



Date November 24, 2000  
To Nortel Networks' Employees  
Receiving Long-term Disability  
Benefits  
From Employee Services

In this letter and the accompanying table, you can learn about a few changes that are being made to FLEX for 2001. Please also make sure that you take the important step of helping us to update our dependent records using the accompanying form.

While you continue on long-term disability you will not have the opportunity to change your FLEX selections. Nortel pays for coverage for you and your family in the Comprehensive medical plan option and the Comprehensive Dental/Vision/Hearing Care plan option. If you have elected the Plus option for either of these plans, note that your costs will not change for 2001. In addition, while on long-term disability, your premiums for optional life insurance, accidental death and dismemberment (AD&D) insurance and optional dependent life insurance will be waived.

FLEX is a key component of your Total Rewards package at Nortel Networks, which includes assistance accumulating capital for retirement, a generous paid-time off package, and other programs aimed at improving the quality of work life.

As we do every year, we made sure our FLEX package is competitive. To make changes for 2001, we repeated our analysis of the market and the other internal and external factors that influence cost. We have determined that our plan remains competitive in terms of the value you receive and the cost-sharing arrangements.

This year, Nortel is asking all FLEX plan members to confirm and correct the information the company has on record about dependents. The enclosed Dependent Information Summary shows the information currently in our records. **Please check this information, and if necessary, make any corrections on the attached Dependent Information Form. If any of your dependents are missing, please add them. If any dependents are shown who should no longer be covered under FLEX, please remove them. Then, return the form in the enclosed envelope by December 20, 2000.**

Beginning January 1, 2001, you'll see some changes to FLEX. These are outlined in the attached table. There are two changes that need explanation:

- **Acupuncture:** Currently, FLEX covers acupuncture services provided by licenced physicians (MDs). Beginning in 2001, coverage has been expanded to include acupuncture practitioners who are provincially regulated. This means that services provided by an acupuncturist who is regulated within the province – even if not a licensed physician (MD) – are eligible. Currently, the provinces of Quebec and Alberta register acupuncturists.
- **Personal Emergency Medical Coverage for Out-of-Country Travel:** Currently, personal emergency medical expenses if you travel out-of-country is covered under FLEX. Your level of coverage depends on the FLEX medical option you are in.

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# MEMO

Beginning in 2001, personal emergency medical expenses outside Canada will be covered under Travel Well. Your claim reimbursement level and maximum number of days eligible while on personal travel outside Canada will no longer be tied to your FLEX medical option.

Travel Well covers you while you are on long-term disability leave. Your Travel Well card and contact information is enclosed with this package. This will provide you with an emergency assistance number to call whether you are travelling on company business or personal travel.

However, please note that personal medical emergency expenses if you are travelling out-of-province, but you are still within Canada, continue to be covered under FLEX.

*If you need any other information regarding FLEX 2001, contact Employee Services (formerly the InfoCenter) at 905-863-4636 or toll-free at 1-800-684-4636.*

## What's New for FLEX in 2001

<b>Benefit Changes</b>	
Semi-private hospital maximum	<ul style="list-style-type: none"> <li>Comprehensive option maximum increased to \$150 per day</li> </ul>
Acupuncture	<ul style="list-style-type: none"> <li>Treatment can be performed by either a licensed physician (MD) or a provincially regulated practitioner</li> </ul>
Hearing Aid Allowance	<p>Hearing care benefit maximum every 24 months:</p> <ul style="list-style-type: none"> <li>Comprehensive option increased to \$750 from \$300</li> </ul>
Optional Employee Life Insurance	<ul style="list-style-type: none"> <li>Coverage ceases at retirement or age 65, whichever is earlier, starting for those who retire after Jan. 1, 2002.</li> </ul>
Out-of-Country Coverage	<ul style="list-style-type: none"> <li>Emergency out-of-country medical expenses for both personal and business travel covered under Travel Well. One program design – no varying maximum number of days or reimbursement levels</li> <li>One-stop shopping for emergency assistance and the same claim submission procedures whether for personal or business travel</li> </ul>
Business Travel Accident Insurance and Travel Well	<ul style="list-style-type: none"> <li>No longer covered under FLEX</li> <li>Covered under other benefits provided by the company.</li> </ul>
<b>Cost Changes</b>	
Spousal Dependent Life Insurance	<ul style="list-style-type: none"> <li>Costs based on spouse's age, gender and smoking status (While you continue on LTD, the company will waive the premium requirements for this coverage.)</li> </ul>
<b>Process Changes</b>	
Employee Benefits Committee	<ul style="list-style-type: none"> <li>Employee Benefits Committee (EBC) established</li> <li>The EBC will be the final authority to review formally documented appeals of denied claims. The existing appeal process within Clarica and Employee Services remains unchanged. However, after that appeal process is complete, you may now file a final appeal to the EBC if you do not believe that a correct decision was made based upon plan provisions that you identify to support your position. The EBC will review your plan provisions.</li> </ul>

**Dependent Data Summary**

Employee: [REDACTED]

Please see the listing of your current dependents below:

Relationship Code: S = spouse  
C = child

<u>Dependent's name</u>	<u>DD/MM/YY</u> <u>Date of Birth</u>	<u>Gender</u>	<u>Relationship</u>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]