



Bargaining 2009

Clerical and Associated Employees

Strictly Confidential

Bell

To successfully achieve our strategic imperatives we must evolve

THEN

- Limited technology
- Competition is non-existent
- Bell's business has seasonal peak volumes
- Budget is allocated for growth and hiring new resources is the way to meet the load increases
- Service levels are government-regulated and customer retention does not depend on service levels
- **Our customers have only one option**

































NOW

- New technologies are emerging every day
- Competition is everywhere and our competitors are aggressive
- Bell's business continues to have seasonal peak volumes
- A competitive cost structure is fundamental for Bell to remain a viable player
- **Our customers have clear, credible and attractive alternatives.** Customer retention is highly dependent on service quality, product offerings and price

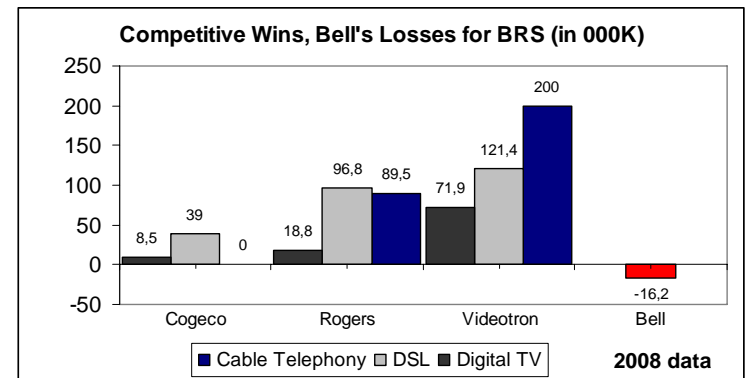
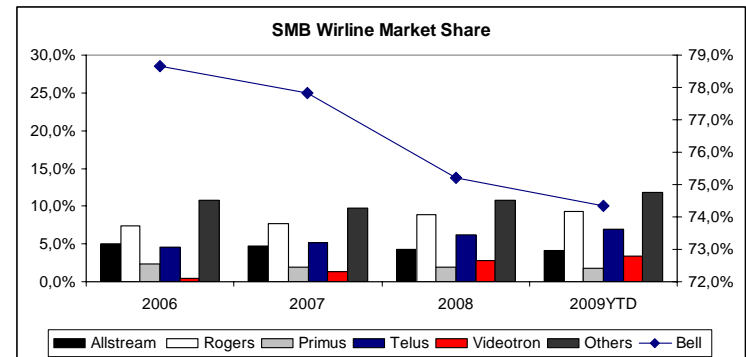
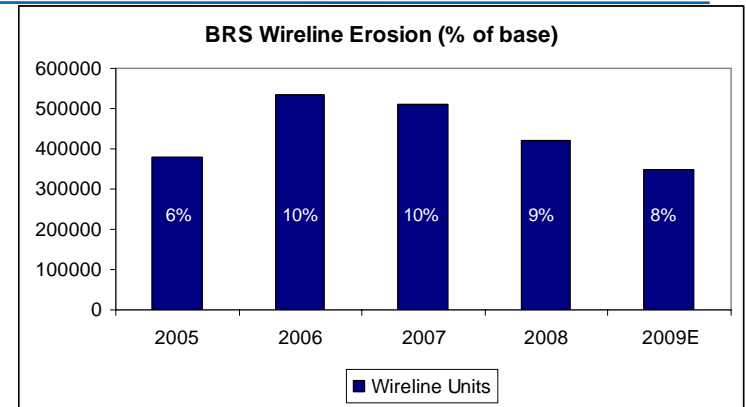


Bell faces a broad set of strong competitors across all its markets

Telecom Providers	Resellers, VoIP, IT Services	Equipment Manufacturers	Application Providers
       	        	     	      

The erosion of Bell's customer base has been slowing, however the competitive environment remains fierce

- Since the arrival of cable companies into the telephony market, the competitive environment has changed dramatically
- Competitors are aggressively pursuing the household/business in its entirety
 - Wireline
 - Wireless
 - Internet
 - TV
- BRS market share of voice now sits at approximately 66%
- SMB sits at 74% - a loss of 4.3% points in 3 years
- Next-generation services such as high-speed internet and digital video are coveted by our competitors



A competitive cost structure and agile workforce is required to remain a viable dynamic business...

OPERATIONAL FLEXIBILITY

- Need workforce flexibility in the assignment of employees according to customer and business needs (force to load)
- To meet customer demands and regulatory requirements (Quality of Service) workforce flexibility is a baseline requirement as the load can be seasonal and/or project driven
- Need workforce to support the solutions that we sell as our competitors are solid and build their expertise and attractiveness on cost effective solutions
- Need to improve internal efficiencies (utilization) to ensure increased productivity and reduced costs

ADMINISTRATION

- Maintaining a high performance culture means, measuring performance and recognizing good performance
- Competencies, both technical and sales, must upgrade at the same speed as technology or market evolves
- Advanced competency levels are not necessarily correlated to high NCS

COMPETITIVE COST STRUCTURE

- In 2008, we paid \$23.9M in incidental and short term absenteeism, an average of 17 days per employee
- Need to adapt to declining call, order and project volumes and reduce our cost per call which is higher than what the Company pays to our vendors
- Need to review our business model as we continue to face budget pressures (Capital and Expense)
- Customers are quick to tell us where we are falling short in both service delivery and ongoing support
- We will see a large proportion of high NCS employees retire within the next 5 years

...we need to have the right person with the right skill set at the right time

OPERATIONAL FLEXIBILITY

- Aggressive competitive marketplace, emerging technologies and a challenging economy has resulted in:
 - BRS: Reduction of call volumes of 28% from 2005 to 2009
 - SMB: 17% reduction in call volumes from 2007 to 2009
 - Network: Capital investments have reduced by 15% YoY in 2009
 - Wholesale: Between 2005 and 2008 the load has increased by 14% along with focus on mechanization and flow through. The remaining load remains complex and can be seasonally based.
 - Field: Load demand has shifted in complexity causing challenges with resources
 - Enterprise: Load volumes are up 11% IQ2009 over IQ2008. Customers are driving complex orders which demands more end to end solution delivery

ADMINISTRATION

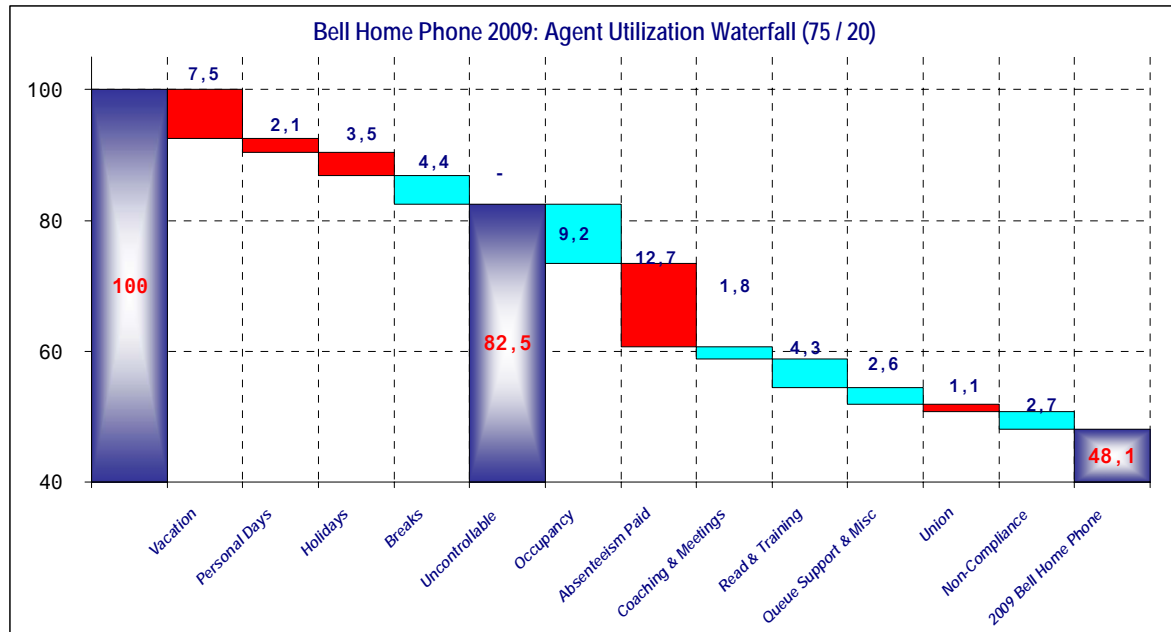
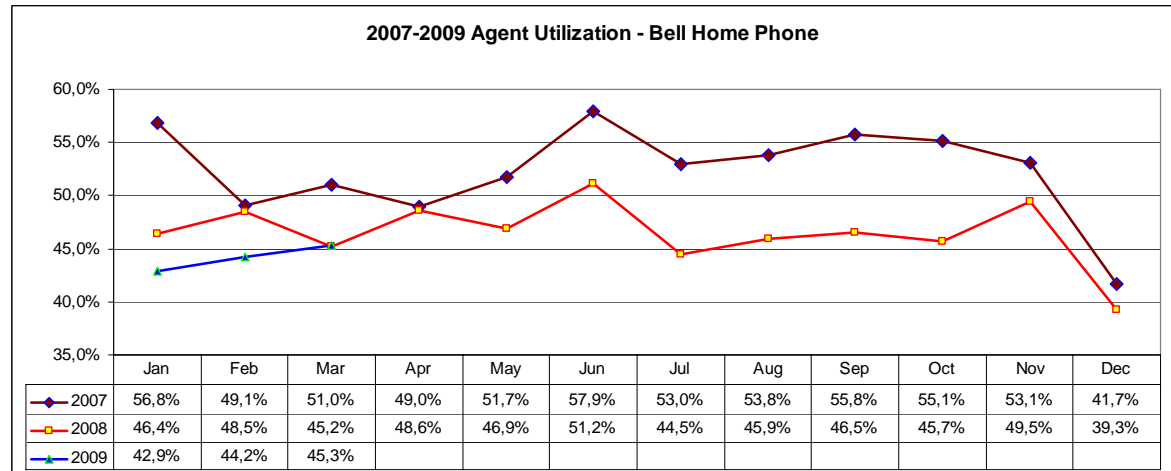
- Increase capacity and improve quality by eliminating unproductive activity (utilization rate):
 - Between 48 and 55% of paid time is spent serving our customers
 - Personal paid days off, absences, vacation, training, union time off line, etc. represent the other half; this far below the industry standard of 63-65%

COMPETITIVE COST STRUCTURE

- Productivity/competency improvements are necessary to offset lost margin from legacy businesses
- Optimize business hour coverage to meet our customer's needs (24/7)
- Close the gap between the Company's performance and customer feedback
- Continue momentum in cash collections
- Increasing pressure to generate more revenue with our current customer base while remaining competitive in the marketplace
- Deliver savings to budgeted expense and ensure that there is a competitive cost structure
- Our salary structure must reflect competitive labour rates for the value delivered, relevant premiums and contained overtime costs
 - BRS: \$10.50 compared to our vendor partners at \$5.45 per call
 - SMB: \$22.06 compared to our vendor partners of \$5 to \$14 per call

In BRS, Only 48% of our employees' paid time is spent online with customers

- Industry standards benchmark agent utilization at ~60-65%
- From 2007 to 2009, BRS has experienced a loss in productivity equivalent to 13%
- Customer behaviour is forcing us to rethink our force to load strategy
- As vacation entitlements increase with seniority so does load factor, ultimately reducing agent utilization
- Absenteeism makes up 26% of the total load factor (12.7% points)

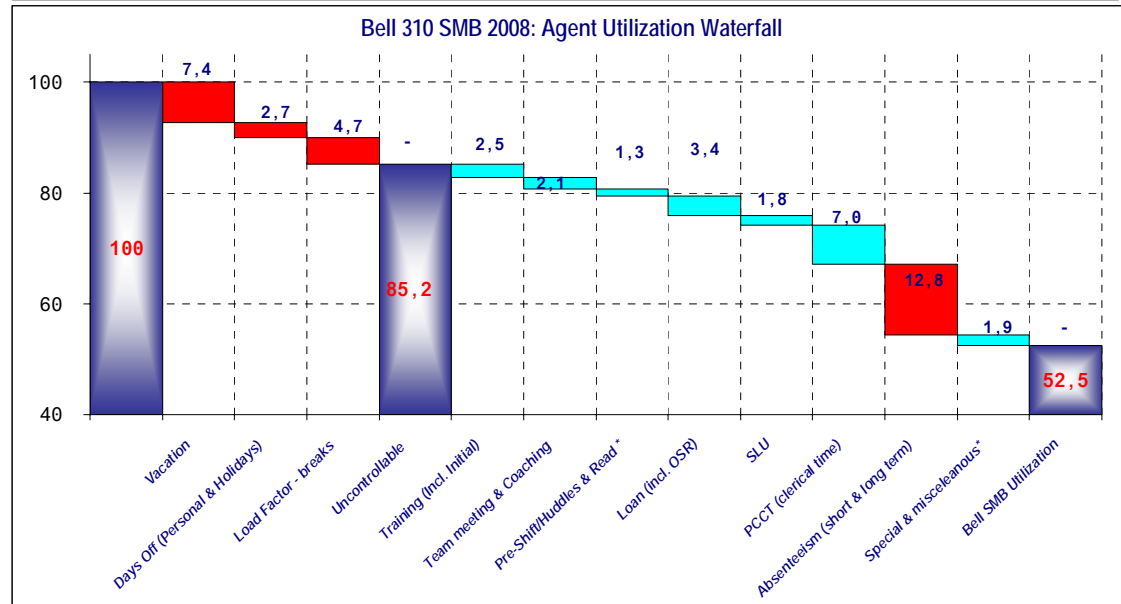
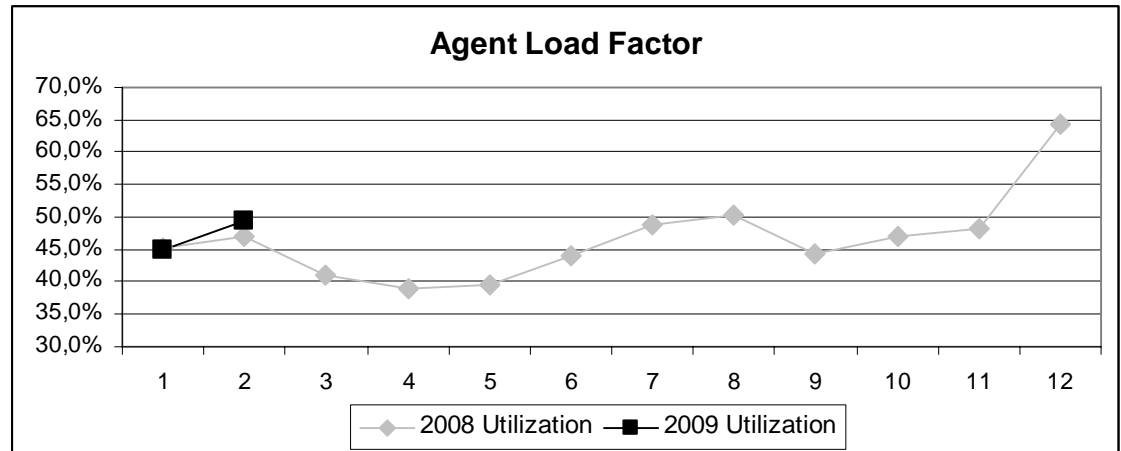


As of February 25, 2009



In 310 SMB, Only 50% of our employees' paid time is spent online with customers

- Industry standards benchmark agent utilization at ~60-65%
- SMB 310 utilization is at 52.5% for 2008 and is declining in 2009
- Customer behaviour is forcing us to rethink our force to load strategy
- As vacation entitlements increase with seniority so does load factor, ultimately reducing agent utilization
- Absenteeism makes up 27% of the total load factor
- Clerical (admin) time accounts for another 14.6%

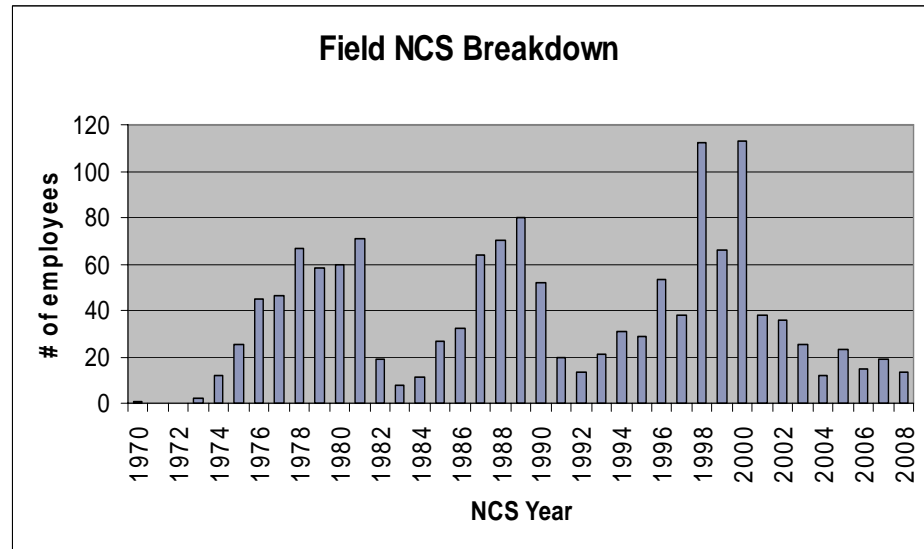
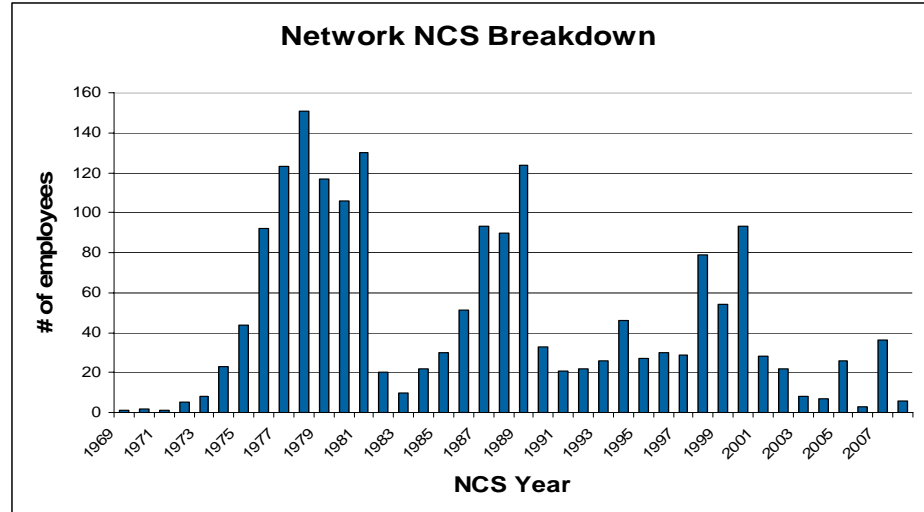


As of March, 2009



Added flexibility in Network and Field is necessary to meet demographic challenges

- Employees will leave more rapidly than our capacity to reattribute to the load
- More than 23% of the combined resources in Network & Field have more than 30 years NCS
- Innovation is key in adapting our business model strategies
- Continue optimizing load management between contract, vendors and internal resources
- Process required whereby resources can be moved from one district to another without restrictions



Art 3 (I), (M) – Definitions

- Discuss scheduled work week, tours of duty, basic hours of work and off normal period

Art 23 – Seniority

- Review seniority rules surrounding the Workforce Adjustment Plan

Art 24 – Hours of work

- Discuss duration of the work week and calendar days
- Review the rules surrounding shift, shift cancellation, schedule change and schedule posting

Art 26 – Holidays

- Examine aggregate holidays (“floaters” and others) in view of benchmark and pay treatment
- Improve scheduling flexibility

COMPETITIVE COST STRUCTURES

[Art 22 – Differential and premium pay](#)

- Discuss differential pay for work in off/normal period, premium pay for consecutive Saturdays worked, Sundays, Christmas and New Year's Eve
- Review the rules surrounding schedule change

[Art 25 – Overtime](#)

- Discuss pay treatment for overtime

[Art 27 – Days off with pay](#)

- Review paid time off in view of benchmark and business needs (Personal days off with pay/ Personal emergency days with pay, etc.)
- Discuss aggregate and application of PDPs/PEPs in light of resource utilization, peak periods and embargos

[Art 28 – Vacations](#)

- Review vacation allocation for employees with less than 5 years
- Discuss summer thresholds of vacation

[Art 29 – Sickness Absence](#)

- Review the rules governing payment for sickness absence prior to the eighth full calendar day of absence

[Appendix D Achievement Incentive Plan](#)

- Review AIP criteria and eligibility

[Art 3 F – Definitions](#)

- Discuss relevance of occasional employee status

[Art 8 – Time Allowance](#)

- Review current processus regarding union time scheduled versus time taken

[Art 13 – Health and Safety](#)

- Review the number of local, health and safety committees in order to reflect the Canada Labour Code

[Art 15 – Discipline](#)

- Clean up the language around written warning/reprimand

[Art 39 – Duration](#)

- *Discuss*

[Appendix A – List of Clerical and Associated Occupations](#)

- Update

[Appendix B – List of Localities](#)

- Update

Lump Sum treatment

- Remove

Treatment of employees on a frozen rate of pay

- Remove

Voluntary Programs of reduced hours

- Remove

Workforce Adjustment Plan + Appendix A and B

- Discuss and Review

[Profile 360](#)

- Remove

[Profile Joint Committee](#)

- Discuss

[Salary treatment for workplace reorganization – trainers/counselors](#)

- Remove

[Training and learning opportunities](#)

- Review number of hours allocated for online courses

[Variable pay bonus plan](#)

- Discuss and review

[Workplace reorganization](#)

- Remove