, so estimate your expenses carefully.
- **Note:** You can carry forwards expenses for one year, not your Benefits Credits

Disability Coverage – Short-Term Disability (STD)

Core STD

Nortel provides you with core STD plan coverage – at no cost to you – as follows:

If you're disabled ...	You receive coverage equal to ...
First 6 weeks	100% of your pre-disability Benefits Earnings
Weeks 7-26	90% of your pre-disability Benefits Earnings

Optional STD

If you purchase optional STD, your coverage will increase to:

If you're disabled ...	You receive coverage equal to ...
First 6 weeks	100% of your pre-disability Benefits Earnings
Weeks 7-26	66 2/3 % of your pre-disability Benefits Earnings

Disability Coverage – Long-Term Disability (LTD)

■ Core LTD

- Nortel provides you with Company-paid core LTD coverage, as follows:

If you're disabled ...	You receive coverage equal to ...
After 26 weeks	50% of your pre-disability FLEX Earnings

■ Optional LTD

- If you purchase optional LTD, your coverage will increase to:

If you're disabled ...	You receive coverage equal to ...
After 26 weeks	66-2/3% of your pre-disability FLEX Earnings

- After two years of receiving LTD benefits, payments are increased by the lesser of 60% of the Consumer Price Index or 6%

Accidental Death & Dismemberment (AD&D) Insurance

- Optional AD&D insurance provides you and your dependents financial protection against accidental injuries resulting in death or loss of a limb, hearing, speech or sight
- You can select the following levels of coverage:

For You	If You have a Spouse and No Children	If You have Children and No Spouse	If You Have a Spouse and Children
1 x Benefits Earnings	60% of your optional AD&D coverage amount	20% of your optional AD&D coverage for each child	Spouse: 50% of your optional AD&D coverage amount Each child: 15% of your optional AD&D coverage amount
2 x Benefits Earnings			
3 x Benefits Earnings			
4 x Benefits Earnings			
5 x Benefits Earnings			

Employee Life Insurance

Core Coverage

- You receive Company-paid coverage equal to 1 times your annual Benefits Earnings, rounded to the next higher \$1,000 (up to \$1 million)
- Evidence of insurability is required for Core coverage in excess of \$600,000

Optional Coverage

- You can purchase optional coverage equal to 1, 2, 3, 4 or 5 times your annual Benefits Earnings, rounded to the next higher \$1,000
- Premium rates for optional coverage are based on age, gender and smoker status
- You pay the premiums through payroll deductions; you may not use Benefits Credits for life insurance
- Evidence of insurability, at your own expense, may be required
- The total of Core plus optional life insurance coverage can't exceed \$3

Dependent Life Insurance

- You can purchase optional life insurance for your spouse and dependent children, as follows:

Spouse	\$10,000, \$25,000, \$50,000, \$100,000 \$150,000, \$200,000, \$250,000, \$300,000 \$350,000, \$400,000, \$450,000, \$500,000
Dependent Children	\$5,000, \$10,000, \$15,000, \$20,000, \$25,000

- Spousal coverage in excess of \$50,000 requires evidence of insurability
- Premium rates for spousal coverage are based on age, gender and smoker status (same rates as employee coverage)
- You pay the premiums through payroll deductions; you may not use Benefits Credits
- Coverage amount for children is the same for each covered child and the cost is the same regardless of the number of children you cover

Employee Assistance Program (EAP)

- Provided through Shepell-fgi, EAP Worklife Services are designed to enrich and support you in your personal and working life
- Some of the benefits the EAP offers are:
 - Confidential expert counselling
 - Access to research and referral for child/elder care, legal/financial assistance, education
 - Online information resources such as educational information, helpful web links, assessment tools, online requests for services and much more
- For more information call Shepell-fgi at 1-888-859-5263 (English) or 1-888-859-5256 (French) or go to www.fgiworldmembers.com and enter the user name (nortel) and password (networks)

Default Coverage

- You receive the following new hire default coverage for your first 31 days (or until you make your selections, whichever comes first):

Medical	Provincial Health Insurance and Basic medical for you only (you and your family in Quebec)
Dental/Vision/Hearing Care Coverage	No coverage
STD and LTD	Core coverage only
Employee Life Insurance	Core coverage only
Dependent Life Insurance	No coverage
AD&D Insurance	No coverage
FLEX Credits	Allocated to taxable income
Employee Assistance Program	Access to services

- New hire selections will become effective the date they are received by HR Shared Services

Paid Time Off – Vacation, Sick Leave and Holidays

- **Vacation:** Accrued each month based on your years of service, as follows:

Years of Service	Annual Accrual Days	Monthly Accrual Days
0 – 9	15	1.25
10 – 18	20	1.67
19+	25	2.08

- **Holidays:** You are eligible for a total of 14 statutory and Company-paid holidays per year
- **Sick Leave:** Nortel continues to pay your salary during the first five consecutive working days of absence if you need to take time away from work due to a legitimate illness or injury

Note: Paid Time Off is not part of the Health & Group Benefits program



**Bringing It All Together for You:
Flexible Tools. Convenience.**

- **Flexible tools, easy access.** Tools designed to help you understand and choose your benefits.
- **Convenience, every day.** Visit Health N-site today – at work or at home – to learn about your benefits choices for 2010.

Health N-site

www.NorteHealthN-site.com

What You Should Consider

- Have your or a family member's health care needs changed?
- What is the appropriate level of coverage?
- Has your family situation changed?
- Are your health care needs different now than they were 12 or even 6 months ago?
- Do you want to enroll in your spouse's health plan?

What Are You Waiting For? Take Action!

First, Get the Facts

At work or home, go to www.NortelHealthN-site.com.

- **Understand** the benefits offered for 2010, and
- **Consider** what's important to you and your family.

Then, Select Your Benefits

Go to <https://selfservice.us.nortel.com/>, Click on “Benefits” and then “Annual Enrollment” to make your benefits elections.

- **Choose** the right benefits to meet your needs, and
- **Take action by enrolling today!**

Bringing it all together for you ... www.NortelHealthN-site.com

For More Information

- **Information about 2010 benefits costs:**
 - Visit the enrollment Web site at <https://selfservice.us.nortel.com/>
 - See your enrollment worksheet also located on the enrollment Web site
- **Plan features and coverage provisions:**
 - Visit Health N-site (www.NortelHealthN-site.com) or your health plan's Web site
 - Contact Sun Life Member Services at 1-800-229-7089 or www.sunlife.ca/member
- **Other topics:** Contact HR Shared Services:
 - **By telephone:** 1-800-676-4636 or ESN 355-9351 (Representatives are available from 9:00 a.m. to 5:00 p.m. Eastern time, Monday through Friday)
 - **By e-mail:** HR SharedServices, NA (internal) or hrrsna@nortel.com (external)