

Letter of Agreement

THIS LETTER OF AGREEMENT effective as of the 21st day of October, 2016 by and between The Northwestern Mutual Life Insurance Company (the "Company") and Office and Professional Employees International Union AFL-CIO, CLC, Local 35 (the "Union").

WHEREAS, the Company and the Union have recently concluded discussions concerning the planned workforce reductions as part of the Company's strategic expense management program, internally titled "Strategic Expense Management," under which certain functions, operations and business processes will be impacted. This will result in changes to staffing levels for management, non-management, and Union eligible employees; and

WHEREAS, in circumstances where Union eligible positions are eliminated and employees are displaced due to Strategic Expense Management, whether due to technological advances, automation, process improvements, organizational changes or restructuring, the Company and Union specifically agree to use the current process for displaced employees.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. As provided in the labor agreement, the Company has agreed to work to place displaced employees in suitable vacant positions for which they are qualified. If no suitable vacant positions are found then the affected employees will be considered to be displaced; which allows them to "displace the least senior probationary, temporary or long-term temporary employee at his [her] job level or at lower job levels within his [her] department, provided he [she] has the qualifications to perform the job." Employees impacted by the Strategic Expense Management program are not covered by the layoff procedures which governs a "layoff because of a lack of work" The Company and Union negotiated the layoff provisions to apply where there is a broad-based reduction of the workforce resulting from a business downturn.

2. The Strategic Expense Management program does not result from business downturn, but from changes in business operations and the work being performed, and other factors impacting the Company's business and its customers' and field's expectations for the Company's products and services. As a result, the Company and Union agree that the displaced employee provisions of the labor agreement are applicable to any employee who has his or her job eliminated due to Strategic Expense Management.

3. Any employee who is being displaced because of the Strategic Expense Management program will first be offered to be placed in any open position for which the employee is qualified. Offers of open positions will be made on the basis of seniority, if more than one displaced employee is qualified.

4. Next, a displaced employee will be offered the opportunity to displace the least senior probationary, temporary or long-term temporary employee(s) at the same job level or a lower job level, again provided the employee has the qualifications to perform the work. As above, these displacements will be made on the basis of seniority, if more than one displaced employee is qualified. It is understood that any employee accepting a position under this process will not be considered to have separated his or her employment and, therefore, will not be eligible for the severance benefits outlined below.

5. Because of the potential scope and employee impacts of the Strategic Expense Management program it is likely that not all displaced employees will be able to be placed and will have their employment with the Company ended. As a result, the Company and the Union have agreed that such employees will be provided with certain severance benefits. These severance benefits will be provided under the terms of the Northwestern Mutual Severance Pay Plan ("Plan"), and subject to the terms and conditions of the Plan. That Plan will provide the following benefits:

- A. Severance Pay. Severance pay benefit will be a lump sum payment equal to six (6) months, plus one (1) week for each full year of service, of base pay.
- B. Health Care Continuation. An additional severance benefit will be provided to assist the employee with continuing health care expenses. The amount will be equal to the monthly COBRA premium for the coverage the employee had immediately before separation multiplied by six (6) months, plus one (1) week for each full year of service (with a cap of twelve (12) months and no partial months will be counted).
- C. Annual Incentive Plan. The employee will be paid a pro-rata portion of his or her Annual Incentive Plan ("AIP") award at the target level. Using the AIP formula as provided in the labor agreement, the employee will receive a lump sum payment equal to .75 of the three percent (3%) 2016 the merit pool, multiplied by the prorata equivalent of time served by the employee in the year of separation.
- D. Outplacement. The employee will be provided outplacement benefits from the firm RiseSmart.
- E. Enhanced Retirement Benefits. For any employee who is within 2 years of retirement eligibility (either age or service) the Company will credit the employee with two (2) additional years of service for purposes of the Company's pension plan and retiree medical plan.

Example 1: An employee age 53 with 18 years of service will be eligible for early retirement because of the additional two years of age and

service credit. The early retirement reductions applicable to a retiree age 55 with 20 years of service will apply.

Example 2: An employee age 59 with 10 years of service will be eligible for early retirement. With the two additional years of age and service credit, the early retirement reductions will apply as if the retiree was age 61 and 12 years of service.

Example 3: An employee age 54 with 17 years of service is not eligible for early retirement because the years of service threshold would not be reached, even with the two years of credit. Similarly, an employee age 57 with 1 year of service is not eligible for early retirement because the age threshold would not be reached, even with the two years of credit.

The retirement enhancement only applies to an individual whose job is eliminated and who is involuntarily separated from the company and is retirement eligible or is within two years of retirement eligibility.

6. Displaced employees provided with these severance benefits will not be able to displace other employees and, as noted above, will not be covered by the layoff procedures. Determinations of which employees are displaced will be made by the Company, and will be based on skills needed and seniority (not including performance reviews and/or attendance). However, it is understood that final selections will be made by the Company in its sole discretion and shall not be arbitrary or capricious but reasonably related to the needs of the business.

7. The Company will provide the Union in advance a list of employees who will be displaced as part of the Strategic Expense Management program as final decisions are made and prior to communications to employees. Any employee rehired by the Company within 12 months of his or her separation date will be required to repay to the Company a pro-rata portion of the severance benefits he or she received, and no additional benefits will be payable under the Plan. Should an employee be rehired by the Company after 12 months of his or her separation date there will be no obligation to repay any money received under severance benefits.

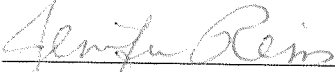
8. The parties agree that any modification, change, amendment or termination of this program or the severance benefits and/or the terms and conditions of this agreement shall be by made by mutual agreement and in writing.

9. Nothing in this paragraph or in this Agreement is intended to be a waiver by the Company to make a decision to outsource work nor does the Union waive any rights under the National Labor Relations Act to make a demand to meet, to confer and to bargain over decisions in the future to outsource work done by such employees.


10. This Agreement is non-precedential and shall not be used in any proceeding except for purposes of enforcing the provisions herein.

IN WITNESS WHEREOF, the parties hereto have caused this Letter of Agreement to be executed the day and year first above written.

**NORTHWESTERN MUTUAL
EMPLOYEES**




Jennifer Reiss, Director - Human
Resources




Kate Shaw, Lead Employee
Relations Consultant

OFFICE AND PROFESSIONAL

INTERNATIONAL UNION, AFL-CIO, CLC



Patt A. Gibbs, Esq.
International Representative for
Local 35



Alesha Monk, President OPEIU Local
35