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Brampton, ON L6T 5P6

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How the world shares ideas.

November 26, 1998



Dear [REDACTED]

Your claim for Long Term Disability benefits has been approved by Mutual Life of Canada. You have qualified under the first year definition for Long Term Disability Benefits.

It will be your responsibility to provide proof of continuing disability. You are required to advise on a continuous basis through Mutual Life of any changes in your condition(s) affecting your entitlement to benefits.

You will be paid a gross monthly benefit of \$3,820.83 commencing December 9, 1998 and continuing thereafter for as long as you continue to be totally disabled as defined under the disability plan. Your payments are made through Mutual Life of Canada.

Your 19 day(s) outstanding vacation for 1998 will be paid to you shortly. You have accrued 10 days vacation for 1999 which will be paid to you after you have been on LTD for 1 year. While you are on Long Term Disability you do not continue to accrue for vacation purposes. You will however continue to accrue towards pension.

The LTD plan provides for integration of any Government benefit. Attachment "A" to this letter outlines the conditions and operation of the Long Term Disability plan. Please keep both this letter and the attachments in a safe place for future compliance.

I've also enclosed a copy of the 'Employer's Statement for Long Term Disability Claim' form which illustrates how integration of disability benefits from all sources is calculated.

Feel free to contact me at 1-800-684-4636 should you have any questions regarding your Long Term Disability benefits or the operation of the plan.

Yours truly,

A handwritten signature in cursive script that reads "Ineke Booth".

Ineke Booth
LTD Specialist
Hr. Info. Center - Canada

enclosures





(Applicable to Employees of Northern Telecom Canada Limited and its Subsidiaries in Canada who are covered by a non-negotiated benefit program)

Long Term Disability (LTD) Plan

Attachment A

Definition of "Totally Disabled"

Where illness or injury prevents the Employee, during the 26 week qualifying period of sickness and accident (S&A) disability benefits and the 12 month period immediately following, from performing the regular duties of the occupation in which he was engaged immediately prior to the commencement of disability, and following the expiry of the 12 month period, from performing the duties of any occupation, either within or outside the Company, for which he is reasonably suited by education, training and experience.

Proof of Continuing Disability

Periodic assessment of continuing disability will be conducted by Mutual Life of Canada. For this purpose, the Employee will receive from Mutual Life forms for proof of continuing disability to be completed both by the Employee and the Employee's physician. The frequency of such proof will depend upon the nature of the disability.

Continuing Eligibility for LTD Benefit

The benefit will continue for as long as the Employee remains totally disabled as determined by Mutual Life of Canada. If, however, the plan benefit is being paid to the Employee despite the fact that the Employee has been ruled ineligible by Mutual Life, and solely because he/she is receiving the Canada/Quebec Pension Plan disability benefit, then continuance of LTD benefit will depend upon the Company being able to obtain up-to-date information as to the Employee's status under government disability plans.

Participation in other Company Benefit Plans

The Employee participation in all other Company benefit plans remains unaltered during the period of LTD with the following exceptions:

- Medical, dental, vision, and hearing will be covered under the Comprehensive plan for you and your family.
- Service accrual for vacation ceases from the first day of LTD.

Integration

The LTD plan provides for integration of any government primary disability benefit, i.e. under the Canada or Quebec Pension Plan, Workers' Compensation, Government Insurance, etc. Secondary government benefits paid on behalf of dependent children, or any increases in government disability benefits after payments start do not affect the LTD benefit.

If, at the commencement of the LTD benefit, there is no information concerning the status of the Employee's claim for government disability benefits, the full LTD benefit will be paid; however, the Employee must forward to the Company, a statement in the prescribed form concerning the status of his/her claim for disability benefit under the Canada/Quebec Pension Plan.

If the prescribed form is not completed and returned by the Employee within the required time period, it will be assumed that the maximum government disability benefit has been granted. This may result in a reduction of the LTD benefit.

Following the Employee's reply, if the claim for government disability benefits has been accepted, and total income from all sources exceeds 50% or 70% (depending on the Flex option in effect on the first day of STD) of the Employee's earnings, including COLA where applicable, at the expiry of S&A benefits, the LTD benefit will be reduced accordingly. If, on the other hand, government benefits have been denied, there will be no change in the LTD benefit amount. The Employee will, however, be required to periodically update authorization to the Company to obtain further information from the government authorities as to the status of the Employee's claim.

Rehabilitation

The plan provides that if an Employee entitled to LTD benefits resumes any full or part-time employment, such Employee's monthly benefits under the plan shall be reduced to the extent that the sum of such monthly benefit and the Employee's monthly income from such employment exceeds 100% of the Employee's current regular monthly earning from the Company.

Taxation

The LTD benefit is taxable as income under both federal and provincial income tax legislation; as such income tax is deductible at source and will be reported on the annual T4/TP4 slips. The Employee is, therefore, required to include LTD payments when reporting annual income for income tax purposes.

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Duration of Benefit

The benefit is payable for as long as the Employee remains totally disabled, but not beyond age 65.

Termination of Benefits

The benefit will be terminated in any of the following circumstances (unless Employee is in receipt of C/QPP disability benefits):

- a) when the Employee is declared fit to resume work, or
- b) if the Employee fails to submit proof of the continuance of total disability as required by Mutual Life, or
- c) if the Employee fails to submit, upon request by Mutual Life, to a medical examination by a medical examiner appointed by Mutual Life, or
- d) if the Employee refuses to participate in a rehabilitation program which has been approved by the attending physician, the Company's medical staff and Mutual Life, or
- e) if the Employee engages in any occupation for remuneration or profit or any education program other than in a rehabilitation program approved by the attending physician, the Company's medical staff and Mutual Life, or
- f) when the Employee reaches age 65.

Permission to Reside Out of Town

A written request must be submitted for approval to Mutual Life through the HR Info Centre to reside out of town temporarily or permanently, indicating the address and, in the case of a temporary move, the length of time.

Change of Address

The HR Info Centre must be notified promptly of any local change of address for correct mailing of cheques.

This is the schedule of deductions that is sent to Mutual Life regarding your claim. It has all the information they need to set your claim up.

The area I have **outlined in pink** represents your earnings at expiry of your Sickness & Accident benefits. The area I have **highlighted in pink** represents 70% of those earnings. When you are on Long Term Disability, your total earnings from all sources cannot exceed 70%.

As you can see, your total disability earnings from all sources, which I have **outlined in green**, does not exceed the 70%, therefore, your long term disability benefit has not been reduced.

