

LETTER OF UNDERSTANDING

CONTRACTING-IN

THE PARTIES recognize that TEAM bargaining unit work should be performed by employees covered by Canada Industrial Relations Board Certification Order Number 8516-U;

THE PARTIES acknowledge that in particular circumstances it may be in MTS's business interest to temporarily use contractors to perform TEAM bargaining work;

THE PARTIES further acknowledge that for the purposes of this agreement such contractors are not covered by the TEAM Collective Agreement;

THE PARTIES further acknowledge that this Letter of Understanding does not apply to legitimate contracting out situations;

THEREFORE the following shall confirm the understanding and agreement between the parties with respect to such contractors.

1. Where there is a need for a temporary assignment of TEAM bargaining unit work, and where the contract will be for a term of 12 months or less, the assignment may be filled by a contractor in accordance with this agreement.

Where there is a need for a temporary assignment of TEAM bargaining unit work, and where the contract will be for a term in excess of 12 months, the Company shall post the position in accordance with the Collective Agreement. If there are no qualified internal candidates, the assignment may be filled by a contractor in accordance with this agreement.

A contractor's temporary assignment shall not exceed 24 months except by mutual agreement between the parties. The Company agrees to advise the Union in writing, if an extension is necessary and provide reasons for the extension.

2. The number of contractors performing TEAM bargaining unit work shall not exceed 6% of the total bargaining unit, calculated on the basis of the bi-weekly dues report for TEAM.

3. The Union and the Company shall meet quarterly through the existing Labour Management Committee process to review and discuss the use of contractors

retained under this Letter of Understanding, their numbers, locations and the work performed by the contractors.

Lost Union Dues

4. As compensation for lost Union dues, the Company shall remit monthly, the equivalent of one hour's salary calculated bi-weekly on the basis of the top step of Salary Group 305, Appendix C, for every contractor performing TEAM bargaining unit work.

Reporting Obligations

5. A list of contractors retained under this Letter of Understanding will be provided to TEAM on a monthly basis along with compensation for lost union dues amounts and shall contain the following information:

- the total number of contractors;
- the names of the contractors;
- the position title which best matches the duties of the contractor;
- the expected duration of each contractor's work assignment;
- the applicable Vice President group designation for each contractor;
- the location of each contractor; and
- the reason for each work assignment using contractors i.e. specialized skills, knowledge and expertise, project/program name, workload.

Remedies

6. While this Letter of Understanding is in force, TEAM will not grieve MTS's use of contractors to perform TEAM bargaining unit work. However, TEAM may grieve a breach of this Letter of Understanding.

7. If the number of contractors performing TEAM bargaining unit work exceeds the 6% cap, unless otherwise agreed to, the Company shall remit monthly, the equivalent of one hour's salary calculated bi-weekly on the basis of the top step of Salary Group 308, Appendix C, for every contractor performing TEAM bargaining unit work.

8. If after six months, the number of contractors performing TEAM bargaining unit work continues to exceed the 6% cap, TEAM may, at its sole discretion, notify the Company that this Letter of Understanding has been terminated and grieve the use of contractors to perform TEAM bargaining unit work.

Special Projects

9. In exceptional circumstances, caused by a large special project (such as the APEX project), the Company shall seek TEAM's concurrence to exceed the 6% cap for a defined period of time without triggering any of the remedial provisions herein. TEAM's concurrence shall not be unreasonably withheld.

Prior Agreement Revoked

10. This Letter of Understanding shall replace the Letter of Understanding Union Dues — Engagees Performing Bargaining Unit Work and all references related thereto in the Collective Agreement.

No Automatic Renewal of This Agreement

11. This letter of Understanding is not a settlement of a grievance. It forms part of the Collective Agreement between TEAM and the Company and as such it comes into effect on ratification of the revised Collective Agreement and will expire concurrently with the Collective Agreement in accordance with the Canada Labour Code.