UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13(A) OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: **December 31, 2014** Commission File Number: **1-8481**

BCE INC.
(Exact name of Registrant as specified in its charter)

Canada
(Province or other jurisdiction of incorporation or organization)

4813
(Primary Standard Industrial Classification Code Number (if applicable))

98-0134477
(I.R.S. Employer Identification Number (if applicable))

1, carrefour Alexander-Graham-Bell, Building A, 8th Floor,
Verdun, Québec, Canada H3E 3B3, (514) 870-8777
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, N.Y. 10011, (212) 894-8940
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Copies of all correspondence should be sent to:

Ildo Ricciuto
Assistant General Counsel,
Financings and Compliance
BCE Inc.
1, carrefour Alexander-Graham-Bell
Building A, 7th Floor
Verdun, Québec H3E 3B3
Canada
Tel: (514) 786-3931

Mile T. Kurta
Torys LLP
1114 Avenue of the Americas
New York, New York 10036
Tel: (212) 880-6363

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common shares	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares	840,330,353
First Preferred Shares	
Series R	8,000,000
Series S	3,606,225
Series T	4,393,775
Series Y	8,772,468
Series Z	1,227,532

Series AA	10,144,302
Series AB	9,855,698
Series AC	5,069,935
Series AD	14,930,065
Series AE	1,422,900
Series AF	14,577,100
Series AG	10,841,056
Series AH	3,158,944
Series AI	10,754,990
Series AJ	3,245,010
Series AK	25,000,000
Series AM	11,500,000
Series AO	4,600,000
Series AQ	9,200,000
Total First Preferred Shares	160,300,000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Exchange Act* during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

YES: ___X___ NO: _____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

YES: _____ NO: _____

PRIOR FILINGS MODIFIED AND SUPERSEDED

The annual report on Form 40-F of BCE Inc. ("BCE") for the year ended December 31, 2014, at the time of filing with the U.S. Securities and Exchange Commission (the "SEC" or "Commission"), modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the *Exchange Act* for purposes of any offers or sales of any securities after the date of such filing pursuant to any registration statement or prospectus filed pursuant to the *Securities Act of 1933* which incorporates by reference such annual report on Form 40-F.

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

A. Annual Audited Consolidated Financial Statements

For the BCE annual audited consolidated financial statements for the year ended December 31, 2014 (the "BCE 2014 Financial Statements"), see pages 112 to 154 of the BCE 2014 Annual Report (the "BCE 2014 Annual Report"), which BCE 2014 Financial Statements are contained in Exhibit 99.2 and are incorporated herein by reference.

B. Management's Discussion and Analysis

For the BCE management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2014 (the "BCE 2014 MD&A"), see pages 24 to 109 and page 155 of the BCE 2014 Annual Report, which BCE 2014 MD&A is contained in Exhibit 99.2 and is incorporated herein by reference.

DISCLOSURE CONTROLS AND PROCEDURES

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under Canadian or U.S. securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including BCE's President and Chief Executive Officer ("CEO") and Executive Vice-President and Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure.

As at December 31, 2014, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the U.S. *Securities Exchange Act of 1934*, as amended, and under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

A. Management's report on internal control over financial reporting

The report of BCE's management entitled "Management's report on internal control over financial reporting" appearing at page 110 of the BCE 2014 Annual Report, which report is contained in Exhibit 99.3, is incorporated herein by reference.

B. Auditors' report on internal control over financial reporting

The report of BCE's external auditors concerning BCE's internal control over financial reporting appearing at page 111 of the BCE 2014 Annual Report, which report is contained in Exhibit 99.3, is incorporated herein by reference.

C. Changes in internal control over financial reporting

There have been no changes during the year ended December 31, 2014 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

STATEMENT REGARDING CONTROLS AND PROCEDURES

There can be no assurance that our disclosure controls and procedures will detect or uncover all failures to disclose all material information otherwise required to be set forth in our disclosure. Furthermore, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Accordingly, BCE does not expect that BCE's internal control over financial reporting will prevent or detect all errors and all fraud. BCE will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.

AUDIT COMMITTEE FINANCIAL EXPERT

In respect of the current members of BCE's Audit Committee (Audit Committee), the board of directors of BCE determined that at least one of the members, being the current Chair of the Audit Committee, Mr. P.R. Weiss, is qualified as an "audit committee financial expert", and that all members of the Audit Committee are independent under the listing standards of the New York Stock Exchange.

CODE OF ETHICS

All employees, directors and officers must follow Bell Canada's Code of Business Conduct (the "Code of Conduct"), which provides guidelines for ethical behaviour. The Code of Conduct includes additional guidelines for executive officers, including the CEO, CFO, Controller and Treasurer. The Code of Conduct is available in the governance section of BCE's website at BCE.ca and will be provided in print at no charge to any person who sends a written request by mail to BCE Inc. addressed to the Corporate Secretary, at 1, carrefour Alexander-Graham-Bell, Building A, 7th Floor, Verdun, Québec, Canada H3E 3B3.

Effective August 7, 2014, amendments were adopted to the Code of Conduct in order to:

- update the section entitled *Confidentiality of Customer and Employee Information* as it relates to the maintenance of supplier privacy;
- update the section entitled *Information Classification and Records Management* to simplify the text by consolidating the different types of confidential information which must be safeguarded from disclosure;
- clarify the section on employee-developed patents and other intellectual property;
- clarify the provisions concerning the procurement of software and improper use of BCE-provided Internet access and e-mail; and

- update the Code of Conduct generally and, in particular, the section entitled *Work Environment* to *(i)* recognize BCE's unwavering respect for diversity, including its employees' gender identity/expression and *(ii)* expand the categories of prohibited discrimination to include discrimination based on aboriginal or indigenous status, language spoken, gender identity/expression and veteran status.

In addition to these aforementioned changes, certain other technical, administrative and non-substantive amendments were made to clarify or reorganize the Code of Conduct.

A copy of the Code of Conduct, as amended, has been filed on BCE's website at BCE.ca and is included as Exhibit 99.4 to this Annual Report on Form 40-F.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

External auditors' fees

The table below shows the fees that BCE's external auditors, Deloitte LLP, billed to BCE and its subsidiaries for various services in each of the

past two fiscal years.

	2014 (in $ millions)	2013 (in $ millions)
Audit fees[1]	9.4	9.9
Audit-related fees[2]	1.7	1.7
Tax fees[3]	0.6	0.6
All other fees[4]	0.6	1.0
Total[5]	12.3	13.2

(1) These fees include professional services provided by the external auditors for statutory audits of the annual financial statements, the audit of the effectiveness of internal control over financial reporting, the review of interim financial reports, the review of financial accounting and reporting matters, the review of securities offering documents, other regulatory audits and filings and translation services.
(2) These fees relate to non-statutory audits and due diligence procedures.
(3) These fees include professional services for tax compliance, tax advice and assistance with tax audits and appeals.
(4) These fees include any other fees for permitted services not included in any of the above-stated categories. In 2013 and 2014, the fees are for services related to compliance with the Payment Card Industry Data Security Standard.
(5) The amounts of $12.3 million for 2014 and $13.2 million for 2013 reflect fees billed in those fiscal years without taking into account the year to which those services relate. Total fees for services provided for each fiscal year amounted to $10.2 million in 2014 and $10.5 million in 2013.

Auditor Independence Policy

BCE's Auditor Independence Policy is a comprehensive policy governing all aspects of BCE's relationship with the external auditors, including:

- establishing a process for determining whether various audit and other services provided by the external auditors affect their independence;
- identifying the services that the external auditors may and may not provide to BCE and its subsidiaries;

- pre-approving all services to be provided by the external auditors of BCE and its subsidiaries; and
- establishing a process outlining procedures when hiring current or former personnel of the external auditors in a financial oversight role to ensure auditor independence is maintained.

In particular, the policy specifies that:

- the external auditors cannot be hired to provide any services falling within the prohibited services category, such as bookkeeping, financial information systems design and implementation and legal services;
- for all audit or non-audit services falling within the permitted services category (such as prospectus, due diligence and non-statutory audits), a request for approval must be submitted to the Audit Committee prior to engaging the external auditors;
- specific permitted services however are pre-approved annually and quarterly by the Audit Committee and consequently only require approval by the Executive Vice-President and CFO prior to engaging the external auditors; and
- at each regularly scheduled Audit Committee meeting, a summary of all fees billed by the external auditors by type of service is presented. This summary includes the details of fees incurred within the pre-approval amounts.

The Auditor Independence Policy is available in the governance section of BCE's website at BCE.ca.

In 2014 and 2013, BCE's Audit Committee did not approve any audit-related, tax or other services pursuant to paragraph (c)(7) (i) (C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

Please see the sections entitled "Contractual obligations" and "Indemnifications and guarantees" at page 85 of the BCE 2014 MD&A contained in Exhibit 99.2 (which sections are incorporated by reference in this annual report on Form 40-F) for a discussion of certain off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see the section entitled "Contractual obligations" at page 85 of the BCE 2014 MD&A contained in Exhibit 99.2 (which section is incorporated by reference in this annual report on Form 40-F), for a tabular disclosure and discussion of contractual obligations.

IDENTIFICATION OF THE AUDIT COMMITTEE

BCE has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the *Exchange Act*. BCE's Audit Committee is comprised of six independent members: Mr. P.R. Weiss (Chair), Ms. S. Brochu, Mr. D.F. Denison, Mr. R.P. Dexter, Mr. I. Greenberg, and Mr. R.C. Simmonds.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

BCE undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities in relation to which the obligation to file this annual report on Form 40-F arises or transactions in said securities.

WEBSITE INFORMATION

Notwithstanding any reference to BCE's website or other websites on the World Wide Web in this annual report on Form 40-F or in the documents attached as Exhibits hereto, the information contained in BCE's website or any other site on the World Wide Web referred to in this annual report on Form 40-F or in the documents attached as Exhibits hereto, or referred to in BCE's website, is not a part of this annual report on Form 40-F and, therefore, is not filed with the Commission.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

BCE has made in the documents filed as part of this annual report on Form 40-F, and from time to time may otherwise make, forward-looking statements and related assumptions concerning its operations and financial performance. Except as may be required by Canadian securities laws, BCE does not undertake any obligation to update or revise any of these forward-looking statements or related assumptions whether as a result of new information, future events or otherwise. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of risk factors. Reference is made to the various risk factors discussed throughout the BCE 2014 MD&A, contained in Exhibit 99.2, including, in particular, to the risk factors discussed in the sections of the BCE 2014 MD&A entitled "Caution regarding forward-looking statements" and "9, Business risks". Reference is also hereby made to the various assumptions discussed throughout the BCE 2014 MD&A, including, in particular, to the assumptions discussed under the heading "Business outlook and assumptions" and the sub-sections entitled "Business outlook and assumptions" set out in section "5, Business segment analysis" of the BCE 2014 MD&A.

SUMMARY OF SIGNIFICANT DIFFERENCES FROM NYSE CORPORATE GOVERNANCE RULES

A summary of significant differences between corporate governance practices followed by BCE and corporate governance practices required to be followed by U.S. domestic companies under the New York Stock Exchange's Listing Standards (disclosure required by section 303A.11 of the NYSE Listed Company Manual) is available in the governance section of BCE's website at BCE.ca.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

BCE Inc.

By: *(signed) Siim A. Vanaselja*
Siim A. Vanaselja
Executive Vice-President and Chief Financial Officer

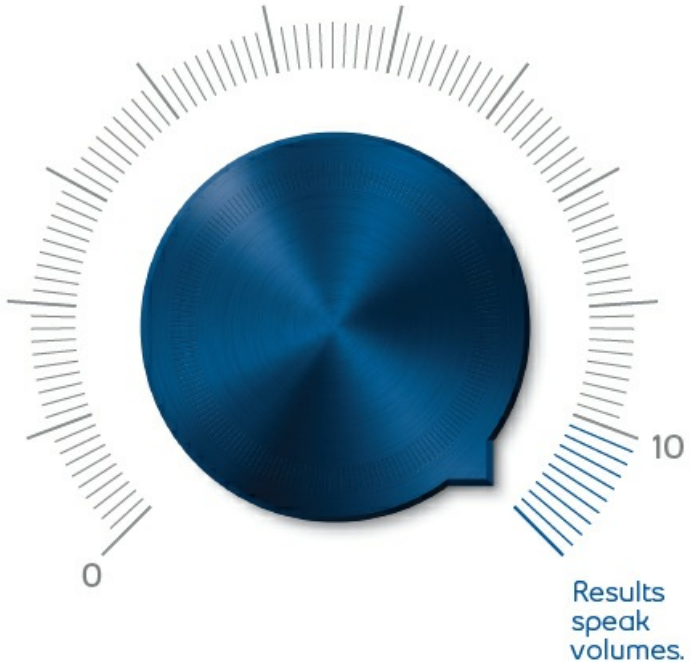
Date: March 11, 2015

LIST OF EXHIBITS TO FORM 40-F

Annual Information Form of BCE Inc. for the year ended December 31, 2014	Exhibit 99.1
Annual audited consolidated financial statements of BCE Inc. for the year ended December 31, 2014 and the related management's discussion and analysis of financial condition and results of operations	Exhibit 99.2
Reports of BCE Inc.'s management and of BCE Inc.'s external auditors concerning internal control over financial reporting	Exhibit 99.3
Code of Business Conduct	Exhibit 99.4
Consent of Independent Registered Public Accounting Firm	Exhibit 99.5
Bell Canada Unaudited Selected Summary Financial Information	Exhibit 99.6
Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit 99.31
Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit 99.32

Annual Information Form

For the Year Ended December 31, 2014



MARCH 5, 2015

In this Annual Information Form, *we*, *us*, *our* and *BCE* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., its subsidiaries, joint arrangements and associates. *Bell* means our Bell Wireline, Bell Wireless and Bell Media segments on an aggregate basis. *Bell Aliant* means, as the context may require, until December 31, 2014, either Bell Aliant Inc. or, collectively, Bell Aliant Inc. and its subsidiaries and associates, or, after December 31, 2014, either Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc. and its subsidiaries and associates.

Each section of BCE's 2012, 2013 and 2014 management's discussion and analysis of financial condition and results of operations (BCE 2012 MD&A, BCE 2013 MD&A and BCE 2014 MD&A, respectively) that is referred to in this Annual Information Form is incorporated by reference herein. The BCE 2012 MD&A, BCE 2013 MD&A and BCE 2014 MD&A have been filed with the Canadian provincial securities regulatory authorities (available at **sedar.com**) and with the U.S. Securities and Exchange Commission (available at **sec.gov**). They are also available on BCE's website at **BCE.ca**.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this Annual Information Form is as of March 5, 2015, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

Trade-marks: The following are trade-marks referred to and used as such in this Annual Information Form that BCE Inc., its subsidiaries, joint arrangements, associates or other entities in which we hold an equity interest own or use under licence. Aliant and FibreOP are trade-marks of Bell Aliant Regional Communications, Limited Partnership; BCE is a trade-mark of BCE Inc.; Bell, Bell Canada, Bell Centre, Bell Media, Bell Mobility, Bell TV, Fibe, Let's Talk and TV Everywhere are trade-marks of Bell Canada; Astral, Astral Media, Astral Out-of-Home, BNN, Canal D, Canal Vie, CFCF, CFCN, CinéPop, CTV, CTV GO, CTV Specialty, Super Écran, The Movie Network, TMN Encore, VRAK, VRAK.TV and Ztélé are trade-marks of Bell Media Inc.; CraveTV is a trade-mark of 7680155 Canada Inc. (a subsidiary of Bell Media Inc.); Discovery Channel is a trade-mark of Discovery Communications, LLC; Expertech is a trade-mark of Expertech Network Installation Inc.; ExpressVu is a trade-mark of Bell ExpressVu Limited Partnership; HBO Canada is a trade-mark of Home Box Office Inc.; MLSE, Toronto Raptors, Toronto Maple Leafs and Toronto Marlies are trade-marks of Maple Leaf Sports & Entertainment Ltd.; Toronto FC is a trade-mark of MLS Canada LP; Montreal Canadiens is a trade-mark of

Le Club de Hockey Canadien, Inc.; Nordia is a trade-mark of Nordia Inc.; Q9 is a trade-mark of Q9 Networks Inc.; Télébec is a trade-mark of Télébec, Limited Partnership; The Globe and Mail is a trade-mark of The Globe and Mail Inc.; The Source is a trade-mark of The Source (Bell) Electronics Inc.; TSN and RDS are trade-marks of The Sports Network Inc.; and Virgin Mobile is a trade-mark of Virgin Enterprises Limited.

We believe that our trade-marks are very important to our success and take appropriate measures to protect, renew and defend them. Any other trade-marks used in this Annual Information Form are the property of their respective owners.

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(1) *References to parts of the BCE 2013 MD&A contained in BCE's annual report for the year ended December 31, 2013 (BCE 2013 Annual Report).*
(2) *References to parts of the BCE 2012 MD&A contained in BCE's annual report for the year ended December 31, 2012 (BCE 2012 Annual Report).*

1 CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this Annual Information Form are forward-looking statements. These statements include, without limitation, statements relating to our network deployment plans, BCE's 2015 annualized common share dividend and common share dividend policy, the expected timing and completion of BCE's proposed acquisition of all of the issued and outstanding shares of Glentel Inc. (Glentel) and of BCE's proposed disposition of a 50% ownership interest in Glentel to Rogers Communications Inc. (Rogers), certain benefits expected to result from the Bell Aliant Privatization (as defined in section 3.1, *General summary* in this Annual Information Form) and from the proposed acquisition of Glentel, our business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption*, *goal*, *guidance*, *objective*, *outlook*, *project*, *strategy*, *target* and other similar expressions or future or conditional verbs such as *aim*, *anticipate*, *believe*, *could*, *expect*, *intend*, *may*, *plan*, *seek*, *should*, *strive* and *will*. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act of 1995*.

Unless otherwise indicated by us, forward-looking statements in this Annual Information Form describe our expectations as at March 5, 2015 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this Annual Information Form for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

Forward-looking statements made in this Annual Information Form are based on a number of assumptions that we believed were reasonable on March 5, 2015. Refer in particular to the sections of the BCE 2014 MD&A entitled *Business outlook and assumptions* on pages 41 and 42, page 57, page 65 and page 71 of BCE's annual report for the year ended December 31, 2014 (BCE 2014 Annual Report) for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important factors that could cause actual results or events to differ materially from those expressed in, or implied by, the above-mentioned forward-looking statements and other forward-looking statements contained in this Annual Information Form include, but are not limited to:

- regulatory initiatives and proceedings, government consultations and government positions that affect us and influence our business
- the intensity of competitive activity, and the resulting impact on our ability to retain existing customers and attract new ones, as well as on our pricing strategies, financial results and operating metrics
- the level of technological substitution and the presence of alternative service providers contributing to reduced utilization of traditional wireline services
- the adverse effect of new technology and increasing fragmentation in Bell TV's television (TV) distribution market and Bell Media's markets
- rising programming costs and Bell Media's inability to secure key content
- variability in subscriber acquisition and retention costs based on subscriber acquisitions, retention volumes, smartphone sales and handset discount levels
- economic and financial market conditions, the level of consumer confidence and spending, and the demand for, and prices of, our products and services
- Bell Media's significant dependence on continued demand for advertising, and the potential adverse effect thereon of economic conditions and ratings/audience levels
- our inability to protect our networks, systems, applications, data centres, electronic and physical records and the information stored therein against cyber attacks, unauthorized access or entry, and damage from fire, natural disasters and other events
- the complexity of our product offerings, pricing plans, promotions, technology platforms and billing systems
- our failure to satisfy customer expectations and build a simple and expeditious operational delivery model
- our failure to carry out network evolution activities or to meet network upgrade or deployment timelines within our capital intensity target
- our inability to discontinue certain services as necessary to improve capital and operating efficiencies
- our failure to anticipate and respond to technological change, upgrade our networks and rapidly offer new products and services
- our failure to implement or maintain, on a timely basis, effective information technology (IT) systems, and the complexity and costs of our IT environment

- our failure to maintain optimal network operating performance in the context of significant increases in broadband demand and in the volume of wireless data-driven traffic
- employee retention and performance, and labour disruptions
- pension obligation volatility and increased contributions to post-employment benefit plans
- events affecting the functionality of, and our ability to protect, test, maintain and replace, our networks, equipment and other facilities
- in-orbit risks to satellites used by Bell TV
- events affecting the ability of third-party suppliers to provide to us, and our ability to purchase, critical products and services
- the quality of our network and customer equipment and the extent to which they may be subject to manufacturing defects
- unfavourable resolution of legal proceedings and, in particular, class actions
- unfavourable changes in applicable laws
- our capital and other expenditure levels, financing and debt requirements, and inability to access adequate sources of capital and generate sufficient cash flows from operations to meet our cash requirements and implement our business plan, as well as our inability to manage various credit, liquidity and market risks
- ineffective change management resulting from restructurings and other corporate initiatives, and the failure to successfully integrate business acquisitions and existing business units
- our failure to evolve practices to effectively monitor and control fraudulent activities
- copyright theft and other unauthorized use of our content
- the theft of our direct-to-home (DTH) satellite TV services
- our failure to execute our strategic imperatives and business development plans in order to produce the expected benefits, including continuing to implement our targeted cost reduction initiatives, and our failure to develop a successful business strategy
- higher taxes due to new taxes, higher tax rates or changes to tax laws, and our inability to predict the outcome of government audits
- health concerns about radiofrequency emissions from wireless communications devices
- our inability to maintain customer service and our networks operational in the event of the occurrence of epidemics, pandemics and other health risks
- our failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters
- BCE's dependence on the ability of its subsidiaries, joint arrangements and other entities in which it has an interest to pay dividends or otherwise make distributions to it
- uncertainty as to whether dividends will be declared by BCE's board of directors or BCE's dividend policy will be maintained
- stock market volatility
- the expected timing and completion of the proposed acquisition of Glentel and of the subsequent divestiture of a 50% ownership interest to Rogers are subject to closing conditions and other risks and uncertainties, and there can be no certainty that the anticipated benefits will be realized

These and other risk factors that could cause actual results or events to differ materially from our expectations expressed in, or implied by, our forward-looking statements are discussed throughout this Annual Information Form and the BCE 2014 MD&A and, in particular, in section 9, *Business risks* of the BCE 2014 MD&A, on pages 95 to 102 of the BCE 2014 Annual Report.

We caution readers that the risks described above are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation.

Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after March 5, 2015. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

2 CORPORATE STRUCTURE

2.1 Incorporation and registered office

BCE Inc. was incorporated in 1970 and was continued under the *Canada Business Corporations Act* in 1979. It is governed by a certificate and articles of amalgamation dated August 1, 2004, as amended by (a) a certificate and articles of arrangement dated July 10, 2006 to implement a plan of arrangement providing for the distribution by BCE Inc. to its shareholders of units in the Bell Aliant Regional Communications Income Fund and for a consolidation of the number of outstanding BCE Inc. common shares, (b) a certificate and articles of amendment dated January 25, 2007 to implement a plan of arrangement providing for the exchange of Bell Canada preferred shares for BCE Inc. preferred shares, (c) a certificate and articles of amendment dated June 29, 2011 to create two additional series of BCE Inc. Cumulative Redeemable First Preferred Shares (first preferred shares), and (d) certificates and articles of amendment dated September 22, 2014 and November 11, 2014 to create six additional series of BCE Inc. first preferred shares. BCE Inc.'s head and registered offices are at 1, Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun, Québec H3E 3B3.

2.2 Subsidiaries

The table below shows BCE Inc.'s main subsidiaries at December 31, 2014, where they are incorporated, and the percentage of voting securities that BCE Inc. beneficially owns or directly or indirectly exercises control or direction over. BCE Inc. has other subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at December 31, 2014.

SUBSIDIARY	WHERE IT IS INCORPORATED	PERCENTAGE OF VOTING SECURITIES THAT BCE INC. BENEFICIALLY HELD AT DECEMBER 31, 2014(1)
Bell Canada	Canada	100%
Bell Mobility Inc.	Canada	100%
Bell Media Inc.	Canada	100%
Bell Aliant Regional Communications Inc.	Canada	100%

(1) *BCE Inc. beneficially owns all the voting securities of: (i) Bell Media Inc. (Bell Media) through Bell Canada; (ii) Bell Mobility Inc. (Bell Mobility) through Bell Canada, which in turn owns all of the voting securities of Bell Mobility through Bell Mobility Holdings Inc.; and (iii) Bell Aliant Regional Communications Inc. through Bell Canada.*

3 DESCRIPTION OF OUR BUSINESS

3.1 General summary

BCE is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions to all their communications needs, including wireless, high-speed Internet, Internet protocol television (IPTV) and satellite TV, local and long distance, business Internet protocol (IP) broadband and information and communications technology (ICT) services. In 2014, we reported the results of our operations in four segments: Bell Wireless, Bell Wireline, Bell Media and Bell Aliant. Bell, which encompasses our core operations, is the largest local exchange carrier in Canada, and is comprised of our Bell Wireless, Bell Wireline and Bell Media segments. Bell Media is a diversified Canadian multimedia company that, as described in more detail below, holds assets in TV, radio, digital media and out-of-home advertising. Prior to the completion of BCE's common share tender offer, which culminated in the privatization of Bell Aliant Inc. (Bell Aliant Privatization), as further discussed in section 4.1, *Transactions* in this Annual Information Form, we owned a 44.1% interest in Bell Aliant Inc., the subsidiaries of which included the incumbent carrier in Canada's Atlantic provinces and in rural and regional areas of Ontario and Québec. As a result of the Bell Aliant Privatization, beginning January 1, 2015, the operations and financial results of Bell Aliant are included within our Bell Wireless and Bell Wireline segments and Bell Aliant is no longer a reportable segment. Accordingly, beginning in 2015, our reportable segments are Bell Wireless, Bell Wireline and Bell Media.

In addition to our operating segments, we also hold a 35.4% indirect equity interest in Q9 Networks Inc. (Q9), a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE), an 18.4% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club and the Bell Centre in Montréal, and a 15% equity interest in The Globe and Mail.

A discussion of the key acquisitions, investments and dispositions completed by BCE in the last three completed financial years, including the Bell Aliant Privatization, can be found in section 4.1, *Transactions* in this Annual Information Form.

For the year ended December 31, 2014, we generated consolidated operating revenues of $21,042 million and consolidated net earnings of $2,718 million. Bell Wireless' operating revenues totalled $6,241 million, Bell Wireline's operating revenues totalled $10,040 million, Bell Media's operating revenues totalled $2,937 million and Bell Aliant's operating revenues totalled $2,757 million. A table showing the operating revenues

that each segment contributed to total operating revenues for the years ended December 31, 2014 and 2013 can be found in section 4.3, *Operating revenues* of the BCE 2014 MD&A, on page 45 of the BCE 2014 Annual Report.

Some of our segments' revenues vary slightly by season. For more information, refer to section 7.2, *Quarterly financial information – Seasonality considerations* of the BCE 2014 MD&A, on page 89 of the BCE 2014 Annual Report.

Additional information regarding our business operations and the products and services we provide can be found in section 1.2, *About BCE* of the BCE 2014 MD&A, on pages 27 to 31 of the BCE 2014 Annual Report.

Finally, additional information regarding the business outlook of our Bell Wireless, Bell Wireline and Bell Media segments can be found in the sections entitled *Business outlook and assumptions* of the BCE 2014 MD&A, on pages 41 and 42, page 57, page 65 and page 71 of the BCE 2014 Annual Report.

3.2 Strategic imperatives

Our goal is to be recognized by customers as Canada's leading communications company. Our primary business objectives are to maximize subscribers, revenues, operating profit, free cash flow and return on invested capital by further enhancing our positions as the foremost provider in Canada of comprehensive communications services to residential and business customers. Our strategy is centered on our disciplined focus and execution of our six strategic imperatives, namely:

1. Accelerate wireless
2. Leverage wireline momentum
3. Expand media leadership
4. Invest in broadband networks and services
5. Achieve a competitive cost structure
6. Improve customer service

Additional information regarding our strategic imperatives can be found in section 2, *Strategic imperatives* of the BCE 2014 MD&A, on pages 37 to 40 on the BCE 2014 Annual Report.

3.3 Competitive strengths

CANADA'S LARGEST COMMUNICATIONS COMPANY

We are Canada's largest communications company, offering a broad scope of products and services:

- We are the largest local exchange carrier in Canada. BCE operates an extensive local access network in the provinces of Ontario and Québec, in the Atlantic provinces, as well as in Canada's northern territories. We provide a complete suite of wireline voice, wireless communication, Internet access, data and video product and service offerings to residential, business and wholesale customers
- We also offer competitive local exchange carrier (CLEC) services in Alberta and British Columbia
- BCE operated approximately 7.1 million network access service (NAS) lines at December 31, 2014
- At December 31, 2014, BCE was one of the largest wireless operators in Canada based on the number of subscribers, providing approximately 8.1 million subscribers with nationwide wireless service
- BCE is the second largest TV provider in Canada, nationally broadcasting more than 700 all-digital TV and audio channels and a wide range of domestic and international programming to approximately 2.6 million subscribers at December 31, 2014 through its IPTV services, Fibe TV and FibreOP TV, and its DTH satellite TV service
- BCE is the largest Internet service provider in Canada, providing approximately 3.3 million customers at December 31, 2014 with high-speed Internet access through fibre-optic, digital subscriber line (DSL) or wireless broadband technology

Our large customer base and our ability to sell through a variety of distribution channels, as discussed in more detail in section 3.4, *Marketing and distribution channels* in this Annual Information Form, are key competitive advantages.

LEADING ADVANCED WIRELESS NETWORK AND SERVICES

Our Bell Wireless segment provides wireless services over technologically advanced wireless networks that are available to virtually all of the Canadian population. We offer a broad range of wireless voice and data communications products and services to residential and business customers through our portfolio of targeted brands, including Bell and Virgin Mobile.

Wireless is a key growth segment for Bell and we have established strategic priorities seeking to further enhance our offerings. Bell is focused on maintaining its market share momentum of incumbent wireless postpaid customer activations through growing its presence in higher average

revenue per unit geographies and customer segments, increasing points of retail distribution, improving sales execution and customer retention, and increasing data service offerings. We also believe our priorities for improved customer experience at all touch points, enhanced network quality and performance, and a broad handset offering should continue to improve our ability to attract and retain wireless customers. With the launch of a national high-speed packet access plus (HSPA+) network in November 2009 and the launch, beginning in the second half of 2011, of fourth-generation (4G) long-term evolution (LTE) wireless service in most urban centres across Canada (our 4G LTE wireless network reaching approximately 86% of the Canadian population as at December 31, 2014), we are able to offer one of the broadest ranges of choice in wireless smartphones in Canada, along with extensive North American and international coverage. Our approximately 1,600 Bell-branded stores and The Source locations across Canada provide a significant number of places where customers can buy Bell products and services, including in Canada's highest-traffic mall locations. In addition, our products and services offered under the Virgin Mobile brand enhance our competitive market position by allowing us to compete more effectively with the Canadian industry's other flanker brands as well as the newer wireless entrants.

On November 28, 2014, BCE announced the signing of a definitive agreement to acquire all of the issued and outstanding shares of Glentel, a dual-carrier, multi-brand mobile product distributor which operated approximately 370 locations in Canada at December 31, 2014 (excluding closed retail locations in Target Canada stores). The transaction is expected to enhance BCE's strategy to accelerate wireless and improve customer service in a competitive wireless marketplace, giving BCE continued access to Glentel's wireless retail operations. On December 24, 2014, BCE announced that it will divest 50% of its ownership interest in Glentel to Rogers following the closing of the Glentel acquisition.

TECHNOLOGICALLY SUPERIOR TV SERVICE

Bell's next-generation IPTV service, Fibe TV, and Bell Aliant's IPTV service, FibreOP TV, target areas in Ontario, Québec and the Atlantic provinces where cable providers had long been dominant, providing us with the opportunity to gain significant market share through offering a comprehensive triple-play bundle of communications services to customers. Delivered over our advanced high-speed fibre-optic network, our IPTV services expand TV choice and competition in urban markets and offer a superior viewing and interactive online experience to that of cable.

Bell Fibe TV and Bell Aliant FibreOP TV offer a wide range of flexible programming options and innovative features, including a whole-home personal video recorder (PVR), the ability to record multiple programs simultaneously, a picture-in-picture program guide, advanced search capabilities and the fastest channel change capability on the market today. In 2013, Bell and Bell Aliant launched the new Fibe and FibreOP TV Wireless Receiver, which enables customers to enjoy the Fibe and FibreOP experience on up to five additional TVs anywhere in the house without the hassle of running cable through the house. On February 2, 2015, Bell introduced on Bell Fibe TV the exclusive new Restart feature, enabling customers to rewind and watch TV shows already in progress from the beginning. IPTV is now available to more than 6 million households in BCE's incumbent wireline regions. Bell Fibe TV and Bell Aliant FibreOP TV have quickly become preferred TV options, as we grew our IPTV subscriber base by 42% in 2014 to approximately 933,547 customers at December 31, 2014.

INCUMBENT WIRELINE SERVICE PROVIDER WITH MARKET LEADERSHIP POSITION

Our market leadership position and our broad suite of product offerings act as a foundation for the other products and services we offer, providing us with a significant number of established customer connections to drive uptake of new products and services, either through bundled offerings or on a stand-alone basis, and allowing us to improve customer retention. Bell Fibe TV and Bell Aliant FibreOP TV are driving strong multi-product bundle sales as we continue to expand our service footprint in communities across Ontario, Québec and the Atlantic provinces. Due to an expanding broadband fibre footprint, which now passes more than 7.5 million premises (homes and business locations), BCE grew its high-speed Internet customer base by 5.1% in 2014 to approximately 3.3 million and its TV customer base by 6.2% to approximately 2.6 million, while slowing the rate of residential NAS erosion to 7.5% from 8.8% in the previous year.

Bell's Business Markets unit is also a consistent market-leading performer, having established relationships with a majority of Canada's 1,000 largest corporations. Bell's Business Markets unit continues to deliver network-centric ICT solutions to large business and public sector clients, including data hosting and cloud computing services, which are key to business communications in the new information age and increase the value of connectivity services, helping drive overall performance for Bell.

OUR SIGNIFICANT MEDIA ASSETS

Bell Media's range of video content enhances the execution of our strategic imperatives by leveraging our significant broadband network investments, accelerating Bell's video growth across all four screens and achieving a competitive cost structure. Ownership of Bell Media enables Bell to maximize strategic and operating synergies with Bell Media, including the efficiency of our content and advertising spend.

Through Bell Media, our key competitive advantage is our position as the leading multimedia company in Canada with the following assets in TV, radio, digital media and out-of-home advertising:

- We own and operate 30 conventional TV stations, including CTV, Canada's leading TV network based on viewership
- We own and operate 39 specialty and pay TV channels, including TSN, Canada's leading specialty channel and RDS, Canada's leading French-language specialty channel based on viewership
- At December 31, 2014, our 106 radio stations in 54 markets across Canada reached on average 17.4 million listeners per week from coast to coast
- We own and operate the most successful Canadian-owned online business in the Canadian digital landscape

- We provide live and on-demand access to content from Bell Media's conventional TV networks, CTV and CTV Two, as well as BNN, TSN, RDS, Discovery and other top brands in news, sports and entertainment on Bell's Mobile TV service. This mobile content is offered on commercial terms to all Canadian wireless providers. Bell Media's TV Everywhere services, including TSN GO and CTV GO, provide live and on-demand content delivered over mobile and wireless fidelity (Wi-Fi) networks to smartphones, tablets and computers
- In 2014, Bell Media entered into a multi-year agreement with HBO for the exclusive Canadian multi-platform rights to all past and future programming, representing more than 1,500 hours of all off-air and on-air programming. In January 2015, Bell Media entered into a long-term content licensing and trade-mark agreement with CBS Corp. for the multi-platform rights to past, present and future Showtime-owned programming.
- Bell Media owns CraveTV, a subscription on-demand video streaming service launched on December 11, 2014, providing premium content and a robust lineup of superior TV content. Designed to complement the traditional TV ecosystem, CraveTV is available to all Canadian TV providers
- Bell Media owns Astral Out-of-Home, an out-of-home advertising business with a network of more than 9,500 advertising faces strategically located in the key markets of Québec, Ontario, Alberta and British Columbia. It offers a portfolio of four innovative product lines: outdoor advertising, street furniture, transportation and digital

In addition to our industry-leading position, our competitive strengths include our broad reach across Canada, our ability to acquire top programming for conventional, specialty and pay TV, our constant drive to provide the most engaging and interactive experience for viewers, and our ability to serve the needs of advertisers across multiple platforms.

3.4 Marketing and distribution channels

BELL WIRELESS AND WIRELINE

The guiding principle driving our marketing strategy is to offer our clients the ultimate in reliable, simple and accessible telecommunications services. In doing so, our objective is to increase customer acquisition, retention and loyalty through multiple service offerings. As the operations of Bell Aliant are included within our Bell Wireless and Bell Wireline segments beginning January 1, 2015, the following discussion is also applicable to our former Bell Aliant segment.

Through the bundling of services, which combines wireline local voice and long distance, high-speed Internet and TV, as well as wireless services, our goal is to use a triple-play or quadruple-play product offering to achieve competitive differentiation by offering a premium, integrated set of services that provides customers more freedom, flexibility and choice. We also make use of limited-time promotional offers featuring discounted rate plans, special rates on wireless handsets and TV receivers, as well as other incentives, to stimulate customer acquisition and winbacks or to respond to competitive pressures in our markets.

We focus our marketing efforts on a coordinated program of TV, print, radio, Internet, outdoor signage, direct mail and point-of-sale media promotions. We engage in mass-market advertising in order to maintain our brand and support direct and indirect distribution channels. Coordinated marketing efforts throughout our service area ensure that our marketing message is presented consistently across all our markets. Promoting the Bell brands is complemented by our other brand marketing efforts, reinforcing the awareness of all our services and capitalizing on the size and breadth of our customer base across all product lines.

The Bell brands play a key role in product positioning. Our branding is straightforward and directly supports our strategy of delivering a better customer experience at every level.

Specifically for wireless, acquiring and retaining high-value postpaid subscribers is a key marketing objective that we seek to achieve through our networks and suite of leading-edge devices and services to drive higher usage and increased adoption of data services. We offer discounts on the price of wireless handsets in exchange for a contractual commitment from a subscriber, a practice also used by other Canadian wireless operators. Research has shown that a key driver of customer acquisition is handset selection and style. This factor is increasingly important as handset life cycles shorten. Our current wireless device portfolio includes many leading-edge devices, some launched as exclusive to Bell in the Canadian market. As the Canadian wireless market further matures and competition intensifies, including as a result of Industry Canada's licensing of advanced wireless services (AWS) spectrum to new entrants in 2008 and mobile broadband services (700 megahertz (MHz)) spectrum in 2014, customer retention is becoming increasingly important. Accordingly, we employ customer retention initiatives aimed at increasing our customers' level of satisfaction and loyalty.

We deliver our products and services to residential customers through:

- a network of corporate and dealer-owned Bell, Bell Mobility and Virgin Mobile retail locations
- The Source (Bell) Electronics Inc. (The Source)'s approximately 700 retail locations
- national retailers such as Future Shop, Best Buy, Wal-Mart, Wireless Wave, Tbooth Wireless, Wireless Etc., Loblaws and a network of regional and independent retailers in all regions
- call centre representatives
- our websites, including the **Bell.ca** and **virginmobile.ca** websites

- door-to-door sales representatives

Bell also offers customers the convenience of One Bill for Home Phone, Internet, TV and wireless services with a single point of contact.

Communication solutions, other than wireless, for small, mid-sized and large business customers are delivered by the Bell Business Markets unit. Our products and services are sold through dedicated sales representatives, call centres, certified resellers and competitive bids. By combining products and services, including professional services, into fully managed, end-to-end information and technology solutions, we have been successful in procuring small business customers with simple yet reliable services, and large enterprise customers with complex communications requirements. We continue to differentiate ourselves in the marketplace by enhancing our customer service levels and providing solutions designed to provide superior service, performance, availability and security. We deliver expertise in key solution areas, including Internet, private networks and broadcast, voice and unified communications, data centre, customer contact solutions, security, mobile business services and small business solutions. The Bell Business Markets unit is focused on increasing both the number of customers and the breadth of business solutions sold to these customers.

Bell's wireless products and services are delivered to business customers by Bell Mobility through the same channels as those previously described for services to residential customers. In addition, Bell's business customers are served by Bell's nationwide sales team responsible for the sale of wireless products and services to business customers as well as the execution of sales contracts.

Communications products and services for Bell's wholesale business are delivered by Bell's Wholesale unit. They are sold through our dedicated sales representatives, web portals and call centres.

BELL MEDIA

Bell Media's TV and Out-of-Home customer base is comprised primarily of large advertising agencies, which place advertisements with Bell Media on behalf of their customers. Bell Media also has contracts with a variety of broadcasting distribution undertakings (BDUs), under which monthly subscription fees for specialty and pay TV services are earned. Bell Media's radio broadcast customer base is comprised of both advertising agencies and businesses in local markets.

Bell Media's conventional TV networks are delivered to Canadians through over-the-air broadcast transmission and through distribution by BDUs. Bell Media's specialty and pay TV channels are delivered through distribution arrangements with BDUs, and its radio programming is distributed through over-the-air transmission. In addition to these primary distribution channels, Bell Media distributes certain of its TV and radio programming through a variety of non-traditional means, such as mobile, Internet streaming and in-flight programming. CraveTV is available through IPTV set-top boxes, as well as online and on smartphones and tablets to authenticated TV subscribers. Finally, Bell Media's Out-of-Home business delivers its services through an inventory of out-of-home faces and street furniture equipment in the key markets of Québec, Ontario, Alberta and British Columbia.

3.5 Networks

The telecommunications industry is evolving rapidly as the industry continues to move from multiple service-specific networks to IP-based integrated communications networks that can carry voice, data and video traffic. We continue to work with key vendor partners to expand our national multi-services IP-enabled networks.

Our communications networks provide wireless and wireline voice, data and video services to customers across Canada. Our infrastructure includes:

- national transport networks for voice, data and video traffic, including Internet traffic
- urban and rural access networks and infrastructure for delivering services to customers
- national wireless networks that provide voice, data and video services

WIRELESS

To provide wireless connectivity, Bell has deployed and operates a number of nationwide wireless broadband networks compatible with global standards that deliver high-quality and reliable voice and high-speed data services. With our multiple high-speed data networks, we are able to offer Canadian consumers a broad range of choice in wireless smartphones, including devices from Apple, Samsung, Sony, HTC, BlackBerry, LG, Alcatel, Google, touch screen tablets and other devices designed for data services such as machine to machine (M2M) communications, e-mail, messaging, Internet access and social networking.

HSPA+ NETWORK

Our wireless HSPA+ network offered high-speed mobile access to 98% of the Canadian population at December 31, 2014, and covered thousands of cities and towns in both urban and rural locations. The HSPA+ network supports global roaming, as well as a wide range of smartphones, data cards, universal serial bus (USB) sticks, tablets and other leading-edge mobile devices. Our HSPA+ network also supports international roaming in more than 200 countries. The vast majority of the site connectivity for the new HSPA+ network was built with high-speed

fibre and an all-IP architecture for enhanced reliability. In November 2010, Bell became the first wireless company in North America to deploy leading-edge dual cell (DC) technology, which doubles the speed of HSPA+ mobile data service from up to 21 megabits per second (Mbps) in most areas (typical speeds of 3.5 to 8 Mbps) to as high as 42 Mbps in areas with DC capability when using DC-capable modem devices or smartphones (typical speeds of 7 to 14 Mbps).

4G LTE NETWORK

Bell launched a 4G LTE network in September 2011. With Bell's LTE wireless network coverage, customers have data access speeds similar to broadband connections and significantly faster than our HSPA+ network, making it easier for users to download applications, stream high-definition videos and music, play online games or video conference and chat with virtually no delays or buffering. Our LTE wireless network reached over 28 million Canadians, or approximately 86% of the Canadian population, coast to coast at December 31, 2014. We focused on an urban roll-out first, given that the timing of broader rural and remote coverage deployments was contingent on the outcome of Industry Canada's 700 MHz spectrum auction. On April 2, 2014, Bell acquired 31 licences for $566 million for 480 million MHz per population (MHz-POP) of nationwide 700 MHz spectrum following the wireless spectrum auction, bringing Bell's total holdings across various spectrum bands to more than 4,200 million MHz-POP nationally. These licences are expected to enable rapid expansion of advanced 4G LTE broadband mobile services to rural communities, small towns and Canada's northern territories, while also enhancing coverage in urban and suburban areas. Our 4G LTE build-out plan is expected to bring advanced mobile broadband services to more than 98% of Canada's population by the end of 2015. Our broadband LTE service was launched in 52 communities in Atlantic Canada in 2014, reaching 88.7% of the population in the Atlantic provinces. We also launched our 4G wireless service in seven new communities in the Northwest Territories. In February 2015, we announced the expansion of our 4G LTE wireless service to 120 additional small communities across Québec and Ontario. LTE currently accounts for 42% of Bell's total wireless data traffic.

In August 2014, Bell increased its 4G LTE network speeds by up to 45%. Download speeds have increased from up to 75 Mbps (typical speeds of 12 to 25 Mbps) to up to 110 Mbps (typical speeds of 14 to 36 Mbps), with speeds as high as 150 Mbps (typical speeds of 18 to 40 Mbps) available in some locations. This has been enabled by carrier aggregation.

The HSPA+/LTE networks work together in that all Bell LTE devices support both networks. In fact, voice calls initiated when an LTE device is attached to an LTE network are transferred to the HSPA+ network for processing. In rural regions outside of the current LTE footprint, data calls/sessions are handed off to the HSPA+ network, ensuring continuity of service for our customers.

3G/CDMA NETWORK

In addition to our LTE and HSPA+ networks, we operate a national 3G code division multiple access (CDMA) network that covered 99% of Ontario and Québec's populations and approximately 97% of Atlantic Canada's population at December 31, 2014.

The CDMA network shares sites, towers and antennae with the HSPA+ and LTE networks. As most of our development and network enhancement focus has been on the HSPA+/LTE networks, traffic is migrating off our CDMA network. CDMA terminals operate independently from the HSPA+/LTE networks. We began decommissioning our CDMA network in 2014. This will release personal communications services (PCS) spectrum for future LTE capacity expansion. CDMA accounts for less than 0.2% of Bell's total wireless data traffic.

WI-FI LOCATIONS

Bell Mobility also operates over 4,000 public Wi-Fi hotspots at participating McDonald's, Tim Hortons and Chapters/Indigo retail outlets across Canada, in addition to thousands of Wi-Fi networks managed through our Bell Business Markets unit at enterprise customer locations.

WIRELINE

VOICE AND DATA NETWORK

Our national voice and data network consists of an optical fibre network with the latest technologies to provide redundancy and fault protection. It reaches all major Canadian metropolitan centres, as well as New York, Chicago, Boston, Buffalo, Minneapolis, Ashburn and Seattle in the United States.

Our network in major Canadian cities provides state-of-the-art high-speed access at gigabit speeds based on IP technology. We operate a national IP multi-protocol label switching network with international gateways to the rest of the world. This network delivers next-generation, business-grade IP virtual private network (IPVPN) services that connect our customers' offices and data centres throughout Canada and around the world. The IPVPN service is the foundation platform required for the delivery of ICT solutions that add value and efficiencies to customers' businesses. These technology solutions include voice over IP/IP telephony, IP videoconferencing, IP call centre applications and other future IP-based applications. In addition, we maintain extensive copper and voice-switching networks that provide traditional local and interexchange voice and data services to all business and residential customers in Ontario, Québec and the Atlantic provinces.

To improve reliability and increase network capacity to support rapidly growing volumes of wireless and Internet usage carried on our networks, in 2012 we began the upgrade of our fibre-based national backbone network with the deployment of 100 gigabit technologies. As of December 31, 2014, key traffic routes spanning more than 18,200 kilometers across Canada and into the United States had been upgraded. Bell was the

first Canadian carrier to deploy 100 gigabit IP Wide Area Network technologies.

HIGH-SPEED FIBRE DEPLOYMENT

As discussed in more detail below, our strategic imperative to invest in broadband networks and services is focused on the deployment of high-speed fibre access through our FTTN, FTTB and FTTH (as defined below) initiatives.

First, we have been upgrading our access infrastructure by deploying fibre closer to our residential customers using fibre-to-the-node (FTTN) along with pair bonding technology. Second, we have been deploying high-speed fibre access directly to multiple-dwelling units (MDUs) and key business locations and data centres throughout the Québec-Windsor corridor, in Atlantic Canada and in several communities in northern Ontario under a fibre-to-the-building (FTTB) initiative. Third, we plan to continue deploying high-speed fibre-to-the-home (FTTH) technology in Ontario, Québec and Atlantic Canada.

One of the first FTTH deployments in Canada, Bell's Québec City region initiative is the largest city-wide FTTH roll-out in the country to-date. In our view, FTTH, in which optical fibre cables are used to connect each and every home, is an ideal network architecture to support future bandwidth-demanding IP services and applications. Since the Québec City region is served largely by aerial infrastructure (i.e., above-ground wiring on utility poles) these extensive fibre deployments can be accomplished much faster and more economically than in centres with underground infrastructure. With an investment of more than $225 million to deploy fibre-optic technology directly to homes and businesses, we launched our next-generation Fibe service in Québec City on March 12, 2012, supporting enhanced competition and choice in the Québec market with the latest broadband TV, Internet and Home Phone services.

Bell also continued to deploy FTTH to all new urban and suburban housing developments in Ontario and Québec and to implement pair bonding, which effectively increases the FTTN network download speeds and extends the Fibe TV footprint. This is in addition to Bell's ongoing deployment of FTTB to MDUs and business locations.

Our residential fibre-optic Internet service, marketed as Bell Fibe Internet, is enabled by Bell's FTTN and FTTH networks, providing download speeds of up to 50 Mbps in areas of Ontario and Québec that are served by our FTTN network, and up to 175 Mbps for customers with FTTH. Fibe Internet also employs advanced tools to proactively monitor and optimize speeds. We also offer DSL-based Internet service in areas where Fibe Internet is not available, with download speeds of up to 5 Mbps.

Additionally, in September 2010 Bell launched its Bell Fibe TV service in several Toronto and Montréal neighbourhoods. Since that time, Bell has significantly expanded its Fibe TV service footprint which, at December 31, 2014, encompassed more than 5 million households across the Greater Montréal Region, the Greater Toronto Area, Gatineau, Hull, Joliette, Laval, Québec City, Sherbrooke, Vaudreuil, Aylmer, Barrie, Buckingham, Hamilton, Kingston, Kitchener-Waterloo, London, Ottawa and St. Catharines. Delivered over our advanced high-speed fibre-optic network, Fibe TV complements our national TV satellite service and expands TV choice and competition in major urban markets where cable has been dominant.

Over the past few years, Bell Aliant has deployed FTTH and/or FTTB technology in various locations in Atlantic Canada and several communities in northern Ontario and in Québec. FTTH has brought an advanced broadband network using 100% fibre-optic technology directly to customers in those locations and has allowed Bell Aliant to deliver its FibreOP branded Internet and TV service. The largely aerial nature of Bell Aliant's network infrastructure and the relatively low population densities in Atlantic Canada and rural Ontario and Québec make the cost of FTTN and FTTH/FTTB very similar in those markets.

In 2011, Bell Aliant launched its next-generation Internet and TV service with FibreOP 2.0. FibreOP 2.0 introduced more speed and functionality to customers for the same price. FibreOP 2.0 TV also provided enhanced functions and features for TV. Bell Aliant also launched FibreOP Home Phone in 2011, enabling it to deliver an entirely IP-enabled service bundle (voice, Internet, TV) over its FTTH network. In 2012, Bell Aliant launched FibreOP Business 50/30 service, providing small and medium business customers with up to 50 Mbps download and 30 Mbps upload Internet speeds over its FTTB technology, representing twice the upload speed of its previous fastest Internet service offering. In addition, Bell Aliant upgraded its residential FibreOP Internet to reach 250 Mbps download speed, to maintain the speed advantage it had over its competitors. In 2013 and 2014, Bell Aliant continued to enhance its product offerings. Most recently, in December 2014, FibreOP customers in Atlantic Canada were upgraded to FibreOP 3.0 with a free boost of Internet download speeds by at least 50%, a new on-demand guide and more on-demand programming. The available speed of Bell Aliant's FibreOP Internet tiers now ranges from 50 Mbps to 400 Mbps for download speeds, and from 30 Mbps to 350 Mbps for upload speeds.

As of the end of 2014, Bell Aliant's FibreOP services were available to 1,016,582 homes and businesses in Atlantic Canada, Ontario and Québec, while Bell Aliant's high-speed Internet service was available to over 85% of homes in Bell Aliant's operating territory.

BELL DTH SATELLITE TV SERVICE

We provide DTH satellite TV service nationwide under the Bell TV brand using satellites operated by Telesat Canada (Telesat). Pursuant to a set of commercial arrangements between Bell ExpressVu Limited Partnership (Bell ExpressVu) and Telesat, Bell ExpressVu currently has two satellites under contract with Telesat. Telesat operates or directs the operation of these satellites, which are used by Bell ExpressVu to provide its DTH satellite TV service.

3.6 Employees

The table below shows the number of BCE employees as at December 31, 2014 and 2013.

NUMBER OF EMPLOYEES AT DECEMBER 31	**2014**	2013
Bell Wireless	**6,728**	7,052
Bell Wireline	**37,053**	35,313
Bell Media	**7,342**	7,180
Bell Aliant	**6,111**	6,285
Total[1]	**57,234**	55,830

(1) *The total number of BCE employees at the end of 2014 was 57,234, up from 55,830 at December 31, 2013, due primarily to the repatriation of activities from certain suppliers to Bell, as well as an increased workforce in our field services operations to support our ongoing IPTV roll-out and service quality initiatives. This increase was partly offset by a decreased workforce across our Bell Wireless and Bell Aliant segments attributable to normal attrition, retirements and productivity improvements.*

Approximately 43% of BCE employees are represented by unions and are covered by collective agreements.

The following collective agreements covering 100 or more employees were ratified in 2014 or early 2015:

- the collective agreement between the Communications, Energy and Paperworkers Union of Canada (CEP) (now Unifor) and NorthernTel, Limited Partnership covering approximately 130 craft and clerical employees expired on February 28, 2014 A new collective agreement was ratified on June 30, 2014 (the NorthernTel collective agreement)
- the collective agreement between CEP, Atlantic Communications Council (now Unifor) and Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) covering approximately 2,460 technicians, operators and clerical employees in Atlantic Canada expired on December 31, 2014. A new collective agreement was ratified on October 30, 2014
- the collective agreement between CEP (now Unifor) and Expertech Network Installation Inc. covering approximately 170 clerical employees expired on November 30, 2014. A new collective agreement was ratified on December 4, 2014
- the collective agreement between CEP (now Unifor) and CFPL-TV, a division of Bell Media, covering approximately 100 employees expired on August 31, 2013. A new collective agreement was ratified on December 4, 2014
- the collective agreement between CEP (now Unifor) and CTV Limited (now Bell Media) covering approximately 610 employees expired on May 31, 2014. A new collective agreement was ratified on February 13, 2015

The following collective agreements covering 100 or more employees will expire in 2015:

- the collective agreement between the United Steel Workers and The Source covering approximately 130 employees will expire on April 30, 2015
- the collective agreement between CEP (now Unifor) and Bell Aliant LP covering approximately 140 employees will expire on May 31, 2015
- the NorthernTel collective agreement will expire on June 30, 2015
- the collective agreement between CEP (now Unifor) and Expertech Network Installation Inc. covering approximately 1,040 employees will expire on November 30, 2015
- the collective agreement between United Steel Workers of America (USWA) and Nordia Inc. in Kitchener covering approximately 370 employees will expire on November 30, 2015
- the collective agreement between Les Métallos and Nordia Inc. in Québec City covering approximately 400 employees will expire on December 31, 2015
- the collective agreement between Les Métallos and Nordia Inc. in Sherbrooke covering approximately 440 employees will expire on December 31, 2015

The following describes the status of collective agreements covering 100 or more employees that have already expired:

- the collective agreement between CEP (now Unifor) and CFCF Television, a division of Bell Media, covering approximately 120 employees expired on December 31, 2013. Bargaining began in March 2014
- the collective agreement between CEP (now Unifor) and Bell Canada (ICT) covering approximately 120 clerical employees expired on May 31, 2014. Bargaining began on November 4, 2014
- the collective agreement between CEP (now Unifor) and Télébec, Limited Partnership covering approximately 250 clerical employees in Québec expired on November 1, 2014. Bargaining began in February 2015
- the collective agreement between CEP (now Unifor) and Bell Aliant LP covering approximately 550 technicians in Ontario and Québec expired on November 30, 2014. Bargaining began in February 2015

- the collective agreement between CEP (now Unifor) and CFCN-TV (Calgary) and CFRN-TV (Edmonton), divisions of Bell Media, covering approximately 330 employees, expired on December 31, 2014. Bargaining is scheduled to begin in the spring of 2015

3.7 Corporate responsibility

GENERAL

We are committed to the highest standards of corporate responsibility and we seek to integrate environmental, social and economic considerations into our business decisions. We engage with stakeholders to identify opportunities to create benefits for both society and us while minimizing, where we can, any negative impact our activities may generate. In line with this commitment, in 2006 we adopted a resolution to support the United Nations Global Compact, a set of universal principles addressing human rights, labour, environment and anti-corruption. These principles serve as the foundation of our corporate responsibility approach.

In 1992, the BCE board of directors mandated an officer-level committee to oversee issues related to environmental matters. Over the decades, the responsibilities of this committee have expanded and, since 2012, BCE's corporate responsibility strategy, including security, environmental and health and safety (SEHS) risks and opportunities, is overseen by the Security, Environmental and Health & Safety Oversight Committee. This cross-functional committee is chaired by the Executive Vice-President, Corporate Services and seeks to ensure that relevant risks are adequately recognized and mitigation activities are well integrated and aligned across the organization and supported with sufficient resources.

BCE has implemented a range of social and environmental policies which are supported by various programs and initiatives. These policies address issues of importance to our many stakeholders, including preventing conflicts of interest; protecting company assets; safeguarding privacy and confidentiality; treating clients, business partners, team members and competitors with respect and honesty; fostering a diverse and safe workplace; and protecting the environment.

The policies include, among others:

- Code of Business Conduct
- Privacy Policy
- Environmental Policy
- Supplier Code of Conduct
- Procurement Policy
- Political Contributions Policy
- Mandatory Reporting of Internet Child Pornography
- Health and Safety Policy

For 2014, BCE was listed on the Top 50 Socially Responsible Corporations by Maclean's/L'Actualité/Sustainalytics, on the Best 50 Corporate Citizens in Canada and the Global 100 Most Sustainable Corporations in the World by Corporate Knights, and on the top 100 of the 2014 Newsweek Green Rankings Global 500. BCE is part of socially responsible investment indices such as the FTSE4Good Index, the Jantzi Social Index, the United Nations Global Compact 100 (GC 100) and the Euronext Vigeo World 120 index. The latter index includes the 120 most advanced companies in the European, North American and Asia Pacific regions, and distinguishes companies achieving the best environmental, social and governance performances. BCE was also identified as a Prime Responsible Social and Environmental investment by oekom research, was selected

for inclusion in the Ethibel EXCELLENCE Investment Register and was also included in the Storebrand Trippel Smart/SPP Global Top 100 sustainable global equity fund.

Bell Canada recognizes that risks and opportunities exist related to climate change. Our membership in the Global e-Sustainability Initiative (gesi.org), an international organization that promotes sustainable development in the ICT industry, helps us gain a deeper understanding of these risks and opportunities. Part of our involvement includes promoting ICT as a way to mitigate and adapt to climate change – for example, by enabling travel substitution, virtualization, dematerialization and cloud computing. Monitoring and reducing energy consumption and greenhouse gas emissions are also key priorities at Bell Canada because of their impacts on the environment, society and the economy. We also recognize that being a responsible service provider means having best practices in business continuity and being prepared to face extreme weather events that could be exacerbated by climate change. We report on our carbon footprint and carbon reduction initiatives through the CDP. The CDP represents 767 institutional investors holding a total of US$92 trillion in assets. The CDP gathers data from organizations globally to help reveal the risk in the investment portfolios of these institutional investors. BCE was listed on the CDP's Canada 200 Climate Disclosure Leadership Index for 2014.

In addition, we consider the exploitation and trade of minerals that fuel armed conflicts and lead to human rights abuses as unacceptable. We monitor and integrate industry best practices into our procurement programs on a continuing basis, as controls for conflict-free sourcing are being established globally.

Details on the performance of our programs and initiatives can be found under the heading *Responsibility* on BCE's website at **BCE.ca**.

COMMUNITY

Bell Canada is committed to advancing mental health across Canada through the Bell Let's Talk mental health initiative. Mental illness affects millions of Canadians, yet this major health issue remains significantly underfunded, misunderstood and stigmatized. With one in five Canadians expected to suffer from mental illness during their lifetimes, everyone has a family member, friend or colleague who has struggled with mental illness. The impact on the Canadian economy is staggering, with an estimated $6 billion each year in lost productivity costs due to absenteeism and presenteeism. In any given week, at least 500,000 employed Canadians are unable to work due to mental health issues.

On September 21, 2010, Bell Canada announced its five-year, $50 million initiative supporting an extensive range of programs to enhance mental health in every aspect of Canadian life. The Bell Let's Talk mental health initiative has four action pillars: anti-stigma, enhanced care and access, new research and workplace leadership. This initiative is the largest-ever corporate effort to promote mental health in Canada.

During 2014, Bell made new commitments within the program to several initiatives, including (i) a $2.5 million gift to Kids Help Phone to enable innovative new technology initiatives to support the mental health and well-being of young people across Canada; (ii) a $2 million initiative, in partnership with the Government of Alberta, to enhance mental health services for children and youth throughout the province; and (iii) $1 million for increasing care and access in Canada's northern territories of Nunavut, the Northwest Territories and Yukon. Bell also made a commitment for mental health programs benefiting students at both McGill University and Université de Montréal totalling $1 million. Bell's Let's Talk partners also include the True Patriot Love Foundation, Université Laval, Sunnybrook Health Sciences Centre, Jewish General Hospital, Royal Ottawa Hospital, l'Institut universitaire en santé mentale de Montréal, Hôpital Charles-LeMoyne, the Centre for Addiction and Mental Health, the University of British Columbia, the Douglas Mental Health University Institute, Queen's University, CHU de Québec, Concordia University, Brain Canada, CHU Sainte-Justine and Vancouver General Hospital.

In 2014, the Bell Let's Talk Community Fund gave $1 million in grants to 58 community-based organizations, charities and hospitals across the country. The 2015 Fund will provide grants of up to $50,000 to organizations in Canada focused on improving access to programs and services that support and help improve the mental health and well-being of people living with mental health issues.

On July 1, 2014, Clara's Big Ride for Bell Let's Talk, a 110-day national bicycle tour by Clara Hughes to help raise awareness and action in mental health and reduce stigma around mental illness, concluded in Ottawa. Over more than 11,000 kilometres, through 105 communities in all ten provinces and three territories, Clara's Big Ride engaged Canadians in the national conversation about mental health. Throughout this epic journey, 88 Community Champions and 80 School and Youth Champions planned 235 events across Canada, from fundraising galas to barbecues in the park to puppet shows and community skating nights. More than 150 public and elected officials demonstrated their commitment to continuing the conversation around mental health by signing the Clara's Big Ride commitment map, working together to create a stigma-free Canada.

In October 2014, Bell was honoured with awards for the Bell Let's Talk initiative, focusing on the key action pillar of workplace health, including: (i) Excellence Canada's 2014 Gold Award for Mental Health at Work for Bell's leadership in promoting mental health across corporate Canada; (ii) Workplace Benefits Award for Mental Health, recognizing Bell's creative and effective mental health initiative to support and encourage the psychological well-being of employees; and (iii) the Mental Health and Well-Being Award presented by the Québec Order of Psychologists in recognition of the contributions made by Bell Let's Talk to improving the lives of people across Québec.

Because the challenge of stigma remains the primary reason an estimated two-thirds of people with mental health problems do not receive the help they need, Bell continues to invite Canadians to talk about the issue. The fifth annual Bell Let's Talk Day on January 28, 2015, led by national spokesperson Clara Hughes, promoted discussion and understanding of mental illness while raising new funds for Canadian mental health. With 122,150,772 text

messages, mobile calls and long distance calls by Bell and Bell Aliant customers, tweets and Facebook shares made that day, Bell's 5-cent donation per text, call, tweet and Facebook share means that it has committed another $6,107,538.60 to support mental health programs across the country. Bell has now committed $73,623,413.80 to Canadian mental health based on its original $50-million initiative plus the results of the last five Bell Let's Talk Days.

To learn more, please visit **bell.ca/letstalk**.

Between mental health and their other initiatives, Bell Canada and Bell Aliant contributed over $20 million in community investment in 2014. Bell Canada and Bell Aliant employees and pensioners also donated over $2.1 million in charitable gifts and logged over 337,000 hours in volunteer time.

ENVIRONMENT

BCE's environmental policy affirms:

- our commitment to environmental protection
- our belief that environmental protection is an integral part of doing business and needs to be managed systematically under a continuous

improvement process

The policy is reviewed annually and contains principles that support our goals, varying from exercising due diligence to meet or exceed the environmental legislation that applies to us, to preventing pollution and promoting cost-effective initiatives that minimize resources and waste. For example, Bell Canada's in-house stewardship program ensures our customers have access to a responsible means to dispose of electronic waste. This is complemented by supporting provincial industry-led stewardship programs across the country.

We have instructed subsidiaries subject to this policy to support these principles, and have established a management-level committee to oversee the implementation of the policy.

Bell Canada monitors its operations to seek to ensure that it complies with environmental requirements and standards, and takes action seeking to prevent and correct problems, when needed. It has an environmental management and review system in place that:

- provides early warning of potential problems
- identifies management accountability
- enables systematic environmental risks and opportunities management, including cost savings
- establishes a course of action
- ensures ongoing improvement through regular monitoring and reporting

In 2009, Bell Canada obtained the ISO 14001 certification for its environmental management system (registration number: EMS 545955). Bell Canada is the only telecommunications company in Canada to have obtained this certification, which covers Bell Canada's landline, wireless, TV and Internet business sectors in addition to related administrative functions. Bell Canada maintained the certification for the first three-year cycle and was recertified in 2012 for another three-year cycle and maintained it in 2013 and 2014. Since 2010, 44 buildings leased or owned by Bell Canada across the country have been certified BOMA BESt. In addition, our Montréal campus is certified LEED NC, our Mississauga campus expansion is certified LEED NC Silver, our data center in the Gatineau area is certified LEED NC Gold, and in Toronto the Bell Trinity Square Building as well as our 720 King Street West location are certified LEED EB Gold.

One of Bell Canada's key tools is the Corporate Environmental Action Plan, which outlines the environmental activities of Bell Canada's various business units. The Plan identifies funding requirements, accountabilities and deliverables, and monitors Bell Canada's progress in meeting its objectives.

For the year ended December 31, 2014, Bell Canada spent $22 million on environmental activities, 58.7% of which was expensed and 41.3% of which was for capital expenditures. For 2015, Bell Canada has budgeted $26.8 million (55.9% for expenses and 44.1% for capital expenditures) to seek to ensure that its environmental policy is applied properly and its environmental risks are minimized. Bell Aliant's environmental management program is expected to be integrated into Bell Canada's environmental management system during 2015.

3.8 Competitive environment

A discussion of our competitive environment can be found in section 3.3, *Principal business risks* and the various sections entitled *Competitive landscape and industry trends* and *Principal business risks* of the BCE 2014 MD&A, on pages 42 and 43, pages 55 to 58, pages 63 and 64, page 66, pages 69 and 70, page 72 and page 76 of the BCE 2014 Annual Report.

See also section 3.3, *Competitive strengths* in this Annual Information Form for more information concerning our competitive position.

3.9 Regulatory environment

A discussion of the legislation that governs our businesses as well as government consultations and recent regulatory initiatives and proceedings affecting us can be found in section 8, *Regulatory environment* of the BCE 2014 MD&A, on pages 90 to 94 of the BCE 2014 Annual Report.

More information with respect to the Canadian ownership restrictions on BCE's common shares can be found in section 5.1, *BCE securities* in this Annual Information Form.

3.10 Intangible properties

We use various works protected by intellectual property rights (IP Assets) which we own or for which we have been granted rights to use. These IP assets include, without limitation, brand names, trade-marks such as names, designs and logos, copyrights in TV and radio programs, broadcast signals, software and applications, domain names, patents or patent applications for inventions owned or produced by us and our employees, as well as various copyright materials, trade-marks, patents and other intellectual property owned or licensed by us. We derive value through the use of these IP Assets in various business activities and they are important to our operations and our success. To protect these IP Assets, we rely on a combination of legal protection afforded under copyright, trade-mark, patent and other intellectual property laws as well as

contractual provisions under licensing arrangements.

In particular, the Bell brand plays a key role in product positioning. Our branding is straightforward and directly supports our strategy of delivering a better customer experience at every level. Our trade-mark rights are perpetual provided that their registrations are renewed on a timely basis when applicable and that the trade-marks are used in commerce by us or our licensees. Other types of intangible proprietary information are also important to our operations, such as customer lists.

We believe that we take reasonable and appropriate measures to protect, renew and defend our IP Assets, including prosecuting infringers, and we take great care not to infringe on the intellectual property rights of others. However, we cannot provide any assurance that the laws protecting intellectual property in various jurisdictions are, or will continue to be, adequate to protect our IP Assets or that we will be successful in preventing or defending claims by others asserting rights in or to our IP Assets.

4 GENERAL DEVELOPMENT OF OUR BUSINESS – THREE-YEAR HISTORY

In line with our strategic imperatives described in section 3.2, *Strategic imperatives* in this Annual Information Form, during the last three completed financial years we have entered, or proposed to enter, into transactions and implemented various corporate initiatives that have influenced, or may influence, the general development of our business. Our regulatory environment has also influenced the general development of our business during this three-year period. These principal transactions and corporate initiatives and the effects of our regulatory environment are discussed below.

4.1 Transactions

PROPOSED ACQUISITION OF GLENTEL

On November 28, 2014, BCE announced the signing of a definitive agreement to acquire all of the issued and outstanding shares of Glentel. Glentel is a Canadian-based dual-carrier, multi-brand mobile products distributor which operated 370 locations in Canada at December 31, 2014 (excluding closed retail locations in Target Canada stores), offering wireless products and services from Bell Mobility and Rogers. Outside Canada, Glentel owned, operated and franchised 738 retail locations in the United States, as well as 147 retail locations in Australia and the Philippines, in each case, at December 31, 2014. The transaction is expected to enhance our strategy to accelerate wireless and improve customer service in a competitive wireless marketplace, giving BCE continued access to Glentel's wireless retail operations.

BCE will acquire all of Glentel's approximately 22.4 million fully diluted common shares, for a total consideration for Glentel's equity of approximately $594 million. Including net debt and non-controlling interest of approximately $78 million, the total enterprise value of Glentel is approximately $670 million. The transaction consideration will consist of a combination of 50% in cash, to be funded from available liquidity, and 50% in BCE common shares. Glentel shareholders may elect to receive either $26.50 in cash or 0.4974 of a BCE common share for each Glentel common share, subject to proration should the total elections for cash or shares exceed the maximum available. Glentel has agreed not to declare or pay dividends on its shares through to the closing date.

Expected to close in the spring of 2015, the transaction will be effected through a plan of arrangement. On January 12 and 14, 2015, the transaction was approved by Glentel's shareholders and by the Ontario Superior Court, respectively. The expected timing and completion of the transaction is subject to closing conditions, including regulatory approvals, termination rights and other risks and uncertainties. Given the need for regulatory approval from the Competition Bureau, there can be no assurance that the proposed transaction will occur, or that it will occur on the timetable or on the terms and conditions currently contemplated. The proposed transaction could be modified, restructured or terminated. A reverse break fee of $33.6 million would be payable by BCE to Glentel should the transaction not close for competition approval reasons. There can also be no assurance that the strategic benefits expected to result from the transaction will be fully realized.

On December 24, 2014, BCE announced that it will divest 50% of its ownership interest in Glentel to Rogers following the closing of BCE's acquisition of Glentel. Rogers will pay BCE approximately $392 million in cash for 50% of Glentel's equity, plus 50% of any additional equity contribution made by BCE after the closing of the Glentel acquisition to repay Glentel outstanding debt. The closing of BCE's acquisition of Glentel is not dependent on the closing of BCE's transaction with Rogers, and the latter is expected to be completed shortly following the acquisition of Glentel by BCE. The expected timing and completion of the proposed 50% divestiture to Rogers is also subject to closing conditions, including regulatory approvals, termination rights and other risks and uncertainties and, therefore, there can be no assurance that the proposed transaction will occur, or that it will occur on the timetable or on the terms and conditions currently contemplated.

BELL ALIANT PRIVATIZATION AND COMPLETION OF BELL ALIANT LP NOTE EXCHANGE

On July 23, 2014, BCE announced its offer to acquire all of the issued and outstanding common shares of Bell Aliant Inc. that it did not already own for a total consideration of approximately $3.95 billion. On the same day, BCE also announced its offer to exchange all of the issued and outstanding preferred shares of Bell Aliant Preferred Equity Inc. (Prefco) for newly issued first preferred shares of BCE, with the same financial terms as the existing Prefco preferred shares (Preferred Share Exchange). The Bell Aliant Privatization was completed on October 31, 2014 and the Preferred Share Exchange was completed on November 1, 2014. The Bell Aliant Privatization is expected to simplify BCE's corporate

structure and increase overall operating and capital investment efficiencies, while supporting BCE's broadband investment strategy and dividend growth objective with strong annualized free cash flow accretion. As BCE already consolidated the financial results of Bell Aliant Inc., the Bell Aliant Privatization has been accounted for as an equity transaction.

On November 20, 2014, Bell Canada and Bell Aliant LP completed a transaction to exchange all Bell Aliant LP medium term and floating rate medium term notes in the aggregate principal amount of $2.3 billion (collectively, the Bell Aliant LP Notes) for Bell Canada debentures guaranteed by BCE and having the same financial terms (including with respect to coupon, maturity and redemption price) as those of the Bell Aliant LP Notes (the Bell Aliant Note Exchange). Additional information on this note exchange transaction can be found in section 5.2, *Bell Canada debt securities* in this Annual

Information Form. The Bell Aliant Note Exchange is part of BCE's strategy to simplify its capital structure and enhance administrative efficiencies by concentrating public debt into a single issuer.

As a result of the above-mentioned transactions, each of Bell Aliant Inc., Prefco, Bell Aliant Regional Communications Inc. and Bell Aliant LP ceased to be reporting issuers as of December 18, 2014. Bell Aliant Inc. was dissolved effective December 31, 2014, and Bell Canada now directly owns all of the issued and outstanding shares of Bell Aliant Regional Communications Inc.

OTHER KEY COMPLETED TRANSACTIONS

In addition to the above transactions, in line with our strategic imperatives, we have concluded certain other transactions from 2012 to 2014 that have influenced the general development of our business. More information with respect to these transactions is provided in the table below.

TRANSACTION	KEY CHARACTERISTICS
Divestiture of certain TV assets and radio stations (2014)	• In order to approve the acquisition of Astral Media Inc. (Astral) by BCE, the Competition Bureau and the Canadian Radio-television and Telecommunications Commission (CRTC) required the divestiture by BCE of 11 Astral TV assets and ten Astral and Bell Media English-language radio stations. Such divestitures were completed in 2014 for aggregate proceeds of $720 million: ◦ On January 1, 2014, Bell completed the sale of Astral's share of six TV services (the bilingual Teletoon/Télétoon service, English-language Teletoon Retro and Cartoon Network (Canada) and French-language Télétoon Rétro, Historia and Séries+) and, on January 31, 2014, Bell completed the sale of two radio stations in Ottawa (CKQB-FM and CJOT-FM) to Corus Entertainment Inc. ◦ On January 31, 2014, Bell completed the sale of two Winnipeg radio stations (CHIQ-FM and CFQX-FM) and one Calgary radio station (CKCE-FM) to Jim Pattison Broadcast Group ◦ On March 31, 2014, Bell completed the sale of two Toronto radio stations (CHBM-FM and CFXJ-FM) and three Vancouver radio stations (CKZZ-FM, CHHR-FM and CISL-AM) to Newcap Inc. ◦ On July 31, 2014, Bell completed the sale to DHX Media Ltd. of the following television services: Family (including Disney Junior English), Disney XD and Disney Junior French ◦ On September 16, 2014, Bell completed the sale to V Media Group of the MusiquePlus and MusiMax TV services
Acquisition of Astral (2013)	• On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral for a cash consideration of $2,876 million and the repayment of $397 million of debt • Astral was a media company that operated specialty and pay TV channels, radio stations and digital media properties across Canada, and provided out-of-home advertising services. Following the acquisition, Astral was integrated into our Bell Media segment • Excluding the TV assets and radio stations that were subsequently divested as discussed above, BCE retained eight Astral TV services: the French-language Super Écran, CinéPop, Canal Vie, Canal D, VRAK TV and Ztélé, and the English-language services The Movie Network, which includes HBO Canada, and TMN Encore. BCE also retained 77 Astral radio stations and Astral's national out-of-home advertising business

Acquisition of an ownership interest in Q9 (2012)	• On October 16, 2012, an investor group comprising BCE, Ontario Teachers' Pension Plan Board (Teachers'), Providence Equity Partners LLC (Providence) and Madison Dearborn Partners LLC (Madison Dearborn) acquired Canadian data centre operator Q9 • Of the $1.1 billion purchase price, Teachers', Providence and Madison Dearborn together contributed $430 million and BCE provided $185 million of the equity funding. New debt financing by Q9 also funded a portion of the acquisition price • Our Bell Business Markets unit further concluded a commercial arrangement with Q9 to promote the continued growth of their respective businesses • Concurrent with the acquisition closing and entering into the commercial arrangement, BCE and its partners settled the reverse break-fee proceedings initiated in 2008 after the termination of the proposed privatization of BCE. Under the settlement, BCE received certain non-cash consideration, including increased equity ownership in Q9, and an option at a favourable valuation to acquire the partners' entire equity interest in Q9 in the future • As a result of this transaction, BCE holds an indirect 35.4% equity interest in Q9 • Q9 is Canada's leading provider of outsourced data centre solutions such as hosting, co-location and cloud computing services
Acquisition of an ownership interest in MLSE (2012)	• On August 22, 2012, BCE, together with the BCE Master Trust Fund (Master Trust), an independent trust that holds pension fund investments serving the pension obligations of BCE Group pension plans, jointly with Rogers, acquired a net 75% equity interest in MLSE. Kilmer Sports Inc. concurrently increased its 20.5% ownership stake in MLSE to 25% • BCE's cash contribution totalled $398 million, representing a 28% indirect equity interest in MLSE, while the Master Trust contributed $135 million. BCE and the Master Trust own an aggregate 37.5% interest in MLSE, equal to Rogers' interest • Pursuant to its arrangements with the Master Trust, BCE has an obligation to repurchase the Master Trust's interest at a price not less than an agreed minimum price should the Master Trust exercise its put option • MLSE is a sports and entertainment company that owns the Toronto Maple Leafs, the Toronto Raptors, the Toronto Marlies and the Toronto FC. MLSE also holds real estate and entertainment assets in Toronto, including the Air Canada Centre and the Maple Leaf Square condominium and commercial complex, operates three sports specialty TV channels and is the exclusive partner of the National Basketball Association (NBA) in Canada

4.2 Corporate initiatives

UPGRADE AND EXPANSION OF OUR BROADBAND NETWORKS

One of our key objectives in the last three financial years has been investing in our broadband networks and services to enhance our competitive position and promote future growth opportunities. During this period, we have upgraded our access infrastructure by deploying fibre-optic technology closer to our customers, which led to the expansion of our Bell Fibe and FibreOP Internet and TV services. During this period, we have also made substantial investments in our wireless networks, which led to the expansion of our 4G LTE wireless network. Refer to section 3.5, *Networks* in this Annual Information Form for a detailed description of developments relating to our wireline and wireless networks during the three-year period ending on December 31, 2014.

EXPANDING MEDIA LEADERSHIP

Upon the acquisition of CTV Inc. (CTV) on April 1, 2011, BCE launched Bell Media, a new business segment encompassing all CTV properties, namely conventional TV, specialty TV, radio broadcasting and digital media, as well as other Bell content assets. The formation of Bell Media resulted in the creation of a new Bell strategic imperative, to *expand media leadership*. In furtherance of this imperative, we seek to continue to deliver leading sports, news, entertainment and business content across multiple broadband platforms, namely TV, Internet, smartphones and tablets. Our objective is to grow audiences, introduce new services and create new revenue streams for our media assets, and to create more of our own content. Since April 2011, we have continued to make progress in expanding media leadership including, as previously discussed, by acquiring Astral, which provided us with further media assets. Refer to section 2.3, *Expand media leadership* of the BCE 2014 MD&A and the BCE 2013 MD&A contained in the BCE 2014 Annual Report and the BCE 2013 Annual Report, respectively, for a discussion of media initiatives

that we implemented in the financial years ended December 31, 2014 and 2013. Refer to the section entitled *Strategic Imperatives – Expand Media Leadership* of the BCE 2012 MD&A contained in the BCE 2012 Annual Report for more details concerning the media initiatives that we implemented during the financial year ended December 31, 2012.

ENHANCING CUSTOMER SERVICE

Our strategic priorities require that we constantly focus on delivering an improved customer experience while at the same time seeking to increase efficiency and reduce costs. During the last three financial years, we continued to make progress in enhancing the customer experience through ongoing investments in new service systems and improved processes. Refer to section 2.6, *Improve customer service* of the BCE 2014 MD&A and the BCE 2013 MD&A contained in the BCE 2014 Annual Report and the BCE 2013 Annual Report, respectively, for a discussion of customer service improvement initiatives that we implemented in the financial years ended December 31, 2014 and 2013. Refer to the section entitled *Strategic Imperatives – Improve Customer Service* of the BCE 2012 MD&A contained in the BCE 2012 Annual Report for more details concerning customer service improvement initiatives that we implemented during the financial year ended December 31, 2012.

4.3 Regulatory environment

During the last three financial years, the general development of our business has been affected by decisions made by the Government of Canada and its relevant departments and agencies, including the CRTC, Industry Canada, Canadian Heritage and the Competition Bureau. Although most of our wireline and wireless services are forborne from price regulation under the *Telecommunications Act*, the federal government and the above departments and agencies continue to play a significant role in telecommunications and broadcasting policy and regulation such as spectrum auctions, approval of acquisitions, foreign ownership and broadcasting. The federal government significantly increased its focus on consumer protection, especially in the wireless sector, and has adopted more stringent regulations. This increased focus on consumer protection is evidenced by the adoption by the CRTC in 2013 of a mandatory wireless code of conduct for providers of retail mobile wireless voice and data services, which could decrease our flexibility in the marketplace. The federal government may take positions against the telecommunications and media industries, in general, or specifically against Bell Canada or certain of its subsidiaries. Refer to section 8, *Regulatory environment* of the BCE 2014 MD&A and the BCE 2013 MD&A contained in the BCE 2014 Annual Report and the BCE 2013 Annual Report, respectively, for a discussion of the regulatory initiatives and proceedings that influenced the general development of our business in the financial years ended December 31, 2014 and 2013. Refer to the section entitled *Our Regulatory Environment* of the BCE 2012 MD&A contained in the BCE 2012 Annual Report for a discussion of the regulatory initiatives and proceedings that influenced the general development of our business in the financial year ended December 31, 2012.

5 OUR CAPITAL STRUCTURE

This section describes BCE's and Bell Canada's securities, the trading of certain of such securities on the Toronto Stock Exchange and the ratings that certain rating agencies have attributed to BCE's preferred shares and Bell Canada's debt securities that are issued and outstanding.

5.1 BCE securities

BCE's articles of amalgamation, as amended, provide for an unlimited number of common shares, an unlimited number of first preferred shares issuable in series, an unlimited number of second preferred shares also issuable in series and an unlimited number of Class B shares. As at March 5, 2015, BCE had no Class B shares or second preferred shares outstanding.

Each common share entitles its holder to one vote at any meeting of shareholders. Additional information about the terms and conditions of the BCE preferred shares, common shares and Class B shares can be found in note 25, *Share capital* of the BCE 2014 consolidated financial statements on pages 149 and 150 of the BCE 2014 Annual Report, which note is incorporated by reference herein.

Since 1993, the *Telecommunications Act* and associated regulations (Telecom Regulations) have governed Canadian ownership and control of Canadian telecommunications carriers. Bell Canada and other affiliates of BCE that are Canadian carriers are subject to this Act. In 2012, amendments to the *Telecommunications Act* largely eliminated the foreign ownership restrictions for any carrier that, with its affiliates, has annual revenues from the provision of telecommunications services in Canada that represent less than 10% of the total annual revenues from the provision of these services in Canada, as determined by the CRTC. However, given that Bell Canada and its affiliates exceed this 10% threshold, they remain subject to the pre-existing Canadian ownership and control restrictions, which are detailed below.

Under the *Telecommunications Act*, in order for a corporation to operate as a Canadian common carrier, the following conditions have to be met:

- Canadians own at least 80% of its voting shares
- at least 80% of the members of the carrier company's board of directors are Canadians
- the carrier company is not controlled by non-Canadians

In addition, where a parent company (Carrier holding company) owns at least 66 $^{2}/_{3}$% of the voting shares of the carrier company, the Carrier

holding company must have at least 66 2/3% of its voting shares owned by Canadians and must not be controlled by non-Canadians. BCE is a Carrier holding company. The Telecom Regulations give certain powers to the CRTC and to Canadian carriers and Carrier holding companies to monitor and control the level of non-Canadian ownership of voting shares to ensure compliance with the *Telecommunications Act*. Accordingly, BCE, which controls Bell Canada and other Canadian carriers, must satisfy the following conditions:

- Canadians own at least 66 2/3% of its voting shares
- it is not controlled by non-Canadians

The powers under the Telecom Regulations include the right to:

- suspend the voting rights attached to shares considered to be owned or controlled by non-Canadians
- refuse to register a transfer of voting shares to a non-Canadian
- force a non-Canadian to sell his or her voting shares

However, in our case, there is an additional control restriction under the *Bell Canada Act*. Prior approval by the CRTC is necessary for any sale or other disposal of Bell Canada's voting shares unless BCE retains at least 80% of all Bell Canada voting shares.

Similarly, the Canadian ownership rules under the *Broadcasting Act* for broadcasting licensees, such as Bell ExpressVu, Bell Media and Bell Canada (in its capacity as the licensee of Bell Fibe TV distribution systems in Ontario and Québec), generally mirror the rules for Canadian owned and controlled common carriers under the *Telecommunications Act* by restricting allowable foreign investments in voting shares at the licensee operating company level to a maximum of 20% and at the holding company level to a maximum of 33 1/3%. An additional requirement under these Canadian broadcasting ownership rules is that the chief executive officer of a company that is a licensed broadcasting undertaking must be a Canadian citizen or permanent resident of Canada. The CRTC is precluded under a direction issued under the *Broadcasting Act* from issuing, amending or renewing a broadcasting licence of an applicant that does not satisfy these Canadian ownership and control criteria.

Cultural concerns over increased foreign control of broadcasting activities lie behind an additional restriction that prevents the holding company of a broadcasting licensee that exceeds the former 20% limit (or its directors) from exercising control or influence over any programming decisions of a subsidiary licensee. In line with CRTC practice, programming committees have been established within the relevant subsidiary licensees, thereby allowing foreign investment in voting shares of BCE to reach the maximum of 33 1/3%.

We monitor the level of non-Canadian ownership of BCE's common shares by obtaining data on (i) registered shareholders from our transfer agent and registrar, CST Trust Company (CST), and (ii) beneficial shareholders from the Canadian Depository for Securities (CDS) and the Depository Trust Company (DTC) in the United States. We also provide periodic reports to the CRTC.

As of March 5, 2015, BCE had no debt securities outstanding.

5.2 Bell Canada debt securities

Bell Canada has issued long-term debt securities as summarized in the table below.

	WEIGHTED AVERAGE INTEREST RATE	MATURITY	AT DECEMBER 31, 2014 (IN $ MILLIONS)
Debentures			
1997 trust indenture	4.39%	2015-2044	12,900
1976 trust indenture	9.54%	2021-2054	1,100
Subordinated debentures	8.21%	2026-2031	275
Total	4.86%		14,275

Under its shelf prospectus (2013 Shelf Prospectus) and prospectus supplement (2013 Prospectus Supplement) dated May 17, 2013 and June 12, 2013, respectively, Bell Canada could issue, over a 25-month period, up to $4 billion of unsecured medium-term debentures (MTN Debentures). On September 29, 2014, Bell Canada issued, under the 2013 Shelf Prospectus and 2013 Prospectus Supplement, $1.25 billion of MTN Debentures, Series M-30 and Series M-31. The $750 million 3.15% MTN Debentures, Series M-30, due September 29, 2021 were issued at a price of $99.602 per $100 principal amount, and the $500 million 4.75% MTN Debentures, Series M-31, due September 29, 2044 were issued at a price of $99.099 per $100 principal amount. Having already issued $2 billion of MTN Debentures in 2013, only $750 million of capacity remained under Bell Canada's 2013 Shelf Prospectus and 2013 Prospectus Supplement subsequent to the issue of the Series M-30 and M-31 MTN Debentures.

To provide Bell Canada with financial flexibility and efficient access to the Canadian and U.S. capital markets, on November 14, 2014, Bell Canada filed with the Canadian provincial securities regulatory authorities and with the U.S. Securities and Exchange Commission a new shelf prospectus (New Shelf Prospectus) under which Bell Canada may issue, over a 25-month period, up to $4 billion of unsecured debt securities. On February 10, 2015, Bell Canada filed a new prospectus supplement (New Prospectus Supplement) for the issue of up to $4 billion of MTN Debentures under the New Shelf Prospectus. The New Shelf Prospectus and the New Prospectus Supplement effectively replaced the 2013

Shelf Prospectus and 2013 Prospectus Supplement.

The Bell Canada debentures are unsecured and have been guaranteed by BCE. Additional information about the terms and conditions of the Bell Canada debentures can be found in note 21, *Long-term debt* of the BCE 2014 financial statements on pages 140 and 141 of the BCE 2014 Annual Report, which note is incorporated by reference herein.

Certain of Bell Canada's trust indentures impose covenants that place limitations on the issuance of additional debt with a maturity date exceeding one year based on certain tests related to interest and asset coverage. In addition, Bell Canada is required, under certain conditions, to make an offer to repurchase all or, at the option of the holder thereof, any part of certain series of its debentures upon the occurrence of both a "Change of Control" of BCE or Bell Canada and a "Rating Event" relating to the relevant series of debentures. "Change of Control" and "Rating Event" are defined in the terms and conditions of the relevant series of debentures. Bell Canada is in compliance with all conditions and restrictions of its debt securities.

On November 20, 2014, Bell Canada and Bell Aliant LP completed a transaction to exchange all Bell Aliant LP Notes for Bell Canada debentures having the same financial terms (including with respect to coupon, maturity and redemption price) as those of the Bell Aliant LP Notes. Specifically, the following Bell Canada debentures in the aggregate principal amount of $2.3 billion, which are fully and unconditionally guaranteed by BCE, were issued in exchange for the previously held Bell Aliant LP Notes:

- Bell Canada 5.41% Debentures, Series M-32, due September 26, 2016 issued in exchange for Bell Aliant LP 5.41% Medium Term Notes, Series 2, due September 26, 2016 (in the principal amount of $500 million)
- Bell Canada 5.52% Debentures, Series M-33, due February 26, 2019 issued in exchange for Bell Aliant LP 5.52% Medium Term Notes, Series 4, due February 26, 2019 (in the principal amount of $300 million)
- Bell Canada 6.17% Debentures, Series M-34, due February 26, 2037 issued in exchange for Bell Aliant LP 6.17% Medium Term Notes, Series 5, due February 26, 2037 (in the principal amount of $300 million)
- Bell Canada 4.37% Debentures, Series M-35, due September 13, 2017 issued in exchange for Bell Aliant LP 4.37% Medium Term Notes, Series 7, due September 13, 2017 (in the principal amount of $350 million)
- Bell Canada 4.88% Debentures, Series M-36, due April 26, 2018 issued in exchange for Bell Aliant LP 4.88% Medium Term Notes, Series 8, due April 26, 2018 (in the principal amount of $300 million)
- Bell Canada 3.54% Debentures, Series M-37, due June 12, 2020 issued in exchange for Bell Aliant LP 3.54% Medium Term Notes, Series 9, due June 12, 2020 (in the principal amount of $400 million)
- Bell Canada Floating Rate Debentures, Series M-38, due April 22, 2016 issued in exchange for Bell Aliant LP Floating Rate Medium Term Notes, Series 10, due April 22, 2016 (in the principal amount of $150 million)

Bell Canada may also issue short-term notes under its commercial paper program up to the amount of $2 billion provided that such amount at any time may not exceed the amount available under

its supporting committed lines of credit. The total amount of its supporting committed lines of credit available at March 5, 2015 was $2,500 million. Bell Canada had $1,884 million of commercial paper outstanding at March 5, 2015. In April 2014, Bell Canada put in place a U.S. commercial paper program, providing the company with additional financial flexibility through the issuance of up to U.S. $2 billion of notes with tenors of up to 365 days. The sale of commercial paper pursuant to Bell Canada's separate Canadian program decreases the U.S. $2 billion maximum principal amount of notes authorized to be outstanding at any time under the U.S. program. Under the U.S. program, the notes are being sold exclusively in the United States.

5.3 Ratings

Ratings generally address the ability of a company to repay principal and pay interest or dividends on issued and outstanding securities.

Our ability to raise financing depends on our ability to access the public equity and debt capital markets as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available depend partly on the quality of our credit ratings at the time capital is raised. Investment-grade ratings usually mean that when we borrow money, we qualify for lower interest rates than companies that have ratings lower than investment grade. A ratings downgrade could result in adverse consequences for our funding capacity or our ability to access the capital markets.

As of March 5, 2015, BCE's preferred shares are rated by DBRS Limited (DBRS) and Standard & Poor's Ratings Services (S&P), and Bell Canada's debt securities are rated by DBRS, Moody's Investors Service, Inc. (Moody's) and S&P.

This section describes the credit ratings, as of March 5, 2015, for certain of the issued and outstanding securities of BCE and Bell Canada. These ratings provide investors with an independent measure of credit quality of an issue of securities. However, they are not recommendations to buy, sell or hold any of the securities referred to below, and they may be revised or withdrawn at any time by the assigning rating agency. Each credit rating should be evaluated independently of any other credit rating.

In the last two years, we have paid rating agencies to assign ratings to BCE's and Prefco's preferred shares as well as Bell Canada's and Bell Aliant's short-term and long-term debt securities. The fees paid to DBRS and S&P include access to their websites. In addition, we paid DBRS and Moody's to assign ratings in connection with Bell Canada's accounts receivable program.

RATINGS FOR BCE AND BELL CANADA SECURITIES

RATINGS FOR BELL CANADA SHORT-TERM DEBT SECURITIES

SHORT-TERM DEBT SECURITIES	RATING AGENCY	RATING	RANK
Bell Canada commercial paper	DBRS	R-1 (low)	3 out of 10
	Moody's	P-2	2 out of 4
	S&P	A-1 (Low) (Canadian scale)	3 out of 8
		A-2 (Global scale)	3 out of 7

RATINGS FOR BELL CANADA LONG-TERM DEBT SECURITIES

LONG-TERM DEBT SECURITIES	RATING AGENCY	RATING	RANK
Bell Canada unsubordinated long-term debt	DBRS	A (low)	7 out of 26
	Moody's	Baa1	8 out of 21
	S&P	BBB+	8 out of 22
Bell Canada subordinated long-term debt	DBRS	BBB	9 out of 26
	Moody's	Baa2	9 out of 21
	S&P	BBB	9 out of 22

RATINGS FOR BCE PREFERRED SHARES

PREFERRED SHARES	RATING AGENCY	RATING	RANK
BCE preferred shares	DBRS	Pfd-3 (high)	7 out of 16
	S&P	P-2 (Low) (Canadian scale)	6 out of 18
		BBB- (Global scale)	8 out of 20

As of March 5, 2015, BCE and Bell Canada have stable outlooks from DBRS, Moody's and S&P.

5 OUR CAPITAL STRUCTURE

GENERAL EXPLANATION

SHORT-TERM DEBT SECURITIES

The table below shows the range of credit ratings that each rating agency assigns to short-term debt instruments.

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	R-1 (high)	D
Moody's	P-1	NP
S&P (Canadian scale)	A-1 (High)	D
S&P (Global scale)	A-1 +	D

The DBRS short-term debt rating scale provides an opinion on the risk that a borrower will not meet its short-term financial obligations in a timely manner. Ratings are based on quantitative and qualitative considerations relevant to the borrowing entity.

Moody's short-term debt ratings are Moody's opinions of the ability of issuers to meet short-term financial obligations. Short-term ratings are assigned to obligations with an original maturity of 13 months or less and reflect the likelihood of a default on contractually promised payments.

An S&P short-term debt rating indicates S&P's assessment of whether the company can meet the financial commitments of a specific commercial paper program or other short-term financial instrument, compared to the debt servicing and repayment capacity of other companies in the relevant financial market.

LONG-TERM DEBT SECURITIES

The table below shows the range of credit ratings that each rating agency assigns to long-term debt instruments.

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	AAA	D
Moody's	Aaa	C
S&P	AAA	D

The DBRS long-term debt rating scale provides an opinion on the risk of default: that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the borrowing entity.

Moody's long-term debt ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default.

S&P's long-term debt credit rating scale provides an assessment of the creditworthiness of a company in meeting a specific financial obligation, a specific class of financial obligations or a specific financial program. It takes into consideration the likelihood of payment: that is, the capacity and willingness of the company to meet its financial commitment on an obligation according to the terms of the obligation, among other factors.

PREFERRED SHARES

The table below describes the range of credit ratings that each rating agency assigns to preferred shares.

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	Pfd-1 (high)	D
S&P (Canadian scale)	P-1 (High)	D
S&P (Global scale)	AA	D

The DBRS preferred share rating scale indicates its assessment of the risk that a borrower may not be able to meet its full obligation to pay dividends and principal in a timely manner. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

S&P's preferred share rating is an assessment of the creditworthiness of a company in meeting a specific preferred share obligation issued in the relevant market, compared to preferred shares issued by other issuers in the relevant market.

EXPLANATION OF RATING CATEGORIES RECEIVED FOR OUR SECURITIES

RATING AGENCY	DESCRIPTION OF SECURITIES	RATING CATEGORY	EXPLANATION OF RATING CATEGORY RECEIVED
DBRS	Short-term debt	R-1 (low)	good credit quality
			capacity for the payment of short-term financial obligations as they fall due is substantial
			overall strength is not as favourable as higher rating categories
			may be vulnerable to future events, but qualifying negative factors are considered manageable
	Long-term debt	A	good credit quality
			capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA
			may be vulnerable to future events, but qualifying negative factors are considered manageable
		BBB	adequate credit quality
			capacity for the payment of financial obligations is acceptable
			may be vulnerable to future events
	Preferred shares	Pfd-3	adequate credit quality
			protection of dividends and principal is still acceptable, but the company is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Generally, companies with Pfd-3 ratings have senior bonds rated in the higher end of the BBB category
Moody's	Short-term debt	P-2	a strong ability to repay short-term debt obligations
	Long-term debt	Baa	subject to moderate credit risk
			considered medium-grade and may have certain speculative characteristics

S&P	Short-term debt	A-1 (Low) (Canadian scale) A-2 (Global scale)	satisfactory capacity of the company to fulfill its financial commitment on the obligation somewhat more susceptible to changing circumstances and economic conditions than obligations rated higher
	Long-term debt	BBB	adequate protection parameters adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the company to meet its financial commitments
	Preferred shares	P-2 (Canadian scale) BBB- (Global scale)	adequate protection parameters adverse economic conditions or changing circumstances are more likely to weaken the company's ability to meet its financial commitment on the obligation

5.4 Trading of our securities

The common and first preferred shares of BCE are listed on the Toronto Stock Exchange (TSX) under the respective symbols set out in the tables below. BCE's common shares are also listed on the New York Stock Exchange (NYSE) under the symbol BCE.

The tables below and on the next page show the range in share price per month and volume traded on the Toronto Stock Exchange in 2014 for each class of BCE shares.

		FIRST PREFERRED SHARES							
	COMMON SHARES (BCE)	SERIES R (BCE.PR.R)	SERIES S (BCE.PR.S)	SERIES T (BCE.PR.T)	SERIES Y (BCE.PR.Y)	SERIES Z (BCE.PR.Z)	SERIES AA (BCE.PR.A)	SERIES AB (BCE.PR.B)	SERIES AC (BCE.PR.C)
January 2014									
High	$47.01	$22.28	$21.70	$20.74	$21.98	$21.67	$20.70	$21.95	$20.70
Low	$45.18	$21.25	$20.58	$19.90	$21.22	$19.72	$19.95	$21.05	$19.94
Volume	24,501,979	185,707	153,630	211,250	210,179	22,843	102,546	85,756	191,131
February 2014									
High	$48.39	$21.41	$20.80	$20.65	$21.39	$21.20	$20.47	$21.20	$20.50
Low	$45.09	$20.25	$19.88	$19.51	$20.25	$19.31	$19.70	$20.10	$19.95
Volume	22,631,580	76,829	139,294	100,840	90,715	23,640	114,372	82,925	239,796
March 2014									
High	$48.55	$21.75	$21.29	$20.69	$21.87	$20.99	$20.70	$21.49	$20.68
Low	$46.76	$21.00	$20.65	$20.12	$21.18	$19.86	$20.21	$20.91	$20.30
Volume	24,499,375	93,896	95,301	25,735	62,101	25,588	79,791	88,014	86,983
April 2014									
High	$49.12	$22.21	$21.60	$21.31	$22.10	$21.09	$21.12	$21.65	$21.08
Low	$47.55	$21.60	$21.02	$20.35	$21.58	$20.02	$20.37	$21.20	$20.54
Volume	19,986,357	118,862	56,089	38,968	127,549	17,130	121,102	501,294	59,476
May 2014									
High	$50.55	$23.07	$22.15	$21.98	$22.50	$22.11	$21.80	$22.39	$21.81
Low	$48.35	$22.06	$21.45	$21.29	$21.60	$20.28	$20.52	$21.44	$20.98
Volume	16,141,994	132,832	70,825	60,815	71,414	19,246	70,788	57,102	71,405
June 2014									
High	$51.09	$22.45	$22.30	$21.83	$22.45	$21.69	$21.34	$22.39	$21.41
Low	$48.04	$21.60	$21.55	$21.15	$21.80	$20.32	$20.65	$21.50	$20.75
Volume	25,000,126	69,912	105,221	89,424	64,542	13,315	66,704	65,918	61,132
July 2014									
High	$49.93	$22.76	$22.64	$21.77	$22.98	$22.49	$21.58	$22.95	$21.75
Low	$47.52	$22.15	$22.15	$21.35	$22.41	$21.32	$20.88	$22.20	$20.82
Volume	25,100,613	177,979	83,722	173,535	67,192	16,662	100,322	64,862	161,151
August 2014									
High	$49.61	$22.44	$22.55	$21.80	$22.78	$22.79	$21.49	$22.79	$21.20
Low	$48.05	$22.15	$22.15	$20.95	$22.50	$21.25	$20.89	$22.17	$20.67
Volume	19,243,156	42,335	57,772	32,121	73,919	13,532	165,749	106,286	38,030
September 2014									
High	$49.43	$22.35	$22.56	$21.70	$22.84	$22.99	$21.64	$22.77	$21.38
Low	$47.27	$21.74	$22.09	$21.24	$22.51	$21.90	$21.21	$22.05	$21.02
Volume	40,529,293	63,146	34,303	52,263	38,363	9,148	45,605	89,224	73,668

October 2014									
High	$50.39	$22.09	$22.40	$21.41	$22.81	$22.59	$21.48	$22.67	$21.36
Low	$46.43	$20.90	$21.59	$20.85	$21.80	$19.39	$20.51	$21.60	$20.60
Volume	31,982,835	56,145	35,868	139,560	328,453	28,284	55,369	82,076	91,789
November 2014									
High	$54.24	$22.10	$22.24	$21.34	$22.38	$21.73	$21.24	$22.29	$21.22
Low	$49.83	$21.00	$21.81	$20.82	$21.90	$19.96	$20.71	$21.91	$20.85
Volume	28,906,041	46,574	41,788	27,081	82,302	20,389	62,325	140,936	117,570
December 2014									
High	$53.98	$21.75	$21.85	$21.00	$21.96	$21.70	$20.86	$22.01	$21.00
Low	$50.92	$20.30	$20.10	$20.25	$19.87	$20.17	$19.97	$20.17	$19.87
Volume	35,761,929	115,782	78,038	64,613	118,528	20,654	103,278	129,874	79,092

	FIRST PREFERRED SHARES										
	SERIES AD (BCE.PR.D)	SERIES AE (BCE.PR.E)	SERIES AF (BCE.PR.F)	SERIES AG (BCE.PR.G)	SERIES AH (BCE.PR.H)	SERIES AI (BCE.PR.I)	SERIES AJ (BCE.PR.J)	SERIES AK (BCE.PR.K)	SERIES AM[1] (BCE.PR.M)	SERIES AO[1] (BCE.PR.O)	SERIES AQ[1] (BCE.PR.Q)
January 2014											
High	$21.87	$21.63	$21.94	$22.15	$21.50	$21.48	$22.02	$22.80	–	–	–
Low	$21.00	$21.05	$20.88	$21.38	$20.40	$20.50	$21.10	$21.31	–	–	–
Volume	153,704	49,739	152,940	73,327	140,090	229,354	43,419	433,911	–	–	–
February 2014											
High	$21.50	$20.96	$21.09	$21.59	$20.50	$20.99	$21.29	$22.12	–	–	–
Low	$20.20	$20.02	$20.05	$20.48	$19.71	$19.85	$20.07	$21.40	–	–	–
Volume	159,704	34,432	159,209	102,701	102,503	160,914	38,884	325,374	–	–	–
March 2014											
High	$21.80	$21.23	$21.38	$21.92	$21.17	$21.36	$21.77	$22.24	–	–	–
Low	$21.32	$20.55	$20.91	$21.30	$20.50	$20.86	$21.08	$21.57	–	–	–
Volume	112,282	17,730	199,049	130,470	103,002	143,361	33,083	545,275	–	–	–
April 2014											
High	$21.95	$21.65	$21.94	$22.47	$21.75	$21.83	$21.93	$22.90	–	–	–
Low	$21.50	$21.15	$21.00	$21.43	$21.07	$20.99	$21.51	$22.00	–	–	–
Volume	108,483	95,241	216,311	249,138	155,662	1,107,940	31,521	488,189	–	–	–
May 2014											
High	$22.53	$22.20	$22.56	$23.14	$22.10	$22.66	$22.52	$23.84	–	–	–
Low	$21.85	$21.47	$21.72	$21.91	$21.54	$21.76	$21.70	$22.49	–	–	–
Volume	153,655	17,150	283,491	143,306	80,408	184,716	25,690	615,022	–	–	–
June 2014											
High	$22.52	$22.20	$22.30	$22.98	$22.20	$22.53	$22.61	$22.80	–	–	–
Low	$21.61	$21.64	$21.66	$22.35	$21.21	$21.51	$21.90	$22.20	–	–	–
Volume	112,293	21,221	213,547	66,993	43,624	222,409	28,995	362,051	–	–	–
July 2014											
High	$23.13	$22.70	$22.39	$23.19	$22.75	$22.94	$22.99	$23.04	–	–	–
Low	$22.25	$22.26	$22.01	$22.46	$22.17	$22.11	$22.38	$22.30	–	–	–
Volume	150,217	19,393	175,794	99,851	40,378	147,089	29,748	413,813	–	–	–
August 2014											
High	$22.85	$22.50	$22.39	$23.02	$22.54	$22.96	$22.80	$23.08	–	–	–
Low	$22.26	$22.16	$21.78	$22.52	$22.10	$22.40	$22.42	$22.23	–	–	–
Volume	153,281	25,264	143,244	115,274	30,080	47,112	39,657	275,306	–	–	–
September 2014											
High	$22.95	$22.48	$22.25	$22.78	$22.53	$22.79	$22.75	$22.44	$23.51	$26.41	$25.10
Low	$22.54	$22.08	$21.69	$22.20	$22.04	$22.14	$22.35	$21.60	$22.60	$26.00	$24.51
Volume	305,723	17,470	118,857	72,398	20,499	357,780	42,040	409,627	16,254	5,585	10,450
October 2014											
High	$22.80	$22.30	$21.85	$22.40	$22.42	$22.30	$22.49	$21.69	$23.38	$26.30	$25.49
Low	$21.92	$21.43	$20.80	$21.02	$21.50	$21.09	$21.73	$21.21	$21.95	$25.04	$24.60
Volume	130,107	33,596	274,982	109,691	23,651	82,211	31,766	336,391	100,280	41,107	117,457
November 2014											
High	$22.60	$22.00	$21.54	$22.20	$22.20	$21.99	$22.29	$21.98	$23.51	$26.49	$26.25
Low	$22.04	$21.68	$20.95	$21.62	$21.88	$21.35	$21.92	$21.37	$23.04	$25.80	$25.17

Volume	138,244	32,236	162,919	103,406	28,701	164,746	18,388	484,116	348,525	111,789	120,552
December 2014											
High	$22.10	$21.76	$21.25	$21.97	$21.83	$21.62	$21.94	$21.63	$23.74	$26.31	$25.94
Low	$20.21	$20.01	$20.03	$20.51	$19.85	$20.11	$20.20	$20.34	$21.43	$25.70	$25.00
Volume	249,168	50,654	331,080	462,444	60,647	192,099	31,012	922,643	205,180	57,853	91,185

(1) *BCE issued, between September 24, 2014 and November 1, 2014, Series AM, Series AO and Series AQ first preferred shares in exchange for the issued and outstanding preferred shares of Prefco.*

6 DIVIDENDS AND DIVIDEND POLICY

The board of directors of BCE reviews from time to time the adequacy of BCE's common share dividend policy. On February 6, 2013, the board of directors modified BCE's common share dividend policy from a target dividend payout ratio of 65% to 75% of earnings per share (EPS) before restructuring and other items and net (gains) losses on investments to a target dividend payout ratio of 65% to 75% of free cash flow(1). BCE now reports its dividend payout ratio on the basis of free cash flow as this is better aligned with the payment of cash dividends. Our objective is to seek to ensure dividend sustainability while maintaining our dividend payout ratio within the target range and balancing the strategic business priorities of the company, including continuing to invest in strategic wireline and wireless network infrastructure and maintaining investment-grade credit ratings. For additional information, refer to section 1.4, *Capital markets strategy* of the BCE 2014 MD&A on pages 32 to 34 of the BCE 2014 Annual Report.

BCE's dividend policy and the declaration of dividends are subject to the discretion of BCE's board of directors and, consequently, there can be no guarantee that BCE's dividend policy will be maintained or that dividends will be declared.

The table below describes the increases in BCE's common share dividend starting with the quarterly dividend payable on April 15, 2012.

DATE OF ANNOUNCEMENT	AMOUNT OF INCREASE	EFFECTIVE DATE
December 8, 2011	4.8% (from $2.07 per share to $2.17 per share)	Quarterly dividend payable on April 15, 2012
August 8, 2012	4.6% (from $2.17 per share to $2.27 per share)	Quarterly dividend payable on October 15, 2012
February 7, 2013	2.6% (from $2.27 per share to $2.33 per share)	Quarterly dividend payable on April 15, 2013
February 6, 2014	6.0% (from $2.33 per share to $2.47 per share)	Quarterly dividend payable on April 15, 2014
February 5, 2015	5.3% (from $2.47 per share to $2.60 per share)	Quarterly dividend payable on April 15, 2015

Dividends on BCE's first preferred shares are, if declared, payable quarterly, except for dividends on Series S, Series Y, Series AB, Series AD, Series AE, Series AH and Series AJ first preferred shares, which, if declared, are payable monthly.

The table below shows the amount of cash dividends declared per BCE common share and per Series R, Series S, Series T, Series Y, Series Z, Series AA, Series AB, Series AC, Series AD, Series AE, Series AF, Series AG, Series AH, Series AI, Series AJ, Series AK, Series AM, Series AO and Series AQ first preferred share for 2014, 2013 and 2012.

	2014	2013	2012
Common shares	$2.47	$2.33	$2.22
First preferred shares			
Series R	$1.1225	$1.1225	$1.1225
Series S	$0.75	$0.75	$0.75
Series T	$0.84825	$0.84825	$0.84825
Series Y	$0.75	$0.75	$0.75
Series Z	$0.788	$0.788	$1.009063
Series AA	$0.8625	$0.8625	$1.03125
Series AB	$0.75	$0.75	$0.75
Series AC	$0.88752	$0.88752	$1.15
Series AD	$0.75	$0.75	$0.75
Series AE	$0.75	$0.75	$0.75
Series AF	$1.13525	$1.13525	$1.13525
Series AG	$1.125	$1.125	$1.125
Series AH	$0.75	$0.75	$0.75
Series AI	$1.0375	$1.0375	$1.0375
Series AJ	$0.75	$0.75	$0.75
Series AK	$1.03752	$1.03752	$1.03752
Series AM	$0.303125(2)	–	–
Series AO	$0.284375(2)	–	–
Series AQ	$0.265625(2)	–	–

(1) *As of November 1, 2014, BCE's free cash flow includes 100% of Bell Aliant's free cash flow rather than cash dividends received from Bell Aliant. We define free cash flow as cash flows from operating activities, excluding acquisition costs paid and voluntary pension funding, less capital expenditures, preferred share dividends and dividends paid by subsidiaries to non-controlling interest. Prior to November 1, 2014, we defined free cash flow as cash flows from operating activities, excluding acquisition costs paid and voluntary pension funding, plus dividends received from Bell Aliant, less capital expenditures, preferred share dividends, dividends paid by subsidiaries to non-controlling interest and Bell Aliant free cash flow.*

(2) *Between September 24, 2014 and November 1, 2014, BCE issued first preferred shares, Series AM, Series AO and Series AQ, in exchange for the issued and outstanding preferred shares of Prefco.*

7 OUR DIRECTORS AND EXECUTIVE OFFICERS

7.1 Directors

The table below lists BCE's directors, where they lived, the date they were elected or appointed and their principal occupation on March 5, 2015.

Under BCE's by-laws, each director holds office until the earlier of the next annual shareholder meeting or his or her resignation.

DIRECTORS

NAME AND PROVINCE/STATE AND COUNTRY OF RESIDENCE	DATE ELECTED OR APPOINTED TO THE BCE BOARD	PRINCIPAL OCCUPATION ON MARCH 5, 2015
Barry K. Allen, Florida, United States	May 2009	Operating Partner, Providence (a private equity firm focused on media, entertainment, communications and information investments), since September 2007
Ronald A. Brenneman, Alberta, Canada	November 2003	Corporate director, since March 2010
Sophie Brochu, Québec, Canada	May 2010	President and Chief Executive Officer, Gaz Métro Inc. (a diversified energy company), since February 2007
Robert E. Brown, Québec, Canada	May 2009	Corporate director, since October 2009
George A. Cope, Ontario, Canada	July 2008	President and Chief Executive Officer, BCE and Bell Canada, since July 2008
David F. Denison, FCPA, FCA, Ontario, Canada	October 2012	Corporate director, since June 2012, and Chartered Professional Accountant
Robert P. Dexter Nova Scotia, Canada	November 2014	Chair and Chief Executive Officer of Maritime Travel Inc. (an integrated travel company), since July 1979
Ian Greenberg, Québec, Canada	July 2013	Corporate director, since July 2013
Gordon M. Nixon Ontario, Canada	November 2014	Corporate director, since September 2014
Thomas C. O'Neill, FCPA, FCA, Ontario, Canada	January 2003	Chair of the board of directors, BCE and Bell Canada, since February 2009, and Chartered Professional Accountant
Robert C. Simmonds, Ontario, Canada	May 2011	Chair, Lenbrook Corporation (a national distributor of electronics components and radio products), since April 2002
Carole Taylor, British Columbia, Canada	August 2010	Corporate director, since September 2010
Paul R. Weiss, FCPA, FCA, Ontario, Canada	May 2009	Corporate director, since April 2008, and Chartered Professional Accountant

PAST OCCUPATION

All of BCE's directors have held the positions listed in the previous table or other executive positions with the same or associated firms or organizations during the past five years or longer, except for the people listed in the table below.

DIRECTOR	PAST OCCUPATION
Ronald A. Brenneman	Executive Vice-Chairman of Suncor Energy Inc. (an integrated energy company) from August 2009 until February 2010
David F. Denison	President and Chief Executive Officer of Canada Pension Plan Investment Board (an investment management organization) from January 2005 to June 2012
Ian Greenberg	President and Chief Executive Officer of Astral (a media company) from 1995 until July 2013
Gordon M. Nixon	President and Chief Executive Officer of the Royal Bank of Canada (a chartered bank) from August 2001 until August 2014

Carole Taylor	Senior Advisor, Borden Ladner Gervais LLP (a law firm) from 2009 to September 2010; Chair of the Federal Finance Minister's Economic Advisory Council from December 2008 to January 2010

COMMITTEES OF THE BOARD

The table below lists the committees of BCE's board of directors and their members on March 5, 2015.

COMMITTEES	MEMBERS
Audit	Paul R. Weiss (Chair) Sophie Brochu, David F. Denison, Robert P. Dexter, Ian Greenberg, Robert C. Simmonds
Corporate Governance	Robert E. Brown (Chair) Barry K. Allen, Sophie Brochu, Gordon M. Nixon, Robert C. Simmonds, Carole Taylor
Management Resources and Compensation	Ronald A. Brenneman (Chair) Barry K. Allen, Robert E. Brown, Ian Greenberg, Gordon M. Nixon
Pension Fund	David F. Denison (Chair) Ronald A. Brenneman, Robert P. Dexter, Carole Taylor, Paul R. Weiss

7.2 Executive officers

The table below lists BCE's and Bell Canada's executive officers, where they lived and the office they held at BCE and/or Bell Canada on March 5, 2015.

NAME	PROVINCE AND COUNTRY OF RESIDENCE	OFFICE HELD AT BCE/BELL CANADA
Mirko Bibic	Ontario, Canada	Executive Vice-President and Chief Legal & Regulatory Officer (BCE and Bell Canada)
Charles W. Brown[(1)]	Ontario, Canada	President – The Source (Bell Canada)
Michael Cole	Ontario, Canada	Executive Vice-President and Chief Information Officer (Bell Canada)
George A. Cope	Ontario, Canada	President and Chief Executive Officer (BCE and Bell Canada)
Kevin W. Crull	Ontario, Canada	President – Bell Media (Bell Canada)
Stephen Howe	Ontario, Canada	Executive Vice-President and Chief Technology Officer (Bell Canada)
Bernard le Duc	Ontario, Canada	Executive Vice-President – Corporate Services (BCE and Bell Canada)
Thomas Little	Ontario, Canada	President – Bell Business Markets (Bell Canada)
Wade Oosterman	Ontario, Canada	President – Bell Mobility and Bell Residential Services and Chief Brand Officer (Bell Canada)
Mary Ann Turcke	Ontario, Canada	Group President – Media Sales, Local TV and Radio, Bell Media (Bell Canada)
Martine Turcotte	Québec, Canada	Vice Chair – Québec (BCE and Bell Canada)
Siim A. Vanaselja	Québec, Canada	Executive Vice-President and Chief Financial Officer (BCE and Bell Canada)
John Watson	Ontario, Canada	Executive Vice-President – Customer Experience (Bell Canada)

(1) *Was a director and the Chief Executive Officer of Wave Wireless Corporation on, or during the year preceding, October 31, 2006, the date when Wave Wireless Corporation filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court.*

All of our executive officers have held their present positions or other executive positions with BCE or Bell Canada during the past five years or longer.

7.3 Directors' and executive officers' share ownership

As at December 31, 2014, BCE's directors and executive officers as a group beneficially owned, or exercised control or direction over, directly or indirectly, 707,240 common shares (or 0.1%) of BCE.

8 LEGAL PROCEEDINGS

We become involved in various legal proceedings as a part of our business. This section describes important legal proceedings. While we cannot predict the final outcome or timing of the legal proceedings described below or of any other legal proceedings pending at March 5, 2015, based on the information currently available and management's assessment of the merits of such legal proceedings, management believes that the resolution of these legal proceedings will not have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

PURPORTED CLASS ACTION CONCERNING CELLULAR USAGE AND HEALTH RISK

In July 2013, BCE Inc., Bell Canada, Bell Mobility and Bell Aliant Inc. (subsequently replaced by Bell Aliant LP) were served with a statement of claim previously filed pursuant to the *Class Proceedings Act* (British Columbia) in the Supreme Court of British Columbia. The action was brought against more than 25 defendants including wireless carriers and device manufacturers and seeks certification of a national class encompassing all persons in Canada, including their estates and spouses, who have used cellular phones next to their heads for a total of at least 1,600 hours. The purported class action also seeks certification of a subclass of such persons who have been diagnosed with a brain tumour (as well as their estates and spouses). The statement of claim alleges that the defendants that are wireless carriers are liable to the purported class on the basis of, among other things, negligence in the design and testing of cellular phones, failure to warn about the health risks associated with cellular phones, negligent misrepresentation, deceit, breach of warranty and breach of competition, consumer protection and trade practices legislation. The plaintiffs seek unspecified damages, including reimbursement of defendants' revenue earned from selling cellular phones to class members, and punitive damages. The lawsuit has not yet been certified as a class action. On September 3, 2014, the Supreme Court of British Columbia ordered the removal of BCE Inc. and Bell Canada as defendants.

IP INFRINGEMENT LAWSUITS CONCERNING IPTV SYSTEMS

On April 23, 2013, a claim was filed in the Federal Court against Bell Canada and Bell Aliant LP by MediaTube Corp. and NorthVu Inc. The claim alleges that the defendants, through their development and use of IPTV systems, infringed on a patent owned by NorthVu Inc. and licensed to MediaTube Corp. In addition to declaratory and injunctive relief, the plaintiffs seek damages in the form of unpaid royalties in relation to the defendants' revenues from their IPTV services (the plaintiffs estimate that the monetary value of these royalties by the time of trial will exceed $350 million) or an accounting of the defendants' profits, as well as punitive damages. The defendants intend to exercise all available indemnity recourses from third parties that provide the intellectual property upon which their IPTV services are based. On May 12, 2014, Bell Canada and Bell Aliant LP filed their statement of defence and counterclaim seeking a declaration that the patent of NorthVu Inc. is invalid.

On April 2, 2014, a claim was filed in the Federal Court against Bell Canada, Bell Aliant LP and Telus Communications Company by Two-Way Media Ltd. The claim alleges that the defendants, by making, constructing, using and selling their IPTV systems, infringed on patents owned by Two-Way Media Ltd. In addition to declaratory and injunctive relief, the plaintiffs seek unspecified damages or an accounting of the defendants' profits, as well as punitive damages. Bell Canada and Bell Aliant LP intend to exercise all available indemnity recourses from third parties that provide the intellectual property upon which their IPTV services are based. In October 2014, the defendants filed their statement of defence and filed a counterclaim seeking a declaration that the patent of Two-Way Media is invalid.

CLASS ACTIONS CONCERNING INCREASE TO LATE PAYMENT CHARGES

On October 28, 2010, a motion to obtain the authorization to institute a class action was filed in the Québec Superior Court against Bell Canada and Bell Mobility on behalf of all physical persons and companies of 50 employees or less in Canada who were billed late payment charges since June 2010. The plaintiffs allege that the increase by Bell Canada and Bell Mobility of the late payment charge imposed on customers who fail to pay their invoices by the due date from 2% to 3% per month is invalid. The action seeks an order requiring Bell Canada and Bell Mobility to repay all late payment charges in excess of 2% per month to the members of the class. In addition to the reimbursement of such amounts, the action also seeks payment of general and punitive damages by Bell Canada and Bell Mobility.

On December 16, 2011, the court authorized the action but limited the class members to residents of the province of Québec with respect to home phone, wireless and Internet services. In August 2014, Bell Canada and Bell Mobility filed a motion to challenge the jurisdiction of the Québec Superior Court on late payment charges for telecommunications services.

On January 10, 2012, another motion to obtain the authorization to institute a class action was filed in the Québec Superior Court against Bell ExpressVu with respect to TV services. The plaintiff sought authorization to file a class action based on a cause of action alleged to be identical to the one described in the motion filed on October 28, 2010. On December 10, 2013, the motion was amended to, among other matters, add Bell Canada as defendant. On December 19, 2014, this action was authorized to proceed as a class action.

PURPORTED CLASS ACTION CONCERNING DIVIDENDS

On June 30, 2007, BCE Inc. announced that it had entered into a definitive agreement (the Definitive Agreement) providing for the proposed acquisition of all of the outstanding common and preferred equity of BCE Inc. (the BCE Privatization) by a corporation (the Purchaser) owned by an investor group led by Teachers' Private Capital, the private investment arm of Teachers', and affiliates of Providence Equity Partners Inc.,

Madison Dearborn and Merrill Lynch Global Private Equity (Merrill). On July 4, 2008, the Definitive Agreement was amended to, among other matters, extend the outside date of the transaction and provide that BCE Inc. would not pay dividends on its common shares until completion of the BCE Privatization. On December 11, 2008, BCE Inc. announced that the proposed BCE Privatization would not proceed.

On October 24, 2008, a statement of claim was filed under *The Class Actions Act* (Saskatchewan) in the Saskatchewan Court of Queen's Bench against BCE Inc., the Purchaser, its guarantors (Teachers' and affiliates of Providence Equity Partners Inc. and Madison Dearborn collectively, the Guarantors) and Merrill on behalf of persons or entities who held common shares of BCE Inc. between August 8, 2007 and July 4, 2008. The plaintiffs allege, among other things, that by suspending the payment of dividends to common shareholders and amending the Definitive Agreement without shareholder approval, BCE Inc. violated its by-laws and articles, its dividend policy, the Definitive Agreement, the *Canada Business Corporations Act* and the March 7, 2008 order of the Québec Superior Court approving the plan of arrangement of BCE Inc. giving effect to the proposed BCE Privatization. The plaintiffs also allege that BCE Inc. acted in an oppressive manner. The action seeks, among other things and in addition to unquantified damages, the payment of dividends for the second and third quarters of 2008. The statement of claim alleges that class members have suffered damages of at least $588 million.

On October 15, 2009, BCE Inc. brought a motion to strike the statement of claim. On December 23, 2009, the plaintiffs filed an application seeking, among other things, leave to amend the statement of claim and commence a claim under the secondary market disclosure provisions of *The Securities Act* (Saskatchewan) and certification of the action as a class action. The lawsuit has not yet been certified as a class action.

PURPORTED CLASS ACTIONS CONCERNING ROUNDING-UP OF MINUTES

On July 25, 2008, a class action was filed against BCE Inc. in the Ontario Superior Court of Justice on behalf of all its residential long distance customers in Canada who, since July 2002, have had their call times rounded up to the next full minute for billing purposes (the First Rounding-Up Action). On August 18, 2008, a similar class action (the Second Rounding-Up Action) was filed against Bell Mobility in the same court on behalf of all Canadian Bell Mobility customers who, since July 2002, have had their wireless airtime rounded up to the next full minute.

Both actions allege that BCE Inc. and Bell Mobility misrepresented and did not disclose that they round up to the next full minute when calculating long distance call time or wireless airtime. The class actions would, if certified, seek reimbursement of all amounts received by BCE Inc. and Bell Mobility as a result of the rounded-up portion of per minute charges for residential long distance calls and wireless airtime. Each action originally claimed general damages of $20 million, costs of $1 million for administering the distribution of damages and $5 million in punitive damages.

On January 15, 2014, the Second Rounding-Up Action was amended to include an allegation of breach of contract and increase claimed general damages to $500 million and claimed punitive damages to $20 million, without setting out the basis for the increases. The Second Rounding-Up Action was certified by the Ontario Superior Court on November 25, 2014, for the period between August 18, 2006 and October 1, 2009. Bell Mobility is seeking leave to appeal the decision in the Ontario Divisional Court. The First Rounding Up Action has not yet been certified as a class action.

PURPORTED CLASS ACTION CONCERNING 911 FEES

On June 26, 2008, a statement of claim was filed under *The Class Actions Act* (Saskatchewan) in the Saskatchewan Court of Queen's Bench against communications service providers, including Bell Mobility and Bell Aliant LP, on behalf of certain alleged customers. The action also named BCE Inc. and Bell Canada as defendants. The statement of claim alleges, among other things, breach of contract and duty to inform, deceit, misrepresentation and collusion in connection with certain "911 fees" invoiced by communications service providers to their customers. The plaintiffs seek unspecified damages and punitive damages and an accounting and constructive trust of the "911 fees" collected. The action seeks certification of a national class encompassing all customers of communications service providers wherever resident in Canada. On July 22, 2013, the plaintiffs delivered an amended statement of claim which removed BCE Inc. and Bell Canada as defendants, and added claims for unjust enrichment and breaches of provincial consumer protection legislation and the *Competition Act*. The lawsuit has not yet been certified as a class action.

VIDÉOTRON LAWSUIT

On August 31, 2005, a motion to institute legal proceedings was filed in the Québec Superior Court against Bell ExpressVu by Vidéotron ltée, Vidéotron (Régional) ltée and CF Cable TV Inc. (a subsidiary of Vidéotron ltée). The claim was for an initial amount of $374 million in damages, plus interest and costs. In the statement of claim, the plaintiffs alleged that Bell ExpressVu had failed to adequately protect its system against signal piracy, thereby depriving the plaintiffs of subscribers who, but for their alleged ability to pirate Bell ExpressVu's signal, would have subscribed to the plaintiffs' services. On July 23, 2012, the Superior Court issued a judgment pursuant to which it did not find Bell ExpressVu at fault in its overall efforts to fight signal piracy but concluded that the complete smart card swap it undertook should have been completed earlier. In this regard, the court granted the plaintiffs damages of $339,000, plus interest and costs. The plaintiffs appealed to the Québec Court of Appeal the quantum of damages awarded by the trial judge and sought revised damages in the amount of $164.5 million, plus costs, interest and an additional indemnity. Bell ExpressVu also filed an appeal of the lower court decision on its finding of liability.

On March 6, 2015, the Québec Court of Appeal reversed the judgment of the lower court regarding the quantum of damages, granting plaintiffs damages of $82 million, plus interest and costs totaling approximately $55 million. Bell ExpressVu intends to seek leave to appeal to the Supreme Court of Canada.

CLASS ACTION CONCERNING WIRELESS SYSTEM ACCESS FEES

On August 9, 2004, a statement of claim was filed under *The Class Actions Act* (Saskatchewan) in the Saskatchewan Court of Queen's Bench against wireless service providers, including Bell Mobility and Bell Aliant LP, on behalf of certain alleged customers (the Initial Action). This statement of claim alleges, among other things, breach of contract and duty to inform, deceit, misrepresentation, unjust enrichment and collusion in connection with certain system access fees and system licensing charges invoiced by wireless communications service providers to their customers. The plaintiffs are seeking unspecified general and punitive damages.

On September 17, 2007, the court granted certification, on the ground of unjust enrichment only, of a national class encompassing all customers of the defendant wireless service providers wherever resident in Canada. This decision was maintained by the Saskatchewan Court of Appeal and leave to the Supreme Court of Canada was denied. Accordingly, the Initial Action is now proceeding as a national class action on the merits against the defendants on the basis of an opt-out class in Saskatchewan and an opt-in class elsewhere in Canada.

On July 27, 2009, a new statement of claim was filed under *The Class Actions Act* (Saskatchewan) in the Saskatchewan Court of Queen's Bench against wireless service providers, including Bell Mobility, Bell Aliant LP and Bell Aliant Regional Communications Inc., on behalf of certain alleged customers (the Second Action). The statement of claim for the Second Action is based on alleged facts similar to those in the Initial Action. On December 22, 2009, the court stayed the Second Action upon an application by the defendants to dismiss it as an abuse of process. On March 9, 2010, the plaintiffs filed a motion for leave to appeal that decision to the Saskatchewan Court of Appeal. This application was adjourned pending the outcome of the Initial Action.

On December 16, 2011, a new proceeding was filed in the Supreme Court of British Columbia against several telecommunication service providers, including BCE Inc. and Bell Mobility. The claim is similar to the Initial Action. The relief sought includes an injunction restraining the alleged misrepresentation, an order for restoration or disgorgement of the system access fees revenue and punitive damages. On August 27, 2013, the plaintiff discontinued the proceeding against BCE Inc. only. On June 6, 2014, the certification motion was dismissed and, on June 25, 2014, the plaintiff filed a notice of appeal from this dismissal order. The appeal was heard in November 2014 and was taken under reserve.

OTHER

We are subject to other legal proceedings considered normal in the ordinary course of our current and past operations, including class actions, employment-related disputes, contract disputes and customer disputes. In some legal proceedings, the claimant seeks damages as well as other relief which, if granted, could require substantial expenditures on our part or could result in changes to our business practices.

9	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS
10	EXPERTS
11	TRANSFER AGENT AND REGISTRAR
12	FOR MORE INFORMATION

9 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of our knowledge, there were no directors or executive officers or any associate or affiliate of a director or executive officer with a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected us or is reasonably expected to materially affect us.

10 EXPERTS

Deloitte LLP prepared the Report of independent registered public accounting firm in respect of our audited consolidated financial statements and the Report of independent registered public accounting firm in respect of our internal control over financial reporting. Deloitte LLP is independent of BCE within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec* and the rules and standards of the Public Company Accounting Oversight Board (PCAOB) (United States) and the securities laws and regulations administered by the United States Securities and Exchange Commission.

11 TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares and preferred shares of BCE in Canada is CST, at its principal offices in Montréal, Québec; Toronto, Ontario; Calgary, Alberta; Vancouver, British Columbia; and Halifax, Nova Scotia; and in the United States is American Stock Transfer & Trust Company, LLC at its principal office in Brooklyn, New York.

The register for Bell Canada's debentures and Bell Canada's subordinated debentures is kept at the principal office of CIBC Mellon Trust Company (CIBC Mellon), through BNY Trust Company of Canada (BNY) acting as attorney, in Montréal, and facilities for registration, exchange and transfer of the debentures are maintained at the principal offices of CIBC Mellon, through BNY acting as attorney, in Montréal and Toronto.

12 FOR MORE INFORMATION

This Annual Information Form, as well as BCE's annual and quarterly reports and news releases, are available on BCE's website at **BCE.ca**.

Additional information, including information about directors' and officers' remuneration and securities authorized for issuance under equity compensation plans, is contained in BCE's management proxy circular for its most recent annual meeting of security holders that involved the election of directors.

Additional information relating to BCE is available on SEDAR at **sedar.com** and on EDGAR at **sec.gov**. Additional financial information is provided in BCE's audited consolidated financial statements and related management's discussion and analysis for BCE's most recently completed financial year contained in the BCE 2014 Annual Report. You may ask for a copy of the annual and quarterly management's discussion and analysis of BCE by contacting the Investor Relations group of BCE at 1, Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun, Québec H3E 3B3 or by sending an e-mail to **investor.relations@bce.ca**.

Shareholder inquiries	1-800-561-0934
Investor relations	1-800-339-6353

13 SCHEDULE 1 – AUDIT COMMITTEE INFORMATION

The purpose of BCE's Audit Committee (Audit Committee) is to assist the board of directors in its oversight of:

- the integrity of BCE's financial statements and related information
- BCE's compliance with applicable legal and regulatory requirements
- the independence, qualifications and appointment of the external auditors
- the performance of both the external and internal auditors
- BCE's management's responsibility for assessing and reporting on the effectiveness of internal controls
- BCE's enterprise risk management processes

MEMBERS' FINANCIAL LITERACY, EXPERTISE AND SIMULTANEOUS SERVICE

Under the *Sarbanes-Oxley Act of 2002* and related United States Securities and Exchange Commission rules, BCE is required to disclose whether its Audit Committee members include at least one "audit committee financial expert" as defined by these rules. In addition, National Instrument 52-110 – *Audit Committees* and the New York Stock Exchange governance rules followed by BCE require that all audit committee members be "financially literate" and "independent".

The board of directors has determined that all the members of the Audit Committee during 2014 were, and all current members of the Audit Committee are, financially literate and independent. In respect of the current Audit Committee members, as well as members during 2014, the board of directors determined that at least one of the members of the Audit Committee, being the current Chair of the Audit Committee, Mr. P.R. Weiss, is qualified as an "audit committee financial expert". The table below outlines the relevant education and experience of all the Audit Committee members during 2014 and the current members.

RELEVANT EDUCATION AND EXPERIENCE

P.R. Weiss, FCPA, FCA (Chair)	Mr. Weiss has been a director of BCE since May 2009 and became Chair of the Audit Committee on May 7, 2009. Mr. Weiss is a director and audit committee Chair at Torstar Corporation and a member of the board of trustees and audit committee Chair of Choice Properties REIT. He was a director and audit committee member of The Empire Life Insurance Company until May 2014 and was a director and audit committee member of ING Bank of Canada until November 2012. He is a director and past Chair of Soulpepper Theatre Company and past Chair of Toronto Rehab Foundation. For over 40 years, until his retirement in 2008, he was with KPMG LLP (an accounting firm). He served as Managing Partner of the Canadian Audit Practice, a member of KPMG Canada's Management Committee and a member of the International Global Audit Steering Group. Mr. Weiss holds a Bachelor of Commerce degree from Carleton University. He is a Chartered Professional Accountant and a Fellow of CPA Ontario.

S. Brochu	Ms. Brochu has been a director of BCE since May 2010. She is a director and member of the audit committee of Bank of Montréal. Ms. Brochu has been active in the energy industry for more than 25 years. She began her career in 1987 as a financial analyst for SOQUIP (*Société québécoise d'initiatives pétrolières*). In 1997, she joined Gaz Métro Inc. as Vice-President, Business Development. In 2005, Ms. Brochu was appointed Executive Vice-President. Since 2007, she has held the position of President and Chief Executive Officer of Gaz Métro Inc. and is a member of its board of directors. Ms. Brochu graduated in Economics from Université Laval, in Québec City, where she specialized in the energy sector. She is the Chair of Forces Avenir, which promotes students' involvement in their communities. Ms. Brochu is actively involved with Centraide of Greater Montreal. She is also a director of Fondation Chagnon. She co-founded "80, ruelle de l'Avenir", a project aimed at encouraging students in the Centre-Sud and Hochelaga neighbourhoods of Montréal to stay in school.
D.F. Denison, FCPA, FCA	Mr. Denison has been a director of BCE since October 2012. Mr. Denison has extensive experience in the financial services industry, most recently serving as President and Chief Executive Officer of the Canada Pension Plan Investment Board from 2005 to 2012. He has been a director of the Royal Bank of Canada since 2012, and a director of Allison Transmission Holdings, Inc. since 2013. He serves as Chair of Bentall Kennedy Limited Partnership (a real estate investment advisor) and Vice-Chair of Sinai Health Systems (a provider of healthcare services). Prior to his appointment to the Canada Pension Plan Investment Board, Mr. Denison was President of Fidelity Investments Canada Limited (a financial services provider). He has also held a number of senior positions in the investment banking, asset management and consulting sectors in Canada, the United States and Europe. Mr. Denison is a member of the Investment Board and International Advisory Committee of the Government of Singapore Investment Corporation, the China Investment Corporation International Advisory Council, the World Bank Treasury Expert Advisory Committee and the University of Toronto Investment Advisory Committee. Mr. Denison earned bachelor's degrees in mathematics and education from the University of Toronto and is a Chartered Professional Accountant and a Fellow of CPA Ontario.
R.P. Dexter (since November 2014)	Mr. Dexter has been a director of BCE since November 2014. He holds both a bachelor's degree in commerce and a bachelor's degree in law from Dalhousie University and was appointed Queen's Counsel in 1995. He is Chair and Chief Executive Officer of Maritime Travel Inc. and is also counsel to the law firm Stewart McKelvey. He is Chair of Sobeys Inc. and Empire Company Limited and is also a director of Wajax Corporation and High Liner Foods Incorporated. He is a past audit committee member of each of these companies, in addition to the audit committee of Bell Aliant Inc. Mr. Dexter has over 15 years of experience in the communications sector, having served as a director of Maritime Tel & Tel Limited from 1997 to 1999 prior to joining the Aliant Inc. board and later the Bell Aliant boards until October 2014.

13 SCHEDULE 1 – AUDIT COMMITTEE INFORMATION

I. Greenberg	Mr. Greenberg has been a director of BCE since July 2013. From 1995 until July 2013, Mr. Greenberg was President and Chief Executive Officer of Astral. He is a member of the Broadcasting Hall of Fame and the recipient of the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contributions to the Canadian broadcasting system. With his brothers, he also received the Eleanor Roosevelt Humanities Award for their active support of numerous industry and charitable organizations. Mr. Greenberg was a member of the Canadian Council of Chief Executives and a governor of Montréal's Jewish General Hospital. He is also a director of Cineplex Inc.
R.C. Simmonds	Mr. Simmonds has been a director of BCE since May 2011. Mr. Simmonds is a seasoned Canadian telecommunications executive who has served in public company roles from 1994 to 2006. From 1985 until 2000, he served as Chair of Clearnet Communications Inc., a Canadian wireless competitor that launched two all-new digital mobile networks. He became Chair of Lenbrook Corporation in 2002, having been a founder and director of the company since 1977. Internationally regarded as a leading wireless communications engineer and mobile spectrum authority, Mr. Simmonds has played a key role in the development of Canada's mobile spectrum policies for more than 30 years. He is Chair of the Mobile and Personal Communications Committee of the Radio Advisory Board of Canada, a body that provides unbiased and technically expert advice to the federal Department of Industry, and is a past Chair of the Canadian Wireless Telecommunications Association. A laureate and member of Canada's Telecommunications Hall of Fame and recipient of the Engineering Medal for Entrepreneurship from Professional Engineers Ontario, Mr. Simmonds earned his bachelor's degree in engineering science (electrical) at the University of Toronto. In October 2013, Mr. Simmonds became a Fellow of the Wireless World Research Forum (an organization dedicated to long-term research in the wireless industry) in recognition of his contribution to the industry.

The New York Stock Exchange governance rules followed by BCE require that if an audit committee member serves simultaneously on the audit committee of more than three public companies, the board of directors must determine and disclose that this simultaneous service does not impair the ability of the member to effectively serve on the audit committee. None of the current members of BCE's Audit Committee serves on

the audit committee of more than three public companies.

PRE-APPROVAL POLICIES AND PROCEDURES

BCE's Auditor Independence Policy is a comprehensive policy governing all aspects of our relationship with the external auditors, including:

- establishing a process for determining whether various audit and other services provided by the external auditors affect their independence
- identifying the services that the external auditors may and may not provide to BCE and its subsidiaries
- pre-approving all services to be provided by the external auditors of BCE and its subsidiaries
- establishing a process outlining procedures when hiring current or former personnel of the external auditors in a financial oversight role to ensure auditor independence is maintained

In particular, the policy specifies that:

- the external auditors cannot be hired to provide any services falling within the prohibited services category, such as bookkeeping, financial information system design and implementation and legal services
- for all audit or non-audit services falling within the permitted services category (such as prospectus, due diligence and non-statutory audits), a request for approval must be submitted to the Audit Committee prior to engaging the external auditors
- specific permitted services, however, are pre-approved annually and quarterly by the Audit Committee and consequently only require approval by the Executive Vice-President and Chief Financial Officer prior to engaging the external auditors
- at each regularly scheduled Audit Committee meeting, a summary of all fees billed by the external auditors by type of service is presented. This summary includes the details of fees incurred within the pre-approval amounts

The Auditor Independence Policy is available in the governance section of BCE's website at **BCE.ca**.

EXTERNAL AUDITORS' FEES

The table below shows the fees that BCE's external auditors, Deloitte LLP, billed to BCE and its subsidiaries for various services in each of the past two fiscal years.

	2014 (IN $ MILLIONS)	2013 (IN $ MILLIONS)
Audit fees[(1)]	**9.4**	9.9
Audit-related fees[(2)]	**1.7**	1.7
Tax fees[(3)]	**0.6**	0.6
All other fees[(4)]	**0.6**	1.0
Total[(5)]	**12.3**	13.2

(1) *These fees include professional services provided by the external auditors for statutory audits of the annual financial statements, the audit of the effectiveness of internal control over financial reporting, the review of interim financial reports, the review of financial accounting and reporting matters, the review of securities offering documents, other regulatory audits and filings and translation services.*

(2) *These fees relate to non-statutory audits and due diligence procedures.*

(3) *These fees include professional services for tax compliance, tax advice and assistance with tax audits and appeals.*

(4) *These fees include any other fees for permitted services not included in any of the above-stated categories. In 2013 and 2014, the fees are for services related to compliance with the Payment Card Industry Data Security Standard.*

(5) *The amounts of $12.3 million for 2014 and $13.2 million for 2013 reflect fees billed in those fiscal years without taking into account the year to which those services relate. Total fees for services provided for each fiscal year amounted to $10.2 million in 2014 and $10.5 million in 2013.*

14 SCHEDULE 2 – AUDIT COMMITTEE CHARTER

I. PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors in its oversight of:

A. the integrity of the Corporation's financial statements and related information;

B. the Corporation's compliance with applicable legal and regulatory requirements;

C. the independence, qualifications and appointment of the shareholders' auditor;

D. the performance of the Corporation's shareholders' auditor and internal audit;

E. management responsibility for assessing and reporting on the effectiveness of internal controls; and

F. the Corporation's enterprise risk management processes.

II. DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board of Directors. In particular, the Audit Committee shall have the following duties and responsibilities:

A. Financial reporting and control

1. On a periodic basis, review and discuss with management and the shareholders' auditor the following:
   a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, and issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
   b. analyses prepared by management and/or the shareholders' auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including the impact of selecting one of several generally accepted accounting principles (GAAP) on the financial statements when such a selection has been made in the current reporting period;
   c. the effect of regulatory and accounting developments, as well as off-balance sheet arrangements, on the financial statements of the Corporation;
   d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-GAAP information).
2. Meet to review and discuss with management and the shareholders' auditor, report and, where appropriate, provide recommendations to the Board of Directors on the following prior to its public disclosure:
   a. the Corporation's annual and interim consolidated financial statements and the related "Management's Discussion and Analysis", Annual Information Forms, earnings press releases and earnings guidance provided to analysts and rating agencies and the integrity of the financial reporting of the Corporation;
      – In addition to the role of the Audit Committee to make recommendations to the Board of Directors, where the members of the Audit Committee consider that it is appropriate and in the best interest of the Corporation, the Corporation's interim consolidated financial statements and the related "Management's Discussion and Analysis", the interim earnings press releases and the earnings guidance, may also be approved on behalf of the Board of Directors by the Audit Committee, provided that such approval is subsequently reported to the Board of Directors at its next meeting;
   b. any audit issues raised by the shareholders' auditor and management's response thereto, including any restrictions on the scope of the activities of the shareholders' auditor or access to requested information and any significant disagreements with management.
3. Review and discuss reports from the shareholders' auditor on:
   a. all critical accounting policies and practices used by the Corporation;
   b. all material selections of accounting policies when there is a choice of policies available under GAAP that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the shareholders' auditor; and
   c. other material written communications between the shareholders' auditor and management, and discuss such communication with the shareholders' auditor.

B. Oversight of the shareholders' auditor

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the shareholders' auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required, and review, report and, where appropriate, provide recommendations to the Board of Directors on the appointment, terms and review of engagement, removal, independence and proposed fees of the shareholders' auditor.
2. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.
3. Pre-approve all engagements for permitted non-audit services provided by the shareholders' auditor to the Corporation and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the shareholders' auditor to provide to the Corporation and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary.
4. Delegate, if deemed appropriate, authority to one or more members of the Audit Committee to grant pre-approvals of audit, review and permitted non-audit services, provided that any such approvals shall be presented to the Audit Committee at its next scheduled meeting.

5. Establish policies for the hiring of partners, employees and former partners and employees of the shareholders' auditor.
6. At least annually, consider, assess, and report to the Board of Directors on:
   a. the independence, objectivity and professional skepticism of the shareholders' auditor, including that the shareholders' auditor's performance of permitted non-audit services does not impair the shareholders' auditor's independence;

b. obtaining from the shareholders' auditor a written statement (i) delineating all relationships between the shareholders' auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the shareholders' auditor; and

c. the quality of the engagement team including the evaluation of the lead audit partner, taking into account the opinions of management and internal audit; and

d. the quality of the communications and interactions with the external auditor.

7. At least annually, obtain and review a report by the shareholders' auditor describing:

   a. the shareholders' auditor's internal quality-control procedures;

   b. any material issues raised by the most recent internal quality-control review, or peer review of the shareholders' auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the shareholders' auditor firm, and any steps taken to deal with any such issues.

8. At least every 5 years, unless the annual assessment indicates otherwise, conduct a comprehensive review of the shareholders' auditor and report to the Board of Directors on:

   a. the independence, objectivity and professional skepticism of the shareholders' auditor;

   b. the quality of the engagement team; and

   c. the quality of communications and interactions with the shareholders' auditor.

9. Resolve any disagreement between management and the shareholders' auditor regarding financial reporting.

10. Review the annual audit plan with the shareholders' auditor.

11. Meet periodically with the shareholders' auditor in the absence of management and internal audit.

C. Oversight of internal audit

1. Review and discuss with the head of internal audit, report and, where appropriate, provide recommendations to the Board of Directors on the following:

   a. the appointment and mandate of internal audit, including the responsibilities, budget and staffing of internal audit;

   b. discuss with the head of internal audit the scope and performance of internal audit, including a review of the annual internal audit plan, and whether there are any restrictions or limitations on internal audit;

   c. obtain periodic reports from the head of internal audit regarding internal audit findings, including those related to the Corporation's internal controls, and the Corporation's progress in remedying any audit findings.

2. Meet periodically with the head of internal audit in the absence of management and the shareholders' auditor.

D. Oversight of the Corporation's internal control system

1. Review and discuss with management, the shareholders' auditor and internal audit, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the following:

   a. the Corporation's systems of internal controls over financial reporting;

   b. compliance with the policies and practices of the Corporation relating to business ethics;

   c. compliance by Directors, Officers and other management personnel with the Corporation's Disclosure Policy; and

   d. the relationship of the Audit Committee with other committees of the Board of Directors, management and the Corporation's consolidated subsidiaries' audit committees.

2. Review and discuss with the Chief Executive Officer and Chief Financial Officer of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.

3. Review, monitor, report, and, where appropriate, provide recommendations to the Board of Directors on the Corporation's disclosure controls and procedures.

4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters.

5. Meet periodically with management in the absence of the shareholders' auditor and internal audit.

E. Oversight of the Corporation's risk management

1. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the following:

   a. the Corporation's processes for identifying, assessing, mitigating and, where required, reporting strategic, operational, regulatory and general risks, including:

      – the Corporation's major financial and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;

      – the Corporation's major security risks, including the physical security and performance of critical infrastructure and fraud prevention, and security trends that may impact the Corporation's operations and business;

      – the Corporation's major risks related to information security, privacy and records management;

      – the Corporation's business continuity plans, including work stoppage and disaster recovery plans;

      – the Corporation's environmental risks, and environment trends that may impact the Corporation's operations and business.

2. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the Corporation's compliance with internal policies and the Corporation's progress in remedying any material deficiencies related to:

a. security policies, including the physical safeguarding of corporate assets and security of networks and information systems;

b. environmental policy and environmental management systems.

3. When appropriate, ensure that the Corporation's subsidiaries establish an environmental policy and environmental management systems, and review and report thereon to the Board of Directors.

F. Compliance with legal requirements

1. Review and discuss with management, the shareholders' auditor and internal audit, monitor, report and, when appropriate, provide recommendation to the Board of Directors on the adequacy of the Corporation's process for complying with laws and regulations.
2. Receive, on a periodic basis, reports from the Corporation's Chief Legal Officer, with respect to the Corporation's pending or threatened material litigation.

III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD OF DIRECTORS

A. The Audit Committee shall evaluate and review with the Corporate Governance Committee of the Board of Directors, on an annual basis, the performance of the Audit Committee.

B. The Audit Committee shall review and discuss with the Corporate Governance Committee of the Board of Directors, on an annual basis, the adequacy of the Audit Committee charter.

C. The Audit Committee shall report to the Board of Directors periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate funding for such advisors as determined by the Audit Committee.

V. MEMBERSHIP

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board of Directors may from time to time by resolution determine. The members of the Audit Committee shall meet the independence, experience and other membership requirements under applicable laws, rules and regulations as determined by the Board of Directors.

VI. AUDIT COMMITTEE CHAIR

The Chair of the Audit Committee shall be appointed by the Board of Directors. The Chair of the Audit Committee leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Chair of the Audit Committee shall:

A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this charter and as otherwise may be appropriate;

B. In consultation with the Board Chair and the Chief Executive Officer, ensure that there is an effective relationship between management and the members of the Audit Committee;

C. Chair meetings of the Audit Committee;

D. In consultation with the Chief Executive Officer, the Corporate Secretary's Office and the Board Chair, determine the frequency, dates and locations of meetings of the Audit Committee;

E. In consultation with the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary's Office and, as required, other Officers, review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;

F. Ensure, in consultation with the Board Chair, that all items requiring the Audit Committee's approval are appropriately tabled;

G. Ensure the proper flow of information to the Audit Committee and review, with the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary's Office and, as required, other Officers, the adequacy and timing of materials in support of management's proposals;

H. Report to the Board of Directors on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board of Directors following any meeting of the Audit Committee; and

I. Carry out any special assignments or any functions as requested by the Board of Directors.

VII. TERM

The members of the Audit Committee shall be appointed or changed by resolution of the Board of Directors to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. PROCEDURES FOR MEETINGS

The Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee shall meet separately in executive session in the absence of management, internal audit and the shareholders' auditor, at each regularly scheduled meeting.

IX. QUORUM AND VOTING

Unless otherwise determined from time to time by resolution of the Board of Directors, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. SECRETARY

Unless otherwise determined by resolution of the Board of Directors, the Corporate Secretary of the Corporation or his/her delegate shall be the Secretary of the Audit Committee.

XI. VACANCIES

Vacancies at any time occurring shall be filled by resolution of the Board of Directors.

XII. RECORDS

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board of Directors as appropriate.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this management's discussion and analysis of financial condition and results of operations (MD&A), *we, us, our, BCE* and *the company* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., its subsidiaries, joint arrangements and associates. *Bell* means our Bell Wireless, Bell Wireline and Bell Media segments on an aggregate basis. *Bell Aliant* means, as the context may require, until December 31, 2014, either Bell Aliant Inc. or, collectively, Bell Aliant Inc. and its subsidiaries and associates, or, after December 31, 2014, either Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc. and its subsidiaries and associates.

All amounts in this MD&A are in millions of Canadian dollars, except where noted. Please refer to section 10.2, *Non-GAAP financial measures and key performance indicators (KPIs)* on pages 106 to 109 for a list of defined non-GAAP financial measures and key performance indicators. Also refer to the glossary on page 155 for a list of defined terms.

Please refer to BCE's audited consolidated financial statements for the year ended December 31, 2014 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 5, 2015, the date of this MD&A, unless otherwise stated.

You will find BCE's audited consolidated financial statements for the year ended December 31, 2014, BCE's annual information form for the year ended December 31, 2014, dated March 5, 2015 (BCE 2014 AIF) and recent financial reports on BCE's website at **BCE.ca**, on SEDAR at **sedar.com** and on EDGAR at **sec.gov**.

This MD&A comments on our business operations, performance, financial position and other matters for the two years ended December 31, 2014 and 2013.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

BCE's 2014 annual report including this MD&A and, in particular, but without limitation, section 1.3, *Key corporate developments*, section 1.4, *Capital markets strategy*, section 2, *Strategic imperatives*, section 3.2, *Business outlook and assumptions*, section 5, *Business segment analysis* and section 6.8, *Liquidity* of this MD&A, contain forward-looking statements. These forward-looking statements include, but are not limited to, BCE's business outlook, objectives, plans and strategic priorities, BCE's 2015 annualized common share dividend and common share dividend policy, BCE's credit policies and the expected return of BCE's Net Debt leverage ratio within BCE's Net Debt leverage ratio target range, the sources of liquidity we expect to use to meet our anticipated 2015 cash requirements, our expected 2015 post-employment benefit plan funding, our network deployment plans, the expected timing and completion of BCE's proposed acquisition of all of the issued and outstanding shares of Glentel Inc. (Glentel) and of BCE's proposed disposition of a 50% ownership interest in Glentel to Rogers Communications Inc. (Rogers), and certain benefits expected to result from the Bell Aliant Privatization (as defined in section 1.1, *Introduction*) and from the proposed acquisition of Glentel. Forward-looking statements also include any other statements that do not refer to historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption*, *goal*, *guidance*, *objective*, *outlook*, *project*, *strategy*, *target* and other similar expressions or future or conditional verbs such as *aim*, *anticipate*, *believe*, *could*, *expect*, *intend*, *may*, *plan*, *seek*, *should*, *strive* and *will*. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act of 1995*. Unless otherwise indicated by us, forward-looking statements in BCE's 2014 annual report, including in this MD&A, describe our expectations as at March 5, 2015 and, accordingly, are subject to change after this date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in BCE's 2014 annual report, including in this MD&A, for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

We have made certain economic, market and operational assumptions in preparing the forward-looking statements contained in BCE's 2014 annual report and, in particular, but without limitation, the forward-looking statements contained in the above-mentioned sections of this MD&A. These assumptions include, without limitation, the assumptions described in the various sections of this MD&A entitled *Business outlook and assumptions*, which sections are incorporated by reference in this cautionary statement. We believe that these assumptions were reasonable at March 5, 2015. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important risk factors including, without limitation, regulatory, competitive, economic, financial, operational and technological risks that could cause actual results or events to differ materially from those expressed in, or implied by, the above-mentioned forward-looking statements and other forward-looking statements in BCE's 2014 annual report, in particular in this MD&A, include, but are not limited to, the risks described in section 9, *Business risks*, which section is incorporated by reference in this cautionary statement.

We caution readers that the risks described in the above-mentioned section and in other sections of this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation. Except as otherwise indicated by us, forward-looking

statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after March 5, 2015. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

1 OVERVIEW

1.1 Introduction

At a glance

BCE is Canada's largest communications company , providing residential, business and wholesale customers with a wide range of solutions for all their communications needs. BCE's shares are publicly traded on the Toronto Stock Exchange and on the New York Stock Exchange (TSX, NYSE: BCE).

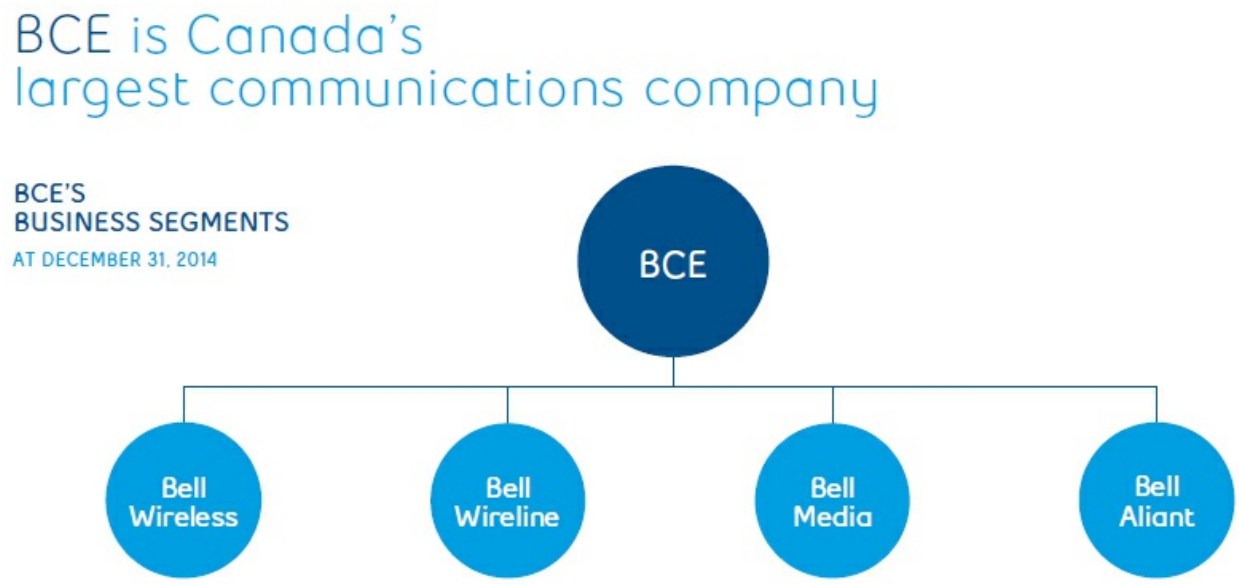
In 2014 and 2013, we reported the results of our operations in four segments: Bell Wireless, Bell Wireline, Bell Media and Bell Aliant.

Bell Wireless provides wireless voice and data communication products and services to Bell's residential, small and medium-sized business and large enterprise customers across Canada.

Bell Wireline provides data, including Internet access and television (TV), local telephone, long distance, and other communications products and services to Bell's residential, small and medium-sized business and large enterprise customers, primarily in the urban areas of Ontario and Québec. In addition, this segment includes our wholesale business, which buys and sells data, local telephone, long distance and other services from or to resellers and other carriers.

Bell Media provides conventional, specialty and pay TV, digital media, and radio broadcasting services to customers across Canada and out-of-home (OOH) advertising services. On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral Media Inc. (Astral). The results of Astral are included in our Bell Media segment from the date of acquisition.

Bell Aliant provides Internet, data, TV, local telephone, long distance, wireless, home security and value-added business solutions to residential and business customers in the Atlantic provinces and in rural and regional areas of Ontario and Québec. At December 31, 2013, BCE owned 44.1% of Bell Aliant, with the remaining 55.9% publicly held. BCE consolidated Bell Aliant as control was achieved through its right to appoint a majority of the board of directors of Bell Aliant. On October 31, 2014, BCE completed its acquisition of all of the issued and outstanding common shares of Bell Aliant that it did not already own (Privatization). Beginning January 1, 2015, the results of operations of Bell Aliant are included within our Bell Wireless and Bell Wireline segments, with prior periods restated for comparative purposes. Consequently, beginning in 2015, our reportable segments are Bell Wireless, Bell Wireline and Bell Media.



We also hold investments in a number of other assets, including:

- a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE)
- a 35.4% indirect equity interest in Q9 Networks Inc. (Q9)
- an 18.4% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club and the Bell Centre in Montréal
- a 15% equity interest in The Globe and Mail

BCE 2014
OPERATING REVENUES
$21,042
MILLION
+3.1% VS. 2013

BCE 2014
ADJUSTED EBITDA [1]
$8,303
MILLION
+2.6% VS. 2013

BCE 2014
NET EARNINGS
$2,718
MILLION
+13.8% VS. 2013

BCE Customer Connections

WIRELESS
TOTAL
+2.4%
8.1 MILLION SUBSCRIBERS AT THE END OF 2014

WIRELESS
POSTPAID
+4.6%
7.1 MILLION SUBSCRIBERS AT THE END OF 2014

HIGH-SPEED INTERNET
+5.1%
3.3 MILLION SUBSCRIBERS AT THE END OF 2014

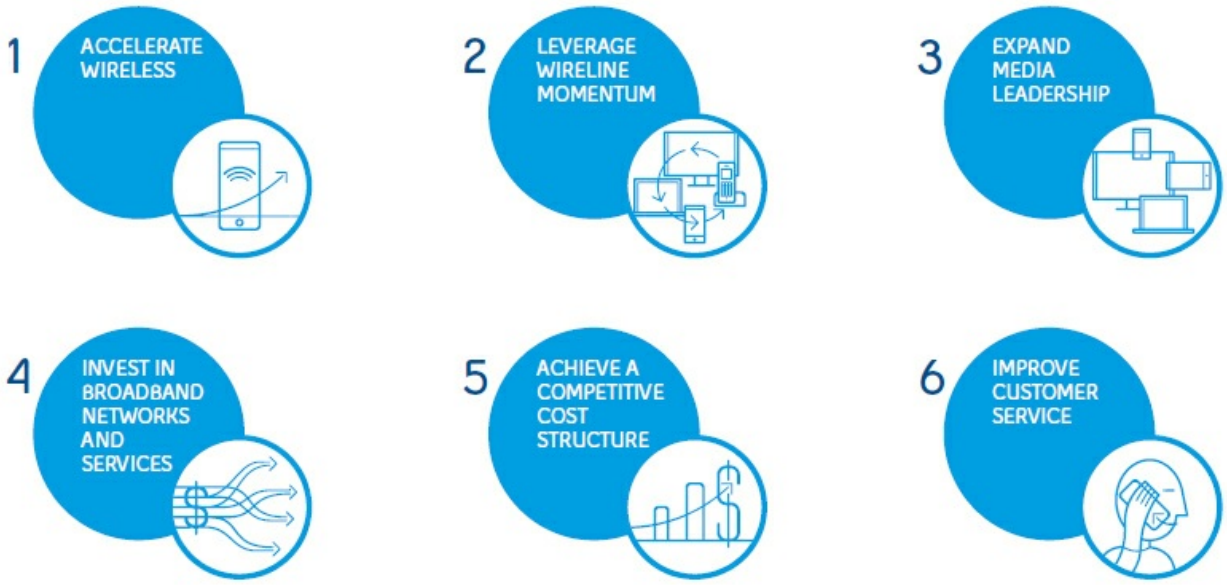
TV
+6.2%
2.6 MILLION SUBSCRIBERS AT THE END OF 2014

NETWORK ACCESS SERVICES (NAS) LINES
(6.1%)
7.1 MILLION SUBSCRIBERS AT THE END OF 2014

Our goal

Our goal is to be recognized by customers as Canada's leading communications company. Our primary business objectives are to maximize subscribers, revenues, operating profit, Free Cash Flow[1] and return on invested capital by further enhancing our position as the foremost provider in Canada of comprehensive communications services to residential and business customers. We seek to take advantage of opportunities to leverage our networks, infrastructure, sales channels, and brand and marketing resources across our various lines of business to create value for both our customers and other stakeholders.

Our strategy is centred on our disciplined focus and execution of six strategic imperatives. The six strategic imperatives that underlie Bell's business plan are:



(1) Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures and do not have any standardized meaning under International Financial Reporting Standards (IFRS). Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See section 10.2, Non-GAAP financial measures and key performance indicators (KPIs) – Adjusted EBITDA and Adjusted EBITDA margin *and* Free Cash Flow and Free Cash Flow per Share *for more details, including, for Free Cash Flow, a reconciliation to the most comparable IFRS financial measure.*

1.2 About BCE

In 2014, we reported the results of our operations in four segments: Bell Wireless, Bell Wireline, Bell Media and Bell Aliant. Bell, which encompasses our core operations, is comprised of our Bell Wireless, Bell Wireline and Bell Media segments. We describe our product lines by segment below, to provide further insight into our operations.

Our products and services

Bell Wireless

SEGMENT DESCRIPTION

- Provides integrated digital wireless voice and data communications products and services to residential and business customers across Canada
- Includes the results of operations of Bell Mobility Inc. (Bell Mobility) and wireless-related product sales from The Source (Bell) Electronics Inc. (The Source)

OUR BRANDS INCLUDE

Bell

Virgin mobile

The SOURCE

OUR NETWORKS AND REACH

We hold licensed national wireless spectrum, with holdings across various spectrum bands totalling more than 4,200 million Megahertz per

Population (MHz-POP)

We have deployed and operate a number of leading nationwide wireless broadband networks compatible with global standards that deliver high-quality and reliable voice and high-speed data services to virtually all of the Canadian population

Fourth-generation (4G) long-term evolution (LTE) network launched in September 2011:

- Provides mobile Internet data access speeds as fast as 150 megabits per second (Mbps) (typical speeds of 12 to 40 Mbps)
- Covered 86% of the Canadian population coast-to-coast at December 31, 2014
- Reverts to the High-speed packet access plus (HSPA+) network outside LTE urban coverage area, ensuring continuity of service

HSPA+ network launched in November 2009:

- Provides high-speed mobile access of up to 21 Mbps in most areas (typical speeds of 3.5 to 8 Mbps), and as high as 42 Mbps in areas with dual cell capability when using compatible devices (typical speeds of 7 to 14 Mbps)
- Covered over 98% of the Canadian population coast to coast at December 31, 2014
- Supports international roaming in more than 220 countries

National 3G code division multiple access (CDMA) network, which we began decommissioning in 2014

Largest wireless fidelity (Wi-Fi) network across Canada:

- Over 4,000 public Wi-Fi hotspots at participating McDonald's, Tim Hortons and Chapters/Indigo retail outlets across Canada, in addition to thousands of private Wi-Fi networks managed through our Bell Business Markets unit at enterprise customer locations

Approximately 1,600 Bell-branded stores and The Source locations across Canada

OUR PRODUCTS AND SERVICES

- **Voice and data plans:** available on either postpaid or prepaid options
- **Extensive selection of devices:** including leading 4G LTE smartphones and tablets
- **Data:** e-mail, web browsing, social networking, text messaging, picture and video messaging and call features
- **Mobile TV:** over 35 live and 12 on-demand channels on smartphones and tablets
- **Entertainment:** games, text alerts, ringtones, wallpapers, ringback tones
- **Mobile Internet:** Turbo Stick, Turbo Hub and MiFi
- **Mobile commerce:** secure debit and credit purchases using Bell Mobility smartphones
- **Mobile business services:** push-to-talk, workforce management, worker safety, dispatch, mobile device management
- **Travel:** roaming services with other wireless service providers in more than 220 countries worldwide and Travel Data Passes
- **Machine-to-machine (M2M) applications:** connected car and usage-based insurance vehicle tracking, asset management, remote monitoring and telematics

Bell Wireline

SEGMENT DESCRIPTION

- Provides data (including TV, Internet access and information and communications technology (ICT) solutions), local telephone, long distance and other communications services to residential and business customers primarily in the urban areas of Ontario and Québec. We also offer competitive local exchange carrier (CLEC) services in Alberta and British Columbia
- Includes the results of our wholesale business, which provides data, local telephone, long distance and other services to resellers and other carriers, and the wireline operations of NorthwesTel Inc. (NorthwesTel), which provides telecommunications services in Canada's Northern Territories
- Includes wireline-related product sales from our wholly-owned subsidiary, national consumer electronics retailer The Source

OUR NETWORKS AND REACH

- Extensive local access network primarily in the urban areas of Ontario and Québec, as well as in Canada's Northern Territories
- Broadband fibre network, consisting of fibre-to-the-node (FTTN), fibre-to-the-home (FTTH) and fibre-to-the-building (FTTB), covering 6.5 million locations in Ontario and Québec
- Bell Fibe TV service footprint encompassing 5 million households across Ontario and Québec at December 31, 2014
- Largest Internet protocol (IP) multi-protocol label switching footprint of any Canadian provider, enabling us to offer business customers a virtual private network (VPN) service for IP traffic and to optimize bandwidth for real-time voice and TV
- Access to the largest data centre footprint in Canada with 25 locations in 7 provinces, enabling us to offer data centre co-location and hosted services to business customers across Canada
- Approximately 1,600 Bell-branded stores and The Source locations across Canada

OUR PRODUCTS AND SERVICES

RESIDENTIAL

- **Bell TV:** Fibe TV (our Internet Protocol Television (IPTV) service) and direct-to-home (DTH) Satellite TV, providing extensive content options and innovative features such as Restart, wireless receiver, Whole Home personal video recorder (PVR), on-demand programming, and a remote control application (app)
- **Bell Internet:** High-speed Internet access through fibre optic broadband technology or digital subscriber line (DSL) with a wide range of options, including unlimited usage, a comprehensive suite of security solutions, e-mail, Home Hub all-in-one modem and Wi-Fi router, and mobile Internet. Our fibre optic Internet service, marketed as Bell Fibe Internet, offers speeds up to 50 Mbps with FTTN or 175 Mbps with FTTH.
- **Bell Home Phone:** local telephone service with long distance and advanced calling features
- **Bell Bundles:** three and four product bundles of services with monthly discounts

BUSINESS

- **IP-based services:** IP VPN, business Internet and IP Telephony
- **ICT solutions:** hosting and cloud services, managed solutions, professional services and infrastructure services that support and complement our data connectivity services
- **Voice:** local and long distance and unified communications services, including audio and video conferencing, webcasting and web conferencing, and business terminal equipment

Bell Media

SEGMENT DESCRIPTION

- Canada's premier multimedia company with leading assets in TV, radio, OOH advertising and digital media
- Revenues are derived primarily from advertising and subscriber fees
    - Conventional TV revenue is derived from advertising
    - Specialty TV revenue is generated from subscription fees and advertising

- Pay TV revenue is received from subscription fees
- Radio revenue is generated from advertising aired over our stations
- OOH revenues are generated from advertising



OUR ASSETS AND REACH

TV

- 30 conventional TV stations, including CTV, Canada's leading TV network based on viewership
- 35 specialty TV channels, including TSN, Canada's leading specialty channel and RDS, Canada's leading French-language specialty channel
- Four pay TV services, including The Movie Network and Super Écran

RADIO

- 106 licensed radio stations in 54 markets across Canada

OOH ADVERTISING

- Network of more than 9,500 advertising faces in Québec, Ontario, Alberta and British Columbia

DIGITAL MEDIA

- More than 200 websites, including TheLoop.ca

SPORTS BROADCAST RIGHTS

- Bell Media has secured long-term media rights to many of the key sports properties that are most important to Canadians, including being the official Canadian broadcaster of the Super Bowl, Grey Cup, IIHF World Junior Championship and FIFA Women's World Cup Canada 2015. Bell Media's slate of live sports coverage also includes the Toronto Maple Leafs, Montréal Canadiens, Winnipeg Jets and Ottawa Senators games, NFL, NBA, MLS, FIFA World Cup events through to 2022, Season of Champions Curling, UEFA Euro 2016, MLB, Barclays Premier League, UEFA Champions League, golf's major championships, NASCAR Sprint Cup, Formula 1, Grand Slam Tennis and NCAA March Madness.

OTHER ASSETS

- Equity stake in digital startup Hubub, a new digital platform for exploring and discussing interests
- Investment in Cirque du Soleil Media, a joint venture with Cirque du Soleil to develop media content for TV, film, digital, and gaming platforms
- 50% interest in Dome Productions Partnership, one of North America's leading providers of sports and other event production and broadcast facilities

OUR PRODUCTS AND SERVICES

- Varied and extensive array of TV programming to broadcast distributors across Canada
- **Advertising** on our TV, radio, OOH and digital media properties to both local and national advertisers across a wide range of industry sectors
- **Mobile TV service** with live and on-demand access to content from our conventional TV networks, CTV and CTV Two, BNN, TSN, RDS, Discovery and other brands in news, sports and entertainment. This mobile content is offered on commercial terms to all Canadian

wireless providers

- **CraveTV subscription on-demand TV streaming service** offering the largest collection of premium content in one place, including HBO's programming library, on set-top boxes (STBs), mobile devices and online. CraveTV is offered to all Canadian TV providers
- **TV Everywhere services**, including CTV GO, TMN GO, TSN GO and RDS GO, which provide on-demand content delivered over mobile and Wi-Fi networks to smartphones, tablets and computers

Bell Aliant

SEGMENT DESCRIPTION

- One of the largest regional telecommunications service providers in North America, that was privatized by BCE on October 31, 2014
- Provides a complete range of communications, information and entertainment services, including Internet, data, TV, voice, wireless, home security, and value-added business solutions to residential and business customers in Canada's Atlantic provinces, as well as in rural and regional areas of Ontario and Québec
- Beginning January 1, 2015, the results of operations of Bell Aliant are included within our Bell Wireless and Bell Wireline segments. Consequently, beginning in 2015, our reportable segments are Bell Wireless, Bell Wireline and Bell Media.

OUR BRANDS INCLUDE

Bell Aliant

NorthernTel
A DIVISION OF BELL ALIANT

Bell Aliant FibreOP

DMTS
A DIVISION OF BELL ALIANT

CABLEVISION
A DIVISION OF BELL ALIANT

KMTS

Télébec
A DIVISION OF BELL ALIANT

OUR NETWORKS AND REACH

- Reaching over 5 million Canadians in six provinces (Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Ontario and Québec)
- Extensive local access network in Atlantic Canada, as well as in certain areas of Ontario and Québec not serviced by Bell
- Extensive broadband fibre infrastructure, consisting primarily of an FTTH network covering more than 1 million locations

OUR PRODUCTS AND SERVICES

- Residential service bundles that have a combination of Internet service (FibreOP or DSL), TV (FibreOP TV, Bell Aliant TV, or Bell Satellite TV), home phone, local features, long distance plans and cellular service (over digital wireless networks in certain territories in Québec and Ontario or Bell Mobility)
- In business markets, we provide combined service offerings in the form of business bundles and customized solutions

Other BCE investments

BCE also holds investments in a number of other assets, including:

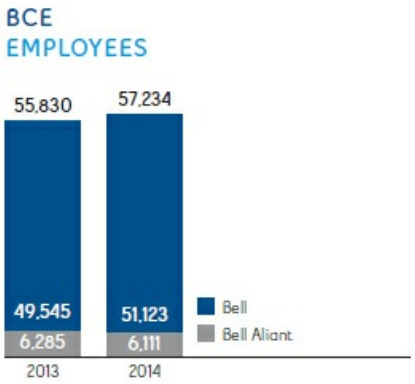
- MLSE: 28% indirect equity interest
- Q9: 35.4% indirect equity interest
- Montréal Canadiens Hockey Club: 18.4% indirect equity interest
- The Globe and Mail: 15% equity interest

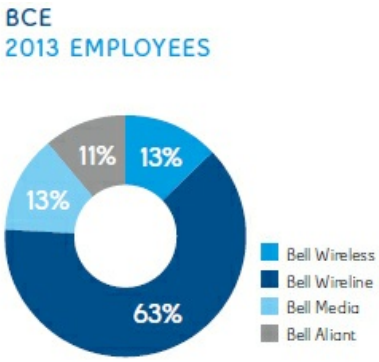


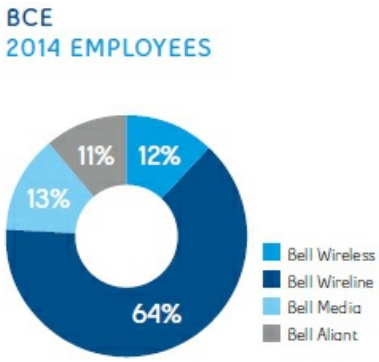
Our people

EMPLOYEES

At the end of 2014, our team included 57,234 employees dedicated to driving shareholder return and improving customer service.







The total number of BCE employees at the end of 2014 increased by 1,404 employees compared to the end of 2013, due primarily to the repatriation of activities from certain suppliers to Bell, as well as an increased workforce in our field services operations to support our ongoing IPTV roll-out and service quality initiatives. This increase was offset partly by a decreased workforce across our Bell Wireless and Bell Aliant segments attributable to normal attrition, retirements and productivity improvements.

Approximately 43% of total BCE employees are represented by labour unions.

BELL CODE OF BUSINESS CONDUCT

The ethical business conduct of our people is core to the integrity with which we operate our business. The Bell Code of Business Conduct sets out specific expectations and accountabilities, providing employees with practical guidelines to conduct business in an ethical manner. Our commitment to the Code of Business Conduct is renewed by employees each year in an ongoing effort to ensure that all employees are aware of and adhere to Bell's standards of conduct.

1.3 Key corporate developments

Bell Aliant Privatization and note exchange

On July 23, 2014, BCE announced its offer to acquire all of the issued and outstanding common shares of Bell Aliant Inc. that it did not already own for a total consideration of approximately $3.95 billion. On the same day, BCE also announced its offer to exchange all of the issued and outstanding preferred shares of Bell Aliant Preferred Equity Inc. (Prefco) for newly issued first preferred shares of BCE, with the same financial terms as the existing Prefco preferred shares (Preferred Share Exchange). The Bell Aliant Privatization was completed on October 31, 2014 and the Preferred Share Exchange was completed on November 1, 2014. The Bell Aliant Privatization is expected to simplify BCE's corporate structure and increase overall operating and capital investment efficiencies, while supporting BCE's broadband investment strategy and dividend growth objective with strong annualized Free Cash Flow accretion. As BCE already consolidated the financial results of Bell Aliant Inc., the Bell Aliant Privatization has been accounted for as an equity transaction.

On November 20, 2014, Bell Canada and Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) completed a transaction to

exchange all Bell Aliant LP medium term and floating rate medium term notes in the aggregate principal amount of $2.3 billion (collectively, the Bell Aliant LP Notes) for Bell Canada debentures guaranteed by BCE and having the same financial terms (including with respect to coupon, maturity and redemption price) as those of the Bell Aliant LP Notes (the Bell Aliant Note Exchange). The note exchange transaction is part of BCE's strategy to simplify its capital structure and enhance administrative efficiencies by concentrating public debt into a single issuer.

As a result of the above-mentioned transactions, each of Bell Aliant Inc., Prefco, Bell Aliant Regional Communications Inc. and Bell Aliant LP ceased to be reporting issuers as of December 18, 2014. Bell Aliant Inc. was dissolved effective December 31, 2014, and Bell Canada now directly owns all of the issued and outstanding shares of Bell Aliant Regional Communications Inc.

Acquisition of mobile phone distributor Glentel

On November 28, 2014, BCE announced the signing of a definitive agreement to acquire all of the issued and outstanding shares of Glentel for a total consideration of $594 million. The total transaction is valued at approximately $670 million, including net debt and non-controlling interest (NCI). The transaction consideration will consist of a combination of 50% in cash, to be funded from available liquidity, and 50% in BCE common shares. Glentel shareholder approval was obtained at a special meeting of shareholders held on January 12, 2015, and court approval was obtained on January 14, 2015. The transaction is expected to close in the spring of 2015, subject to closing conditions, including regulatory approvals. Glentel is a Canadian-based dual-carrier, multi-brand mobile products distributor. The transaction will enhance our strategy to accelerate wireless and improve customer service.

On December 24, 2014, BCE announced that following the closing of the Glentel acquisition, it will divest 50% of its ownership interest in Glentel to Rogers. Rogers will pay BCE approximately $392 million in cash. In addition, Rogers will pay 50% of any additional equity contribution made by BCE after the closing of the Glentel acquisition to repay Glentel outstanding debt. The transaction with Rogers is expected to close shortly after the acquisition of Glentel by BCE, subject to customary closing conditions, including regulatory approvals.

New Chief Financial Officer (CFO) of BCE named

On October 14, 2014, BCE announced that Siim Vanaselja, CFO of BCE and Bell Canada, will retire in the second quarter of 2015. Glen LeBlanc, former CFO of Bell Aliant, will become CFO of BCE and Bell Canada at that time. BCE's succession plan for the CFO role leverages the exceptional executive talent at the BCE group of companies to ensure a smooth transition. Mr. Vanaselja will retire after BCE's 2015 Annual General Meeting of Shareholders, scheduled for April 30, 2015, and before the end of Q2 2015. He will continue to serve on the board of directors of MLSE. Until Mr. Vanaselja's retirement, Mr. LeBlanc is serving as Senior Vice-President, Finance for BCE and Bell Canada.

1.4 Capital markets strategy

We seek to deliver sustainable shareholder returns through consistent dividend growth. That objective is underpinned by continued growth in Free Cash Flow, a healthy level of ongoing capital investment in the business, a strong balance sheet and an investment-grade credit profile.

Dividend growth and payout policy



On February 5, 2015, we announced a 5.3%, or 13 cent, increase in the annualized dividend payable on BCE's common shares for 2015 to $2.60 per share from $2.47 per share in 2014, starting with the quarterly dividend payable on April 15, 2015. This represents BCE's 11th increase to its annual common share dividend, representing a 78% increase, since the fourth quarter of 2008.

The dividend increase for 2015 is consistent with BCE's common share dividend policy of a target payout between 65% and 75% of Free Cash Flow. We intend to grow BCE's common share dividend if we achieve Free Cash Flow growth. BCE's dividend policy and the declaration of dividends are subject to the discretion of BCE's Board.

We have a strong alignment of interest between shareholders and our management's equity-based long-term incentive compensation plan. The vesting of performance share units depends on the realization of our dividend growth policy, while stock options reflect our commitment to increase the share price for our shareholders. Simply put, as we grow our Free Cash Flow and common dividend, we create value for our

shareholders and management alike.



- Stringent share ownership requirements
- Emphasis on pay-at-risk for executive compensation
- Double trigger change in control policy
- Anti-hedging policy on share ownership and incentive compensation
- Clawbacks for the President and chief executive officer (CEO) and all Executive Vice-Presidents as well as all option holders
- Caps on all supplemental executive retirement plans (SERP) and annual bonus payouts, in addition to mid-term and long-term incentive grants
- Vesting criteria fully aligned to shareholders interests

Use of excess cash

Our dividend payout policy allows BCE to retain a high level of excess cash. Consistent with our capital markets objective to deliver sustainable shareholder returns through dividend growth while maintaining appropriate levels of capital investment, investment-grade credit ratings and considerable overall financial flexibility, we deploy excess cash in a balanced manner.

Uses of excess cash include, but are not limited to:

- Voluntary contributions to BCE's defined benefit (DB) pension plans to improve the funded position of the plans and help minimize volatility of future funding requirements
- Financing of strategic acquisitions and investments (including wireless spectrum purchases) that support the growth of our business
- Debt reduction
- Share buybacks through normal course issuer bid (NCIB) programs

In 2014, BCE's excess cash of $851 million was directed towards the purchase of 700 MHz wireless spectrum, to partially finance the Privatization of Bell Aliant and a voluntary contribution to our DB pension plan.

Total shareholder return performance

FIVE-YEAR TOTAL SHAREHOLDER RETURN

+139%

2010-2014

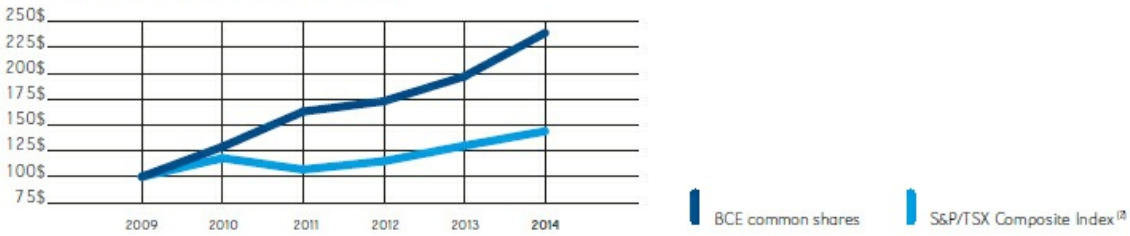
ONE-YEAR TOTAL SHAREHOLDER RETURN

+21.7%

2014

FIVE-YEAR CUMULATIVE TOTAL VALUE OF A $100 INVESTMENT [1]

DECEMBER 31, 2009 – DECEMBER 31, 2014



This graph compares the yearly change in the cumulative annual total shareholder return of BCE common shares to the cumulative annual total return of the S&P/TSX Composite Index, for the five-year period ending December 31, 2014, assuming an initial investment of $100 on December 31, 2009 and quarterly reinvestment of all dividends.

(1) *Based on BCE common share price on the Toronto Stock Exchange and assumes the reinvestment of dividends.*
(2) *With approximately 95% coverage of the Canadian equities market, the S&P/TSX Composite Index is the primary gauge against which to measure total shareholder return for Canadian-based, Toronto Stock Exchange-listed companies.*

Strong capital structure

BCE's capital structure and strong liquidity position provide us with a solid financial foundation and a high level of overall financial flexibility. BCE is well-positioned with an attractive long-term debt maturity profile and manageable near-term requirements to repay debt. We continue to monitor the capital markets for opportunities where we can further reduce our cost of debt and our cost of capital. We proactively manage financial risk in terms of currency exposure of our U.S. dollar-denominated purchases, as well as equity risk exposure under BCE's long-term equity-based incentive plans and interest rate and foreign currency exposure under our various debt instruments. We also seek to maintain investment-grade credit ratings with stable outlooks.

ATTRACTIVE LONG-TERM DEBT MATURITY PROFILE

- Average term of Bell Canada's debt is approximately 9 years (including exchanged Bell Aliant LP debt)
- No debenture maturities until December 2015
- Average after-tax cost of debt of 3.4%

STRONG LIQUIDITY POSITION

- $2.5 billion credit facility with five-year remaining term
- $500 million accounts receivable securitization available capacity
- $566 million cash on hand at the end of 2014

INVESTMENT-GRADE CREDIT PROFILE

- Long-term debt credit rating of A(low) by DBRS Limited (DBRS), Baa1 by Moody's Investors Services Inc. (Moody's) and BBB+ by Standard & Poor's Rating Services (S&P), all with stable outlooks

We successfully accessed the capital markets in September 2014, raising a total of $1.25 billion in gross proceeds from the issuance of Bell Canada medium-term note (MTN) debentures on attractive terms. Approximately $1 billion of the net proceeds from the offering were used to fund payment of the 25% cash consideration associated with the Privatization and the balance for general corporate purposes. On November 20, 2014, we completed a transaction to exchange $2.3 billion of Bell Aliant LP Notes for Bell Canada debentures having the same financial terms as those of Bell Aliant LP Notes. The Bell Aliant Note Exchange was part of Bell's strategy to simplify its capital structure and enhance administrative efficiencies by concentrating all public debt into a single issuer.

At the end of 2014, BCE's average annual pre-tax cost of debenture debt declined to 4.7% (3.4% on an after-tax basis) from 4.8% (3.5% on an after-tax basis) in 2013, with an average term to maturity of 8.9 years.

As a result of financing a number of strategic acquisitions made over the past few years, including Astral, CTV, MLSE and Bell Aliant, voluntary funding contributions to reduce our pension solvency deficit, wireless spectrum purchases, and the incremental Bell Aliant debt that was assumed pursuant to the Bell Aliant Note Exchange, Bell Canada increased its Net Debt(1) leverage ratio target range, concurrent with the announcement of the Privatization on July 23, 2014, from 1.5 to 2.0 times Adjusted EBITDA to 1.75 to 2.25 times Adjusted EBITDA. The new target range remains aligned with our investment-grade credit rating policy and is supported by BCE's improved business risk profile, larger scale and strong Free Cash Flow generation relative to when the previous target range was established in 2009. Neither the change in the Net Debt leverage ratio target range nor the Net Debt leverage ratio resulting from the Privatization affected BCE's or Bell Canada's credit ratings or outlooks. That ratio

is expected to improve over time and return within the Net Debt leverage ratio target range through growth in Free Cash Flow and applying a portion of excess cash to the reduction of BCE's indebtedness.

BCE CREDIT POLICIES	INTERNAL TARGET	DECEMBER 31, 2014
Net Debt to Adjusted EBITDA	1.75–2.25	2.59
Adjusted EBITDA to Net Interest Expense	>7.5	8.38

1.5 Corporate governance and risk management

Corporate governance philosophy

BCE's Board and management believe that strong corporate governance practices contribute to superior results in creating and maintaining shareholder value. That is why we continually seek to strengthen our leadership in corporate governance and ethical business conduct by adopting best practices, and providing full transparency and accountability to our stakeholders.

Key governance strengths and actions in support of our governance philosophy include:

- Separation of the Board Chair and CEO roles
- Director independence standards
- Board committee memberships restricted to independent directors
- Annual director effectiveness and performance assessments
- Ongoing reporting to Board committees regarding ethics programs and the oversight of corporate policies across BCE
- Share ownership guidelines for directors and executives
- Executive compensation programs tied to BCE's ability to grow its common share dividend

In 2013, the BCE Board was recognized by the Canadian Coalition for Good Governance, receiving the organization's Gavel Award for best corporate governance disclosure, which underscores the importance of effective communication between corporations and their shareholders. The Canadian Society of Corporate Secretaries also named BCE the winner of its first-ever award for best overall corporate governance, recognizing our long history of best practices in building and sustaining shareholder and stakeholder value. In addition, BCE received the Best Overall Corporate Governance Award – International at the Corporate Secretary Corporate Governance Awards in New York. These achievements recognize the expertise and guidance provided by the BCE Board, and the hard work and dedication of the BCE team in ensuring rigorous governance over our company's operations.

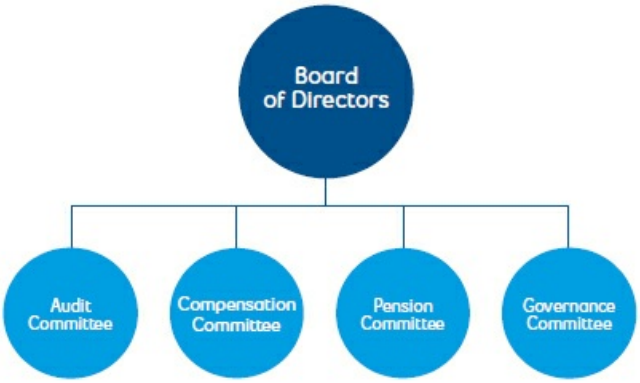
For more information, please refer to BCE's most recent notice of annual general shareholder meeting and management proxy circular filed with the Canadian provincial securities regulatory authorities, available on SEDAR at **sedar.com** and on BCE's website at **BCE.ca**.

(1) *Net Debt is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Net Debt *for more details, including a reconciliation to the most comparable IFRS financial measure.*

Risk governance framework

BOARD OVERSIGHT

BCE's full Board is entrusted with the responsibility for identifying and overseeing the principal risks to which our business is exposed and seeking to ensure there are processes in place to effectively identify, monitor and manage them. These processes seek to mitigate rather than eliminate risk. A risk is the possibility that an event might happen in the future that could have a negative effect on our financial position, financial performance, cash flows, business or reputation. The Board delegates responsibility for the execution of certain elements of the risk oversight program to Board committees in order to ensure that they are treated with appropriate expertise, attention and diligence, reporting to the Board in the ordinary course of business. The Board retains overall responsibility for, as well as direct oversight of, other risks, such as those relating to our regulatory environment, competitive environment, complexity, service and operational effectiveness, strategic network evolution, information technology (IT), strategy development and business integration.



Risk information is reviewed by the Board or the relevant committee throughout the year and business leaders present regular updates on the execution of business strategies, risks and mitigation activities.

The Audit Committee oversees financial reporting and disclosure as well as overseeing that appropriate risk management processes are in place across the organization. As part of its risk management oversight activities, the Audit Committee reviews the organization's risk reports and ensures that responsibility for each principal risk is formally assigned to a specific committee or the full Board, as appropriate. The Audit Committee also regularly considers risks relating to financial reporting, legal proceedings, physical security, performance of critical infrastructure, information security, privacy and records management, business continuity and the environment. The Management Resources and Compensation Committee (Compensation Committee) oversees risks relating to compensation, succession planning and health and safety practices. The Pension Committee has oversight responsibility for risks associated with the pension fund. The Corporate Governance Committee assists the Board in developing and implementing BCE's corporate governance guidelines and determining the composition of the Board and its committees. In addition, the Corporate Governance Committee oversees matters such as the organization's policies concerning business conduct, ethics and public disclosure of material information.

RISK MANAGEMENT CULTURE

Bell has a strong culture of risk ownership which is actively promoted by the Board and the company's President and CEO at all levels within the organization. It has become a part of how the company operates on a day-to-day basis and is woven into the structure and operating principles, guiding the implementation of the organization's strategic imperatives.

The President and CEO, selected by the Board, has set his strategic focus through the execution of six strategic imperatives and focuses risk management around the factors that could impact the achievement of those strategic imperatives. While the constant change in the economic environment and the industry creates challenges, the clarity around strategic objectives, performance expectations, risk management and integrity in execution ensures discipline and balance in all aspects of Bell's business.

RISK MANAGEMENT FRAMEWORK

While the Board is responsible for Bell's risk oversight program, operational business units are central to the proactive identification and management of risk. They are supported by a range of corporate support functions that provide independent expertise to reinforce implementation of risk management approaches in collaboration with the operational business units. The Internal Audit function provides a further element of expertise and assurance, working to provide insight and support to the operational business units and corporate support functions while also providing the Audit Committee with an independent perspective on the state of risk and control within the organization. Collectively, these elements can be thought of as a "Three Lines of Defence" approach to risk management, which is aligned with industry best practices and endorsed by the Institute of Internal Auditors.



FIRST LINE OF DEFENCE – OPERATIONAL MANAGEMENT

The first line refers to management within Bell's operational business segments (Bell Wireless, Bell Wireline and Bell Media) who are expected to understand their operations in great detail and the financial results which underpin them. There are regular reviews of operating performance involving the organization's executive and senior management. The discipline and precision associated with this process, coupled with the alignment and focus around performance goals, creates a high degree of accountability and transparency, in support of Bell's risk management practices.

As risks emerge in the business environment, they are discussed in a number of regular forums to share details and explore their relevance across the organization. Executive and senior management is integral to these activities in driving the identification of risks, assessment, mitigation and reporting at all levels. Formal risk reporting occurs through strategic planning sessions, management presentations to the Board and formal enterprise risk reporting which is shared with the Board and the Audit Committee during the year.

Management is also responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis. Each operational business unit develops its own operating controls and procedures that fit the needs of its unique environment.

SECOND LINE OF DEFENCE – CORPORATE SUPPORT FUNCTIONS

Bell is a large enterprise with approximately 51,000 employees, multiple business units and a diverse portfolio of risks which can change as a result of internal and external factors. In a large organization, it is common to manage certain functions centrally for efficiency, scale and consistency. While the first line of defence is often central to identification and management of business risks, in many instances operational management works both collaboratively with, and also relies on, the corporate functions which make up the second line of defence for support in these areas. These corporate functions include Finance, Corporate Security and Corporate Risk Management, as well as others such as Legal and Regulatory, Corporate Responsibility, Real Estate and Procurement.

Finance function: Bell's Finance function plays a pivotal role in seeking to identify, assess and manage risks through a number of different activities which include financial performance management, external reporting, capital management and oversight and execution practices related to the United States *Sarbanes-Oxley Act of 2002*.

Corporate Security function: This function is responsible for all aspects of security, which requires a deep understanding of the business, the risk environment and the external stakeholder environment. Based on this understanding, Corporate Security sets the standards of performance required across the organization through security policy definitions and monitors the organization's performance against these policies. In high and emerging risk areas such as cybersecurity, Corporate Security leverages its experience and competence and, through collaboration with the operational business units, develops strategies intended to mitigate the organization's risks.

Corporate Risk Management function: This function works across the company to gather information and report on the organization's assessment of its principal risks and the related exposures. Annually, senior management participates in a risk survey which provides an important reference point in the overall risk assessment process.

The second line of defence is critical in building and operating the oversight mechanisms which bring focus to relevant areas of risk and reinforce the bridges between the first and second lines of defence, thereby seeking to ensure that there is a clear understanding of emerging risks, their relevance to the organization and the proposed mitigation plans. To further coordinate efforts between the first and second lines of defence, Bell has established a Security, Environmental and Health & Safety Committee (SEHS). A significant number of Bell's most senior leaders are members of this committee, whose purpose is to oversee Bell's strategic security, environmental, health and safety risks and opportunities. This cross-functional committee seeks to ensure that relevant risks are adequately recognized and mitigation activities are well-integrated and aligned across the organization and are supported with sufficient resources.

THIRD LINE OF DEFENCE – INTERNAL AUDIT FUNCTION

Internal Audit is a part of the overall management information and control system and has the responsibility to act as an independent appraisal function. Its purpose is to provide the Audit Committee and management with objective evaluations of the company's risk and control environment, to support management in delivering against Bell's strategic imperatives and to maintain an audit presence throughout Bell and its subsidiaries.

2 STRATEGIC IMPERATIVES

Our success is built on the Bell team's dedicated execution of the six Strategic Imperatives that support our goal to be recognized by customers as Canada's leading communications company.

2.1 Accelerate wireless



Our objective is to grow our Bell Wireless business profitably by focusing on postpaid subscriber acquisition and retention, maximizing average revenue per user (ARPU) by targeting high-value smartphone subscribers in all geographic markets we operate in, leveraging our wireless networks, maintaining device and mobile content leadership to drive greater wireless data penetration and usage, as well as by increasing our share of in-bound global roaming traffic.

2014 PROGRESS

- Acquired 35% and 46% of total new postpaid gross and net activations, respectively, among the three major wireless carriers, while achieving leading ARPU and Adjusted EBITDA growth of 4.9% and 9.6%, respectively, as well as service margin expansion of 1.3 percentage points over 2013
- Expanded the number of smartphone users at the end of 2014 to 76% of our total postpaid subscribers, up from 73% at the end of 2013
- Expanded our leading smartphone lineup with over 40 new devices, including the Apple iPhone 6 and iPhone 6 Plus, Samsung Galaxy S5, Samsung Galaxy Note 4, Google Nexus 6, HTC One M8, LG G3, Sony Xperia Z3 and BlackBerry Classic, adding to our extensive selection of 4G LTE-capable devices. In addition, the Apple iPad Air 2 and iPad mini 3 are also available directly from Bell.
- Announced an agreement to acquire Glentel, a Canadian-based dual-carrier, multi-brand mobile products distributor, of which we expect to retain a 50% ownership interest, to maintain Bell's competitive position by securing long-term access to Glentel's effective wireless retail distribution network
- Launched a secure mobile payment solution, RBC Wallet, with Royal Bank of Canada (RBC) in January 2014, which allows customers to use their compatible Bell Mobility smartphones to make secure debit and credit purchases at retail locations that accept contactless payments. During the year, we announced three additional partnerships with, TD Canada Trust, Canadian Imperial Bank of Commerce (CIBC) and Desjardins Group, to launch similar secure mobile payment solutions. With these partnerships, Bell provides consumers with access to the most choices for mobile payment services in Canada.
- Continued to reduce the cost of mobile roaming in the countries Canadians travel to the most, with reductions in voice and data roaming prices for Cuba, Japan and South Korea. This follows previously announced significant roaming rate decreases for the United States (U.S.), most European nations, China, Mexico, Turkey, Australia and New Zealand, Bermuda, and most other Caribbean islands.
- Introduced Easy Purchase Plan, an instalment program for tablet purchases for existing Bell Mobility customers, allowing them to spread a portion of the cost of a new tablet over two years when paired with a tablet plan

2015 FOCUS

- Profitably grow wireless postpaid subscriber base while maintaining market share momentum of incumbent postpaid subscriber activations
- Further narrow the ARPU gap versus incumbent competitors
- Manage the financial and churn impacts from unusual market activity that could arise from the significantly increased number of customers with two- or three-year service contracts who will be eligible to renew their plans or change carriers over the next two years as a result of the mandatory code of conduct for providers of retail mobile wireless voice and data services in Canada (Wireless Code) implemented in 2013, to the extent that the Canadian Radio-television and Telecommunications Commission's (CRTC) June 3, 2015 Wireless Code application date is found to be valid
- Offer the latest handsets and devices in a timely manner to enable customers to benefit from ongoing technological improvements by manufacturers and from faster data speeds to optimize the use of our services
- Accelerate new revenue streams by driving the commercialization of next generation mobile commerce and M2M services and applications

2.2 Leverage wireline momentum



We focus on leveraging our fibre-based TV and Internet services to develop attractive residential offers that drive higher multi-product bundle sales and improve customer satisfaction and retention. These new services contribute to the ongoing shift of our operating mix away from legacy wireline voice services.

In our business markets, we remain focused on expanding our broadband network and strengthening our delivery of integrated solutions to Canadian businesses, while continuing to manage the transformation of our business from legacy network services to a fully-integrated data hosting, cloud computing and managed services provider.

2014 PROGRESS

- Increased our total number of Bell Fibe TV subscribers by 46.1% to 700,533
- Increased the number of three-product households – those that buy TV, Internet and Home Phone – by 15% over 2013, fuelled by our Fibe TV service, which drove higher pull-through attach rates for Home Phone and Internet services, with 77% of all Bell Fibe TV customers taking three products
- Launched the Home Hub Internet modem and Wi-Fi router, featuring the latest 802.11 AC wireless standard that delivers Wi-Fi speeds up to three times faster than most residential Wi-Fi routers and offers a range of integrated tools for customers to manage access and usage by multiple users and devices in the home
- Made several enhancements to Fibe TV service, including Full high-definition (HD) movies and the ability to add programming right from a user's remote. We also added more live and on-demand programming, including more than 5,000 episodes of children's shows with Kids Suite, more HD games with Major League Baseball Extra Innings and a new premium channel beIN Sports
- Launched Business Bundles, which include services such as unlimited Fibe Internet, phone lines with calling features and online security, with guaranteed pricing for 36 months
- Launched an exclusive and unique optical network terminal (ONT) for business service, supporting up to four voice lines and 4 gigabit Ethernet interfaces that offer full 1 gigabit per second (Gbps) throughput, making it an ideal solution for business customers

2015 FOCUS

- Continue to enhance our Fibe TV service
  - In February 2015, we introduced an innovative Fibe TV feature called Restart, enabling customers to rewind and watch TV shows already in progress from the beginning. In addition, we further enhanced the Fibe TV on-screen menu and channel guide with fast access to the main menu from anywhere in the Fibe TV experience, a larger channel preview window, a Last Peek feature that shows picture-in-picture for the last 5 channels tuned, and an improved universal search.
- Expand our total base and market share of TV and Internet subscribers profitably
- Continue to reduce total wireline residential net losses
- Increase residential household ARPU through greater three-product household penetration
- Increase share of wallet of large enterprise customers through greater focus on business service solutions and connectivity growth
- Expand and improve sales distribution and coverage in our mid-sized business segment
- Increase the number of net new customer relationships in both large and mid-sized business and reduce small business customer losses
- Complete the integration of Bell Aliant to generate operating cost and capital investment synergies

2.3 Expand media leadership



We continue to deliver leading sports, news, entertainment and business content across multiple broadband platforms – TV, Internet, smartphones and tablets. Our objectives are to grow audiences, introduce new services and create new revenue streams for our media assets. We also plan to create more of our own content, ensuring that Canadian attitudes, opinions, values and artistic creativity are reflected in our programming and in our coverage of events in Canada and around the world.

2014 PROGRESS

- Maintained CTV's #1 ranking as the most-watched network in Canada for the 13th year in a row, and continued to lead with a majority of the Top 20 programs nationally in all key demographics
- Expanded TSN, Canada's sports leader and the leading specialty TV network in the country, from two to five national feeds, fully leveraging Bell Media's unparalleled portfolio of premium sports programming
- In December 2014, Bell Media concluded a multi-year broadcast rights agreement with UEFA, making TSN and RDS the primary Canadian broadcasters of the crown jewels of club soccer – the UEFA Champions League and UEFA Europa League – beginning in 2015

- Concluded a comprehensive media rights agreement with the United States Golf Association for exclusive Canadian coverage of the U.S. Open on TSN and RDS through to 2022
- Concluded an agreement with CBC/Radio-Canada to be the official sports specialty broadcaster for the PyeongChang 2018 Winter Olympic Games and the Tokyo 2020 Summer Olympic Games

- Launched CraveTV subscription video on-demand (SVOD) TV streaming service, offering the largest collection of premium content in one place with more than 10,000 hours of TV programming and approximately 350 unique titles of popular series and movies within the first year on STBs, mobile devices and online
- Acquired the exclusive Canadian multi-platform rights, including SVOD, to HBO's off-air catalogue of TV programming, complementing a multi-year, multi-platform agreement that will see HBO Canada exclusively deliver the entire past-season library of every HBO scripted series currently on air
- Expanded TV Everywhere offerings with the launch of TSN GO, enabling subscribers to access more than 6,000 hours of live sports and on-demand coverage of the most popular and diverse lineup of sports programming in Canada on their smartphones, tablets and computers at no additional charge. We also launched Super Écran GO, providing instant and unlimited access to Super Écran programming. Bell Media now offers 12 mobile GO products, including TMN GO, CTV GO, RDS GO and Bravo GO
- Invested in Canadian digital startup Hubub, a new digital platform for exploring and discussing interests, and obtained the exclusive rights to monetize Hubub in Canada

2015 FOCUS

- Maintain strong audience levels and ratings across all TV and radio properties
- Reinforce industry leadership in conventional TV, pay TV, sports media and radio
- Grow viewership and scale of new CraveTV on-demand TV streaming service
- Develop in-house production and content creation for distribution and use across all platforms and screens
- Expand live and on-demand content through TV Everywhere services
- Grow French media properties
- Leverage cross-platform and integrated sales and sponsorship
- In support of the above focus areas, in January 2015, Bell Media concluded a long-term content licensing and trademark agreement to bring the Showtime brand to Canada for the first time with hundreds of hours of past, present and future Showtime-owned programming being made available across all platforms in English and French, including CraveTV and TMN

2.4 Invest in broadband networks and services



We invest in wireline and wireless broadband platforms to deliver the most advanced wireless, TV, Internet and other IP-based services available, to support continued subscriber and data growth across all our residential product lines as well as the needs of our business market customers.

2014 PROGRESS

- Expanded our next-generation 4G LTE wireless network to reach 86% of the Canadian population coast to coast
- Increased mobile 4G LTE network speeds by up to 45% across our entire service footprint, giving Bell Mobility and Virgin Mobile customers faster mobile access to the Internet and data services
- Acquired 31 licences for 480 million MHz-POP of nationwide 700 MHz spectrum for $566 million following Industry Canada's federal wireless spectrum auction, bringing Bell's total spectrum holdings to more than 4,200 million MHz-POP nationally
- Launched Canada's first 700 MHz spectrum LTE network in Hamilton, Ontario in early April
- Launched 4G LTE mobile service in 52 communities in Atlantic Canada and in seven communities in the Northwest Territories
- Extended our Fibe TV service coverage to reach more than 5 million households across Ontario and Québec, up from approximately 4.3 million at the end of 2013. Including Bell Aliant's FibreOP service area, BCE's total IPTV footprint now covers 6 million homes, up from 5.1 million at the end of 2013, including 2.1 million passed with FTTH.
- Began the deployment of an FTTH network that will bring advanced Bell Fibe TV and Internet services to Kingston, Ontario. Kingston is the second municipality, after Québec City, in Bell's incumbent Ontario and Québec wireline footprint, where we are deploying FTTH city-wide, bringing high-speed fibre technology directly into homes and businesses.

2015 FOCUS

- Continue broadband fibre deployment and IPTV service coverage expansion with increasing focus on growing FTTH footprint
- Complete 4G LTE wireless network build and manage wireless network capacity

2.5 Achieve a competitive cost structure

Cost containment is a core element of our financial performance. It remains a key factor in our objective to preserve steady margins as we continue to experience revenue declines in our legacy wireline voice and data services and further shift our product mix towards growth services. We aim to accomplish this through operating our business in the most cost-effective way possible to extract maximum operational efficiency and productivity gains.

2014 PROGRESS

- Maintained relatively stable Bell Wireline and consolidated Adjusted EBITDA margins[(1)] compared to 2013
- Reduced Bell Mobility call centre costs per customer by 30% since 2010 through investment in enhanced call centre systems and online self-serve options for customers
- Realized fully the cost synergies from the integration of Astral into Bell Media
- Continued to tightly manage travel and discretionary spending
- Raised $1.25 billion in gross proceeds from public debt offerings that lowered Bell Canada's average after-tax rate of borrowing to 3.4%
- Completed the Privatization of Bell Aliant and began its integration into Bell's operations, simplifying BCE's corporate structure and increasing overall operating and capital investment efficiencies, including wholesale cost savings, as we move Atlantic branches of major business customers onto the national Bell network

2015 FOCUS

- Realize operating cost and capital expenditure synergies from the integration of Bell Aliant into our Bell Wireline and Bell Wireless segments
- Deliver cost savings from cost of revenue initiatives, reductions in sales, general and administrative expenses, and labour efficiencies across Bell to support maintenance of a stable consolidated Adjusted EBITDA margin

2.6 Improve customer service



Our objective is to enhance customers' overall experience with Bell by delivering call centre efficiency, meeting commitments for the installation and timely repair of services, increasing network quality, and implementing process improvements to simplify customer transactions and interactions with our front-line employees and self-serve tools. All of these will help differentiate us from our competitors and gain long-term customer loyalty. We intend to achieve this by making the investments we need to improve our front-line service capabilities, our networks, our products and our distribution channels to win and keep customers.

2014 PROGRESS

- Launched two new eBill features, the Personalized Bill Explainer and Mobility Bill Interactive Tour, to enhance the customer experience by proactively addressing the most common billing questions:
  - Personalized Bill Explainer generates custom messaging on every eBill to explain various bill components that are unique to each customer
  - Mobility Bill Interactive Tour provides an interactive tour to help customers better understand their bill the first time they log into their account
- Reduced customer calls to our service centres by 34% since 2011 through growing use of self-serve and improved first-call resolution

- Reduced Fibe TV installation time by 10% in 2014 and 27% since the beginning of 2012
- Introduced two-hour appointment windows for Fibe TV installations
- Introduced flexible evening and weekend repair and installation appointments for small business customers and reduced the time between ordering and installation from four days to two days
- Introduced Bell Tech Expert premium tech support, offering Bell Internet customers setup, troubleshooting, training and optimization services for any connected device
- Launched Device Hub, a pilot program that integrates the in-store process with other Bell systems for a more seamless repair service
- Launched the Bell Business Concierge program, offering small businesses front of the line access to dedicated advisors, customer service representatives and technical support who can deliver faster, more tailored service
- Launched a Business Self-Serve portal to provide small business customers with a secure, no-cost and easy way to manage their account information, including the ability to view and pay bills anytime from anywhere they have an Internet connection, set up pre-authorized payments, download, save or print bills, access account information and get customer service support from an online agent

2015 FOCUS

- Invest over $100 million in customer service initiatives, simplifying complexity for all customers including billing
  - In January 2015, began to introduce personalized videos for new Mobility customers that explain what to expect on the first bill, how to check usage and update phone features, and how to manage accounts through **MyBell.ca** and the MyBell mobile app
- Reduce total volume of wireline and wireless customer calls to our residential and wireless services call centres
- Further improve customer satisfaction scores
- Achieve better consistency in customer experience
- Improve customer personalization

(1) *Adjusted EBITDA margin is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Adjusted EBITDA and Adjusted EBITDA margin *for more details.*

3 PERFORMANCE TARGETS, OUTLOOK, ASSUMPTIONS AND RISKS

This section provides information pertaining to our performance against 2014 targets, our consolidated business outlook and operating assumptions for 2015 and our principal business risks.

3.1 2014 performance vs. guidance targets

	FINANCIAL GUIDANCE	2014 TARGET	2014 PERFORMANCE AND RESULTS		ACHIEVED
BELL	Revenue growth	2%–4%	**3.5%**	Increase reflected revenue growth of 6.7% at Bell Wireless and 14.9% at Bell Media, driven by the acquisition of Astral, moderated by a 0.6% decrease at Bell Wireline.	✓
	Adjusted EBITDA growth	3%–5%	**3.7%**	Driven by the increased contribution of Bell growth services (wireless, TV, Internet/ other wireline broadband and media), which delivered a 5.5% year-over-year increase in revenues, outpacing the decline in traditional wireline voice services. This, together with tight operating cost control, drove a 10 basis point improvement in Adjusted EBITDA margin to 37.7%.	✓
	Capital intensity	16%–17%	**16.8%**	Bell invested $3,142 million in new capital in 2014, an increase of 4.7% over 2013, corresponding to a capital intensity ratio of 16.8%. These investments supported the continued deployment of broadband fibre to homes and businesses to expand our Fibe TV service footprint and enable faster Internet speeds; the continuing roll-out of 4G LTE mobile service in markets across Canada; higher spending on network capacity to support increasing Internet bandwidth usage and mobile data consumption; and enhancements to our customer service delivery systems.	✓

BCE	Adjusted Net Earnings Per Share (Adjusted EPS)[1]	$3.10–$3.20	**$3.18**	Increase in Adjusted net earnings reflected higher Adjusted EBITDA, driven by strong Bell Wireless and Bell Media Adjusted EBITDA growth of 9.6% and 7.5%, respectively, lower net pension financing cost and mark-to-market gains realized on equity derivatives used as economic hedges of share-based compensation and U.S. dollar purchases. This was partly offset by a 0.7% decrease in Bell Wireline Adjusted EBITDA, which represented a significant improvement in the pace of decline compared to 2013, and a net impairment charge, mainly in conventional TV, resulting from ongoing softness in the overall Canadian TV advertising market and higher content costs.	✓
	Free Cash Flow growth	3%–7%	**6.7%**	Higher Free Cash Flow of $2,744 million in 2014 was driven by healthy Adjusted EBITDA growth partly offset by increased capital expenditures. With the Privatization of Bell Aliant on October 31, 2014, BCE's Free Cash Flow in 2014 included two months of contribution from Bell Aliant, rather than cash dividends received from Bell Aliant.	✓

3.2 Business outlook and assumptions

Outlook

BCE's 2015 outlook builds on the positive wireless and wireline momentum we delivered in 2014 and reflects continued progress in the execution of our six Strategic Imperatives to drive healthy projected revenues, Adjusted EBITDA, earnings and Free Cash Flow growth from operations, which is expected to support substantial capital investment programs in strategic network infrastructure and a higher BCE common share dividend for 2015.

The key 2015 operational priorities for Bell are to:

- Maintain market share momentum of incumbent postpaid subscriber activations, while managing the financial and churn impacts from unusual market activity that could result from the significantly increased number of customers with two- or three-year service contracts who will be eligible to renew their plans and change carriers over the next two years as a result of the Wireless Code, to the extent that the CRTC's June 3, 2015 Wireless Code application date is found to be valid
- Drive above industry-average wireless blended ARPU and Adjusted EBITDA growth
- Complete 4G LTE wireless network build and manage wireless network capacity
- Continue broadband fibre deployment with increasing focus on expanding FTTH footprint
- Increase total net residential subscriber activations and drive greater three-product household penetration through targeted bundle offers led by Fibe TV
- Deliver positive full-year wireline revenue and Adjusted EBITDA growth

(1) *Adjusted net earnings and Adjusted EPS are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) - Adjusted net earnings and Adjusted EPS *in this MD&A for more details, including reconciliation to the most comparable IFRS financial measures.*

- Slow the pace of revenue and Adjusted EBITDA decline in our Bell Business Markets unit
- Increase the scale of Bell Media's new CraveTV on-demand TV streaming service
- Control rising TV and multi-platform media content costs
- Realize operating cost and capital expenditure synergies from the integration of Bell Aliant into our Bell Wireline and Bell Wireless operating segments
- Continue to drive customer service improvement while executing on cost reductions across the Bell organization to support healthy Adjusted EBITDA margins across all our businesses

Our planned financial performance for 2015 enabled the company to increase the annualized BCE common dividend by 13 cents, or 5.3%, to $2.60 per share, maintaining our payout ratio comfortably within our target policy range of 65% to 75% of Free Cash Flow.

Assumptions

ASSUMPTIONS ABOUT THE CANADIAN ECONOMY

- Slower economic growth, given the Bank of Canada's most recent estimate for Canadian gross domestic product growth of approximately 2.1% in 2015, compared to estimated growth of 2.3% in 2014
- Weaker employment growth compared to 2014, as the overall level of business investment is expected to remain soft
- Interest rates to remain largely unchanged in 2015 or slightly decrease year-over-year

MARKET ASSUMPTIONS

- A sustained level of wireline and wireless competition in both consumer and business markets
- Higher, but slowing, wireless industry penetration and smartphone adoption
- A relatively stable media advertising market and escalating costs to secure TV programming
- Industry pricing discipline maintained on a higher expected number of subscriber renewals resulting from the expiry of 2 or 3 year service contracts due to the Wireless Code implemented in 2013

3.3 Principal business risks

Provided below is a summary description of certain of our principal business risks that could have a material adverse effect on all of our segments. Certain additional business segment-specific risks are reported in section 5, *Business segment analysis*. For a detailed description of the risks relating to our regulatory environment and a description of the other principal risks that could have a material adverse effect on our business, refer to section 8, *Regulatory environment*, and section 9, *Business risks*, respectively.

Regulatory environment

Although most of BCE's wireline and wireless services are forborne from price regulation under the *Telecommunications Act*, the Government of Canada and its relevant departments and agencies, including the CRTC, Industry Canada, Canadian Heritage and the Competition Bureau, continue to play a significant role in telecommunications and broadcasting policy and regulation, such as spectrum auctions, approval of acquisitions, foreign ownership and broadcasting, and this may adversely affect our competitive position. The federal government may take positions against the telecommunications and media industries in general, or specifically against Bell Canada or certain of its subsidiaries. More precisely, the following are examples of regulatory matters that could have negative financial, operational, competitive and reputational consequences for our business:

- Increasing regulatory and government intervention
- Adverse changes in the Canadian regulatory framework, such as the introduction of new regulatory standards, the increasing regulation of our wireless business, or other regulatory decisions contrary to our business interests more generally

Competitive environment

We face intense competition across all business segments and key product lines that could adversely affect our market shares, service volumes and pricing strategies and, consequently, our financial results. The rapid development of new technologies, services and products has altered the traditional lines between telecommunications, Internet and broadcasting services and brought new global competitors to our markets, which are redefining customer expectations. Technology substitution and IP networks, in particular, continue to reduce barriers to entry in our industry. This has allowed competitors to launch new products and services and gain market share with far less investment in financial, marketing, personnel and technological and network resources than has historically been required. In particular, some competitors sell their services through the use of our networks, without the need to invest to build their own networks. Such lower necessary investment has enabled some competitors to be very disruptive in their pricing. We expect these trends to continue in the future, which could adversely affect our growth and our financial performance.

The nature and degree of competition in all of our markets are constantly evolving with changing market and economic conditions as well as expansion into new business areas, such as media, that can be more cyclical. Competition can intensify as markets mature, market structure changes through vertical integration, the state of the economy impacts advertising and new competitors bring aggressive promotional offers and adjusted strategic brand positioning. BCE's

telecommunications and media network assets are challenged by changes such as the proliferation of cheaper IP-based communication, over-the-top (OTT) delivery mechanisms, cloud services and PVR technologies, and the influence of global brands. Such a competitive environment could negatively impact our business including, without limitation, in the following ways:

- Wireline pricing pressures, product substitutions and spending rationalization by business customers could result in an acceleration of NAS

line erosion beyond our current expectations
- As wireless penetration in Canada reaches higher levels, acquiring new customers could become more difficult
- Competitors' aggressive market offers could result in pricing pressures, and increased costs of acquisition and retention
- A fundamental separation of content and connectivity is emerging, allowing the expansion and market penetration of low-cost OTT TV providers and other alternative service providers, which is changing our TV and media ecosystems and could affect our business negatively
- Programming costs continue to rise for TV providers

For a discussion of our competitive environment and competition risk, as well as a list of our main competitors, on a segmented basis, refer to *Competitive landscape and industry trends* and *Principal business risks* in section 5, *Business segment analysis*.

Economic and financial market conditions

Our businesses are affected by general economic and financial market conditions, consumer confidence and spending, and the demand for and prices of our products and services. Adverse economic conditions, such as economic downturns or recessions, adverse conditions in the financial markets, or a declining level of retail and commercial activity, could have a negative impact on the demand for our wireline, wireless and media products and services.

More specifically, adverse economic and financial market conditions could result in:

- Customers delaying or reducing purchases of our products and services or discontinuing using them
- A decrease in advertising revenues for our media businesses
- A decline in the creditworthiness of our customers, which could increase our bad debt expense

Information security (cyber and other threats)

Our operations, service performance and reputation depend on how well we protect our networks, systems, applications, data centres and electronic and physical records, and the business and personal information stored therein, against cyber attacks, unauthorized access or entry, damage from fire, natural disaster and other events referred to in section 9, *Business risks – Performance of critical infrastructure* . The protection and the effective organization of our systems, applications and information repositories are central to the secure operation of our networks and business as electronic and physical records of proprietary business and personal data, such as confidential customer and employee information, are all sensitive from a market and privacy perspective. In particular, cyber threats, which include cyber attacks such as, but not limited to, hacking, computer viruses, denial of service attacks, industrial espionage, unauthorized access to confidential, proprietary or sensitive information or other breaches of network or IT security, are constantly evolving and IT defences need to be constantly monitored and adapted. Vulnerabilities could harm our brand and reputation as well as our customer relationships and may lead to:

- Network operating failures and service disruptions, which could directly impact our customers' ability to maintain normal business operations and deliver critical services
- The theft, loss or leakage of confidential information, including customer or employee information, that could result in financial loss, exposure to claims of damages by customers and employees, and difficulty in accessing materials to defend legal cases
- The potential for loss of subscribers or impairment of our ability to attract new ones

Complexity and service and operational effectiveness

Business performance can be difficult in a complex multi-product environment with multiple technology platforms, billing systems, marketing databases and a myriad of rate plans, promotions and product offerings. In addition, our product offerings and related pricing plans may be too complex for customers to fully evaluate, while other service providers may benefit from simpler distribution models. Providing service that is consistently recognized by customers as superior is a differentiator. As the foundation of effective customer service stems from our ability to deliver simple solutions to customers in an expeditious manner, complexity in our operations may limit BCE's ability to respond quickly to market changes and reduce costs. Complexity in our operations may also lead to customer confusion or billing errors which could adversely affect customer satisfaction, acquisition and retention.

Complexity and service and operational effectiveness challenges that could adversely affect BCE's business, including our ability to efficiently manage networks, deliver services and control costs, include:

- The integration of multiple technology platforms to support our multi-product strategy
- The development of new technological platforms and associated processes to support new business models and delivery mechanisms
- The increasing number of smartphone users and our growing Bell Fibe TV customer base, which could require more support from our customer contact centres than currently anticipated
- The ability to leverage our electronic ecosystem to make customer interaction simpler and more efficient

4 CONSOLIDATED FINANCIAL ANALYSIS

This section provides detailed information and analysis about BCE's performance in 2014 compared with 2013. It focuses on BCE's consolidated operating results and provides financial information for each of our businesses. For further discussion and analysis of our Bell Wireless, Bell Wireline, Bell Media and Bell Aliant business segments, refer to section 5, *Business segment analysis*.

4.1 Introduction

BCE consolidated income statements

	2014	2013	$ CHANGE	% CHANGE
Operating revenues	**21,042**	20,400	642	3.1%
Bell	***18,734***	*18,109*	*625*	*3.5%*
Bell Aliant	***2,757***	*2,759*	*(2)*	*(0.1%)*
Inter-segment eliminations	***(449)***	*(468)*	*19*	*4.1%*
Operating costs	**(12,739)**	(12,311)	(428)	(3.5%)
Adjusted EBITDA	**8,303**	8,089	214	2.6%
Bell	***7,066***	*6,817*	*249*	*3.7%*
Bell Aliant	***1,237***	*1,272*	*(35)*	*(2.8%)*
Adjusted EBITDA margin	**39.5%**	39.7%		(0.2%)
Bell	***37.7%***	*37.6%*		*0.1%*
Bell Aliant	***44.9%***	*46.1%*		*(1.2%)*
Severance, acquisition and other costs	**(216)**	(406)	190	46.8%
Depreciation	**(2,880)**	(2,734)	(146)	(5.3%)
Amortization	**(572)**	(646)	74	11.5%
Finance costs				
Interest expense	**(929)**	(931)	2	0.2%
Interest on post-employment benefit obligations	**(101)**	(150)	49	32.7%
Other income (expense)	**42**	(6)	48	n.m.
Income taxes	**(929)**	(828)	(101)	(12.2%)
Net earnings	**2,718**	2,388	330	13.8%
Net earnings attributable to:				
Common shareholders	**2,363**	1,975	388	19.6%
Preferred shareholders	**137**	131	6	4.6%
Non-controlling interest	**218**	282	(64)	(22.7%)
Net earnings	**2,718**	2,388	330	13.8%
Adjusted net earnings attributable to common shareholders	**2,524**	2,317	207	8.9%
Net earnings per common share (EPS)	**2.98**	2.55	0.43	16.9%
Adjusted EPS	**3.18**	2.99	0.19	6.4%

n.m.: not meaningful

BCE had a successful 2014, delivering revenue and Adjusted EBITDA growth of 3.1% and 2.6%, respectively, with a relatively stable year-over-year Adjusted EBITDA margin of 39.5% in 2014 compared to 39.7% in 2013, higher Adjusted net earnings growth of 8.9%, and a Free Cash Flow increase of 6.7%. This performance was driven by continued strong Bell Wireless results together with an improved Bell Wireline financial profile and a favourable contribution from Bell Media, which benefitted from the acquisition of Astral on July 5, 2013.

Net earnings in 2014 increased 13.8% compared to 2013, reflecting Adjusted EBITDA growth, a decrease in severance, acquisition and other costs and net mark-to-market gains realized on derivatives used as economic hedges of share-based compensation and U.S. dollar purchases, partly offset by higher net depreciation and amortization expense and a net impairment charge, mainly in conventional TV, resulting from ongoing softness in the overall Canadian TV advertising market and higher content costs.

Our earnings and Free Cash Flow supported increased capital investment in our strategic priorities, particularly our broadband wireless and wireline networks and services, which helped to drive higher wireless, TV and Internet subscribers, while supporting the return of value to BCE shareholders through higher dividends.

4.2 Customer connections

TOTAL BCE CONNECTIONS

	2014	2013	% CHANGE
Wireless subscribers	**8,118,628**	7,925,032	2.4%
Postpaid	***7,110,047***	*6,798,093*	*4.6%*
High-speed Internet subscribers	**3,297,026**	3,136,636	5.1%
TV (satellite and IPTV subscribers)	**2,642,608**	2,489,248	6.2%
IPTV	***933,547***	*657,513*	*42.0%*
Total growth services	**14,058,262**	13,550,916	3.7%
Wireline NAS lines	**7,130,852**	7,595,569	(6.1%)
Total services	**21,189,114**	21,146,485	0.2%

BCE NET ACTIVATIONS

	2014	2013	% CHANGE
Wireless subscribers	**193,596**	220,608	(12.2%)
Postpaid	***311,954***	*381,740*	*(18.3%)*
High-speed Internet subscribers	**160,390**	91,401	75.5%
TV (Satellite and IPTV subscribers)	**153,360**	177,183	(13.4%)
IPTV	***276,034***	*286,195*	*(3.6%)*
Total growth services	**507,346**	489,192	3.7%
Wireline NAS lines	**(464,717)**	(540,740)	14.1%
Total services	**42,629**	(51,548)	n.m.

n.m.: not meaningful

BCE added 507,346 net new customer connections to its growth services in 2014, up 3.7% year over year. This was comprised of:

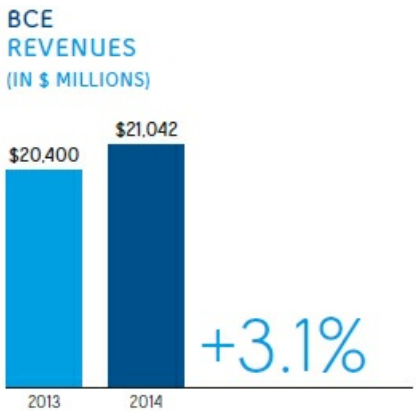
- 311,954 postpaid wireless customers, partly offset by the net loss of 118,358 prepaid wireless customers
- 160,390 high-speed Internet customers
- 153,360 TV customers, including 276,034 net new IPTV customers

NAS net losses of 464,717 in 2014 improved 14.1% compared to last year.

Total BCE customer connections across all services grew 0.2% in 2014, reflecting an increase of 3.7% in growth services connections along with a moderating decline in legacy wireline NAS lines of 6.1% compared to last year. At the end of 2014, BCE customer connections totalled 21,189,114 and were comprised of the following:

- 8,118,628 wireless subscribers, up 2.4%, which included 7,110,047 postpaid wireless subscribers, an increase of 4.6% since the end of last year
- 3,297,026 high-speed Internet subscribers, 5.1% higher year over year
- 2,642,608 total TV subscribers, up 6.2%, which included 933,547 IPTV customers, up 42.0% year over year
- 7,130,852 total NAS lines, a decline of 6.1% compared to last year

4.3 Operating revenues



	2014	2013	$ CHANGE	% CHANGE
Bell Wireless	**6,241**	5,849	392	6.7%
Bell Wireline	**10,040**	10,097	(57)	(0.6%)
Bell Media	**2,937**	2,557	380	14.9%

Inter-segment eliminations	**(484)**	(394)	(90)	(22.8%)
Bell	**18,734**	18,109	625	3.5%
Bell Aliant	**2,757**	2,759	(2)	(0.1%)
Inter-segment eliminations	**(449)**	(468)	19	4.1%
Total BCE operating revenues	**21,042**	20,400	642	3.1%

BCE

Total operating revenues for BCE were up 3.1% in 2014 due to higher revenues at Bell. Bell Aliant revenues were essentially unchanged compared to 2013

BELL

- Bell operating revenues increased 3.5% in 2014, due to higher revenues at both Bell Wireless and Bell Media, which included the favourable impact from the acquisition of Astral. This was partly offset by lower revenues at Bell Wireline.
- Operating revenues for Bell in 2014 were comprised of service revenues of $17,133 million, which were 3.8% higher than in 2013, and product revenues of $1,601 million, which were essentially unchanged compared to last year

BELL WIRELESS

Revenue growth of 6.7% in 2014 was driven by:

- A larger postpaid customer base and growth in blended ARPU attributable to higher average monthly rates and greater data usage consistent with an increased smartphone customer mix as well as increased usage of data applications
- Wireless service and product revenues increased 6.4% and 11.8% respectively, compared to 2013

BELL WIRELINE

Revenues decreased 0.6% in 2014, which reflected:

- Continued declines in legacy voice and data revenues, competitive pricing in the business and wholesale markets, and decreased product sales to business customers and at The Source

This was partly offset by:

- Higher Internet and TV service revenues in 2014, as well as growth in IP connectivity and business service solutions revenues

BELL MEDIA

Revenue growth of 14.9% in 2014 reflected:

- The acquisition of Astral on July 5, 2013
- Higher subscriber fee revenues driven by increased market-based rates for Bell Media's specialty services

This was partly offset by:

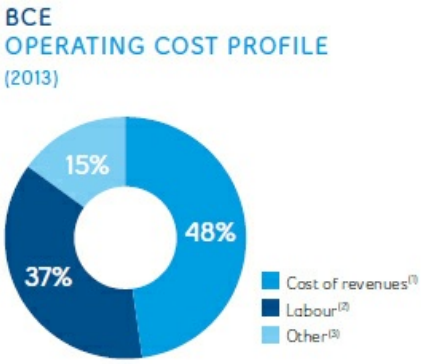
- Lower advertising revenues, due to general softness in the advertising market and a shift in advertising dollars to the broadcaster of the Sochi 2014 Winter Olympic Games and 2014 FIFA World Cup Soccer

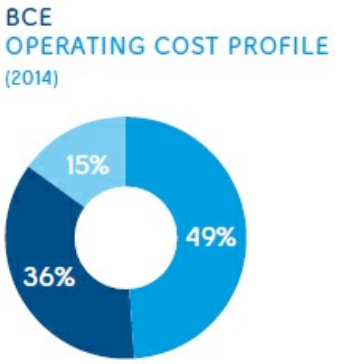
BELL ALIANT

Revenues were essentially unchanged compared to 2013, decreasing 0.1%, as continued declines in local and access, and long distance revenues, as well as reduced equipment and other revenues, were mostly offset by growth in Internet, TV, and other IP broadband connectivity service revenues

4.4 Operating costs







	2014	2013	$ CHANGE	% CHANGE
Bell Wireless	**(3,677)**	(3,509)	(168)	(4.8%)
Bell Wireline	**(6,272)**	(6,303)	31	0.5%
Bell Media	**(2,203)**	(1,874)	(329)	(17.6%)
Inter-segment eliminations	**484**	394	90	22.8%
Bell	**(11,668)**	(11,292)	(376)	(3.3%)
Bell Aliant	**(1,520)**	(1,487)	(33)	(2.2%)
Inter-segment eliminations	**449**	468	(19)	(4.1%)
Total BCE operating costs	**(12,739)**	(12,311)	(428)	(3.5%)

(1) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*
(2) *Labour costs (net of capitalized costs) include wages, salaries, and related taxes and benefits, post-employment benefit plans service cost, and other labour costs, including contractor and outsourcing costs.*
(3) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, IT costs, professional service fees and rent.*

BCE

Total operating costs increased 3.5% in 2014, driven by higher operating costs at Bell compared to 2013, due mainly to the acquisition of Astral, as well as an increase in operating costs at Bell Aliant

BELL

Total Bell operating costs increased 3.3% in 2014, reflecting higher operating costs in our Bell Wireless and Bell Media segments, partly offset by lower operating costs at Bell Wireline

BELL WIRELESS

The 4.8% increase in operating costs over the previous year was driven by:

- Higher investment in customer retention spending driven by an increased number of smartphone upgrades
- Higher payments to other carriers from greater data usage volumes
- Increased network operating costs attributable to LTE network expansion and usage

This was moderated by:

- Decreased labour costs due to reduced customer call volumes, lower bad debt expense, and a decline in wireless content costs

BELL WIRELINE

Operating costs decreased $31 million or 0.5% in 2014, reflecting:

- Lower cost of goods sold, driven by reduced data product and equipment sales
- Reduced bad debt expense
- Lower post-employment benefit plans service cost resulting from a higher discount rate used in 2014 compared to 2013 to value post-

employment benefit obligations
- Reduced labour costs driven mainly by lower call volumes

Additionally, the year-over-year decrease reflected a charge recorded in Q1 2013 relating to a CRTC decision with respect to our wholesale high-speed access services business that did not recur this year.

The year-over-year decrease in operating costs was partly offset by higher programming costs for Bell TV driven by a higher number of subscribers, increased costs to support a larger Fibe TV and Internet subscriber base, and greater payments to other carriers, as well as increased marketing and sales costs.

BELL MEDIA

Operating costs increased 17.6% in 2014, as a result of:

- The acquisition of Astral
- Increased costs for sports broadcast rights

This was partly offset by:

- Cost synergies realized from the integration of Astral into Bell Media in 2014

BELL ALIANT

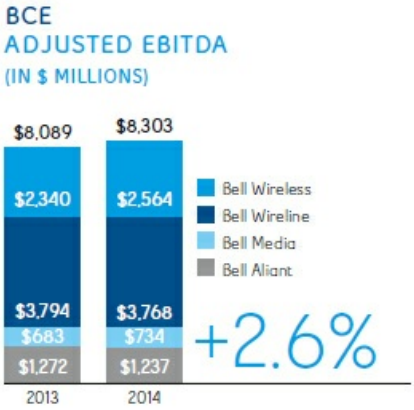
Operating costs increased 2.2% in 2014 due to:

- Higher IPTV content costs
- Increased customer service costs related to growing and supporting customers on Bell Aliant's FibreOP services

This was offset in part by:

- Negotiated reductions in payments to other carriers
- Ongoing workforce restructuring
- Lower post-employment benefit plans service costs from a higher discount rate used in 2014 compared to 2013 to value post-employment benefit obligations

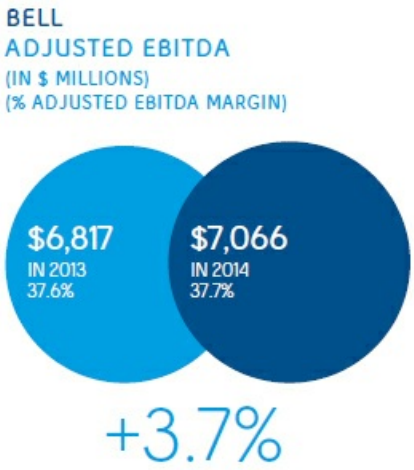
4.5 Adjusted EBITDA



	2014	2013	$ CHANGE	% CHANGE
Bell Wireless	**2,564**	2,340	224	9.6%
Bell Wireline	**3,768**	3,794	(26)	(0.7%)
Bell Media	**734**	683	51	7.5%
Bell	**7,066**	6,817	249	3.7%
Bell Aliant	**1,237**	1,272	(35)	(2.8%)
Total BCE Adjusted EBITDA	**8,303**	8,089	214	2.6%

BCE

Adjusted EBITDA increased 2.6% in 2014, with an Adjusted EBITDA margin of 39.5% compared to 39.7% in 2013. The year-over-year increase in Adjusted EBITDA reflected growth at Bell, partly offset by decreased Adjusted EBITDA at Bell Aliant.



BELL

Bell's Adjusted EBITDA increased 3.7% in 2014, driven by:

- Strong Bell Wireless Adjusted EBITDA growth that was partly offset by slightly lower Bell Wireline Adjusted EBITDA compared to 2013
- Our acquisition of Astral on July 5, 2013, which contributed to higher Bell Media Adjusted EBITDA

Bell's Adjusted EBITDA margin in 2014 remained relatively stable at 37.7%, compared to 37.6% in 2013. This reflected:

- The flow-through impact of higher year-over-year wireless ARPU
- Lower wireline voice erosion and stabilizing year-over-year business markets performance
- Increasing Fibe TV scale and growth in three-product households
- Lower wireline operating costs

This was partly offset by:

- Increased wireless customer retention spending
- Higher costs to support a larger Fibe TV and Internet subscriber base
- A greater percentage of lower margin media revenues in Bell's revenue mix due to the Astral acquisition

BELL WIRELESS

Bell Wireless Adjusted EBITDA grew 9.6% in 2014, as a result of:

- Higher operating revenues, driven by a larger postpaid customer base and higher ARPU
- Disciplined subscriber acquisition and retention spending

BELL WIRELINE

Bell Wireline's Adjusted EBITDA decline of 0.7% in 2014 was driven mainly by:

- The ongoing loss of high-margin voice and legacy data revenues
- Competitive pricing pressure in our business and wholesale markets

This was mitigated in part by:

- Growth in Internet and TV revenues
- Reduced post-employment benefit plans service cost

BELL MEDIA

Bell Media Adjusted EBITDA growth of 7.5% in 2014 reflected:

- The incremental financial contribution from the acquisition of Astral on July 5, 2013

This was offset in part by:

- Higher TV content costs primarily for our specialty TV sports properties

BELL ALIANT

Bell Aliant's Adjusted EBITDA declined 2.8% in 2014 as a result of:

- Increased operating costs, reflecting higher expenses related to growing its FibreOP services
- Higher TV content costs due to IPTV customer growth

4.6 Severance, acquisition and other costs

This category includes various income and expenses that are not related directly to the operating revenues generated during the year.



2014

Severance, acquisition and other costs included:

- Severance costs related to voluntary and involuntary workforce reduction initiatives of $82 million
- Acquisition and other costs of $134 million, including severance and integration costs relating to the Privatization of Bell Aliant as well as transaction costs, such as legal and financial advisory fees, related to completed or potential acquisitions

2013

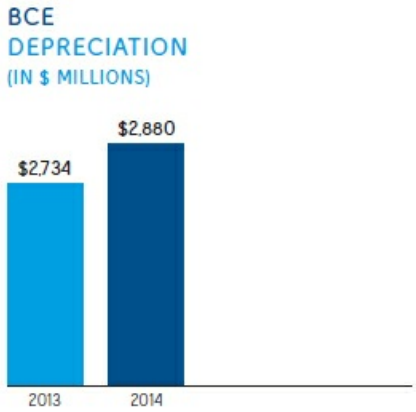
Severance, acquisition and other costs included:

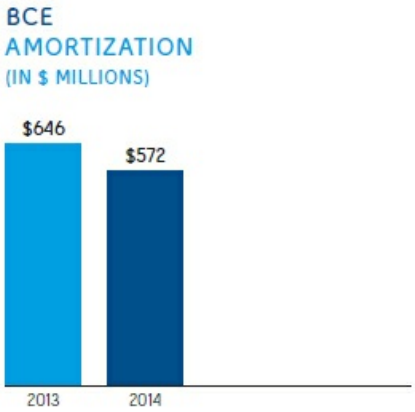
- Severance costs related to voluntary and involuntary workforce reduction initiatives of $116 million
- Acquisition and other costs of $290 million, primarily related to the acquisition of Astral, including $230 million relating to the CRTC tangible benefit obligation that we were ordered to pay over seven years to benefit the Canadian broadcasting system

4.7 Depreciation and amortization

The amount of our depreciation and amortization in any year is affected by:

- *How much we invested in new property, plant and equipment and intangible assets in previous years*
- *How many assets we retired during the year*
- *Estimates of the useful lives of assets*





DEPRECIATION

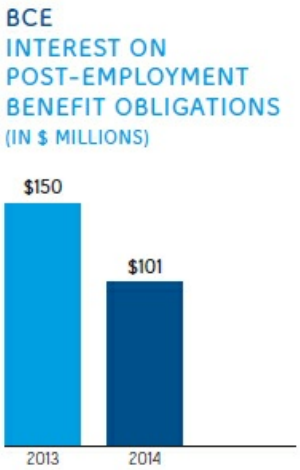
Depreciation in 2014 increased $146 million compared to 2013 due to a higher depreciable asset base as we continued to invest in our broadband and wireless networks, as well as our IPTV service. Depreciation was further increased by accelerated depreciation as a result of a reduction in useful lives of certain network assets, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgements,* and our acquisition of Astral on July 5, 2013.

AMORTIZATION

Amortization in 2014 decreased $74 million compared to 2013, due mainly to an increase in useful lives of certain IT software assets from five to seven years, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgements* , partly offset by a higher net asset base and increased amortization from our acquisition of Astral on July 5, 2013.

4.8 Finance costs





INTEREST EXPENSE

Interest expense in 2014 decreased $2 million compared to 2013 as a result of higher capitalized interest and lower average interest rates, partly offset by higher average debt levels primarily related to our acquisition of Astral and the Privatization of Bell Aliant.

INTEREST ON POST-EMPLOYMENT BENEFIT OBLIGATIONS

Interest on our post-employment benefit obligations is based on market conditions that existed at the beginning of the year.

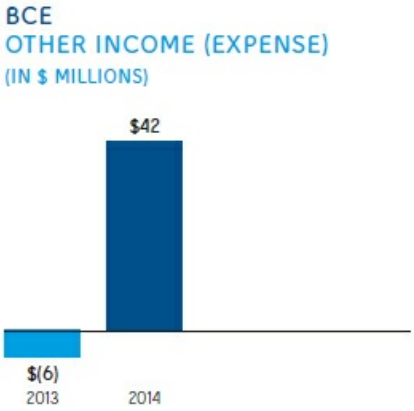
In 2014, interest expense decreased $49 million compared to last year due to a lower post-employment benefit obligation as a result of the higher discount rate, which increased from 4.4% on January 1, 2013 to 4.9% on January 1, 2014.

The impacts of changes in market conditions during the year are recognized in other comprehensive income (OCI).

4.9 Other income (expense)

Other income (expense) includes income and expense, such as:

- *Net mark-to-market gains or losses on derivatives used as economic hedges*
- *Net gains or losses on investments, including gains or losses when we dispose of, write down or reduce our ownership in investments*
- *Impairment of assets*
- *Losses on disposal and retirement of software, plant and equipment*
- *Interest income on cash and cash equivalents*
- *Equity income (loss) from investments in associates and joint ventures*
- *Early debt redemption costs*



2014

Other income included net mark-to-market gains of $134 million on derivatives used as economic hedges of share-based compensation and U.S. dollar purchases, dividend income of $42 million from earnings generated in trust prior to the divestiture of Bell Media assets held for sale and foreign exchange gains in 2014. These were partly offset by a net impairment charge of $105 million, mainly relating to Bell Media's conventional TV properties resulting from a softness in the overall Canadian TV advertising market and higher TV content costs, losses on disposal of software, plant and equipment of $51 million, and early debt redemption costs of $29 million.

2013

Other expense included early debt redemption costs of $55 million, losses on disposal and retirement of capital assets of $44 million and an equity loss of $32 million, which included our $25 million share of a goodwill impairment charge and a write-down of customer relationship intangibles recognized by an equity investee. These expenses were partly offset by net mark-to-market gains of $94 million on derivatives used as economic hedges of share-based compensation and U.S. dollar purchases and a distribution of a $36 million pension surplus.

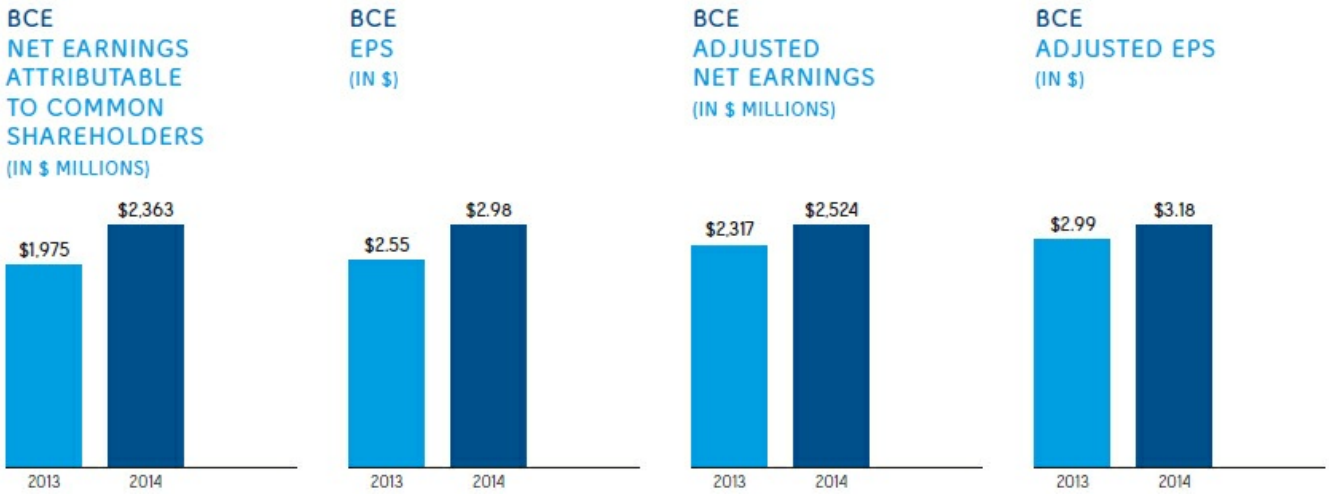
4.10 Income taxes



Income taxes in 2014 increased $101 million compared to 2013 due to higher taxable income in 2014 and the lower value of uncertain tax positions favourably resolved in 2014 compared to 2013.

Our effective tax rate remained relatively stable at 25.5% in 2014 compared to 25.7% in 2013.

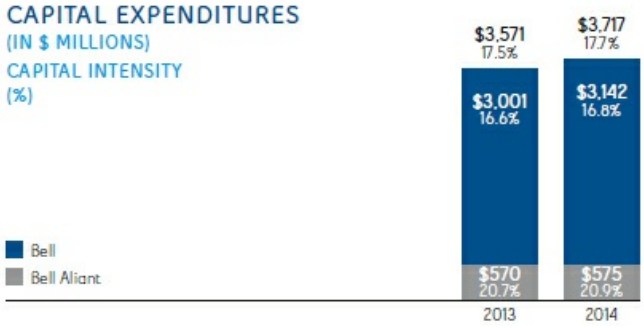
4.11 Net earnings and EPS



Net earnings attributable to common shareholders in 2014 increased $388 million, or $0.43 per common share, due to higher Adjusted EBITDA, lower severance, acquisition and other costs, lower NCI due to the Privatization of Bell Aliant and higher other income, partly offset by higher income taxes and higher net depreciation and amortization expense.

Excluding the impact of severance, acquisition and other costs, net gains (losses) on investments, and early debt redemption costs, Adjusted net earnings in 2014 were $2,524 million, or $3.18 per common share, compared to $2,317 million, or $2.99 per common share in 2013.

4.12 Capital expenditures

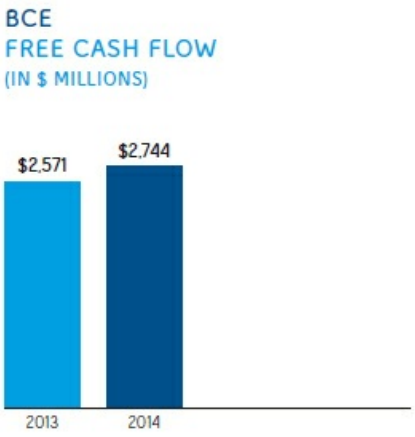


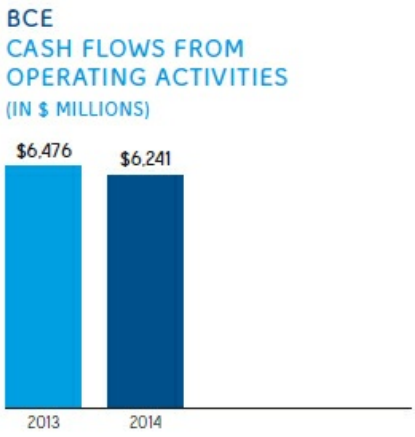
BCE capital expenditures were up $146 million, or 4.1%, in 2014, reflecting higher spending at Bell, and a modest increase at Bell Aliant. As a percentage of revenue, capital expenditures for BCE were 17.7% compared to 17.5% in 2013. These investments supported further expansion of our Fibe TV service footprint in Québec and Ontario and Bell Aliant's FibreOP footprint in Atlantic Canada, the deployment of broadband fibre to directly connect more homes and businesses, the roll-out of 4G LTE mobile service in additional markets across Canada, as well as continued spending to increase network capacity to support greater data consumption and higher LTE speeds.

4.13 Cash flows

In 2014, BCE's cash flows from operating activities decreased $235 million compared to 2013, as a result of a $350 million voluntary DB pension plan contribution made in 2014 and higher income taxes paid, partly offset by higher Adjusted EBITDA and an improvement in working capital.

Free Cash Flow available to BCE's common shareholders increased $173 million in 2014, driven mainly by higher Adjusted EBITDA and an improvement in working capital, partly offset by higher income taxes paid and increased capital expenditures.





5 BUSINESS SEGMENT ANALYSIS

5.1 Bell Wireless

In 2014, we achieved industry-leading profitability through disciplined postpaid customer acquisition and retention, increasing ARPU by driving higher smartphone adoption and mobile data usage, and reducing customer churn.

Key elements of relevant strategic imperatives



ACCELERATE WIRELESS

2014 PROGRESS

- Acquired 35% and 46% of total new postpaid gross and net activations, respectively, among the three major wireless carriers, while achieving leading ARPU and Adjusted EBITDA growth of 4.9% and 9.6%, respectively, as well as service margin expansion of 1.3 percentage points over 2013
- Expanded the number of smartphone users at the end of 2014 to 76% of our total postpaid subscribers, up from 73% at the end of 2013
- Expanded our leading smartphone lineup with over 40 new devices, adding to our extensive selection of 4G LTE-capable devices
- Announced an agreement to acquire Glentel, a Canadian-based dual-carrier, multi-brand mobile products distributor, of which we expect to retain a 50% ownership interest, to maintain Bell's competitive position by securing long-term access to Glentel's effective wireless retail distribution network
- Launched a secure mobile payment solution, RBC Wallet, with RBC in January 2014, and announced three additional partnerships during the year with, TD Canada Trust, CIBC and Desjardins Group, to launch similar secure mobile payment solutions
- Continued to reduce the cost of mobile roaming in the countries Canadians travel to the most
- Introduced Easy Purchase Plan, an instalment program for tablet purchases for existing Bell Mobility customers, allowing them to spread a portion of the cost of a new tablet over two years when paired with a tablet plan

2015 FOCUS

- Profitably grow our wireless postpaid subscriber base while maintaining market share momentum of incumbent postpaid subscriber activations

- Narrow our ARPU gap versus incumbent competitors
- Manage the financial and churn impacts from unusual market activity that could arise from the significantly increased number of customers with two- or three-year service contracts who will be eligible to renew their plans or change carriers over the next two years as a result of the Wireless Code implemented in 2013, to the extent that the CRTC's June 3, 2015 Wireless Code application date is found to be valid
- Offer the latest handsets and devices in a timely manner to enable customers to benefit from ongoing technological improvements by manufacturers and from faster data speeds to optimize the use of our services
- Accelerate new revenue streams by driving the commercialization of next-generation mobile commerce and M2M services and applications



INVEST IN BROADBAND NETWORKS AND SERVICES

2014 PROGRESS

- Expanded our next-generation 4G LTE wireless network to reach 86% of the Canadian population coast to coast
- Increased mobile 4G LTE network speeds by up to 45% across our entire service footprint
- Acquired 31 licences for 480 million MHz-POP of nationwide 700 MHz spectrum for $566 million following Industry Canada's federal wireless spectrum auction
- Launched Canada's first 700 MHz spectrum LTE network in Hamilton, Ontario in early April
- Launched 4G LTE mobile service in 52 communities in Atlantic Canada and in seven communities in the Northwest Territories

2015 FOCUS

- Complete 4G LTE wireless network build and manage wireless network capacity



ACHIEVE A COMPETITIVE COST STRUCTURE

2014 PROGRESS

- Reduced Bell Mobility call centre costs per customer by 30% since 2010 through investment in enhanced call centre systems and online self-serve options for customers

2015 FOCUS

- Realize operating cost and capital expenditure synergies from the integration of Bell Aliant into our Bell Wireline and Bell Wireless segments
- Deliver cost savings from cost of revenue initiatives, reductions in sales, general and administrative expenses, and labour efficiencies across Bell to support maintenance of a stable consolidated Adjusted EBITDA margin



IMPROVE CUSTOMER SERVICE

2014 PROGRESS

- Launched two new eBill features, the Personalized Bill Explainer and Mobility Bill Interactive Tour, to enhance the customer experience by proactively addressing the most common billing questions
- Reduced customer calls to our service centres by 34% since 2011 through growing use of self-serve and improved first call resolution

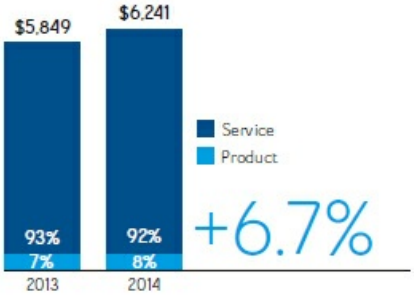
2015 FOCUS

- Invest in customer service initiatives, simplifying complexity for all customers including billing
  - In January 2015, began to introduce personalized videos for new Mobility customers that explain what to expect on the first bill, how to check usage and update phone features, and how to manage accounts through **MyBell.ca** and the MyBell mobile app
- Reduce total volume of wireless customer calls to our wireless services call centres

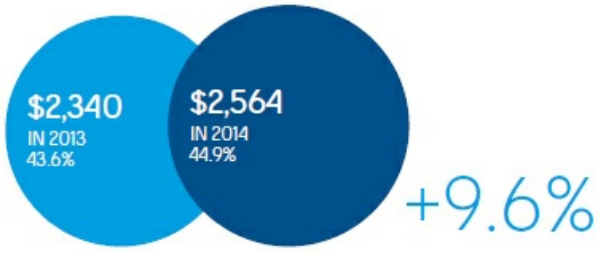
Financial performance analysis

2014 PERFORMANCE HIGHLIGHTS

BELL WIRELESS
REVENUES
(IN $ MILLIONS)



BELL WIRELESS
ADJUSTED EBITDA
(IN $ MILLIONS)
(% SERVICE ADJUSTED EBITDA MARGIN)



POSTPAID
SUBSCRIBER GROWTH
+4.6%
IN 2014

POSTPAID
NET ACTIVATIONS
308,504
IN 2014

POSTPAID
CHURN IN 2014
1.22%
IMPROVED 0.03 PTS VS. 2013

BLENDED ARPU
PER MONTH
2014: $60.07
2013: $57.25
+4.9%

SMARTPHONE PENETRATION
OF POSTPAID SUBSCRIBERS
2014: 76%
2013: 73%
+3 pts

BELL WIRELESS RESULTS

REVENUES

	2014	2013	$ CHANGE	% CHANGE
Service	**5,705**	5,362	343	6.4%
Product	**483**	432	51	11.8%
Total external revenues	**6,188**	5,794	394	6.8%
Inter-segment revenues	**53**	55	(2)	(3.6%)
Total Bell Wireless revenues	**6,241**	5,849	392	6.7%

Bell Wireless operating revenues increased 6.7% in 2014 as a result of both higher service and product revenues compared to 2013.

- **Service revenues** were up 6.4% in 2014, driven by a greater number of postpaid subscribers in our customer base and blended ARPU

growth attributable to higher average monthly rates and increased data usage, reflecting higher smartphone penetration and usage of data applications, as well as broader 4G LTE network coverage and increased network speeds. The year-over-year growth in service revenues was moderated by

lower wireless voice revenues, due mainly to the prevalence of unlimited nationwide talk plans and substitution for data applications.

- Bell Wireless data revenues in 2014 were 22.2% higher compared to 2013, whereas wireless voice revenues declined 4.5%
- **Product revenues** increased 11.8% in 2014, reflecting a greater number of higher-end smartphone devices in our sales mix and an increased number of handset upgrades compared to 2013

OPERATING COSTS AND ADJUSTED EBITDA

	2014	2013	$ CHANGE	% CHANGE
Operating costs	**(3,677)**	(3,509)	(168)	(4.8%)
Adjusted EBITDA	**2,564**	2,340	224	9.6%
Total Adjusted EBITDA margin	**41.1%**	40.0%		1.1%
Service Adjusted EBITDA margin	**44.9%**	43.6%		1.3%

Bell Wireless operating costs increased 4.8% in 2014 as a result of:

- Higher investment in customer retention spending due to a greater number of subsidized smartphone upgrades
- Higher payments to other carriers due to greater data usage volume
- Increased network operating costs attributable to LTE network expansion and usage

These factors were partly offset by:

- Decreased labour costs reflecting reduced customer call volumes, lower bad debt expense, and lower content expenses in 2014

Subscriber acquisition costs in 2014 were largely stable compared to last year, reflecting fewer year-over-year gross activations and pricing discipline.

Bell Wireless Adjusted EBITDA grew 9.6% in 2014, driven by higher operating revenues, as described above, and well-controlled operating costs. As a result of the higher flow-through of revenues to Adjusted EBITDA, Bell Wireless Adjusted EBITDA margin, based on wireless service revenues, expanded to 44.9% in 2014 from 43.6% in 2013.

BELL WIRELESS OPERATING METRICS

	2014	2013	CHANGE	% CHANGE
Blended ARPU ($/month)	**60.07**	57.25	2.82	4.9%
Gross activations	**1,614,364**	1,694,055	(79,691)	(4.7%)
Postpaid	***1,271,599***	*1,332,423*	*(60,824)*	*(4.6%)*
Prepaid	***342,765***	*361,632*	*(18,867)*	*(5.2%)*
Net activations	**192,368**	217,768	(25,400)	(11.7%)
Postpaid	***308,504***	*378,121*	*(69,617)*	*(18.4%)*
Prepaid	***(116,136)***	*(160,353)*	*44,217*	*27.6%*
Blended churn % (average per month)	**1.52%**	1.60%		0.08%
Postpaid	***1.22%***	*1.25%*		*0.03%*
Prepaid	***3.43%***	*3.55%*		*0.12%*
Subscribers[1]	**7,970,702**	7,778,334	192,368	2.5%
Postpaid	***6,986,196***	*6,677,692*	*308,504*	*4.6%*
Prepaid	***984,506***	*1,100,642*	*(116,136)*	*(10.6%)*
Cost of acquisition (COA) ($/subscriber)	**443**	421	(22)	(5.2%)

(1) *In 2013, our postpaid subscriber base was reduced by 99,098 customers to exclude all M2M subscribers following a review of our wireless subscriber metrics. Additionally, our postpaid subscriber base was reduced by 18,354 subscribers to adjust for customer deactivations and by 8,022 subscribers subsequent to a review of customer accounts. Our prepaid subscriber base was increased by 5,008 customers subsequent to a review of subscriber metrics.*

Blended ARPU of $60.07 reflects an increase of 4.9% in 2014. This was due to higher postpaid ARPU driven by growth in data usage attributable to a higher proportion of customers using smartphones combined with increased traffic on our 4G LTE network, higher rates from the new two-year rate plan pricing that came into effect in the third quarter of 2013 following the implementation of the Wireless Code, and a higher

percentage of postpaid customers in our subscriber base. This was partly offset by lower year-over-year voice ARPU as customers continue to substitute voice with data services.

- **Data ARPU** increased 20.5% in 2014, due mainly to rate plan increases and disciplined pricing, together with an increased adoption of smartphones and other data devices such as tablets, which are driving greater use of e-mail, web browsing, social networking, text messaging, mobile TV, and picture and video messaging, as well as entertainment services such as video streaming, music downloads and gaming. In addition, the roll-out of increased 4G LTE network speeds in August 2014 also contributed to the growth in data ARPU. The year-over-year growth in data ARPU was moderated by the impact of richer rate plans with higher data usage thresholds and lower roaming rates, as well as increased use of Wi-Fi hotspots by customers.
- **Voice ARPU** declined 5.9% in 2014, reflecting more customers on all-inclusive plans offering unlimited local and long distance calling, competitive pricing pressures, and lower overall voice usage as customers increasingly substitute voice services for data features and services

Total gross wireless activations decreased 4.7% in 2014, due to lower postpaid and prepaid gross activations.

- **Postpaid gross activations** declined 4.6% in 2014, reflecting the impact of increased rate plan pricing in the first half of the year driven by the move from three-year to two-year contracts resulting from the implementation of the Wireless Code, coupled with a maturing wireless market. The year-over-year decrease in postpaid gross activations was moderated by the favourable impact of the Apple iPhone 6 launch in September 2014 as well as strong activations over the holiday period compared to the previous year, and higher tablet activations reflecting the launch of Bell Mobility's Easy Purchase Plan, an instalment program for tablet purchases, in the third quarter of 2014.
- **Prepaid gross activations** decreased 5.2% in 2014, due to our continued focus on postpaid customer acquisitions
- **Smartphone users** as a percentage of postpaid subscribers increased to 76% at December 31, 2014 compared to 73% at the end of 2013

Blended wireless churn improved 0.08 percentage points in 2014 to 1.52%, reflecting improvements in both postpaid and prepaid churn. This was attributed to a greater percentage of postpaid subscribers in our total subscriber base compared to last year as postpaid customers typically have a lower churn rate than prepaid customers.

- **Postpaid churn** improved 0.03 percentage points in 2014 to 1.22%, despite aggressive promotions from other incumbents and newer entrants and increased activity from the Apple iPhone 6 launch, reflecting the positive impact of our customer retention strategy
- **Prepaid churn** improved 0.12 percentage points in 2014 to 3.43% as a result of marketing initiatives that resulted in fewer customer deactivations compared to 2013

Postpaid net activations decreased 18.4% in 2014, due to the combined impact of lower gross activations and a higher number of customer deactivations.

Prepaid net customer losses improved 27.6% in 2014 as a result of fewer customer deactivations, partly offset by lower gross activations.

Wireless subscribers at December 31, 2014 totalled 7,970,702 representing an increase of 2.5% since the end of 2013. The proportion of Bell Wireless customers subscribing to postpaid service increased to 88% in 2014 from 86% last year.

COA per gross activation in 2014 increased $22 over last year to $443, due to a higher mix of postpaid customer activations and the sale of more premium smartphones.

Retention costs as a percentage of service revenue increased to 11.0% in 2014 compared to 10.3% in 2013, as a result of a greater number of subsidized customer upgrades coupled with an increased mix of more expensive smartphone models.

Competitive landscape and industry trends

COMPETITIVE LANDSCAPE

The wireless market is the largest sector of the Canadian telecommunications industry, representing 47% of total revenues, and is currently growing at a mid-single digit rate annually.

There are nearly 29 million wireless subscribers in Canada. The three large national incumbents, Bell, TELUS Corporation (TELUS) and Rogers, account for over 90% of industry subscribers and revenues. Rogers holds the largest share by virtue of its legacy global system for mobile (GSM) network. However, Bell has recaptured significant subscriber market share, as well as the largest proportion of industry revenue and Adjusted EBITDA growth since 2009, helped by the launch of our HSPA+ and 4G LTE networks, expanded retail distribution, the purchase of Virgin Mobile, a refreshed brand, improved customer service and a new management team with extensive experience in the Canadian wireless industry.

Canada's wireless penetration was approximately 81% at the end of 2014, compared to over 100% for the U.S. and up to 182% in Europe. Canada's wireless sector is expected to continue growing at a steady pace for the foreseeable future, driven by the increased adoption and usage of data services, and the expansion of 4G LTE service in the more rural and remote regions of Canada enabled through the deployment of 700 MHz spectrum.

Competitors

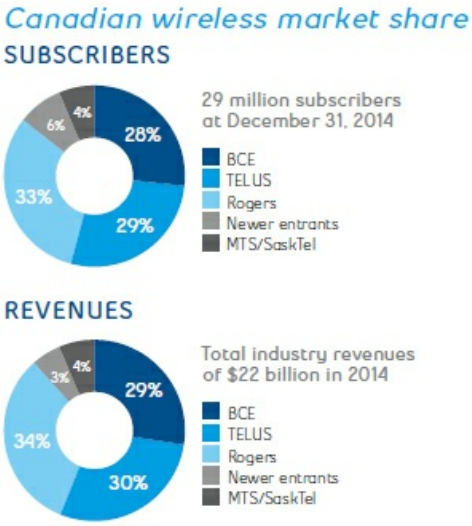
Large facilities-based national wireless service providers Rogers and TELUS.

Smaller regional facilities-based wireless service providers Saskatchewan Telecommunications Holding Corporation (SaskTel) and Manitoba Telecom Services Inc. (MTS Mobility).

Newer entrants in their respective service areas:

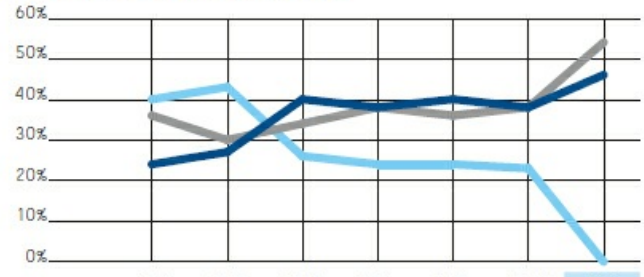
- Vidéotron Ltée (Vidéotron), which provides service in Montréal and other parts of Québec
- WIND Mobile, which provides service in Toronto, Calgary, Vancouver, Edmonton, Ottawa, as well as in several communities in southwestern Ontario
- Mobilicity[1], which provides wireless service in Toronto, Ottawa, Vancouver, Calgary and Edmonton
- EastLink, which launched service in Nova Scotia and Prince Edward Island in February 2013

Mobile virtual network operators (MVNOs), who resell competitors' wireless networks such as PC Mobile and Primus Telecommunications Canada Inc. (Primus).



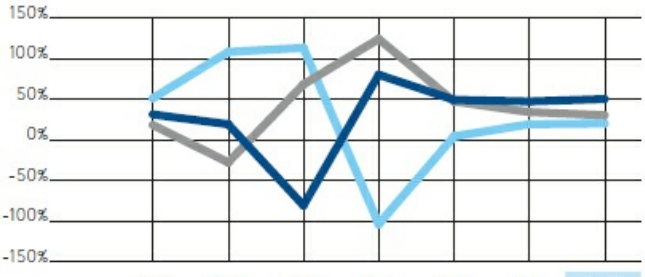
KEY WIRELESS METRICS – SHARE FOR NATIONAL CARRIERS

POSTPAID NET ADDITIONS (%)



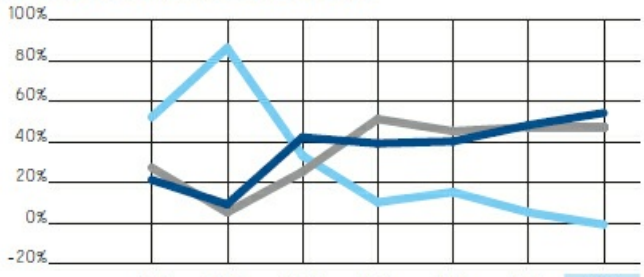
	2008	2009	2010	2011	2012	2013[2]	2014
Bell	24%	27%	40%	38%	40%	38%	46%
TELUS[3]	36%	30%	34%	38%	36%	38%	54%
Rogers	40%	43%	26%	24%	24%	23%	0%

ADJUSTED EBITDA GROWTH (%)



	2008	2009[2]	2010	2011	2012	2013	2014
Bell	31%	19%	(81%)	80%	49%	47%	50%
TELUS[3]	18%	(28%)	68%	124%	47%	34%	30%
Rogers	51%	108%	113%	(104%)	4%	19%	20%

SERVICE REVENUE GROWTH (%)



	2008	2009	2010	2011	2012	2013	2014
Bell	21%	9%	42%	39%	40%	48%	54%
TELUS[3]	27%	5%	25%	51%	45%	47%	47%
Rogers	52%	86%	33%	10%	15%	5%	(1%)

(1) *Data & Audio Visual Enterprises Wireless Inc. (DAVE), carrying on business under the Mobilicity brand, has been operating under Companies' Creditors Arrangement Act protection since September 2013.*
(2) *Percentages may not add to 100 due to rounding.*
(3) *TELUS metrics shown exclude Public Mobile Inc. (acquired on November 29, 2013)*

INDUSTRY TRENDS

ACCELERATING DATA CONSUMPTION

Wireless industry revenue growth continues to be driven by the increased adoption and usage of data services. In 2014, wireless data ARPU in Canada represented approximately 50% of industry blended ARPU, compared to 44% in 2013. Data growth continued to be driven by the ongoing adoption of smartphones and tablets, and associated data plans. The demand for wireless data services is expected to continue to grow, due to ongoing investment in faster network technologies such as 4G LTE that provide a richer user experience, the growing appetite for mobile connectivity and social networking, greater affordability and selection of smartphones and tablets and increasing adoption of multiple devices by families. Greater customer adoption of services, including mobile TV, mobile commerce, mobile banking, and other M2M applications in the areas of retail and transportation (connected car, asset tracking, remote monitoring) should also contribute to growth. In the consumer market, M2M is projected to be a future growth area for the industry as wireless connectivity on everyday devices from home automation to cameras becomes ubiquitous.

NEED FOR MORE WIRELESS SPECTRUM AND CARRIER AGGREGATION

Fast growth in mobile data traffic is increasingly putting a strain on wireless carriers' networks and their ability to manage and service this traffic. Industry Canada's 700 MHz spectrum auction that concluded in February 2014 provided wireless carriers with prime spectrum to roll out faster next-generation wireless networks and build greater capacity, especially in rural areas. In addition, Industry Canada held, on March 3, 2015, the AWS-3 spectrum auction and, in April 2015 will hold the 2500 MHz spectrum auction, providing other opportunities for Bell and other wireless carriers to acquire additional spectrum to enhance their LTE networks and meet the demand of both urban and rural markets. Furthermore, carrier aggregation (specifically, 4G LTE Advanced CA) is a technology currently being employed by Canadian wireless carriers (and which is expected to be used more extensively in the future) that allows for multiple spectrum channels to be used together, thereby significantly increasing capacity and data transfer rates.

GREATER SPENDING ON CUSTOMER RETENTION

As wireless penetration in Canada increases at a continued high level of competitive intensity, even greater focus will be required on improving customer service, enhancing existing service offerings and spending more to retain existing customers through discounted handset upgrades. In particular, as a result of the Wireless Code implemented in 2013, which has limited wireless terms to two years from three years, there is the potential for unusually high market activity from the significantly greater number of customers who will be eligible to renew their plans or change carriers over the next two years.

Business outlook and assumptions

2015 OUTLOOK

We expect continued revenue growth driven by a greater number of postpaid subscribers, accelerating data usage from smartphone customers and higher rate plans for two-year contracts. We will seek to achieve higher revenues from data growth, delivered through our HSPA+ and 4G LTE networks, higher demand for services such as web browsing, music and video streaming and community portals such as Facebook and YouTube, as well as new services including mobile commerce and other M2M applications. Our intention is to introduce these new products and services to the market in a way that balances innovation with profitability.

Three-year contracts established before the Wireless Code came into effect and a new wave of two-year contracts will expire in 2015, to the extent that the CRTC's June 3, 2015 Wireless Code application date is found to be valid, leading to a higher level of activity across the Canadian wireless industry. This highlights the critical importance of our continual focus on improving customer satisfaction and increasing investment in customer retention. We plan to generate Bell Wireless Adjusted EBITDA growth in 2015 from increasing revenues, which is expected to be moderated by higher activation and retention spend driven by market activity.

ASSUMPTIONS

- Higher, but slowing, Canadian wireless industry penetration and smartphone adoption
- Sustained level of competition in both consumer and business markets
- Maintained Bell's market share momentum of incumbent wireless postpaid subscriber activations
- Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 4G LTE devices and new data services
- Our ability to monetize increasing data usage and customer subscription to new data services
- Convergence of three-year and two-year plan expiries leading to an increase in the number of subscribers who are eligible for upgrades
- Higher subscriber acquisition and retention spending, driven by a greater number of year-over-year gross additions and customer device upgrades
- Higher than industry-average blended ARPU and Adjusted EBITDA growth, driven by a greater mix of postpaid smartphone customers and accelerating data consumption on the 4G LTE network, and higher access rates on new two-year contracts
- Completion of the LTE network expected to cover 98% of the Canadian population
- Ongoing technological improvements by handset manufacturers and from faster data network speeds that allow customers to optimize the use of our services
- Industry pricing discipline maintained on a higher expected number of subscriber renewals resulting from the expiry of 2 or 3 year service contracts due to the Wireless Code of Conduct implemented in 2013
- No material financial, operational or competitive consequences of changes in regulations affecting our wireless business

Key growth drivers

- Increasing Canadian wireless industry penetration
- Continued adoption of two-year rate plans
- Increasing adoption of smartphones, tablets and other 4G LTE devices to increase mobile data usage
- Expansion of 4G LTE network service in non-urban markets
- Customer adoption of new data applications and services such as M-commerce and M-banking

Principal business risks

This section discusses certain principal business risks which specifically affect the Bell Wireless segment. For a detailed description of the principal risks that could have a material adverse effect on our business, refer to section 9, *Business risks*.

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from incumbent wireless operators, newer wireless entrants, non-traditional players and resellers

IMPACT

- Pressure on our Adjusted EBITDA, ARPU and COA and retention, as well as increased churn, would likely result if competitors aggressively increase discounts for handsets and data or offer other incentives (such as new data plans or multi-product bundles) to attract new customers

REGULATORY ENVIRONMENT

RISK

- Greater regulation of wholesale mobile wireless services and limitations placed on spectrum bidding

IMPACT

- Greater regulation of wholesale mobile wireless services on matters such as roaming rates, mandated tower and site sharing, and the resale of other wholesale services, combined with limitations placed on bidding for new spectrum, could limit our flexibility, influence the market structure, improve the business positions of our competitors, and negatively impact the financial performance of our mobile wireless business

WIRELESS CODE

RISK

- Operating through the Wireless Code transition period may bring increased uncertainty in the consumer wireless market

IMPACT

- During 2015, to the extent that the CRTC's June 3, 2015 Wireless Code application date is found to be valid, customers on three-year contracts that were established before the Wireless Code came into effect and customers on new two-year plans could potentially create unusual market activity as their contracts expire, driving higher expiries and higher transaction volumes. This could result in Adjusted EBITDA pressure and higher industry churn

5.2 Bell Wireline

In 2014, Bell Wireline achieved improved year-over-year financial performance, with positive revenue and Adjusted EBITDA growth in Q4, driven by an increased mix of growth services and improving business markets results.

Key elements of relevant strategic imperatives



LEVERAGE WIRELINE MOMENTUM

2014 PROGRESS

- Increased our total number of Bell Fibe TV subscribers by 46.1% to 700,533
- Increased the number of three-product households – those that buy TV, Internet and Home Phone – by 15% over 2013, fuelled by our Fibe TV service, which drove higher pull-through attach rates for Home Phone and Internet services, with 77% of all Bell Fibe TV customers taking three products
- Launched the Home Hub Internet modem and Wi-Fi router, featuring the latest 802.11 AC wireless standard
- Launched Business Bundles, which include services such as unlimited Fibe Internet, phone lines with calling features and online security, with guaranteed pricing for 36 months

2015 FOCUS

- Continue to enhance our Fibe TV service
    - In February 2015, we introduced an innovative Fibe TV feature called Restart, enabling customers to rewind and watch TV shows already in progress from the beginning. In addition, we further enhanced the Fibe TV on-screen menu and channel guide with fast access to the main menu from anywhere in the Fibe TV experience, a larger channel preview window, a Last Peek feature that shows picture-in-picture for the last 5 channels tuned, and an improved universal search.
- Expand our total base and market share of TV and Internet subscribers profitably
- Continue to reduce total wireline residential net losses
- Increase residential household ARPU through greater three-product household penetration
- Increase share of wallet of large enterprise customers through greater focus on business service solutions and connectivity growth
- Expand and improve sales distribution and coverage in our mid-sized business segment
- Increase the number of net new customer relationships in both large and mid-sized business and reduce small business customer losses
- Complete the integration of Bell Aliant to generate operating cost and capital investment synergies



INVEST IN BROADBAND NETWORKS AND SERVICES

2014 PROGRESS

- Extended our Fibe TV service coverage to reach more than 5 million households across Ontario and Québec, up from approximately 4.3 million at the end of 2013. Including Bell Aliant's FibreOP service area, BCE's total IPTV footprint now covers 6 million homes, up from 5.1 million at the end of 2013, including 2.1 million passed with FTTH.
- Began the deployment of an FTTH network that will bring advanced Bell Fibe TV and Internet services to Kingston, Ontario

2015 FOCUS

- Continue broadband fibre deployment and IPTV service coverage expansion with increasing focus on growing FTTH footprint



ACHIEVE A COMPETITIVE COST STRUCTURE

2014 PROGRESS

- Maintained relatively stable Bell Wireline Adjusted EBITDA margin compared to 2013
- Completed the Privatization of Bell Aliant and began its integration into Bell's operations, simplifying BCE's corporate structure and increasing overall operating and capital investment efficiencies, including wholesale cost savings, as we move Atlantic branches of major business customers onto the national Bell network

2015 FOCUS

- Realize operating cost and capital expenditure synergies from the integration of Bell Aliant into our Bell Wireline and Bell Wireless segments

- Deliver cost savings from cost of revenue initiatives, reductions in sales, general and administrative expenses, and labour efficiencies across Bell to support maintenance of a stable consolidated Adjusted EBITDA margin

IMPROVE CUSTOMER SERVICE

2014 PROGRESS

- Reduced customer calls to our service centres by 34% since 2011 through growing use of self-serve and improved first-call resolution
- Reduced Fibe TV installation time by 10% in 2014 and 27% since the beginning of 2012
- Introduced two-hour appointment windows for Fibe TV installations
- Introduced flexible evening and weekend repair and installation appointments for small business customers and reduced the time between ordering and installation from four days to two days
- Launched Device Hub, a pilot program that integrates the in-store process with other Bell systems for a more seamless repair service
- Launched the Bell Business Concierge program, offering small businesses front-of-the-line access to dedicated advisors, customer service representatives and technical support who can deliver faster, more tailored service

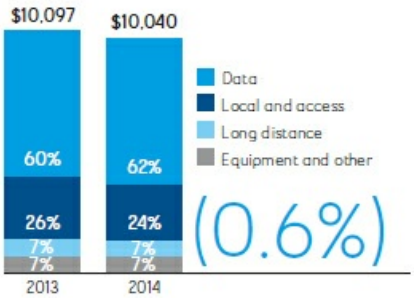
2015 FOCUS

- Invest in customer service initiatives, simplifying complexity for all customers including billing
- Reduce total volume of wireline customer calls to our residential services call centres
- Further improve customer satisfaction scores
- Achieve better consistency in customer experience
- Improve customer personalization

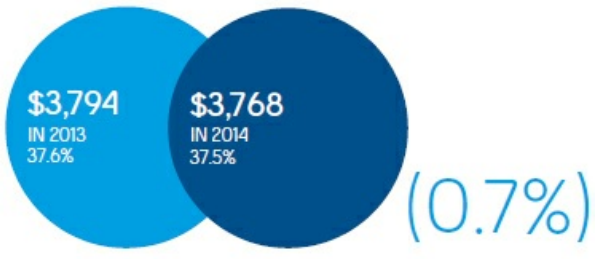
Financial performance analysis

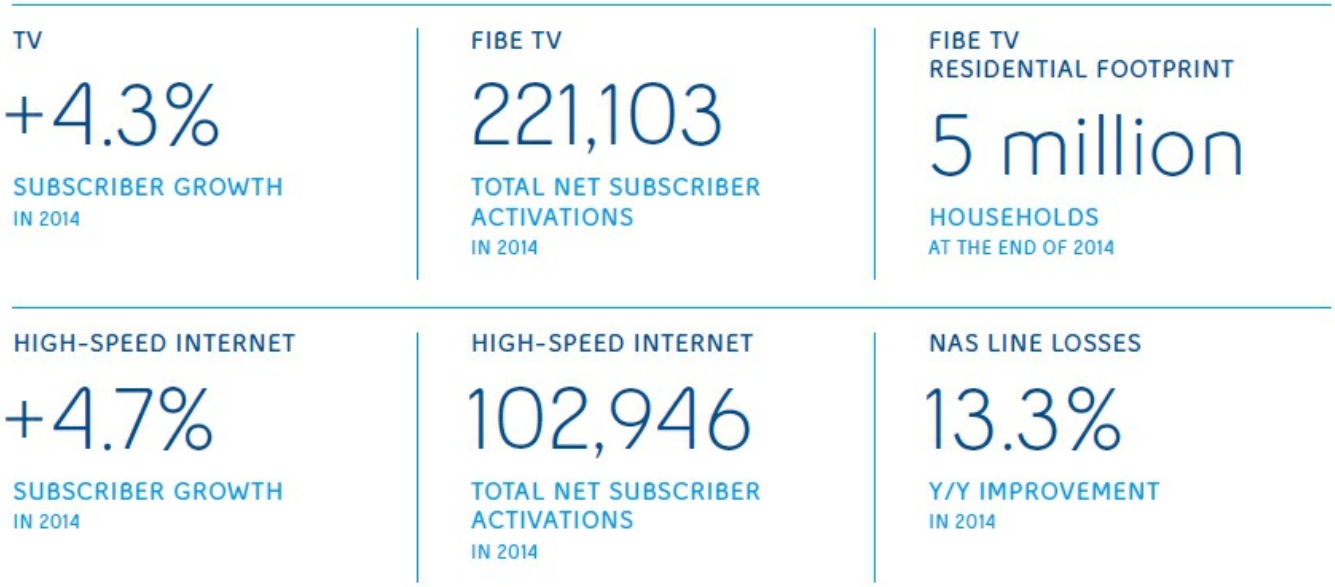
2014 PERFORMANCE HIGHLIGHTS

BELL WIRELINE
REVENUES
(IN $ MILLIONS)



BELL WIRELINE
ADJUSTED EBITDA
(IN $ MILLIONS)
(% ADJUSTED EBITDA MARGIN)





BELL WIRELINE RESULTS

REVENUES

	2014	2013	$ CHANGE	% CHANGE
Data	**5,991**	5,828	163	2.8%
Local and access	**2,364**	2,497	(133)	(5.3%)
Long distance	**668**	722	(54)	(7.5%)
Equipment and other	**664**	707	(43)	(6.1%)
Total external revenues	**9,687**	9,754	(67)	(0.7%)
Inter-segment revenues	**353**	343	10	2.9%
Total Bell Wireline revenues	**10,040**	10,097	(57)	(0.6%)

Bell Wireline operating revenues decreased 0.6% in 2014 as a result of lower local and access, long distance, and equipment and other revenues, partly offset by higher data revenues. This represents a slower pace of decline compared to the 1.2% year-over-year decrease in 2013, reflecting further Fibe TV and Fibe Internet subscriber base growth, slowing voice revenue erosion, price increases across all residential services, and improved year-over-year Bell Business Markets performance.

- **Data revenues** increased 2.8% in 2014, reflecting increased Internet and TV service revenues driven by Fibe customer growth, greater customer demand for higher bandwidth Internet service, and price increases across all of our residential services. Additionally, higher IP broadband connectivity revenues generated by our business and wholesale customers, as well as increased business service solutions sales, contributed to the growth in data revenues. This was partly offset by a continued decline in basic legacy data revenues from ongoing customer migration to IP-based systems, pricing pressures in our business and wholesale markets, and reduced levels of business data product sales compared to last year.
- **Local and access revenues** declined 5.3% in 2014, which represented an improvement over the 7.1% year-over-year decline in 2013. The decline in 2014 was driven by the ongoing loss of residential and business NAS lines due to technological substitution to wireless and Internet-based services, large business customer conversions to IP-based data services and networks from legacy voice services, as well as competitive pricing pressures in 2014 in our business and wholesale markets. However, the rate of local and access revenue erosion was tempered by increases in monthly local rates combined with fewer residential NAS line losses compared to 2013.
- **Long distance revenues** decreased 7.5% in 2014, representing improved performance over the previous year's decline of 9.9%. The decrease in 2014 reflected fewer minutes of use by residential customers as a result of NAS line losses, technology substitution to wireless and OTT Internet-based services, and ongoing rate pressures in our business and wholesale markets. Residential price increases and higher sales of international long distance minutes in our wholesale market moderated the year-over-year decline.
- **Equipment and other revenues** decreased 6.1% in 2014, due to lower consumer electronics equipment sales at The Source and decreased business voice equipment sales

OPERATING COSTS AND ADJUSTED EBITDA

	2014	2013	$ CHANGE	% CHANGE
Operating costs	**(6,272)**	(6,303)	31	0.5%
Adjusted EBITDA	**3,768**	3,794	(26)	(0.7%)
Adjusted EBITDA margin	**37.5%**	37.6%		(0.1%)

Bell Wireline operating costs were $31 million lower in 2014 compared to last year as a result of:

- Lower cost of goods sold consistent with decreased equipment sales
- Lower labour costs resulting from a reduction in call volumes
- Decreased bad debt expense
- Reduced post-employment benefit plans service cost resulting from a higher discount rate used in 2014 compared to 2013 to value post-employment benefit obligations
- A charge recorded in Q1 2013 related to a CRTC decision in respect of our wholesale high-speed access services business that did not recur this year

These factors were partly offset by:

- Higher payments to other carriers in our business and wholesale markets driven by increased volumes
- Higher programming costs for Bell TV due to a higher number of subscribers
- Increased costs to support a larger Fibe TV and Internet subscriber base
- Higher marketing and sales expense

Bell Wireline Adjusted EBITDA was 0.7% lower in 2014, while Adjusted EBITDA margin of 37.5% remained stable in 2014 compared to 37.6% in 2013. The year-over-year decrease in Bell Wireline Adjusted EBITDA was due to:

- The ongoing loss of higher-margin legacy voice and data service revenues
- Ongoing competitive pricing pressures in our business and wholesale markets
- Lower consumer electronic sales at The Source, due to a competitive marketplace which resulted in lower traffic

This was largely offset by:

- Growth in our Internet and IPTV businesses
- Reduced post-employment benefit plans service cost

This result for 2014 represents an improvement over the 3.2% Adjusted EBITDA decline reported for Bell Wireline in 2013 due to:

- Stronger data revenue growth driven by increased scale in our TV and Internet businesses
- A slowing voice revenue decline
- Improved business market performance
- Lower year-over-year operating costs

BELL WIRELINE OPERATING METRICS

Data

High-speed Internet

	2014	2013	CHANGE	% CHANGE
High-speed Internet net activations	**102,946**	57,722	45,224	78.3%
High-speed Internet subscribers	**2,287,489**	2,184,543	102,946	4.7%

High-speed Internet subscriber net activations in 2014 increased 78.3%, or 45,224, to 102,946. This represents our highest number of annual net activations since 2007. The growth in high-speed Internet net activations in 2014 was driven by the pull-through of Bell Fibe TV customer activations, higher wholesale customer gains, and lower residential customer churn. Lower residential churn can be attributed to a higher percentage of subscribers on higher-speed fibre-based Internet service due to an expanding IPTV footprint, which typically has a lower customer churn rate compared to subscribers on DSL service.

High-speed Internet subscribers at December 31, 2014 totalled 2,287,489, up 4.7% from the end of 2013.

TV

	2014	2013	CHANGE	% CHANGE
Net subscriber activations	**98,452**	122,450	(23,998)	(19.6%)
Fibe TV	**221,103**	231,132	(10,029)	(4.3%)
Total subscribers	**2,376,885**	2,278,433	98,452	4.3%
Fibe TV	**700,533**	479,430	221,103	46.1%

Fibe TV subscriber net activations decreased by 4.3% or 10,029 to 221,103 compared to 2013, due to aggressive offers for service bundles from the cable competitors, which impacted both deactivations and gross activations. The year-over-year decrease in Fibe TV net activations also reflected less IPTV footprint expansion compared to the previous year, as well as the benefit in the previous year from the launch of wireless receivers.

Satellite TV net customer losses of 122,651 were 12.9% higher in 2014, mainly as a result of a lower number of retail activations driven by aggressive offers from cable TV competitors in our service areas where Fibe TV is not available, coupled with lower wholesale activations due to the roll-out of IPTV service by competing wholesale providers in Western and Atlantic Canada.

Total TV net subscriber activations (Fibe TV and Satellite TV combined) decreased 19.6%, or 23,998, to 98,452 as a result of lower Fibe TV and Satellite TV net activations compared to 2013.

Fibe TV subscribers at December 31, 2014 totalled 700,533, up 46.1% from 479,430 subscribers reported at the end of 2013.

Satellite TV subscribers at December 31, 2014 totalled 1,676,352, down 6.8% from 1,799,003 subscribers at the end of 2013.

Total TV subscribers (Fibe TV and Satellite TV combined) at December 31, 2014 equalled 2,376,885, representing a 4.3% increase since the end of 2013.

Local and access

	2014	2013	CHANGE	% CHANGE
NAS LINES				
Residential	**2,435,471**	2,652,429	(216,958)	(8.2%)
Business	**2,457,765**	2,589,820	(132,055)	(5.1%)
Total	**4,893,236**	5,242,249	(349,013)	(6.7%)
NAS NET LOSSES				
Residential	**(216,958)**	(287,885)	70,927	24.6%
Business	**(132,055)**	(114,805)	(17,250)	(15.0%)
Total	**(349,013)**	(402,690)	53,677	13.3%

NAS net losses improved 13.3%, or by 53,677 lines, in 2014, reflecting fewer residential NAS losses, offset in part by higher business access line losses.

Residential NAS net losses were 24.6%, or 70,927 lines, fewer in 2014 than in 2013. The year-over-year improvement reflected the pull-through impact of our Fibe TV service bundle offers, as well as reduced rate of residential NAS turnover in our Fibe TV service areas that reflect the operational benefit of continued IPTV footprint expansion in helping to drive greater NAS customer retention through the acquisition of three-product households. The improvements in residential NAS net losses were moderated by ongoing wireless and Internet-based technology substitution for local services.

Business NAS net losses increased 15.0% or by 17,250 lines in 2014 compared to 2013. The year-over-year increase was the result of higher deactivations among large business market customers due to ongoing customer conversion of voice lines to IP-based and wireless services, the deactivation of excess dial-up ports given the customer shift to high-speed fibre Internet access from older technologies, and the removal of a greater number of public payphones. Additionally, the relatively low level of new business formation and employment growth in the economy has resulted in continued soft demand for new access line installations.

The annualized rate of NAS erosion in our customer base decreased to 6.7% in 2014 from 7.1% in 2013, reflecting improvements in the rate of erosion for residential NAS as a result of fewer line losses. At December 31, 2014, we had 4,893,236 NAS lines, compared to 5,242,249 at the end of 2013.

Competitive landscape and industry trends

COMPETITIVE LANDSCAPE

The financial performance of the overall Canadian wireline telecommunications market in recent years has been impacted by continued declines in legacy voice service revenues resulting from technological substitution to wireless and OTT services, as well as by ongoing conversion to IP-based data services and networks by large business customers. Aggressive competition from cable companies also continues to erode traditional telephone providers' market share of residential local telephony. Canada's four largest cable companies had nearly 4.3 million telephony subscribers at the end of 2014, representing a national residential market share of 43%, up two percentage points from 2013.

Competition for residential local and long distance services comes primarily from substitution to wireless services, including our own Bell Mobility and Virgin Mobile offerings. Approximately 25% of households in Ontario and Québec are estimated to be wireless only.

In 2014, cable companies continued to increase the speeds of their Internet offerings while promoting aggressive customer acquisition offers. At the end of the year, the four largest cable companies had 6.1 million Internet subscribers, representing 55% of the total Internet market, while incumbent local exchange carriers (ILECs) held the remaining 45% or 5.0 million subscribers. Although the residential Internet market is maturing, with approximately 81% penetration across Canada, subscriber growth is expected to continue over the next several years.

ILECs offering IPTV service grew their subscriber base by 24% in 2014 to 2.0 million customers driven by expanded network coverage, enhanced service offerings, and marketing and promotions focused on IPTV. This growth came at the expense of Canada's four largest cable companies, which saw their TV market share in 2014 decline two percentage points to 59%.

Competitors

Cable TV providers offering cable TV, Internet and cable telephony services, including:

- Rogers in Ontario
- Vidéotron in Québec
- Cogeco Cable Inc. (a subsidiary of Cogeco Inc.) (Cogeco) in Ontario and Québec
- Shaw Communications Inc. (Shaw) in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario
- Shaw Direct, providing DTH satellite TV service nationwide
- EastLink in every province except Saskatchewan, where it does not provide cable TV and Internet service

ILECs TELUS and MTS provide local, long distance and IPTV services in various regions, as well as wholesale products and services across Canada.

Various others (such as Vonage Canada (a division of Vonage Holdings Corp.) (Vonage) and Primus) that offer resale or Voice over Internet Protocol (VoIP)-based local, long distance and Internet services.

OTT voice and video services such as Skype, Netflix and iTunes.

Digital media streaming devices such as Apple TV and Roku.

Business voice and data services:

- Other Canadian ILECs and cable TV operators

Substitution to wireless services, including those offered by Bell

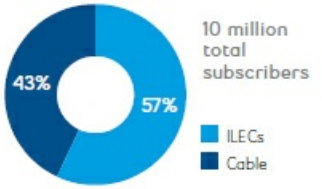
ICT solutions:

- Systems integrators such as CGI Group Inc., EDS (a division of HP Enterprise Services) and IBM
- Outsourcers and professional service firms

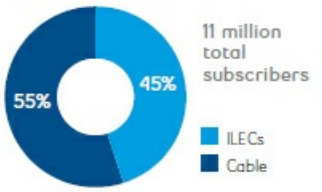
Wholesale competitors include cable operators, domestic CLECs, U.S. or other international carriers for certain services, and electrical utility-based telecommunications providers.

Canadian market share

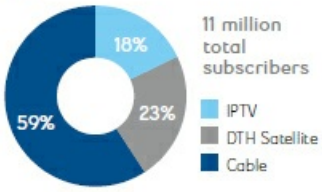
RESIDENTIAL TELEPHONY



INTERNET



TV



INDUSTRY TRENDS

INVESTMENT IN BROADBAND FIBRE DEPLOYMENT

In recent years, ILECs have made substantial investments in deploying FTTN and FTTH within their territories. These investments have enabled the delivery of IPTV service in order to better compete with cable TV offerings in urban areas. IPTV is considered a superior video product to traditional cable TV, given innovative features such as a next-generation user interface, wireless receivers and Restart, which enables customers to rewind and watch TV shows already in progress from the beginning. FTTN enables speeds of up to 25 Mbps, which can be doubled to 50 Mbps with pair bonding, while FTTH delivers broadband speeds of up to 175 Mbps, higher than any other technology. Going forward, ILECs are expected to maintain high levels of capital spending, primarily for the ongoing expansion of their broadband fibre networks, with an increasing emphasis on FTTH deployment.

WIRELESS SUBSTITUTION

Wireless substitution is the most significant driver of residential NAS losses and voice revenue declines for telecommunication companies. Wireless-only households were estimated to represent approximately 25% of households in Canada at the end of 2014, compared to approximately 44% in the U.S. Wireless substitution has been increasing at a faster rate in the U.S. than in Canada, due to structural differences as well as economic disparities. To mitigate the impact of wireless substitution, wireline service providers have been packaging voice services with Internet and TV and offering discounted triple-play bundles. Wireless substitution is expected to continue to steadily increase in 2015.

ALTERNATIVE TV SERVICES

The growing popularity of watching TV anywhere is expected to continue as customers adopt services that enable them to view content on multiple screens, including computers, smartphones and tablets, as well as on their TVs. OTT content providers are competing for share of viewership. To date, these OTT services have largely complemented existing TV services. However, to mitigate the threat of video substitution, TV and Internet service providers have launched customer-authenticated on-demand TV streaming services that provide programming content over mobile and Wi-Fi networks to smartphones, tablets and computers. Additionally, sports and live event programming are important differentiators for traditional TV providers as they face increasing competition from OTT content providers. As OTT offers become more compelling and consumers demand greater flexibility in choosing the content most relevant to them, the disconnection of and reduction in spending for traditional TV continues to rise. While this trend is increasing, it is anticipated that growth in Internet subscriptions and Internet-only households will help to offset the decline in TV as OTT video increases the value proposition of broadband.

BUSINESS CUSTOMER ADOPTION OF IP-BASED SERVICES

The convergence of IT and telecommunications, facilitated by the ubiquity of IP, continues to shape competitive investments for business customers. Telecommunications companies are providing professional and managed services, as well as other IT services and support, while IT service providers are bundling network connectivity with their software as service offerings. In addition, manufacturers continue to bring all-IP and converged (IP plus legacy) equipment to market, enabling ongoing migration to IP-based solutions. The development of IP-based platforms, which provide combined IP voice, data and video solutions, creates potential cost efficiencies that compensate, in part, for reduced margins resulting from the continuing shift from legacy to IP-based services. The evolution of IT has created significant opportunities for Bell Business Markets, such as cloud services and data hosting, that can have greater business impact than traditional telecommunications services.

Business outlook and assumptions

2015 OUTLOOK

We expect positive full-year revenue and Adjusted EBITDA growth for our Bell Wireline segment in 2015. This is predicated on continued year-over-year improvement in residential wireline net activations, as we leverage our growing IPTV footprint to drive greater three-product household penetration, higher broadband and TV market share, as well as fewer residential NAS customer losses attributable to targeted retention and service bundle offers as well as a continued high pull-through rate from Bell's Fibe TV and Bell Aliant's FibreOP TV services.

Increased TV net subscriber acquisition is expected through higher projected customer adoption of Fibe TV as we further extend our IPTV broadband fibre footprint, primarily in areas of Ontario and Québec. We also intend to seek greater penetration within the multiple-dwelling units (MDU) market and capitalize on our extensive retail distribution network and to leverage our market leadership position in high-definition (HD) programming and on-demand streaming services to drive incremental subscriber growth and higher revenue per customer.

Internet subscriber acquisition is expected to improve in 2015 through increased fibre coverage as we leverage the speed and reliability of our broadband Internet network to drive greater IPTV expansion and Internet attach rates. This is expected to have an associated positive impact on ARPU growth and customer churn.

Residential wireline revenues in 2015 are also anticipated to benefit from price increases implemented in the previous year, which followed similar pricing actions by our cable competitors, a higher volume of customer promotion expiries, as well as the positive impact of product enhancements to our Fibe TV service.

In our Bell Business Markets unit, leveraging our expanded fibre footprint to grow broadband connectivity and related business data services should moderate economy-related and competitive market challenges, as well as continued customer migration to IP-based systems and lead to a slower rate of decline in this unit's revenue and Adjusted EBITDA results compared to 2014. We will seek to minimize the overall decline in revenues from legacy voice and data services through ongoing service innovation and product value enhancements. We intend to target marketing initiatives to slow NAS erosion while investing in new solutions in key portfolios such as Internet and private networks, data centre and cloud services, unified communications, and security services. We will continue to deliver network-centric managed and professional services solutions to large business and public sector clients that increase the value of connectivity services. We expect to experience continued competitive intensity in our small and mid-sized business segments as cable operators and other telecom competitors continue to intensify their focus on the business segment. We also intend to introduce service offerings that help drive innovative solutions and value for our small and mid-sized customers by leveraging Bell's network assets, broadband fibre expansion and service capabilities to expand our relationships with them. We will maintain a focus on overall profitability by seeking to increase revenue per customer and customer retention, as well as through improving our processes to achieve further operating efficiencies and productivity gains.

Operating cost reduction will continue to be a key focus, helping to offset costs related to growth in IPTV and Internet subscribers, the ongoing erosion of high-margin wireline voice revenues and other legacy revenues, as well as competitive repricing pressures in our business and wholesale markets. This, combined with further service-level improvements and operating synergies from the integration of Bell Aliant within the Bell Wireline segment, is expected to support our objective of maintaining our consolidated Adjusted EBITDA margin stable year over year.

We also aim to continue investing significantly in broadband infrastructure and fibre expansion and upgrades to support our IPTV and residential Internet services, as well as new business solutions in key portfolios such as Internet and private networks, data centre and cloud services, unified communications and security services. We intend to pursue pricing methods that allow us to cover the capital costs of upgrading the network, providing new services and expanding capacity to meet growing data consumption.

ASSUMPTIONS

- Positive full-year revenue and Adjusted EBITDA growth
- IPTV contributing to TV and broadband Internet market share growth, as well as fewer residential NAS losses, resulting in fewer year-over-year total wireline residential net customer losses and higher penetration of three-product households
- Increasing wireless and Internet-based technological substitution
- Residential services ARPU growth from increased penetration of three-product households, promotion expiries and price increases
- Aggressive residential service bundle offers from cable TV competitors in our local wireline areas
- Improving year-over-year rate of decline in Bell Business Markets revenue and Adjusted EBITDA
- Continued large business customer migration to IP-based systems
- Ongoing competitive reprice pressures in our business and wholesale markets
- Continued competitive intensity in our small and mid-sized business segments as cable operators and other telecom competitors continue to intensify their focus on the business segment
- New broadband fibre deployment expected to be largely FTTH/fibre-to-the-premise (FTTP)
- Growing consumption of OTT TV services and on-demand streaming video, projected growth in TV Everywhere as well as the proliferation of devices, such as tablets, that consume vast quantities of bandwidth, will require considerable ongoing capital investment
- No material financial, operational or competitive consequences of changes in regulations affecting our wireline business

Key growth drivers

- Increasing Fibe TV penetration of IPTV households reached
- Higher market share of industry TV and Internet subscribers
- Greater penetration of three-product households
- Faster pace of economic expansion and employment growth driving increased business customer spending, new business formation and higher demand for connectivity and other professional and managed services
- Expansion of our customer relationships to drive higher revenue per customer
- Ongoing service innovation and product value enhancements
- Improved customer retention

Principal business risks

This section discusses certain principal business risks which specifically affect the Bell Wireline segment. For a detailed description of the principal risks that could have a material adverse effect on our business, refer to section 9, *Business risks*.

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from incumbent operators, cable companies, non-traditional players and wholesalers

IMPACT

- Aggressive offers could lead to higher churn, increased retention expenses and use of promotional competitive offers to keep customers, all of which would put pressure on Bell Wireline's Adjusted EBITDA

REGULATORY ENVIRONMENT

RISK

- Regulatory review of wholesale services framework

IMPACT

- The potential for mandating new high-speed services such as FTTP could improve the business position of our competitors and negatively impact the financial performance of our wireline business and our incentives to invest

TV SUBSCRIBERS PENETRATION

RISK

- The traditional TV viewing model (i.e., subscription for bundled channels) is challenged by an increasing number of viewing options available in the market offered by traditional, non-traditional and global players, as well as by the potential regulatory requirement to sell unbundled channels

IMPACT

- TV subscribers and penetration could decline as a result of broadcasting distribution undertakings' (BDUs) offerings and an increasing number of domestic and global unregulated OTT providers
- BDUs may offer smaller and/or less expensive packaging options to attract subscribers
- The proliferation of IP-based products, including OTT content offerings, may accelerate the disconnection of TV services or the reduction of TV spending

5.3 Bell Media

Bell Media delivered consistently strong ratings across its TV and radio properties in 2014, while generating higher revenues, Adjusted EBITDA and cash flow that reflected the financial contribution from the acquisition of Astral.

Key elements of relevant strategic imperatives



EXPAND MEDIA LEADERSHIP

2014 PROGRESS

- Maintained CTV's #1 ranking as the most-watched network in Canada for the 13th year in a row, and continued to lead with a majority of the Top 20 programs nationally in all key demographics
- Expanded TSN, Canada's sports leader and the leading specialty TV network in the country, from two to five national feeds, fully leveraging Bell Media's unparalleled portfolio of premium sports programming
- In December 2014, Bell Media concluded a multi-year broadcast rights agreement with UEFA, making TSN and RDS the primary Canadian broadcasters of the crown jewels of club soccer – the UEFA Champions League and UEFA Europa League – beginning in 2015
- Concluded a multi-year agreement with the Formula One group, providing TSN and RDS with exclusive multi-platform media rights to all Grand Prix races through to 2019
- Concluded a comprehensive media rights agreement with the United States Golf Association for exclusive Canadian coverage of the U.S. Open on TSN and RDS through to 2022
- Launched CraveTV SVOD TV streaming service, offering the largest collection of premium content in one place on STBs, mobile devices and online
- Acquired the exclusive Canadian multi-platform rights, including SVOD, to HBO's off-air catalogue of TV programming, complementing a multi-year, multi-platform agreement that will see HBO Canada exclusively deliver the entire past-season library of every HBO-scripted series currently on air
- Expanded TV Everywhere offerings with the launch of TSN GO and Super Écran GO

2015 FOCUS

- Maintain strong audience levels and ratings across all TV and radio properties
- Reinforce industry leadership in conventional TV, pay TV, sports media and radio
- Grow viewership and scale of new CraveTV on-demand TV streaming service
- Develop in-house production and content creation for distribution and use across all platforms and screens
- Expand live and on-demand content through TV Everywhere services
- Grow French media properties
- Leverage cross-platform and integrated sales and sponsorship
- In support of the above focus areas, in January 2015, Bell Media concluded a long-term content licensing and trademark agreement to bring the Showtime brand to Canada for the first time



ACHIEVE A COMPETITIVE COST STRUCTURE

2014 PROGRESS

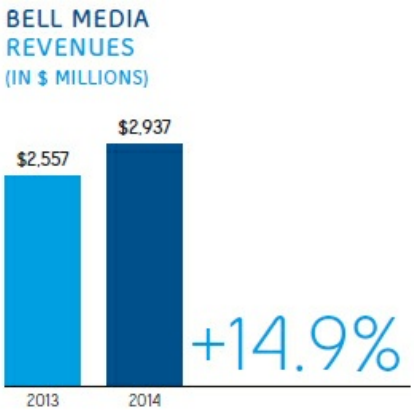
- Realized fully the cost synergies from the integration of Astral into Bell Media

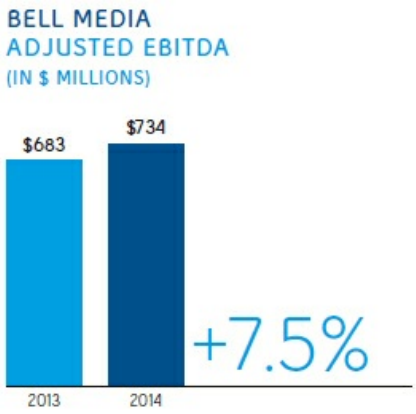
2015 FOCUS

- Continue to drive cost efficiencies to help partially offset revenue and content cost pressures

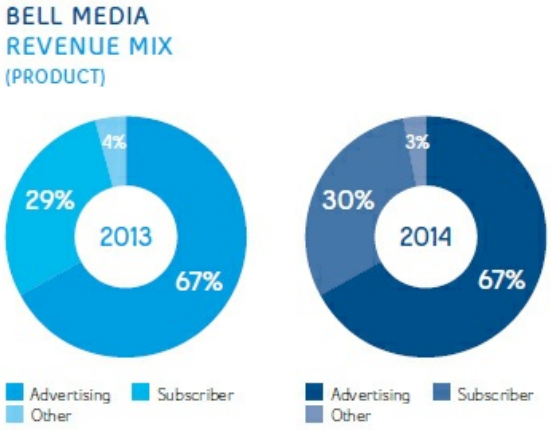
Financial performance analysis

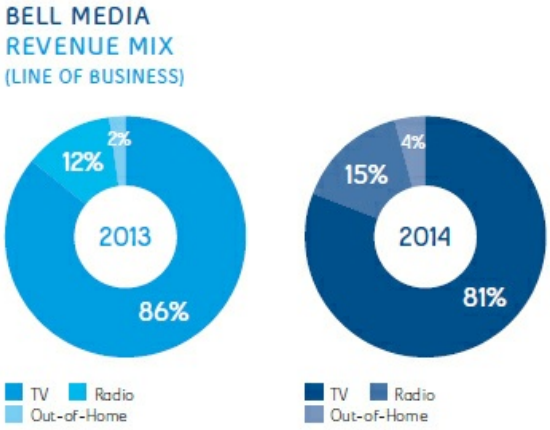
2014 PERFORMANCE HIGHLIGHTS











BELL MEDIA RESULTS

REVENUES

	2014	2013	$ CHANGE	% CHANGE
Total external revenues	**2,642**	2,342	300	12.8%
Inter-segment revenues	**295**	215	80	37.2%
Total Bell Media revenues	**2,937**	2,557	380	14.9%

Bell Media revenues grew 14.9% in 2014, due primarily to the acquisition of Astral on July 5, 2013, which contributed to growth in overall advertising and subscriber fee revenues in the first half of the year.

Advertising revenues in 2014, excluding Astral, decreased year-over-year, despite growth in full-day audience levels reflecting:

- General market softness
- A shift in advertising dollars to the main broadcaster of the Sochi 2014 Winter Olympic Games and 2014 FIFA World Cup Soccer
- Increased spending for online services
- Lower digital advertising revenues due to continued shift of advertising dollars to global players like Google and Facebook

Despite the above pressures, revenues increased year-over-year in our specialty sports services, TSN and RDS, due to the strength of our programming as well as our OOH business from both strategic acquisitions and organic growth.

Subscriber fee revenues in 2014, excluding Astral, increased compared to last year, due to the flow-through of market-based rate increases for Bell Media's specialty services, and higher revenues generated from our new TV Everywhere GO products. This was offset partly by the recognition of retroactive subscriber fee revenues in 2013 with certain BDUs that did not recur this year and the loss of revenue from services that ceased operations in 2014 (regional hockey feeds and Viewers Choice).

Additionally, Bell Media year-over-year revenues were unfavourably impacted by the recognition in Q4 2013 of retroactive revenues relating to retransmission royalties.

OPERATING COSTS AND ADJUSTED EBITDA

	2014	2013	$ CHANGE	% CHANGE
Operating costs	**(2,203)**	(1,874)	(329)	(17.6%)
Adjusted EBITDA	**734**	683	51	7.5%
Adjusted EBITDA margin	**25.0%**	26.7%		(1.7%)

Bell Media operating costs were up 17.6% in 2014 compared to last year mainly as a result of the acquisition of Astral combined with increased costs for sports broadcast rights and higher costs associated with our new TV Everywhere GO products. Partly offsetting the increase were cost synergies realized in 2014 from the integration of Astral into Bell Media and lower costs associated with the discontinuance of the Viewer's Choice channel.

Bell Media Adjusted EBITDA increased 7.5% in 2014, mainly due to the contribution from the Astral acquisition, offset in part by higher year-over-year TV content expenses, particularly for sports broadcast rights.

BELL MEDIA OPERATING METRICS

- Achieved industry-leading revenue market share driven by Bell Media's leadership in Canadian and international news, sports and entertainment programming
- Broadcasted all 4 of the top 4 programs among viewers aged 25 to 54 for the first 12 weeks of the 2014 Fall season
- Maintained leading position in Québec as Bell Media's properties reached an average of 83% of the French-language population weekly
- Remained Canada's top radio broadcaster, reaching 17.4 million listeners who spend 84 million hours tuned in each week
- Ranked first in digital media among all Canadian broadcast and video network competitors, and 7th among all online properties in the country, with monthly averages of 16.4 million visitors, 3.3 million viewers, 340 million page views, 125 million visits and 85 million videos
- Astral Out-of-Home is one of Canada's leading OOH advertising companies with over 9,500 advertising faces strategically located in the markets of Québec, Ontario, Alberta and British Columbia

Competitive landscape and industry trends

COMPETITIVE LANDSCAPE

The Canadian media industry is highly competitive, with competitors having significant scale and financial resources. In recent years, there has been increased consolidation of traditional media assets across the Canadian media landscape. The majority of players have become more vertically integrated to better enable the acquisition and monetization of premium content.

Bell Media competes in the TV, radio and OOH advertising markets:

- **TV:** The TV market has become increasingly fragmented and this trend is expected to continue as new services and technologies increase the diversity of information and entertainment outlets available to consumers
- **Radio:** Competition within the radio broadcasting industry occurs primarily in discrete local market areas among individual stations
- **OOH:** The Canadian OOH advertising industry is fragmented, consisting of a few large companies as well as numerous smaller and local companies operating in a few local markets

Consumers have also been shifting their media consumption towards digital media, mobile devices and on-demand content. This has caused new business models to emerge and advertisers to shift portions of their spending to digital platforms.

Competitors

TV

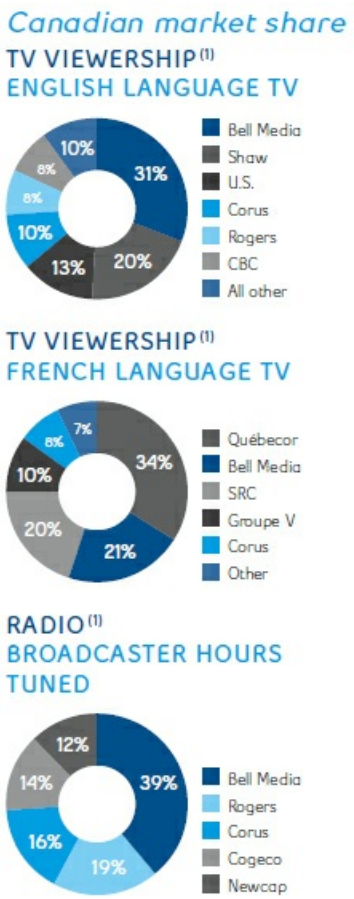
- Conventional Canadian TV stations (local and distant signals) and specialty and pay channels, such as those owned by Shaw, Corus Entertainment Inc. (Corus), Rogers, Québecor Media Inc. (Québecor), Canadian Broadcasting Corporation (CBC)/Société Radio-Canada (SRC) and Groupe V
- U.S. conventional TV stations and specialty channels
- OTT providers such as Netflix and Apple

Radio

- Large radio operators, such as Rogers, Corus, Cogeco and Newcap Inc. (Newcap) that also own and operate radio station clusters in various local markets
- Radio stations in specific local markets
- Satellite radio provider SiriusXM
- Newer technologies such as online music streaming services, music downloading, portable devices that store and play digital music and online music streaming service
- Other media such as newspapers, local weeklies, local TV, magazines, TV, outdoor advertising and the Internet

OOH Advertising

- Large outdoor advertisers, such as Jim Pattison Broadcast Group (Pattison), Outfront Media, Cieslok Media (Cieslok), Québecor and Dynamic
- Numerous smaller and local companies operating a limited number of display faces in a few local markets
- Other media such as TV, radio, print media and the Internet



INDUSTRY TRENDS

TECHNOLOGY AND CONSUMER HABITS TRANSFORMING THE WAY TV IS DELIVERED

Technology used in the media industry continues to evolve rapidly, which has led to alternative methods for the distribution, storage and consumption of content. These technological developments have driven and reinforced changes in consumer behaviour as consumers seek more control over when, where and how they consume content. For example, consumer electronics innovations have enabled consumers to view content on TVs, computers, tablets, smartphones and other mobile electronic devices. The number of Canadian users who are connected to the Internet through their TVs is growing as connection becomes easier and more affordable. Changes in technology and consumer behaviour have resulted in a number of challenges for content aggregators and distributors. The technological developments may disrupt traditional distribution platforms by enabling content owners to provide content directly to distributors and consumers, thus bypassing traditional content aggregators.

GROWTH OF ALTERNATIVES TO TRADITIONAL LINEAR TV

Consumers now have improved access to online entertainment and information alternatives that did not exist a few years ago. While traditional linear TV was the only way to access consumer primetime programming in the past, many people today watch TV in non-traditional ways for at least a portion of their viewing. In particular, today's viewers are consuming more content online, watching less scheduled programming live, time-shifting original broadcasts through PVRs, viewing more TV on mobile devices, and catching up on past programming on demand. In addition, many consumers are spending considerable time with online alternatives to traditional TV. This is evident in the growing popularity of OTT video services like Netflix. To date, these OTT services have largely complemented existing TV services. Media companies are evolving their content

and launching their own solutions to better compete with these non-traditional offerings through services such as Bell Media's CraveTV on-demand TV streaming service and authenticated TV Everywhere services such as CTV GO, TSN GO and TMN GO.

ESCALATING CONTENT COSTS AND SHIFTS IN ADVERTISING

Viewership and usage trends suggest that online and mobile Internet video consumption is increasing rapidly. Changing content consumption patterns and growth of alternative content providers could exert downward pressure on rates and advertising revenues for traditional media broadcasters. However, live sports and special events should continue to draw audiences and advertisers, which is expected to result in pricing pressure on future broadcasting rights. Additionally, while access to premium content has become increasingly important to media companies in attracting viewers and advertisers, there is now increased competition for these rights. This has resulted in higher TV program rights costs, which is a trend that is expected to continue into the future.

(1) *Broadcast year-end at August 31, 2014, 2+ age category, Fall 2014 for radio*

Business outlook and assumptions

2015 OUTLOOK

Bell Media's financial results in 2015 are expected to be impacted by increases in programming costs (including higher costs related to sports broadcast rights), investments in new initiatives such as CraveTV and higher regulatory Canadian content spending. CraveTV is designed to complement existing TV offerings as an additive service featuring exclusive premium programming and, therefore, distribution of the product will be through licensed BDUs. Management will focus on increasing the distribution of the CraveTV product in 2015. The impact on cash flow from escalating costs to secure TV programming and investment in new media service initiatives should be partly mitigated by lower year-over-year capital expenditures. We will also continue to carefully manage costs by leveraging assets, achieving productivity gains and pursuing operational efficiencies across all of our properties, while continuing to invest in premium content for all four screens.

While overall advertising markets are expected to remain relatively stable in 2015, we anticipate some advertiser demand to return to Bell Media following a shift in 2014 to the main broadcaster of the Sochi 2014 Winter Olympic Games and 2014 FIFA World Cup Soccer. Subscriber fee revenues are projected to increase, driven by growth in TV Everywhere and scaling of CraveTV, which should help offset expected declines in specialty and pay TV.

In conventional TV, we intend to leverage the strength of our market position to continue offering advertisers, both nationally and locally, premium opportunities to reach their target audiences. Success in this area requires that we focus on a number of factors, including:

- Successfully acquiring highly-rated programming and differentiated content
- Building and maintaining strategic supply arrangements for content on four screens
- Producing and commissioning high-quality Canadian content, including market-leading news, enhancements through investments in HD broadcasting and improvements to our news programming

In sports specialty TV, as evidenced by TSN's expansion to five national feeds (the TSN multiplex channels), we will aim to continue delivering premium content and exceptional viewing experiences to our viewers. Investment in the integration of our digital platforms will be an integral part of our strategy to further engage viewers. We have secured key hockey and other sports content that is important to Canadians. 2015 represents the first full year under a number of programming agreements entered into in 2014, as well as the first full year with the impact of the TSN multiplex channels, both of which will drive year-over-year cost increases and rate increases due to escalations in existing BDU contracts. We also intend to continue creating innovative high-quality productions in the areas of sports news and editorial coverage.

In non-sports specialty and pay TV, audiences and advertising revenues are expected to be driven by investment in quality programming and production. The agreement entered into with Home Box Office (HBO) in 2014, which secures the exclusive Canadian multi-platform rights to HBO's off-air catalogue, is one example of our continuing investment in premium content. Additionally, we will continue to develop key brand partnership initiatives on our existing services and we intend to continue strengthening our pay TV offerings.

Our English-language specialty services will attempt to capitalize on Space, Bravo and Discovery's leading position in the market, and we will focus on rebuilding audiences and revitalizing the brands and content of our TV services that appeal to younger viewers.

In our French-language pay and specialty services, we will optimize the CRTC tangible benefits in order to maximize quality content on screen and deploy such content on authenticated multi platforms. We will leverage our newly-launched Canal D Investigation channel that features reality documentaries and crime dramas as well as Super Écran's new original fiction series.

In radio, we intend to leverage the strength of our market position to continue offering advertisers, both nationally and locally, premium opportunities to reach their target audiences. Additionally, in conjunction with local TV assets, we will pursue opportunities that can leverage our promotional capabilities, provide an expanded platform for content sharing, and offer synergistic colocation and efficiencies where practical.

In our OOH operations, we plan to leverage the strength of our products to provide advertisers with premium opportunities in Toronto and

Montréal, as well as in certain Western markets. We will also continue to seek new opportunities in digital markets, including leveraging acquisitions made in 2014.

ASSUMPTIONS

- Lower year-over-year Adjusted EBITDA and margin, due to escalating costs to secure TV programming, including rising sports-rights costs and market rates for specialty content, CraveTV investment, higher regulatory Canadian content spending, the expiry of certain CRTC benefits as well as the completion of the Local Programming Improvement Fund
- Ability to successfully acquire highly rated programming and differentiated content
- Building and maintaining strategic supply arrangements for content on all four screens
- Successful scaling of CraveTV
- TV unbundling and growth in OTT viewing expected to result in moderately lower subscriber levels for many Bell Media TV properties
- No material financial, operational or competitive consequences of changes in regulations affecting our media business

Key growth drivers

- Stronger economic growth that drives increased advertiser demand and spending, particularly in the key automotive, entertainment equipment, telecommunications and consumer goods sectors
- Higher audience levels from strong ratings maintained across all TV and radio properties, as well as from securing multi-platform rights
- Investing in the best content, including more in-house productions

Principal business risks

This section discusses certain principal business risks which specifically affect the Bell Media segment. For a detailed description of the principal risks that could have a material adverse effect on our business, refer to section 9, *Business risks*.

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from traditional TV services, as well as from new technologies and alternative distribution platforms such as unregulated OTT content offerings, video on demand, personal video platforms and video services over mobile devices and the Internet, all challenge Bell Media's traditional revenue streams

IMPACT

- The level of competitive activity could have an adverse impact on the level of audience acceptance for Bell Media's TV services

ADVERTISING REVENUE UNCERTAINTY

RISK

- Advertising is heavily dependent on economic conditions and viewership

IMPACT

- Economic uncertainty reduces advertisers' spending
- Increased fragmentation of the advertising market, given the increasing adoption of new technologies and alternative distribution platforms, increases Bell Media's risk of losing advertising revenue

RISING CONTENT COSTS AND ABILITY TO SECURE KEY CONTENT

RISK

- Rising content costs and the ability to secure key content to drive revenues and subscriber growth going forward

IMPACT

- Rising programming costs, as an increasing number of domestic and global competitors compete for the same content, could require us to incur unplanned expenses which could result in negative pressure on Adjusted EBITDA
- Our inability to acquire popular programming content could adversely affect Bell Media's viewership and subscription levels and, consequently, advertising and subscription revenues

5.4 Bell Aliant

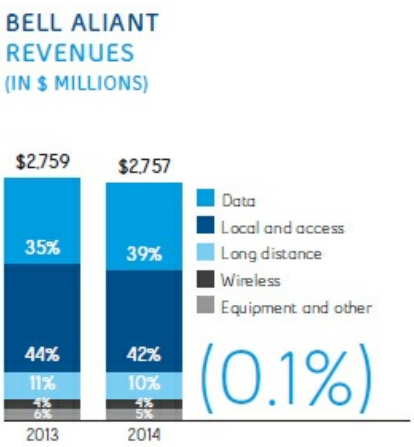
Bell Aliant's expanded FTTH network drove strong Internet and IPTV subscriber growth in 2014, helping to offset continued customer declines in its traditional voice business. The Privatization of Bell Aliant simplifies BCE's corporate structure, while providing increased broadband scale with over 1.4 million combined Internet, TV and wireless customers and strong annualized Free Cash Flow accretion.

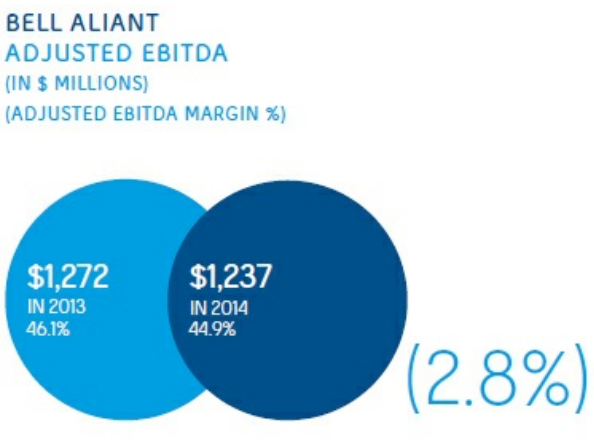
Key strategic imperative achievements in 2014

- Expanded FTTH network footprint to an additional 211,000 homes and businesses, bringing total coverage to 1,016,582 customer premises in communities across Atlantic Canada, Ontario and Québec
- Enhanced TV offerings through various initiatives:
  - Added 29 new HD channels, bringing the total number of HD channels to 160
  - Launched the CTV GO, TMN GO and TSN GO apps, enabling TV customers to stream content on their tablets, computers and smartphones
  - Launched the FibreOP Remote app, which allows customers to use their smartphone or tablet as a remote to browse and surf the guide, search for programs and set up recordings while on the go
  - Launched CraveTV subscription on-demand TV streaming service, offering a large collection of premium TV content
- Enhanced Internet offerings with the introduction of a wireless extender to FibreOP customers, ensuring they have the best wireless coverage throughout their home
- Increased FibreOP Internet download speeds by at least 50%
- Began construction of a new data centre in Saint John, New Brunswick, which will provide the capacity to meet the demands of Bell Aliant's expanding ICT sector customers and securing Bell Aliant's position as the leading provider of data services in Atlantic Canada
- Acquired O.N.TEL Inc. (Ontera), a full-service telecom company operating in Northeastern Ontario. Ontera's network runs adjacent to Bell Aliant's and includes 2,200 kilometres of fibre, which is expected to provide the opportunity for synergies

Financial performance analysis

2014 PERFORMANCE HIGHLIGHTS







BELL ALIANT RESULTS

REVENUES

	2014	2013	$ CHANGE	% CHANGE
Data	**994**	887	107	12.1%
Local and access	**1,056**	1,109	(53)	(4.8%)
Long distance	**254**	286	(32)	(11.2%)
Wireless	**99**	97	2	2.1%
Equipment and other	**122**	131	(9)	(6.9%)
Total external revenues	**2,525**	2,510	15	0.6%
Inter-segment revenues	**232**	249	(17)	(6.8%)
Total Bell Aliant revenues	**2,757**	2,759	(2)	(0.1%)

Bell Aliant operating revenues remained essentially stable in 2014 despite competitive pricing pressures, as growth in data revenues was offset by lower local and access, long distance, and equipment and other revenues.

- **Data revenues** increased 12.1% in 2014, due to growth in Internet and IPTV services, along with higher IP data services revenue driven by the expansion of Bell Aliant's next-generation network technology and increased data product sales. The increase in Internet revenues was driven by FibreOP Internet customer growth combined with higher residential high-speed Internet ARPU attributable to increased customer adoption of higher bandwidth plans and price increases. Higher IPTV service revenues reflected growth in Bell Aliant's FibreOP TV customer base and the expiry of pricing offers.
- **Local and access revenues** decreased 4.8% in 2014 as a result of the continued erosion in Bell Aliant's NAS customer base due to the effect of aggressive discounting of bundled services by cable competitors, and continued migration of customers to wireless and IP-based solutions
- **Long distance revenues** were down 11.2% in 2014, due to a lower NAS base, substitution of traditional wireline service with e-mail, wireless calling and VoIP services, as well as customer migration from per-minute plans to fixed rate plans
- **Wireless revenues** were up 2.1% in 2014 as a result of a higher wireless postpaid customer base
- **Equipment and other revenues** declined 6.9% in 2014, driven by the loss of revenue generated by a contact centre subsidiary which ceased operations in late 2013, as well as lower volume of custom work

OPERATING COSTS AND ADJUSTED EBITDA

	2014	2013	$ CHANGE	% CHANGE
Operating costs	**(1,520)**	(1,487)	(33)	(2.2%)
Adjusted EBITDA	**1,237**	1,272	(35)	(2.8%)
Adjusted EBITDA margin	**44.9%**	46.1%		(1.2%)

Bell Aliant operating costs increased 2.2% in 2014, reflecting higher IPTV content costs, increased customer service-related costs to support a growing FibreOP subscriber base, and greater advertising expenses. This was offset in part by negotiated reductions in payments to other carriers, lower labour costs from ongoing workforce restructuring, and lower post-employment benefit plans service cost.

Bell Aliant Adjusted EBITDA decreased 2.8% in 2014, mainly as a result of higher operating costs. Adjusted EBITDA margin declined to 44.9% in 2014 from 46.1% last year, as the impact from continued declines in higher-margin voice revenues was not fully offset by growth in lower-margin data service revenues.

BELL ALIANT OPERATING METRICS

	2014	2013	CHANGE	% CHANGE
HIGH-SPEED INTERNET				
High-speed Internet net activations	**57,444**	33,679	23,765	70.6%
High-speed Internet subscribers	**1,009,537**	952,093	57,444	6.0%
FibreOP Internet customers included in High-speed Internet customers	**257,552**	183,971	73,581	40.0%
IPTV				
Net subscriber activations	**54,931**	55,063	(132)	(0.2%)
Total subscribers	**233,014**	178,083	54,931	30.8%
FibreOP TV	**218,537**	158,044	60,493	38.3%
NAS LINES				
Residential	**1,372,402**	1,462,462	(90,060)	(6.2%)
Business	**865,214**	890,858	(25,644)	(2.9%)
Total	**2,237,616**	2,353,320	(115,704)	(4.9%)
NAS NET LOSSES				
Residential	**(90,060)**	(108,737)	18,677	17.2%
Business	**(25,644)**	(29,313)	3,669	12.5%
Total	**(115,704)**	(138,050)	22,346	16.2%
WIRELESS				
Subscribers	**147,926**	146,698	1,228	0.8%

High-speed Internet subscriber net activations increased 70.6%, or by 23,765 subscribers, in 2014 to 57,444, reflecting fewer residential customer deactivations due to competitive pricing actions and continued steady demand for FibreOP service bundles, as well as higher wholesale customer activations. At December 31, 2014, Bell Aliant had 1,009,537 high-speed Internet subscribers, up 6.0% from 952,093 subscribers at the end of 2013.

IPTV net activations of 54,931 subscribers decreased 0.2% in 2014 as a result of slower growth in the Atlantic region due to a more mature footprint, partly offset by new footprint expansion in Québec and Ontario. At December 31, 2014, Bell Aliant had 233,014 IPTV customers, which included 218,537 FibreOP TV customers, compared to 178,083 IPTV customers at the end of 2013, which included 158,044 FibreOP TV customers.

NAS net losses improved 16.2%, or by 22,346 customers, in 2014 as a result of fewer customer deactivations in residential FibreOP markets due to competitive pricing actions, and higher residential activations from winbacks related to the launch of FibreOP in new markets. These results were achieved despite customer losses as a result of sustained competitive intensity from cable providers and continued customer substitution to wireless and IP-based solutions. At December 31, 2014, Bell Aliant had 2,237,616 NAS lines, representing a 4.9% decline compared to 2,353,320 NAS lines at the end of 2013.

Wireless customers totalled 147,926 at December 31, 2014, representing a 0.8% increase since the end of 2013.

Competitive landscape and industry trends

COMPETITIVE LANDSCAPE

Cable companies are the most significant competitive threat to Bell Aliant. At the end of 2014, Bell Aliant's competitive footprint overlap with cable companies was approximately 76.5% of residential households in its markets, representing a 0.7 percentage point increase from 2013. In addition, the rapid development of new technologies, services and products has facilitated the entry of other competitors into Bell Aliant's markets, enabling these competitors to offer their customers an alternative to traditional voice services through wireless and IP-based technologies. Bell Aliant actively employs marketing strategies to remain competitive in all of its operating markets and continues to innovate and develop new and enhanced services to meet the communication needs of its customers.

Competition for residential local and long distance services also comes from substitution of wireless services, including Bell Mobility and Virgin Mobile wireless offerings.

Competitors

Cable TV providers offer cable TV, Internet and cable telephony services, including:

- EastLink in Atlantic Canada and rural Ontario
- Rogers in Newfoundland and Labrador, New Brunswick and Ontario
- Vidéotron in rural Québec
- Cogeco in rural Québec
- Shaw in rural Ontario
- Shaw Direct, providing DTH satellite TV service nationwide
- Some smaller private cable companies in rural communities

Various other companies, such as Vonage and Primus, that offer resale or VoIP-based local, long distance and Internet services.

OTT voice and video services such as Skype, Netflix and iTunes.

Digital media streaming devices such as Apple TV and Roku.

Market Facts

- There are 2.5 million households in Bell Aliant's territory, which includes Atlantic Canada and rural Ontario and Québec
- Approximately 77% of the households in its territory have a cable telephony alternative
- Over 85% of the households in its territory have access to Bell Aliant's high-speed Internet services; Internet penetration is estimated to be between 70% to 75% across its territories

Beginning January 1, 2015, the results of operations of Bell Aliant are included within our Bell Wireless and Bell Wireline segments, with prior periods restated for comparative purposes. As a result, no discussion relating to *Industry trends, Business outlook and assumptions, Key growth drivers or Principal business risks* is being provided for Bell Aliant. For a discussion concerning these items, refer to sections 5.1, *Bell Wireless* and 5.2, *Bell Wireline* in this MD&A.

6 FINANCIAL AND CAPITAL MANAGEMENT

This section tells you how we manage our cash and capital resources to carry out our strategy and deliver financial results. It provides an analysis of our financial condition, cash flows and liquidity on a consolidated basis.

6.1 Net Debt (1)

	DECEMBER 31, 2014	DECEMBER 31, 2013	$ CHANGE	% CHANGE
Debt due within one year[2]	**3,743**	2,571	1,172	45.6%
Long-term debt	**16,355**	16,341	14	0.1%
Preferred shares[3]	**2,002**	1,698	304	17.9%
Cash and cash equivalents	**(566)**	(335)	(231)	(69.0%)
Net Debt	**21,534**	20,275	1,259	6.2%

(1) *Net Debt is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Net Debt *in this MD&A for more details.*
(2) *Includes bank advances, notes payable and loans secured by trade receivables.*
(3) *50% of outstanding preferred shares of $4,004 million and $3,395 million in 2014 and 2013, respectively, are classified as debt as it is consistent with the treatment by some credit rating agencies.*

The increase of $1,186 million in debt due within one year and long-term debt was due to:

- The issuance of MTN debentures at Bell Canada with a total principal amount of $1.25 billion and of MTNs at Bell Aliant with a total principal amount of $150 million
- An increase in our notes payable and bank advances (net of repayments) of $469 million

Partly offset by:

- $350 million early debt redemption of MTNs at Bell Aliant
- $300 million repayment of CTV Specialty Television Inc. (CTV Specialty) notes on February 18, 2014
- $33 million net repayments of finance leases and other debt

The increase in preferred shares was due to the issuance of BCE Cumulative Redeemable First Preferred Shares, Series AM, Series AO and Series AQ, for a total value of $609 million, as a result of the Preferred Share Exchange. See section 1.3, *Key corporate developments – Bell Aliant Privatization and note exchange.*

The increase in cash and cash equivalents of $231 million was due to:

- $2,744 million of Free Cash Flow
- $784 million net issuance of debt instruments
- $720 million total proceeds from BCE's divestitures of TV services and radio stations

Partly offset by:

- $1,893 million dividends paid on common shares
- $989 million cash consideration paid in connection with the Privatization of Bell Aliant
- $566 million payment for the acquisition of 700 MHz wireless spectrum assets
- $350 million voluntary DB pension plan contribution
- $131 million of acquisition costs paid due mainly to CRTC tangible benefit payment requirements and Privatization costs

6.2 Outstanding share data

COMMON SHARES OUTSTANDING	NUMBER OF SHARES
Outstanding, January 1, 2014	**775,892,556**
Shares issued for the Privatization of Bell Aliant	**60,879,365**
Shares issued under employee stock option plan	**1,372,006**
Shares issued under employee savings plan (ESP)	**2,186,426**
Outstanding, December 31, 2014	**840,330,353**

STOCK OPTIONS OUTSTANDING	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1, 2014	**7,870,231**	**40**
Granted	**2,915,361**	**48**
Exercised[1]	**(1,372,006)**	**36**
Forfeited	**(135,396)**	**44**
Outstanding, December 31, 2014	**9,278,190**	**43**
Exercisable, December 31, 2014	**865,600**	**36**

(1) *The weighted average share price for options exercised in 2014 was $49.*

At March 5, 2015, 841,610,645 common shares and 11,153,196 stock options were outstanding.

6.3 Cash flows

	2014	2013	$ CHANGE	% CHANGE
Cash flows from operating activities	**6,241**	6,476	(235)	(3.6%)
Bell Aliant dividends paid to BCE	**95**	191	(96)	(50.3%)
Capital expenditures	**(3,717)**	(3,571)	(146)	(4.1%)
Cash dividends paid on preferred shares	**(134)**	(127)	(7)	(5.5%)
Cash dividends paid by subsidiaries to non-controlling interest	**(145)**	(283)	138	48.8%
Acquisition costs paid	**131**	80	51	63.8%
Voluntary defined benefit pension plan contribution	**350**	–	350	n.m.
Bell Aliant free cash flow	**(77)**	(195)	118	60.5%
Free cash flow	**2,744**	2,571	173	6.7%
Bell Aliant free cash flow, excluding dividends paid	**(18)**	4	(22)	n.m.
Acquisition costs paid	**(131)**	(80)	(51)	(63.8%)
Voluntary defined benefit pension plan contribution	**(350)**	–	(350)	n.m.
Business acquisitions	**(18)**	(2,850)	2,832	99.4%
Business dispositions	**720**	1	719	n.m.
Acquisition of spectrum licences	**(566)**	–	(566)	n.m.
Other investing activities	**11**	19	(8)	(42.1%)
Net issuance of debt instruments	**784**	2,215	(1,431)	(64.6%)
Reduction in securitized trade receivables	**–**	(14)	14	n.m.
Early debt redemption costs	**(4)**	(55)	51	92.7%
Privatization of Bell Aliant	**(989)**	–	(989)	n.m.
Issue of common shares	**49**	13	36	n.m.
Issue of equity securities by subsidiaries to non-controlling interest	**–**	230	(230)	n.m.
Cash dividends paid on common shares	**(1,893)**	(1,795)	(98)	(5.5%)
Other financing activities	**(108)**	(53)	(55)	n.m.
Net increase in cash and cash equivalents	**231**	206	25	12.1%
Free cash flow per share[(1)]	**$3.46**	$3.31	$0.15	4.5%

(1) *Free Cash Flow per share is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section 10.2,* Non-GAAP financial measures and key performance indicators (KPIs) – Free Cash Flow and Free Cash Flow per share *in this MD&A for more details.*

n.m.: not meaningful

Cash flows from operating activities and Free Cash Flow

In 2014, BCE's cash flows from operating activities decreased $235 million compared to 2013 as a result of a $350 million voluntary DB pension plan contribution made in 2014 and higher income taxes paid, partly offset by higher Adjusted EBITDA and an improvement in working capital.

Free Cash Flow in 2014 increased $173 million, driven mainly by higher Adjusted EBITDA and an improvement in working capital, partly offset by higher income taxes paid and increased capital expenditures.

Free Cash Flow per share in 2014 was $3.46 per common share, compared to $3.31 per common share in 2013.

Capital expenditures

	2014	2013	$ CHANGE	% CHANGE
Bell	**3,142**	3,001	(141)	(4.7%)
Capital intensity ratio	**16.8%**	16.6%		(0.2%)
Bell Aliant	**575**	570	(5)	(0.9%)
Capital intensity ratio	**20.9%**	20.7%		(0.2%)
BCE	**3,717**	3,571	(146)	(4.1%)
Capital intensity ratio	**17.7%**	17.5%		(0.2%)

BCE capital expenditures increased $146 million, or 4.1%, in 2014, reflecting higher spending at both Bell and Bell Aliant. Capital expenditures as a percentage of revenue (capital intensity ratio) for BCE was 17.7% in 2014 compared to 17.5% last year.

Bell capital expenditures were $141 million, or 4.7%, higher in 2014, corresponding to a capital intensity ratio of 16.8%, up 0.2 percentage points over 2013. The year-over-year increase reflected:

- Higher wireline capital expenditures to further expand our Fibe TV service footprint, in order to connect more homes and businesses directly with broadband fibre and to support the execution of business customer contracts
- Increased wireless capital spending for the continued deployment of our 4G LTE network, which reached approximately 86% of the Canadian population at December 31, 2014, as well as ongoing investments to increase network capacity to accommodate increasing data usage and enable higher LTE speeds
- Higher media capital expenditures as a result of the Astral acquisition, and from increasing broadcasting capacity and TV production equipment related to the expansion of TSN from two to five national feeds

Bell Aliant capital expenditures increased a modest $5 million, or 0.9%, corresponding to a capital intensity ratio of 20.9% compared to 20.7% in 2013. The increase in spending was attributable to continued expansion of the broadband fibre network, offset in part by lower capital expenditures for legacy services.

Voluntary DB pension plan contribution

In 2014, we made a voluntary contribution of $350 million to fund our post-employment benefit obligation and aligned the funded status of Bell Aliant's DB pension plan with the strong solvency position of the Bell Canada plans. The voluntary contribution was funded from cash on hand at the end of 2014 and will reduce the amount of BCE's future pension obligations.

Business acquisitions

Business acquisitions in 2013 reflect our acquisition of Astral of $2,844 million, net of $32 million of cash acquired.

Business dispositions

In 2014, we completed the sale of certain TV services and radio stations for total cash proceeds of $720 million.

Acquisition of spectrum licences

On April 2, 2014, Bell acquired 700 MHz spectrum licences in every province and territorial market, comprised of 31 licences for $566 million.

Debt instruments

We use a combination of short-term and long-term debt to finance our operations. Our short-term debt consists mostly of bank facilities, notes payable under commercial paper programs and loans securitized by trade receivables. We usually pay fixed rates of interest on our long-term debt and floating rates on our short-term debt. As at December 31, 2014, all of our debt was denominated in Canadian dollars with the exception of one of our credit facilities and a portion of our commercial paper, which are denominated in U.S. dollars, all of which have been hedged for foreign currency fluctuations through forward currency contracts.

We issued $784 million of debt, net of repayments. This included the issuance of Series M-30 and Series M-31 MTN debentures at Bell Canada with a principal amount of $1.25 billion and MTNs at Bell Aliant with a principal amount of $150 million, as well as $469 million of notes payable and bank advances, partly offset by repayments of financial leases and other debt of $435 million, $350 million of early debt redemption of MTNs at Bell Aliant and $300 million of CTV Specialty notes on February 18, 2014.

2013

We issued $2,215 million of debt, net of repayments. This included the issuance of Series M-26, Series M-27, Series M-28 and Series M-29 MTN debentures at Bell Canada with a total principal amount of $3 billion, $1 billion drawn under Bell Canada's unsecured committed-term acquisition credit facility to fund a portion of the purchase price of Astral, the issuance of MTNs at Bell Aliant with a total principal amount of $400 million, and an increase in our notes payable and bank advances, net of repayments, of $272 million. This was partly offset by the early debt redemption of Series M-20 MTN debentures at Bell Canada amounting to $1 billion, $440 million of payments under finance leases, $400 million of early debt redemption of Series 3 MTNs at Bell Aliant, $397 million of repayment of debt assumed on the acquisition of Astral, $150 million of early debt redemption of Series EA debentures at Bell Canada and $70 million repayment of Series AA debentures at Bell Aliant.

Privatization of Bell Aliant

In 2014, we paid $989 million in connection with the Privatization of Bell Aliant, representing 25% of the consideration for the acquisition of the outstanding publicly held common shares of Bell Aliant that we did not already own. Refer to section 1.3, *Key corporate developments – Bell Aliant Privatization and note exchange,* for details on the Privatization.

Issue of equity securities by subsidiaries to NCI

In 2013, Bell Aliant Preferred Equity Inc., an indirect subsidiary of Bell Aliant, issued preferred shares for gross proceeds of $230 million.

Cash dividends paid on common shares

The BCE Board approved increases in the common share dividend in 2014 and 2013. Accordingly, in 2014, the cash dividend paid on a BCE common share increased to $2.47 per common share, compared to a cash dividend of $2.315 per common share in 2013.

6.4 Post-employment benefit plans

For the year ended December 31, 2014, we recorded an increase in our post-employment benefit obligations and a loss, before taxes and NCI, in OCI of $938 million. This was due to a lower actual discount rate of 4.0% at December 31, 2014, compared to 4.9% at December 31, 2013, partly offset by a higher-than-expected return on plan assets.

For the year ended December 31, 2013, we recorded a decrease in our post-employment benefit obligations and a gain, before taxes and NCI, in OCI of $1,416 million. This was due to an increase in the discount rate to 4.9% at December 31, 2013, compared to 4.4% at December 31, 2012, partly offset by a lower-than-expected return on plan assets.

6.5 Privatization of Bell Aliant

The Privatization was accounted for as an equity transaction which increased BCE's deficit by $2,143 million, BCE's common shares by $2,928 million and preferred shares by $609 million, and reduced NCI by $877 million and contributed surplus by $1,499 million. Refer to section 1.3, *Key corporate developments – Bell Aliant Privatization and note exchange,* for details on the Privatization.

6.6 Financial risk management

Management's objectives are to protect BCE and its subsidiaries on a consolidated basis against material economic exposures and variability of results from various financial risks that include credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. These risks are further described in Note 2, *Significant accounting policies*, Note 9, *Other income (expense)* and Note 24, *Financial and capital management*.

The following table outlines our financial risks, how we manage these risks and their financial statement classification.

FINANCIAL RISK	DESCRIPTION OF RISK	MANAGEMENT OF RISK AND FINANCIAL STATEMENT CLASSIFICATION
Credit risk	We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported on the statements of financial position. We are exposed to credit risk if counterparties to our trade receivables and derivative instruments are unable to meet their obligations. Our trade receivables and allowance for doubtful accounts balances at December 31, 2014 were $3,068 million and $69 million, respectively.	• Large and diverse customer base • Deal with institutions with investment-grade credit ratings • Regularly monitor our credit risk and exposure
Liquidity risk	We are exposed to liquidity risk for financial liabilities. Refer to section 6.8, *Liquidity – Contractual obligations*, for a maturity analysis of our recognized financial liabilities.	• Sufficient cash from operating activities and committed bank facilities to fund our operations and fulfill our obligations as they become due
Currency risk	We are exposed to currency risk related to anticipated transactions and certain foreign currency debt. Refer to the following *Fair value* section for details on our derivative financial instruments.	• Foreign currency forward contracts and options on our purchase commitments and commercial paper maturing in 2015 to 2017 of $2 billion U.S. ($2.2 billion Canadian) at December 31, 2014, to manage foreign currency risk related to anticipated transactions and foreign currency debt ◦ For cash flow hedges, changes in the fair value are recognized in OCI, except for any ineffective portion, which is recognized immediately in earnings in *Other income (expense)*. Realized gains and losses in Accumulated OCI are reclassified to *Operating costs* in the income statements in the same periods as the corresponding hedged items are recognized in earnings ◦ For economic hedges, changes in the fair value are recognized in *Other income (expense)* • Cross currency basis swaps on one of our credit facilities maturing in 2015 of $877 million U.S. ($1 billion Canadian) at December 31, 2014, to hedge foreign currency risk on a portion of our long-term debt due within one year • Changes in the fair value and the related credit facility are recognized in *Other income (expense)* in the income statements and offset, unless a portion of the hedging relationship is ineffective

Interest rate risk	We are exposed to risk on the interest rates of our debt and our post-employment benefit plans.	• Interest rate swaps maturing in 2017 with a notional amount of $700 million at December 31, 2014, to hedge interest rate risk on a portion of our long-term debt
		  ◦ Changes in the fair value and the related long-term debt are recognized in *Other income (expense)* in the income statements and offset, unless a portion of the hedging relationship is ineffective
		• Interest rate locks maturing in 2015 with a notional amount of $500 million at December 31, 2014, to hedge the interest rates on future debt issuance
		  ◦ Changes in the fair value are recognized in OCI, except for any ineffective portion, which is recognized immediately in earnings in *Other income (expense)*. Realized gains and losses in Accumulated OCI are reclassified to *Interest expense* in the income statements in the same periods as the interest expense on the debt is recognized in earnings
		• For our post-employment benefit plans, the interest rate risk is managed using a liability matching approach which reduces the exposure of the DB plan to a mismatch between investment growth and obligation growth

Equity price risk	We are exposed to risk on our cash flow related to share-based payment plans. Refer to the following *Fair value* section for details on our derivative financial instruments	• Equity forward contracts with a fair value of $157 million at December 31, 2014, on BCE's common shares to economically hedge the cash flow exposure related to share-based payment plans ◦ Changes in fair value are recorded in *Other income (expense)* in the income statements

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Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Certain fair value estimates are affected by assumptions we make about the amount and timing of future cash flows and discount rates, all of which reflect varying degrees of risk. Income taxes and other expenses that would be incurred on disposition of financial instruments are not reflected in the fair values. As a result, the fair values are not the net amounts that would be realized if these instruments were settled.

The carrying values of our cash and cash equivalents, trade and other receivables, assets held for sale, trade payables and accruals, compensation payable, severance and other costs payable, interest payable, notes payable, bank advances and loans secured by trade receivables approximate fair value as they are short term.

The following table provides the fair value details of financial instruments measured at amortized cost in the statements of financial position.

	CLASSIFICATION	FAIR VALUE METHODOLOGY	DECEMBER 31, 2014 CARRYING VALUE	DECEMBER 31, 2014 FAIR VALUE	DECEMBER 31, 2013 CARRYING VALUE	DECEMBER 31, 2013 FAIR VALUE
CRTC tangible benefits obligation	Other current and non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**285**	**289**	350	350
CRTC deferral account obligation	Other current and non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**174**	**191**	264	283
Debentures, finance leases and other debt	Debt due within one year and long-term debt	Quoted market price of debt or present value of future cash flows discounted using observable market interest rates	**17,723**	**20,059**	17,019	18,714

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

	CLASSIFICATION	CARRYING VALUE OF ASSET (LIABILITY) AT DECEMBER 31	FAIR VALUE AT DECEMBER 31: QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	FAIR VALUE AT DECEMBER 31: OBSERVABLE MARKET DATA (LEVEL 2)[1]	FAIR VALUE AT DECEMBER 31: NON-OBSERVABLE MARKET INPUTS (LEVEL 3)[2]
2014					
AFS publicly-traded and privately-held investments[3]	Other non-current assets	**107**	**17**	**–**	**90**
Derivative financial instruments	Other current assets, Trade payables and other liabilities, Other non-current assets and liabilities	**276**	**–**	**276**	**–**
MLSE financial liability[4]	Other non-current liabilities	**(135)**	**–**	**–**	**(135)**
Other	Other non-current assets and liabilities	**12**	**–**	**22**	**(10)**
2013					
AFS publicly-traded and privately-held investments	Other non-current assets	91	14	–	77
Derivative financial instruments	Other current assets, Trade payables and other liabilities, Other non-current assets and liabilities	209	–	209	–
MLSE financial liability	Other non-current liabilities	(135)	–	–	(135)

(1) *Observable market data such as equity prices, interest rates, swap rate curves and foreign currency exchange rates.*
(2) *Non-observable market inputs such as discounted cash flows. A reasonable change in our assumptions would not result in a significant increase (decrease) to our level 3 financial instruments.*
(3) *Unrealized gains and losses on AFS financial assets are recorded in OCI and are reclassified to* Other income (expense) *in the income statements when realized or when an impairment is determined.*
(4) *Represents BCE's obligation to repurchase the BCE Master Trust Fund's (Master Trust) 9% interest in MLSE at a price not less than an agreed minimum price should the Master Trust exercise its put option.*

6.7 Credit ratings

Credit ratings generally address the ability of a company to repay principal and pay interest on debt or dividends on issued and outstanding preferred shares.

Our ability to raise financing depends on our ability to access the public equity and debt capital markets as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available partly depends on the quality of our credit ratings at the time capital is raised. Investment-grade credit ratings usually mean that when we borrow money, we qualify for lower interest rates than companies that have ratings lower than investment-grade. A ratings downgrade could result in adverse consequences for our funding capacity or ability to access the capital markets.

The following table provides BCE's and Bell Canada's credit ratings as at March 5, 2015 from S&P, DBRS and Moody's.

Key credit ratings

	BELL CANADA[1]		
AT MARCH 5, 2015	DBRS	MOODY'S	S&P
Commercial paper	R-1 (low)	P-2	A-1 (Low) (Canadian scale) A-2 (Global scale)
Long-term debt	A (low)	Baa1	BBB+
Subordinated long-term debt	BBB	Baa2	BBB

	BCE[1]		
	DBRS	MOODY'S	S&P
Preferred shares	Pfd-3 (high)	–	P-2 (Low) (Canadian scale) BBB – (Global scale)

(1) *Outlooks on all ratings are stable. These credit ratings are not recommendations to buy, sell or hold any of the securities referred to above, and they may be revised or withdrawn at any time by the assigning rating organization. Each credit rating should be evaluated independently of any other credit rating.*

6.8 Liquidity

Sources of liquidity

Our cash and cash equivalents balance at the end of 2014 was $566 million. We expect that this balance, our 2015 estimated cash flows from operations, and possible capital markets financing, including commercial paper, will permit us to meet our cash requirements in 2015 for capital expenditures, post-employment benefit plans funding, dividend payments, the payment of contractual obligations, maturing debt, ongoing operations, the purchase of spectrum, and other cash requirements.

Should our 2015 cash requirements exceed our cash and cash equivalents balance, cash generated from our operations, and capital markets financings, we would cover such a shortfall by drawing under committed revolving credit facilities that are currently in place or through new facilities, to the extent available.

Our cash flows from operations, cash and cash equivalents balance, capital markets financings and credit facilities should give us flexibility in carrying out our plans for future growth, including business acquisitions and contingencies.

AT DECEMBER 31, 2014	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving facility[1][2]	**2,500**	**–**	**–**	**1,453**	**1,047**
Unsecured committed term credit facility (Astral)[3]	**1,018**	**1,018**	**–**	**–**	**–**
Other	**100**	**–**	**98**	**–**	**2**
Total committed credit facilities	**3,618**	**1,018**	**98**	**1,453**	**1,049**
Total non-committed credit facilities	**1,101**	**–**	**626**	**–**	**475**
Total committed and non-committed credit facilities	**4,719**	**1,018**	**724**	**1,453**	**1,524**

(1) *Bell Canada's $2,500 million revolving facility expires in November 2019. Bell Aliant's $750 million revolving facility was cancelled in 2014.*
(2) *As of December 31, 2014, Bell Canada's outstanding commercial paper included $431 million U.S. ($501 million Canadian) which has been hedged for foreign currency fluctuations through forward currency contracts.*
(3) *Bell Canada may borrow up to 1 billion Canadian dollars in either Canadian or equivalent U.S. dollars under this credit facility. Bell Canada's outstanding balance at December 31, 2014 was $1,018 million Canadian ($877 million U.S.), which has been hedged using cross currency basis swaps.*

Bell Canada may issue notes in an aggregate amount of up to 2 billion dollars in either Canadian or U.S. dollars under its commercial paper program, supported by a committed revolving bank credit facility. The total amount of this credit facility may be drawn at any time. Some of our credit agreements require us to meet specific financial ratios and to offer to repay and cancel the credit agreement upon a change of control of BCE or Bell Canada. We are in compliance with all conditions and restrictions.

Cash requirements

CAPITAL EXPENDITURES

In 2015, our capital spending is planned to focus on our strategic imperatives, reflecting an appropriate level of investment in our networks and services.

POST-EMPLOYMENT BENEFIT PLANS FUNDING

Our post-employment benefit plans include DB pension and defined contribution (DC) pension plans, as well as other post-employment benefits (OPEBs). The funding requirements of our post-employment benefit plans, resulting from valuations of our plan assets and liabilities, depend on a number of factors, including actual returns on post-employment benefit plan assets, long-term interest rates, plan demographics, and applicable regulations and actuarial standards. Our expected funding for 2015 is detailed in the following table and is subject to actuarial valuations that will be completed in mid-2015. An actuarial valuation was last performed for our significant post-employment benefit plans as at December 31, 2013.

2015 EXPECTED FUNDING	TOTAL
DB pension plans – service cost	212
DB pension plans – deficit	13
DB pension plans	225
OPEBs	80
DC pension plans	95
Total net post-employment benefit plans	400

BCE closed the membership of its DB pension plans to new employees in January 2005 to reduce the impact of pension volatility on earnings over time. Generally, new employees now enrol in the DC pension plans. In 2006, we announced the phase-out, over a ten-year period, of OPEBs for most employees, which will result in OPEBs funding being phased out gradually after 2016.

In the first quarter of 2015, the Bell Canada Pension Plan (the Plan) entered into an investment arrangement to hedge part of the Plan's exposure to potential increases in longevity which covers approximately $5 billion of post-employment benefit obligations. This arrangement requires no additional cash contributions from BCE.

DIVIDEND PAYMENTS

In 2015, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2014 as BCE's annual common share dividend increased by 5.3% to $2.60 per common share from $2.47 per common share at the end of 2014. This increase is consistent with BCE's common share dividend policy of a target payout between 65% and 75% of Free Cash Flow. BCE's dividend policy and the declaration of dividends are subject to the discretion of the BCE Board.

CONTRACTUAL OBLIGATIONS

The following table is a summary of our contractual obligations at December 31, 2014 that are due in each of the next five years and thereafter.

	2015	2016	2017	2018	2019	THERE-AFTER	TOTAL
Recognized financial liabilities							
Long-term debt	1,031	2,389	1,130	1,729	1,309	7,924	15,512
Notes payable and bank advances	1,454	–	–	–	–	–	1,454
Minimum future lease payments under finance leases	491	444	313	260	237	1,405	3,150
Loans secured by trade receivables	921	–	–	–	–	–	921
Interest payable on long-term debt, notes payable, bank advances and loan secured by trade receivables	652	554	510	470	415	4,548	7,149
MLSE financial liability	–	–	135	–	–	–	135
Net interest receipts on derivatives	(23)	(22)	(11)	–	–	–	(56)
Commitments (off-balance sheet)							
Operating leases	295	249	211	161	134	748	1,798

Commitments for property, plant and equipment and intangible assets	851	573	441	450	321	1,617	4,253
Purchase obligations	1,443	448	360	188	178	1,005	3,622
Glentel acquisition	670	–	–	–	–	–	670
Total	**7,785**	**4,635**	**3,089**	**3,258**	**2,594**	**17,247**	**38,608**

BCE's significant finance leases are for satellites and office premises. The leases for satellites, used to provide programming to our Bell TV customers, have a term of 15 years. The satellite leases are non-cancellable. The office leases have a typical lease term of 25 years. Minimum future lease payments under finance leases include future finance costs of $929 million.

BCE's significant operating leases are for office premises, cellular tower sites and retail outlets with lease terms ranging from 1 to 33 years. These leases are non-cancellable and are renewable at the end of the lease period. Rental expense relating to operating leases was $335 million in 2014 and $300 million in 2013.

Purchase obligations consist of contractual obligations under service and product contracts, for operating expenditures. Our commitments for property, plant and equipment and intangible assets include program and feature film rights, investments to expand and update our networks to meet customer demand.

INDEMNIFICATIONS AND GUARANTEES

As a regular part of our business, we enter into agreements that provide for indemnifications and guarantees to counterparties in transactions involving business dispositions, sales of assets, sales of services, purchases and development of assets, securitization agreements and operating leases.

We cannot reasonably estimate the maximum potential amount we could be required to pay counterparties because of the nature of almost all of these indemnifications and guarantees. As a result, we cannot determine how they could affect our future liquidity, capital resources or credit risk profile. We have not made any significant payments under indemnifications or guarantees in the past.

Litigation

We become involved in various legal proceedings as a part of our business. While we cannot predict the final outcome or timing of the legal proceedings that were pending at March 5, 2015, based on information currently available and management's assessment of the merits of such legal proceedings, management believes that the resolution of these legal proceedings will not have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

You will find a description of the principal legal proceedings pending at March 5, 2015 in the BCE 2014 AIF.

7 SELECTED ANNUAL AND QUARTERLY INFORMATION

7.1 Annual financial information

The following table shows selected consolidated financial data of BCE for 2014, 2013 and 2012, prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). We discuss the factors that caused our results to vary over the past two years throughout this MD&A.

	2014[1]	2013[2]	2012[3]
CONSOLIDATED INCOME STATEMENTS			
Operating revenues	**21,042**	20,400	19,978
Operating costs	**(12,739)**	(12,311)	(12,090)
Adjusted EBITDA	**8,303**	8,089	7,888
Severance, acquisition and other costs	**(216)**	(406)	(133)
Depreciation	**(2,880)**	(2,734)	(2,678)
Amortization	**(572)**	(646)	(714)
Finance costs			
Interest expense	**(929)**	(931)	(865)
Interest on post-employment benefit obligations	**(101)**	(150)	(131)
Other income (expense)	**42**	(6)	269
Income taxes	**(929)**	(828)	(760)
Net earnings	**2,718**	2,388	2,876
Net earnings attributable to:			

Common shareholders	**2,363**	1,975	2,456
Preferred shareholders	**137**	131	139
Non-controlling interest	**218**	282	281
Net earnings	**2,718**	2,388	2,876
Net earnings per common share			
Basic	**2.98**	2.55	3.17
Diluted	**2.97**	2.54	3.17
Included in net earnings:			
Severance, acquisition and other costs	**(148)**	(299)	(94)
Net gains (losses) on investments	**8**	(7)	256
Early debt redemption costs	**(21)**	(36)	–
Adjusted net earnings	**2,524**	2,317	2,294
Adjusted EPS	**3.18**	2.99	2.96
RATIOS			
Adjusted EBITDA margin (%)	**39.5%**	39.7%	39.5%
Return on equity (%)	**21.0%**	17.9%	23.2%

(1) *On October 31, 2014, BCE completed its acquisition of all the issued and outstanding common shares of Bell Aliant that it did not already own. Refer to section 1.3,* Key corporate developments – Bell Aliant Privatization and note exchange *for further details of the transaction.*

(2) *On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral. As part of its approval of the Astral acquisition, the CRTC ordered BCE to spend $246.9 million in new benefits for French- and English-language TV, radio and film content development, support for emerging Canadian musical talent, training and professional development for Canadian media, and new consumer participation initiatives. The present value of this tangible benefits obligation, amounting to $230 million, was recorded as an acquisition cost in* Severance, acquisition and other costs *in 2013. Total acquisition costs relating to Astral, including the tangible benefits obligation, amounted to $266 million in 2013.*

(3) *In December 2012, a joint operation owned 50% by BCE sold certain spectrum licences and network equipment to its owners, with BCE and the non-related venturer each purchasing 50% of the assets with a fair value of $1,181 million and a carrying value of $250 million. As a result, BCE recorded a gain on investments of $233 million in* Other income (expense) *in 2012, representing 50% of the gain relating to the assets sold to the non-related venturer.*

	2014	2013	2012
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Total assets	**46,297**	45,384	40,969
Cash and cash equivalents	**566**	335	129
Debt due within one year (including bank advances, notes payable and loan secured by trade receivables)	**3,743**	2,571	2,136
Long-term debt	**16,355**	16,341	13,886
Total non-current liabilities	**21,969**	21,244	19,498
Equity attributable to BCE shareholders	**14,946**	15,011	13,875
Total equity	**15,239**	16,250	14,725
RATIOS			
Total debt to total assets (times)	**0.43**	0.42	0.39
Total debt to total equity (times)	**1.16**	1.05	0.98
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	**6,241**	6,476	5,560
Cash flows used in investing activities	**(3,570)**	(6,401)	(4,101)
Capital expenditures	**(3,717)**	(3,571)	(3,515)
Business acquisitions	**(18)**	(2,850)	(13)
Business dispositions	**720**	1	–
Acquisition of spectrum licences	**(566)**	–	–
Increase in investments	**(38)**	(3)	(593)
Cash flows (used in) from financing activities	**(2,440)**	131	(1,507)
Repurchase of common shares	**–**	–	(107)
Issue of common shares	**49**	13	39
Issue of preferred shares	**–**	–	280
Net issuance of debt instruments	**784**	2,215	486
Cash dividends paid on common shares	**(1,893)**	(1,795)	(1,683)
Privatization of Bell Aliant	**(989)**	–	–
Cash dividends paid on preferred shares	**(134)**	(127)	(133)
Cash dividends paid by subsidiaries to non-controlling interest	**(145)**	(283)	(340)
Free cash flow	**2,744**	2,571	2,428
SHARE INFORMATION			
Average number of common shares (millions)	**793.7**	775.8	774.3
Common shares outstanding at end of year (millions)	**840.3**	775.9	775.4
Market capitalization	**44,771**	35,691	33,055
Dividends declared per common share (dollars)	**2.47**	2.33	2.22
Book value per share (dollars)	**13.02**	14.97	13.52
Dividends declared on common shares	**(1,960)**	(1,807)	(1,720)

Dividends declared on preferred shares	**(137)**	(131)	(138)
Market price per common share (dollars)			
High (end of day)	**54.21**	48.43	45.06
Low (end of day)	**45.27**	41.57	39.37
Close	**53.28**	46.00	42.63
Total shareholder return	**21.7%**	13.6%	5.9%
RATIOS			
Capital intensity (%)	**17.7%**	17.5%	17.6%
Price to earnings ratio (times)	**17.88**	18.04	13.45
Price to book ratio (times)	**4.09**	3.07	3.15
Price to cash flow ratio (times)	**16.75**	12.30	16.15
OTHER DATA			
Number of employees (thousands)	**57**	56	56

7.2 Quarterly financial information

The following table shows selected BCE consolidated financial data by quarter for 2014 and 2013. This quarterly information is unaudited but has been prepared on the same basis as the annual consolidated financial statements. We discuss the factors that caused our results to vary over the past eight quarters throughout this MD&A.

	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues	**5,528**	5,195	5,220	5,099	5,382	5,099	5,000	4,919
Adjusted EBITDA	**2,022**	2,115	2,144	2,022	1,998	2,063	2,066	1,962
Severance, acquisition and other costs	**(58)**	(66)	(54)	(38)	(48)	(297)	(28)	(33)
Depreciation	**(734)**	(739)	(708)	(699)	(695)	(683)	(681)	(675)
Amortization	**(118)**	(116)	(171)	(167)	(160)	(162)	(161)	(163)
Net earnings	**594**	703	707	714	593	452	671	672
Net earnings attributable to common shareholders	**542**	600	606	615	495	343	571	566
Net earnings per common share								
Basic	**0.64**	0.77	0.78	0.79	0.64	0.44	0.74	0.73
Diluted	**0.63**	0.77	0.78	0.79	0.63	0.44	0.74	0.73
Included in net earnings:								
Severance, acquisition and other costs	**(42)**	(45)	(38)	(23)	(33)	(222)	(21)	(23)
Net (losses) gains on investments	**(8)**	–	4	12	(12)	2	1	2
Early debt redemption costs	**(18)**	(3)	–	–	–	(21)	(3)	(12)
Adjusted net earnings	**610**	648	640	626	540	584	594	599
Adjusted EPS	**0.72**	0.83	0.82	0.81	0.70	0.75	0.77	0.77
Average number of common shares outstanding – basic (millions)	**837.7**	782.1	777.7	776.5	775.9	775.9	775.9	775.7

Fourth quarter highlights

OPERATING REVENUES	**Q4 2014**	Q4 2013	$ CHANGE	% CHANGE
Bell Wireless	**1,649**	1,505	144	9.6%
Bell Wireline	**2,628**	2,601	27	1.0%
Bell Media	**789**	821	(32)	(3.9%)
Inter-segment eliminations	**(126)**	(114)	(12)	(10.5%)

Bell	**4,940**	4,813	127	2.6%
Bell Aliant	**700**	688	12	1.7%
Inter-segment eliminations	**(112)**	(119)	7	5.9%
Total BCE operating revenues	**5,528**	5,382	146	2.7%

ADJUSTED EBITDA	Q4 2014	Q4 2013	$ CHANGE	% CHANGE
Bell Wireless	**585**	529	56	10.6%
Bell Wireline	**953**	934	19	2.0%
Bell Media	**192**	230	(38)	(16.5%)
Bell	**1,730**	1,693	37	2.2%
Bell Aliant	**292**	305	(13)	(4.3%)
Total BCE Adjusted EBITDA	**2,022**	1,998	24	1.2%

BCE operating revenues in Q4 2014 were 2.7% higher compared to Q4 2013, reflecting higher revenues at Bell and Bell Aliant.

BCE Adjusted EBITDA in Q4 2014 increased 1.2% year over year, due to growth at Bell partly offset by lower Adjusted EBITDA at Bell Aliant.

Bell operating revenues were 2.6% higher in Q4 2014 compared to Q4 2013, driven by a strong year-over-year increase at Bell Wireless and positive overall Bell Wireline growth. Bell Media revenues were down compared to Q4 2013.

Bell Adjusted EBITDA increased 2.2% in Q4 2014 compared to Q4 2013, reflecting increases of 10.6% at Bell Wireless and 2.0% at Bell Wireline. Overall growth in the quarter was moderated by a 16.5% decline at Bell Media. Bell's consolidated Adjusted EBITDA margin remained essentially unchanged at 35.0% compared to 35.2% in Q4 2013.

Bell Wireless operating revenues were 9.6% higher in Q4 2014, reflecting an 8.1% service revenue growth driven by a higher mix of postpaid subscribers in 2014, along with blended ARPU growth of 5.5% fuelled by greater data usage and higher average rate plan pricing. Bell Wireless operating revenues also reflected higher product sales in Q4 2014 with growth of 24.6% compared to Q4 2013 as a result of a greater number of upgrades and postpaid gross activations. Bell Wireless Adjusted EBITDA grew 10.6% in Q4 2014, yielding a 0.9 percentage point expansion in service Adjusted EBITDA margin to 39.8%, even with higher year-over-year customer retention spending and subscriber acquisition costs.

Bell Wireline operating revenues grew 1%, representing the first quarter of positive growth since Q2 2010. This growth was led by positive total residential net subscriber activations driven by strong Internet and Fibe TV customer acquisitions in the quarter, a slower pace of voice revenue erosion due to fewer NAS losses, higher sales of international long distance minutes, price increases, and improved year-over-year Bell Business Markets revenue performance from increased sales of business service solutions and data equipment. Bell Wireline Adjusted EBITDA was up 2.0%, driving a 40 basis point margin improvement to 36.3%, with an increasing mix of growth services, improved Business Markets results and tight operating cost control.

Bell Media operating revenues in Q4 2014 were 3.9% lower compared to Q4 2013, reflecting the recognition of retroactive subscriber fee and retransmission royalty revenues in Q4 2013 that did not recur this year, and the loss of revenue from services that ceased operations in 2014 (regional hockey feeds and Viewers Choice). Advertising revenues in Q4 2014 increased slightly compared to Q4 2013, attributable to the programming strength at TSN and RDS, Bell Media's specialty sports services and growth in specialty news channel audiences, which offset declines in conventional advertising. Bell Media Adjusted EBITDA declined 16.5% in Q4 2014, due to lower operating revenues combined with higher content costs for sports broadcast rights and the launch of CraveTV on-demand TV streaming services on December 11, 2014, offset in part by lower amortization of the fair value of certain programming rights.

Bell Aliant operating revenues in Q4 2014 were 1.7% higher compared to Q4 2013 as growth in data revenues, mainly from Internet and IPTV, more than offset continuing local and access and long distance revenue erosion.

Bell Aliant Adjusted EBITDA decreased 4.3%, year over year, reflecting higher TV content costs resulting from IPTV customer growth, and higher expenses to support a growing FibreOP subscriber base.

Bell capital expenditures totalled $932 million in Q4 2014, which was $60 million lower than Q4 2013, corresponding to a 1.7 percentage-point decline in capital intensity to 18.9%. The decrease in capital expenditures was primarily due to timing of capital spend compared to the same period last year.

BCE depreciation of $734 million increased $39 million year over year, due to a higher depreciable asset base in 2014 as we continued to invest in our broadband wireline and wireless networks, and a reduction in the estimates of useful lives of certain assets, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgements* .

BCE amortization was $118 million in Q4 2014, down from $160 million in Q4 2013, due to an increase in the estimates of useful lives of certain assets from five to seven years, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgements.*

BCE cash flow from operating activities was $1,527 million in Q4 2014 compared to $1,838 million Q4 2013, due to the $350 million voluntary

contribution made to post-employment benefit plans in the fourth quarter of 2014.

BCE Free Cash Flow generated in Q4 2014 was $833 million, or 23.6% higher than in Q4 2013, driven by higher Adjusted EBITDA and lower planned capital expenditures. With the Privatization of Bell Aliant completed on October 31, 2014, BCE's Free Cash Flow in Q4 2014 included two months of Free Cash Flow contribution from Bell Aliant.

BCE net earnings attributable to common shareholders of $542 million in Q4 2014, or $0.64 per share, were 9.5% higher than the $495 million, or $0.64 per share, reported in Q4 2013. Adjusted net earnings increased 13.0% to $610 million, and Adjusted EPS grew 2.9% in Q4 2014 to $0.72 from $0.70 last year, driven by higher Adjusted EBITDA from continued strong wireless profitability and positive overall wireline growth, mark-to-market gains realized on equity derivatives used as economic hedges of share-based compensation and U.S. dollar purchases, and lower NCI, resulting from the Privatization of Bell Aliant completed on October 31, 2014. This was partly offset by a net impairment charge, mainly in conventional TV, resulting from ongoing softness in the overall Canadian TV advertising market and higher content costs.

Seasonality considerations

Some of our segments' revenues and expenses vary slightly by season, which may impact quarter-to-quarter operating results.

Bell Wireless operating results are influenced by the timing of our marketing and promotional expenditures and higher levels of subscriber additions and handset discounts, resulting in higher subscriber acquisition and activation-related expenses in certain quarters. In particular, Bell Wireless Adjusted EBITDA tends to be lower in the fourth quarter due to higher subscriber acquisition costs associated with a higher number of new subscriber activations during the holiday season. Additionally, the third quarter has become more significant in terms of wireless subscriber additions in recent years as a result of back-to-school offers, while subscriber additions have typically been lowest in the first quarter.

Bell Wireline revenues tend to be higher in the fourth quarter because of higher data and equipment product sales to business customers and higher consumer electronics equipment sales during the Q4 holiday period. Home Phone, TV and Internet subscriber activity is subject to modest seasonal fluctuations, attributable largely to residential moves during the summer months and the back-to-school period in the third quarter. Targeted marketing efforts conducted during various times of the year to coincide with special events or broad-based marketing campaigns also may have an impact on overall wireline operating results.

Bell Media revenues and related expenses from TV and radio broadcasting are largely derived from the sale of advertising, the demand for which is affected by prevailing economic conditions, as well as cyclical and seasonal variations. Seasonal variations are driven by the strength of TV ratings, particularly during the fall programming season, major sports league seasons and other special sporting events such as the Olympic Games, NHL playoffs and World Cup soccer, as well as fluctuations in consumer retail activity during the year.

8 REGULATORY ENVIRONMENT

8.1 Introduction

This section describes certain legislation that governs our businesses and provides highlights of recent regulatory initiatives and proceedings, government consultations and government positions that affect us and that influence our business and may continue to affect our flexibility to compete in the marketplace. Bell Canada and several of its direct and indirect subsidiaries, including Bell Mobility, Bell ExpressVu Limited Partnership, Bell Aliant Regional Communications Inc. (Bell Aliant Regional), Bell Aliant LP, NorthernTel, Limited Partnership (NorthernTel), Télébec, Limited Partnership (Télébec) and NorthwesTel, are governed by the *Telecommunications Act*, the *Broadcasting Act*, the *Radiocommunication Act* and/or the *Bell Canada Act*. They are also subject to regulations and policies enforced by the CRTC. Our business is affected by decisions made by various regulatory agencies, including the CRTC, a quasi-judicial agency of the Government of Canada responsible for regulating Canada's telecommunications and broadcasting industries. Other aspects of the businesses of these companies are regulated in various ways by federal government departments, in particular Industry Canada.

The CRTC regulates the prices we can charge for telecommunications services in areas where it determines there is not enough competition to protect the interests of consumers. The CRTC has determined that competition was sufficient to grant forbearance from retail price regulation under the *Telecommunications Act* for the vast majority of our residential and business telephone services, as well as for our wireless and Internet services. Under the *Broadcasting Act*, our TV distribution business is not subject to retail price regulation.

Although most of our wireline and wireless services are forborne from price regulation under the *Telecommunications Act*, the Government of Canada and its relevant departments and agencies, including the CRTC, Industry Canada, Canadian Heritage and the Competition Bureau, continue to play a significant role in telecommunications and broadcasting policy and regulation, such as spectrum auctions, approval of acquisitions, foreign ownership and broadcasting, and this may adversely affect our competitive position. The federal government significantly increased its focus on consumer protection, especially in the wireless sector, and adopted more stringent regulations. This increased focus on consumer protection is evidenced by the adoption in 2013 of the Wireless Code by the CRTC, which, as discussed in more detail in section 8.2, *Telecommunications Act – Adoption of a national wireless services consumer code* , could decrease our flexibility in the marketplace. The federal

government may take positions against the telecommunications and media industries in general, or specifically against Bell Canada or certain of its subsidiaries. Failure to positively influence changes in any of these areas, adverse decisions by regulatory agencies or increasing regulation, could have negative financial, operational, reputational or competitive consequences for our business.

8.2 Telecommunications Act

The *Telecommunications Act* governs telecommunications in Canada. It defines the broad objectives of Canada's telecommunications policy and provides the Government of Canada with the power to give general direction to the CRTC on any of its policy objectives. It applies to several of the BCE group companies and partnerships, including Bell Canada, Bell Mobility, Bell Aliant LP, NorthernTel, Télébec and NorthwesTel.

Under the *Telecommunications Act*, all facilities-based telecommunications service providers in Canada, known as telecommunications common carriers (TCCs), must seek regulatory approval for all proposed tariffs for telecommunications services, unless the services are exempt from regulation or forborne from regulation. The CRTC may exempt an entire class of carriers from regulation under the *Telecommunications Act* if the exemption meets the objectives of Canada's telecommunications policy. A few large TCCs, including the BCE group TCCs, must also meet certain Canadian ownership requirements. BCE monitors and periodically reports on the level of non-Canadian ownership of its common shares.

Complaint regarding pricing of broadcasting content accessed via mobile devices

On January 29, 2015, the CRTC issued a decision concerning a complaint against Bell Mobility about the pricing of our Bell Mobile TV service compared with what we charge to consumers to access programming content received via mobile devices over the Internet. The CRTC found that we are conferring an 'undue preference' on our Mobile TV service by not subjecting it to data charges. The CRTC ordered us to stop exempting our Mobile TV service from data charges by April 29, 2015.

On February 20, 2015, Bell Canada filed a motion seeking leave to appeal the CRTC's Mobile TV decision in the Federal Court of Appeal. On February 23, 2015, Bell Canada filed a motion seeking a stay of the CRTC's Mobile TV decision in the Federal Court of Appeal pending the court's final decision on the appeal. We expect to receive the court's ruling on the stay application by April 2015. A decision on whether the court will grant Bell Canada leave to hear its appeal of the Mobile TV decision is expected in late June 2015.

Proceedings regarding wholesale domestic wireless services

On February 20, 2014, the CRTC launched Telecom Notice of Consultation 2014-76 (TNC 2014-76) to determine whether the wholesale mobile wireless services market is sufficiently competitive. Greater regulation of wholesale mobile wireless services (e.g. roaming, tower and site sharing) could limit Bell's marketing flexibility, improve the business position of Bell's competitors and negatively impact the financial performance of Bell's mobile wireless business. A decision on this CRTC proceeding is expected in early 2015.

On March 28, 2014, the federal government introduced amendments to the *Telecommunications Act* relating to wireless domestic roaming as part of the *Economic Action Plan 2014 Act, No. 1*. The amendments establish interim caps on the wholesale roaming rates which carriers charge to each other for domestic voice, data and short message service (SMS) roaming. These caps are set at the average per unit retail price a carrier charged to its own retail end-customers for these services in the previous year. The amendments came into force with the enactment and royal assent of the *Economic Action Plan 2014 Act, No. 1* on June 19, 2014. The legislation is designed to apply these three roaming caps at least until the CRTC issues a decision on whether (and, if so, how) to regulate wholesale wireless roaming in the TNC 2014-76 proceeding. The financial impact of the caps established by the *Economic Action Plan 2014 Act, No. 1*, and any possible CRTC initiatives relating to the regulation of wholesale roaming rates, towers or other wholesale wireless services resulting from the TNC 2014-76 proceeding, is unclear at this time.

On July 31, 2014, the CRTC issued a decision in another proceeding related to wireless roaming wherein it prohibited the use of exclusivity provisions in wholesale roaming agreements. This decision is not expected to have a material impact on our operations.

Wholesale wireline services framework review

On October 15, 2013, the CRTC initiated a review of wholesale wireline telecommunications services and associated policies. This comprehensive review, which ended in December 2014, notably examined whether currently mandated wholesale wireline services should be forborne, whether currently forborne wholesale services should be reregulated and whether additional wholesale high-speed access services should be mandated, including for FTTP facilities. The CRTC has specifically excluded from this review any consideration of wholesale wireless services (which are being dealt with in a different proceeding as described above). Modifications to the regulatory regime applicable to our wholesale wireline telecommunications services could have significant impacts on our wholesale telecommunications business and potentially, by extension, on certain retail markets. A decision is expected in the spring of 2015.

Adoption of a national wireless services consumer code

On June 3, 2013, the CRTC issued Telecom Regulatory Policy CRTC 2013-271, which established the Wireless Code. The Wireless Code applies to all wireless services provided to individual and small business consumers (e.g. businesses that on average spend less than $2,500 per month on telecom services) in all provinces and territories.

The Wireless Code establishes regulations related to unlocking mobile phones, calculating early cancellation fees, and setting default caps for data roaming charges and data overage charges, among other measures. The Wireless Code also stipulates that wireless service providers may not charge an early cancellation fee after a customer has been under contract for 24 months and that handset subsidies must be recovered in two years or less. These requirements reduce the incentive for wireless service providers to offer contracts with longer terms.

Where an obligation in the Wireless Code relates to a specific contractual relationship between a wireless service provider and a customer, the Wireless Code applies if the contract was entered into, amended, renewed or extended on or after December 2, 2013. The Wireless Code will apply to and modify all contracts, no matter when they were entered into, on June 3, 2015. As a result, all three-year contracts entered into on or after June 4, 2012, and before December 1, 2013, will retroactively become subject to the Wireless Code on June 3, 2015, despite having been entered into before the Wireless Code came into effect. During 2015, to the extent that the CRTC's June 3, 2015 Wireless Code application date is found to be valid, customers on three-year contracts that were established before the Wireless Code came into effect and customers on new two-year plans could potentially create unusual market activity as their contracts expire, driving higher expiries and higher transaction volumes. This could result in Adjusted EBITDA pressure and higher industry churn.

On July 3, 2013, Bell Mobility, together with Rogers, TELUS Corporation, SaskTel and MTS Mobility, filed an application with the Federal Court of Appeal seeking leave to appeal this retroactive application of the Wireless Code. The Federal Court of Appeal granted leave to appeal on September 24, 2013. The Federal Court of Appeal hearing took place on November 12, 2014 and the court reserved judgement. A decision is expected in May 2015. If the appeal is successful, consumer contracts entered into by December 1, 2013 would remain exempt from the Wireless Code's application and would be permitted to run to their contracted three-year end dates.

Canada's telecommunications foreign ownership rules

Under the *Telecommunications Act*, there are no foreign investment restrictions applicable to TCCs that have less than a 10% share of the total Canadian telecommunications market as measured by annual revenues. However, foreign investment in telecommunications companies can still be refused by the government under the *Investment Canada Act*. The absence of foreign ownership restrictions on such small or new entrant TCCs could result in more foreign companies entering the Canadian market, including by acquiring spectrum licences or Canadian TCCs. Under the *Broadcasting Act*, foreign ownership restrictions continue to apply to broadcasters such as licensed cable and satellite TV service providers, and programming licensees such as Bell Media Inc.

8.3 Broadcasting Act

The *Broadcasting Act* defines the broad objectives of Canada's broadcasting policy and assigns the regulation and supervision of the broadcasting system to the CRTC. Key policy objectives of the *Broadcasting Act* are to protect and strengthen the cultural, political, social and economic fabric of Canada and to encourage the development of Canadian expression.

Most broadcasting activities require a programming licence or broadcasting distribution licence from the CRTC. The CRTC may exempt broadcasting undertakings from complying with certain licensing and regulatory requirements if it is satisfied that non-compliance will not materially affect the implementation of Canadian broadcasting policy. A corporation must also meet certain Canadian ownership and control requirements to obtain a broadcasting or broadcasting distribution licence and corporations must have the CRTC's approval before they can transfer effective control of a broadcasting licensee.

The TV distribution business of our Bell TV business unit (Bell TV) and Bell Media's TV and radio broadcasting operations are subject to the requirements of the *Broadcasting Act*, the policies and decisions of the CRTC and their respective broadcasting licences. Any changes in the *Broadcasting Act*, amendments to regulations or the adoption of new ones, or amendments to licences, could negatively affect Bell TV's or Bell Media's competitive positions or the cost of providing services.

CRTC proceedings on the future of Canada's TV system

In October 2013, the CRTC invited Canadian consumers to comment on the future of Canada's TV system and followed this with a second consultation phase launched in February 2014. In conjunction with these public consultations, the federal government, pursuant to section 15 of the *Broadcasting Act*, issued an order-in-council mandating the CRTC to report on how the ability of Canadian consumers to subscribe to pay and specialty TV services on a service-by-service basis can be maximized in a manner that most appropriately furthers the implementation of the broadcasting policy for Canada.

On April 24, 2014, the CRTC launched a third phase (Phase 3) of its consultation, issuing Broadcasting Notice of Consultation CRTC 2014-190 (BNC 2014-190), and issued its report in response to the order-in-council. BNC 2014-190 invited comments on issues that were raised during the

first two phases, including maximizing choice and flexibility through proposed new packaging models for TV channels; simultaneous substitution and possible alternatives; rules regarding genre exclusivity, mandatory carriage and the distribution of foreign-owned channels in Canada; support for Canadian and local programming; and possible rules or a code of conduct for BDU-subscriber relationships. The report in response to the order-in-council set out proposed new packaging models that were also considered during Phase 3.

The CRTC held a two-week hearing on these issues in September 2014, with wide-ranging implications for the TV system in Canada. The CRTC has begun releasing its decisions and is expected to continue to do so through the first half of 2015. On January 29, 2015, the CRTC released two decisions relating to simultaneous substitution and local TV. In them, the CRTC announced it would eliminate simultaneous substitution for the Super Bowl and for specialty services and would enact new penalties for broadcasters and require BDUs to pay consumer rebates for simultaneous substitution errors. The decisions also did not provide any additional support for local programming. Together, these decisions could have an adverse impact on Bell Media's conventional TV businesses and financial results, the extent of which is unclear at this time. Other regulatory changes resulting from these processes could also have an adverse impact on Bell TV's and Bell Media's businesses and financial results, the extent of which is also unclear at this time.

On March 2, 2015, Bell Canada filed an application with the Federal Court of Appeal for leave to appeal the CRTC's decision relating to simultaneous substitution in so far as it: (i) prohibits simultaneous substitution for the Super Bowl starting in 2017; (ii) prohibits simultaneous substitution for specialty channels; and (iii) purports to grant the CRTC authority to impose penalties on broadcasters and requires BDUs to pay rebates for errors in the performance of simultaneous substitution. Bell Canada is challenging the legal validity of these rules on the basis of the following arguments: (i) unlawful interference with Bell Canada's vested economic rights as the exclusive Canadian rights holder of the Super Bowl; (ii) administrative law discrimination by eliminating the benefits of simultaneous substitution for Bell Canada's Super Bowl broadcast while maintaining the benefits of simultaneous substitution for others; (iii) breach of procedural fairness in the CRTC's failure to give notice that the prohibition of simultaneous substitution was a live issue in the TV Policy Review; (iv) the unreasonableness of the decision in light of the broadcasting policy for Canada as set out in the *Broadcasting Act* and in light of the CRTC's acknowledgement of the benefits of simultaneous substitution; and (v) that the CRTC has no authority to enact regulations empowering it to penalize broadcasters or impose rebates on BDUs for errors in carrying out simultaneous substitution.

8.4 Radiocommunication Act

Industry Canada regulates the use of radio spectrum under the *Radiocommunication Act*. Under the *Radiocommunication Act*, Industry Canada ensures that radiocommunication in Canada is developed and operated efficiently. Under the *Radiocommunication Regulations*, companies that are eligible for radio licences, such as Bell Canada and Bell Mobility, must meet the same ownership requirements that apply to companies under the *Telecommunications Act*.

Companies must have a spectrum licence to operate a wireless system in Canada. While we anticipate that the licences under which we provide wireless services will be renewed upon expiry, there is no assurance that this will happen, or of the terms under which renewal will be granted. Industry Canada can revoke a company's licence at any time if the licensee does not comply with the licence's conditions. While we believe that we comply with the conditions of our licences, there is no assurance that Industry Canada will agree. Should there be a disagreement, this could have a negative effect on our business and financial performance.

AWS-3 spectrum auction

On December 18, 2014, Industry Canada released its decision for the advanced wireless services-3 (AWS-3) licensing framework relating to the auction of 50 MHz of spectrum in the AWS-3 band. Three paired blocks are to be made available for licensing on a Tier 2 (essentially a provincial/regional) basis. Of the 50 MHz of available spectrum, one 30 MHz block is reserved as a new entrant set aside. Qualified new entrants would be those who have deployed their 2008 AWS auction spectrum and who are actually serving customers. The remaining 20 MHz of spectrum is to be auctioned in two blocks and available to any bidder, including large national or provincially-based incumbents. The spectrum will be awarded using the sealed bid auction format and applying the second price rule. The latter rule means the party that bids the most wins the spectrum, but the winning party pays the second-highest amount bid for that spectrum. Our ability to acquire our preferred spectrum blocks in this auction may be affected by the auction strategies of other participants. Industry Canada proposes that the auctioned licences would have a 20 year-term and be subject to deployment requirements at five and ten years following licence issuance. The sealed bid auction held by Industry Canada closed on March 3, 2015. Industry Canada indicated that the announcement and publication of provisional licence winners would occur within four days of the close of the auction.

600 MHz spectrum consultation

On December 18, 2014, Industry Canada announced a consultation relating to repurposing 600 MHz spectrum for mobile use. This spectrum is currently used primarily by over-the-air (OTA) TV broadcasters for local TV transmissions. It is not yet clear how much of the 600 MHz spectrum currently used for OTA broadcasting will be repurposed. Among the issues on which Industry Canada is seeking comments are: (i) should Canada repurpose Canadian 600 MHz spectrum in a joint process along with the US, or do so separately; (ii) should we adopt the US 600 MHz band plan and repurpose the same amount of spectrum as the US; and (iii) a variety of technical issues. On January 15, 2015, Industry Canada announced it had extended the deadline for comments by one month and comments were filed on February 26, 2015. Reply comments are due

two weeks after Industry Canada posts these comments on its website. The consultation document indicates that if Industry Canada determines to repurpose the 600 MHz band jointly with the US, then there will be a further consultation on the policy, technical and licensing framework-related issues at a later date.

Licensing framework for broadband radio services (BRS) – 2500 MHz

On January 10, 2014, Industry Canada announced its framework for the licensing of 2500 MHz spectrum, which sets out the rules and procedures for participation in the 2500 MHz auction scheduled to begin on April 14, 2015. The framework includes details related to the auction format and rules, the application process and timelines, and the conditions of licence that will apply to licences issued following the auction process, as well as to existing BRS spectrum licences. The auctioned licences will be issued for 20-year terms, with a 10-year build-out requirement. In aggregate, 61 service areas and 318 individual licences across the country will be auctioned. A spectrum aggregation limit of 40 MHz will apply in each individual service area, except for the Northwest Territories, Yukon and Nunavut, where no such limit will apply. A five-year moratorium will further apply to the transfer of 2500 MHz spectrum to an entity that exceeds or would exceed the aggregation limit.

To the extent that Bell Mobility, or any other qualified bidder, wishes to acquire 2500 MHz spectrum in areas where it currently is at or over the aggregation limit, it would need to return sufficient spectrum to Industry Canada or apply to transfer it to a third party such that it is below the aggregation limit before the start of the auction. Our ability to acquire our preferred spectrum blocks in this auction may be affected by the auction strategies of other participants and the extent to which foreign entities participate in the auction. The 2500 MHz spectrum will be auctioned under a combinatorial clock auction format, using multiple rounds in much the same manner as the 2014 auction of 700 MHz spectrum. Like the AWS-3 spectrum auction, it will use the second price rule.

Spectrum licence transfers

On June 28, 2013, Industry Canada released a decision revising its policy regarding spectrum licence transfers. This decision significantly increases the number of criteria, many of which are highly subjective, that Industry Canada may consider when determining whether to approve or deny such transfers. One of Industry Canada's main considerations in reviewing prospective licence transfers, divisions and subordination requests is the impact the proposed transfer would have on the concentration of spectrum in a region. This framework may make it more difficult for incumbent wireless providers, such as Bell Mobility, to acquire additional spectrum via transfers and acquisitions than it would be for new entrant providers to acquire such spectrum. In addition to subjecting all licence transfers and licence subordination arrangements to these new rules, the decision also requires that prospective and option arrangements (i.e. those designed to transfer spectrum at a future date) would also have to be submitted for review within 15 days of entering into such a business arrangement. Such arrangements would have to be withdrawn within 90 days if Industry Canada denies the proposed transfer. Industry Canada had previously noted that the new licence transfer framework is one of several initiatives the government is taking to promote at least four wireless competitors in each region of the country.

8.5 Bell Canada Act

Under the *Bell Canada Act*, the CRTC must approve any sale or other disposal of Bell Canada voting shares that are held by BCE, unless the sale or disposal would result in BCE retaining at least 80% of all of the issued and outstanding voting shares of Bell Canada. Except in the ordinary course of business, the sale or other disposal of facilities integral to Bell Canada's telecommunications activities must also receive CRTC approval.

8.6 Other key legislation

Paper bills and administrative monetary penalties

On October 23, 2014, the federal government introduced Bill C-43 entitled *Economic Action Plan 2014 Act, No. 2*. The *Economic Action Plan 2014 Act, No. 2* prohibits telecommunications service providers and broadcasting undertakings from charging subscribers for providing them with paper bills.

On December 16, 2014, the *Economic Action Plan 2014 Act, No. 2* received royal assent and amended the *Telecommunications Act* by giving the CRTC the power to impose administrative monetary penalties (AMPs) for violations of most provisions of the Act, including charging for a paper bill. The pre-existing AMPs regime relating to unsolicited telecommunications remains in force. For corporations, the maximum fine under the new AMPs provisions would be $10 million for a first offence and $15 million for a subsequent offence. The *Economic Action Plan 2014 Act, No. 2* also amended the *Broadcasting Act* to make charging for a paper bill a criminal offence. If convicted, corporations would face a maximum fine of $250,000 for a first offence and $500,000 for a subsequent offence.

The *Economic Action Plan 2014 Act, No. 2* also introduced new AMPs provisions under the *Radiocommunication Act*, to be administered by the Minister of Industry. These AMPs generally relate to the sale, import, operation and distribution of unauthorized radio equipment and to non-

compliance with spectrum auction rules. The maximum fines are identical to those described above under the *Telecommunications Act*.

Personal Information Protection and Electronic Documents Act

Bill S-4, the *Digital Privacy Act* (An *Act* to amend the *Personal Information Protection and Electronic Documents Act (PIPEDA)* and to make a consequential amendment to another Act) is under review by a committee of the House of Commons. This bill could implement mandatory data breach notification requirements and fines of up to $100,000 per occurrence for organizations that fail to comply.

Under PIPEDA, the Office of the Privacy Commissioner (OPC) is investigating Bell's Relevant Advertisements Initiative (the Initiative) to determine if it complies with PIPEDA. The Initiative uses non-sensitive and aggregated information about mobile browsing activities and account information of participating Bell Mobility subscribers to provide more relevant advertisements during mobile browsing. A negative finding could significantly impact Bell's online advertising activities in the short and medium term. A final report is expected from the OPC in the first quarter of 2015. The Initiative is also the subject of an application before the CRTC and an inquiry by the Québec privacy commissioner. Both application and inquiry are reviewing the potential impact of the Initiative on privacy.

Canada's anti-spam legislation

Federal legislation referred to as *Canada's anti-spam legislation* (CASL) came into force on July 1, 2014. Pursuant to CASL, commercial electronic messages (CEMs) can be sent only if the recipient has provided prior consent and the message complies with certain formalities, including the ability to unsubscribe easily from subsequent messages. As of January 15, 2015, CASL also requires that an organization have prior informed consent before downloading software to an end-user's computer. Penalties for non-compliance include administrative monetary penalties of up to $10 million and a private right of action is scheduled to come into force on July 1, 2017. CASL limits the ability of the various BCE group companies to market to prospective customers, and imposes additional costs and processes with respect to communicating with existing and prospective customers.

9 BUSINESS RISKS

A risk is the possibility that an event might happen in the future that could have a negative effect on our financial position, financial performance, cash flows, business or reputation. The actual effect of any event could be materially different from what we currently anticipate. The risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our financial position, financial performance, cash flows, business or reputation.

This section describes the principal business risks that could have a material adverse effect on our financial position, financial performance, cash flows, business or reputation, and cause actual results or events to differ materially from our expectations expressed in or implied by our forward-looking statements. As indicated in the table below, certain of such principal business risks have already been discussed in other sections of this MD&A and we refer the reader to those sections for a discussion of such risks. All of the risk discussions set out in the sections referred to in the table below are incorporated by reference in this section 9.

RISKS DISCUSSED IN OTHER SECTIONS OF THIS MD&A	SECTION REFERENCES
Regulatory Environment	Section 3.3, *Principal business risks* Section 8, *Regulatory environment*
Competitive Environment	Section 3.3, *Principal business risks* Section 5, *Business segment analysis (Competitive landscape and industry trends* section for each segment)
Economic and Financial Market Conditions	Section 3.3, *Principal business risks*
Information Security (Cyber and Other Threats)	Section 3.3, *Principal business risks*
Complexity and Service and Operational Effectiveness	Section 3.3, *Principal business risks*
Risks Specifically Relating to our Bell Wireless, Bell Wireline and Bell Media Segments	Section 5, *Business segment analysis (Principal business risks* section for each segment)

The other principal business risks that also could have a material adverse effect on our financial position, financial performance, cash flows, business or reputation are discussed below.

Strategic network evolution

The failure to carry out our network evolution activities successfully could have an adverse effect on our business and financial performance.

Ongoing technological advances, in conjunction with changing market demand and competition, continue to put significant pressure on bandwidth and speed. Bell Fibe and Bell Aliant's FibreOP Internet and TV services are competitive differentiators but they require rapid fibre deployment involving significant capital and time investment. In addition, in order to maintain a competitive mobile network, our wireless network further requires strategic capital investment based on an understanding of market demographics, technology evolution and spectrum needs.

At the same time, a significant number of our existing wireline voice, data and wireless networks have been in operation for many years and continue to be used to deliver our services. Legacy circuit-based infrastructures are difficult and expensive to operate and maintain and very significant resources and efforts are required to perform life-cycle management and upgrades to maintain operational status of these legacy networks. As time passes, maintenance spares for certain critical network elements may cease to exist due to manufacturers' discontinuation of support and the unavailability of compatible spares from third parties. We continue to migrate voice and data traffic from our legacy circuit-based infrastructures to newer and more efficient IP- and packet-based infrastructures. As part of this transformation, we are also planning to discontinue certain services that depend on circuit-based infrastructure and for which there is now very low customer demand in order to improve capital and operating efficiencies. In some cases, this discontinuation could be delayed or prevented by customer complaints or regulatory actions. If we cannot discontinue these services and have to maintain the operational status of the affected legacy infrastructures longer than planned, we may not be able to achieve the expected efficiencies and related savings, which may have an adverse effect on our financial performance.

Strategic evolution of our networks is a critical element in a competitive environment and all the network deployment, upgrading, maintenance and migration activities compete for capital, development and engineering resources. Our network evolution activities seek to enable, for instance, the support of new IP-based competitive offerings while maintaining network availability and performance on all deployed networks and delivery of service offerings. They also seek to enable the upgrade and deployment of networks on a timely basis, and within our capital intensity target, to expand our footprint in desired areas and to support growing data demand. Our inability to carry out any of our network evolution activities successfully could have an adverse effect on our business and financial results.

Technological change

We need to anticipate technological change and invest in or develop new technologies, products and services that will gain market acceptance.

We operate in markets that are affected by constant technological change, evolving industry standards, changing customer needs, frequent introductions of new products and services, and short product life cycles. Rapidly evolving technology brings new competitive threats, as well as new service opportunities, on an almost continuous basis. Globalization of competition is changing customer expectations for faster market responses and enhanced user experiences. Investment in our networks and in new technologies, products and services, as well as our ability to launch, on a timely basis, technologies, products and services that will gain market acceptance, are critical to increasing the number of our subscribers and achieving our financial objectives. However, as discussed in more detail in section 3.3, *Principal business risks – Complexity and service and operational effectiveness*, the complexity of a multi-product environment combined with the complexity of our network and IT structures may challenge our ability to achieve nimble service evolution. Failure to understand new technologies, to evolve in the appropriate direction in an environment of changing business models, or to optimize network deployment timelines considering customer demand and competitor activities, could have an adverse impact on our business and financial results.

We may face additional risks as we develop new products, services and technologies, and update our networks to stay competitive. New technologies, for example, may quickly become obsolete or may require more capital than initially expected. Development could be delayed for reasons beyond our control, and substantial investments usually need to be made before new technologies prove to be commercially viable. There is also a risk that current regulations could be expanded to apply to new technologies, which could delay our launch of new services. New products or services that use new or evolving technologies could reduce demand for our existing offerings or cause prices for those services to decline, and could result in shorter estimated useful lives for existing technologies, which could increase depreciation and amortization expense.

We have incurred significant capital expenditures in order to deploy next-generation fibre and wireless networks and offer faster Internet speeds. If we fail to make continued investments in our Internet and wireless networks that enable us to offer Internet and wireless services at increasingly faster speeds, and to offer a different range of products and services than our competitors, this could adversely affect our ability to compete, the pricing of our products and services, and our financial results. In particular, the introduction of mandated wholesale services over FTTH or of a more burdensome wholesale regime on FTTN or wireless networks by the CRTC may undermine our incentives to invest in next-generation wireline and wireless networks.

Our TV and media viewing models are being challenged by an increasing number of alternative viewing options available in the market and changing customer behaviour. Such changes may accelerate the disconnection of TV services, diminish our ability to acquire new customers or accelerate the reduction of TV spending, all of which could have an adverse effect on our business and financial performance. For more details, refer to section 5.3, *Bell Media – Competitive landscape and industry trends* .

Information technology

The failure to implement or maintain effective IT systems on a timely basis, and the complexity and costs of our IT environment, could have an

adverse effect on our business and financial performance.

We currently use a very large number of interconnected operational and business support systems that are relevant to most aspects of our operations, including provisioning, networking, distribution, broadcast management, billing and accounting. We also have various IT system and process change initiatives that are in progress or are proposed for implementation. The development and launch of a new service typically requires significant systems development and integration. The associated developmental and ongoing operational costs are a significant factor in maintaining a competitive position and profit margins. As next-generation services are introduced, they should be designed to work with both legacy and next-generation support systems, which introduces uncertainty with respect to the cost and effectiveness of solutions and the evolution of systems.

There can be no assurance that any of our proposed IT systems or process change initiatives will be implemented successfully, that they will be implemented in accordance with anticipated timelines, or that sufficiently skilled personnel will be available to complete such initiatives. If we fail to implement and maintain effective IT systems on a timely basis, fail to create and maintain an effective governance and operating framework to support the management of a largely outsourced staff, or fail to understand and streamline our significant number of legacy systems and proactively meet constantly evolving business requirements, this could have an adverse effect on our business and financial performance.

Network capacity pressures

If we fail to maintain optimal network operating performance in the context of increasing customer demand, this could have an adverse effect on our reputation, business and financial performance.

Network capacity demands for TV and other bandwidth-intensive applications on our Internet and wireless networks have been growing at unprecedented rates. It is expected that growth in such demands will continue to accelerate, especially in the case of wireless data-driven traffic, due to the increasing adoption of smartphones and other mobile devices such as tablets, which consume large amounts of data. New innovative applications and services are constantly made available over the Internet. Our customers may choose to accelerate their adoption of these new services or rapidly change their behaviour and preference in the way they communicate, or access entertainment and information over the Internet. These constantly changing factors and the associated traffic growth could drive unexpected capacity pressures on our Internet and wireless networks and may result in network performance issues. Consequently, we may need to incur significant capital expenditures beyond those expenditures already anticipated by our subscriber and traffic planning forecasts in order to provide additional capacity

and to reduce network congestion on our Internet and wireless networks. In addition, network construction and deployment on municipal or private property requires the issuance of municipal or landlord consents, respectively, for the installation of network equipment. There is no assurance that such consents will be issued or that they will be issued in time to meet our expected deployment schedules, which could result in our inability to upgrade and/or deploy our networks in certain areas or in significant delays in our pace of upgrade and/or deployment.

Failure to complete the planned and unplanned upgrades or expansion in capacities of our Internet and wireless networks within predetermined schedules due to factors beyond our control could result in short-term congestions or disruptions of our networks beyond our normal network performance level until the upgrades are completed and normal network performance level is restored. These short-term sub-optimal network performance periods could affect our ability to keep existing or attract new customers and could have an adverse effect on our reputation, business and financial performance.

Human resources

Our business depends on the performance of, and our ability to retain, our employees.

Our business depends on the efforts, engagement and expertise of our employees. Competition for highly skilled management and customer service employees is intense in our industry. In addition, the increasing technical and operational complexity of our businesses creates a challenging environment for hiring, retaining and developing skilled technical resources. Failure to appropriately train, motivate, remunerate or deploy employees on initiatives that further our strategic imperatives, or to efficiently replace retiring employees, could have an adverse impact on our ability to attract and retain talent and drive performance across the organization. Deterioration in employee morale and engagement resulting from staff reductions, reorganizations or ongoing cost reductions could also adversely affect our business and financial results.

Our senior executives and other key employees are important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, and identifying business opportunities. The loss of one or more of these key individuals could impair our business until qualified replacements are found. There can be no assurance that these individuals could be replaced quickly with persons of equal experience and capabilities.

Renegotiating collective bargaining agreements could result in higher labour costs and work disruptions.

Approximately 43% of our employees are represented by unions and are covered by collective bargaining agreements. Renegotiating collective bargaining agreements could result in higher labour costs, project delays and work disruptions, including work stoppages or work slowdowns. There can be no assurance that should a strike or work disruption occur, it would not adversely affect service to our customers and, in turn, our customer relationships and financial performance. In addition, work disruptions, including work slowdowns or work stoppages due to strikes,

experienced by our third-party suppliers and other telecommunications carriers to whose networks ours are connected, could harm our business, including our customer relationships and financial performance.

Post-employment benefit obligations

The economic environment, pension rules and ineffective governance could have an adverse effect on our pension obligations, liquidity and financial performance.

With a large pension plan membership, significant DB plans that are subject to the pressures of the global economic environment, coupled with changing regulatory and reporting requirements, our pension obligations are exposed to potential volatility. Failure to understand economic exposure, pension rule changes or ensure that effective governance is in place for management and funding of the pension assets and obligations, could have an adverse impact on our liquidity and financial performance.

We may be required to increase contributions to our post-employment benefit plans in the future.

The funding requirements of our post-employment benefit plans, based on valuations of plan assets and obligations, depend on a number of factors, including actual returns on post-employment benefit plan assets, long-term interest rates, plan demographics, and applicable regulations and actuarial standards. Changes in these factors could cause future contributions to significantly differ from our current estimates and could require us to increase contributions to our post-employment benefit plans in the future and, therefore, could have a negative effect on our liquidity and financial performance.

There is no assurance that the assets of our post-employment benefit plans will earn their assumed rate of return. A substantial portion of our post-employment benefit plans' assets is invested in public equity and debt securities. As a result, the ability of our post-employment benefit plans' assets to earn the rate of return that we have assumed significantly depends on the performance of capital markets. Market conditions also impact the discount rate used to calculate our solvency obligations and, therefore, could also significantly affect our cash funding requirements.

Our expected funding for 2015 is in accordance with the latest post-employment benefit plan valuations as of December 31, 2013, filed in June 2014, and takes into account voluntary contributions of $350 million in 2014.

Performance of critical infrastructure

Our operations and business continuity depend on how well we protect, test, maintain and replace our networks, equipment and other facilities.

It is imperative that our critical infrastructure and facilities provide a consistent, secure and reliable environment to operate network and IT infrastructure and house employees. Accordingly, our operations depend on how well we protect our networks, as well as other infrastructure and facilities, against damage from fire, natural disaster (including seismic and severe weather-related events such as ice, snow and wind storms, flooding, hurricanes, tornadoes and tsunamis), power loss, building cooling loss, unauthorized access or entry, cyber threats, disabling devices, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. Establishing response strategies and business continuity protocols to maintain service consistency if any disruptive event materializes is critical to the achievement of effective customer service. Any of the above-mentioned events, as well as the failure to complete the planned testing, maintenance or replacement of our networks, equipment and other facilities due to factors beyond our control, could disrupt our operations (including through disruptions such as network failures, billing errors or delays in customer service), require significant resources and result in significant remediation costs, which in turn could have an adverse effect on our business and financial performance or impair our ability to keep existing subscribers, or attract new ones.

Satellites used by Bell TV are subject to significant operational risks that could have an adverse effect on Bell TV's business and financial performance.

Pursuant to a set of commercial arrangements between Bell TV and Telesat Canada (Telesat), Bell TV currently has two satellites under contract with Telesat. Telesat operates or directs the operation of these satellites. Satellites utilize highly complex technology and operate in the harsh environment of space and are therefore subject to significant operational risks while in orbit. These risks include in-orbit equipment failures, malfunctions and other problems commonly referred to as anomalies that could reduce the commercial usefulness of a satellite used by Bell TV. Acts of war or terrorism, magnetic, electrostatic or solar storms, and space debris or meteoroids could also damage the satellites used by Bell TV. Any loss, failure, manufacturing defect, damage or destruction of these satellites, of Bell TV's terrestrial broadcasting infrastructure or of Telesat's tracking, telemetry and control facilities to operate the satellites, could have an adverse effect on Bell TV's business and financial performance and could result in customers terminating their subscriptions to Bell TV's DTH satellite TV service.

Vendor, supply chain and contract management

We depend on key third-party suppliers to provide products and services that we need to operate our business.

We depend on key third-party suppliers over which we have no operational or financial control for certain products and services that are critical to

our operations. These critical products and services may be available from only a limited number of suppliers, some of which dominate their global market. The increased number of global competitors in our various businesses could have an adverse effect on our relationship with such key suppliers, including our ability to purchase critical products and services at an affordable cost from them. Access to such key products and services, allowing us to meet customer demand, is critical to our ability to retain existing customers and acquire new ones.

If, at any time, suppliers cannot provide us with products or services that are critical to our customer offerings on a timely basis and at an acceptable cost including, without limitation, billing, IT support and customer contact centre services, as well as telecommunications equipment, software and maintenance services that comply with evolving telecommunications standards and are compatible with our equipment, IT systems and software, our business and financial performance could be adversely affected. In addition, if telecommunications equipment and other products, such as handsets, that we sell or otherwise provide to customers, or the telecommunications equipment and other products that we use to provide services, have manufacturing defects, our ability to offer our products and services and to roll out our advanced services, along with the quality of such services and networks, may be negatively impacted. In addition, network deployment and expansion could be impeded, and our business, strategy and financial performance could be adversely affected.

Various factors may affect our suppliers' ability to provide us with critical products and services.

The businesses and operations of our suppliers, and their ability to continue to provide us with products and services, could be adversely affected by various factors including, without limitation, general economic and financial market conditions, the intensity of competitive activity, natural disasters (including seismic and severe weather-related events such as ice, snow and wind storms, flooding, hurricanes, tornadoes and tsunamis), commodity or component shortages (whether local or regional), labour disruptions, litigation, the availability of and access to capital, bankruptcy or other insolvency proceedings, changes in technological standards and other events, including those referred to in *Performance of critical infrastructure* in this section 9.

Some of our suppliers may rely substantially or entirely on the Internet to deliver their products and services, or to conduct electronic transactions. Temporary disruption of their Internet access due to technical or operational difficulties or other events or threats including, but not limited to, those referred to in section 3.3, *Principal business risks – Information security (cyber and other threats)* , may affect their delivery of critical products and services to us.

Our networks are connected with the networks of other telecommunications carriers and suppliers, and we rely on them to deliver some of our services. Temporary or permanent operational failures or service interruptions by these carriers and suppliers due to technical difficulties or other events including, but not limited to, those referred to in the paragraph above, could have an adverse effect on our networks, services, business and financial performance.

Litigation and other legal matters

Legal proceedings and, in particular, class actions, could have an adverse effect on our business and financial performance.

We become involved in various legal proceedings as part of our business. Plaintiffs within Canada are able to launch and obtain certification of class actions on behalf of a large group of people with increasing ease. Pending or future litigation, including an increase in certified class actions which, by their nature, could result in sizeable damage awards and costs relating to litigation, could have an adverse effect on our business and financial performance. For a description of the principal legal proceedings involving us, please see the section entitled *Legal Proceedings* contained in the BCE 2014 AIF.

Changes in applicable laws could have an adverse effect on our business and financial performance.

Changes in laws or regulations or in how they are interpreted, and the adoption of new laws or regulations, could negatively affect us. In particular, the adoption by the federal and provincial governments, or agencies thereof, of increasingly stringent consumer protection laws, and the regulations, rules or policies thereunder, could have an adverse effect on our business and financial results.

In addition, Canadian securities laws in various provinces contain provisions setting out statutory civil liability for misrepresentations in continuous disclosure. These provisions facilitate the introduction in Canada of class action lawsuits by secondary market investors against public companies for alleged misrepresentations in public disclosure documents and oral statements. Significant damages could be awarded by courts in these types of actions should they be successful. Such awards of damages and costs relating to litigation could adversely affect our financial performance.

Financial and capital management

If we are unable to raise the capital we need and generate sufficient cash flows from operations, we may need to limit our capital expenditures or our investments in new businesses, or try to raise capital by disposing of assets.

Our ability to meet our cash requirements and provide for planned growth depends on having access to adequate sources of capital and on our ability to generate cash flows from operations, which is subject to regulatory, competitive, economic, financial, technological and other risk factors

described in this MD&A, most of which are not within our control.

Our ability to raise financing depends on our ability to access the public equity and debt capital markets, as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available depend largely on prevailing market conditions and the outlook for our business and credit ratings at the time capital is raised. Risk factors such as capital market disruptions, sovereign credit concerns in Europe, fiscal and public indebtedness issues in the U.S., central bank monetary policies, increased bank capitalization regulations, reduced bank lending in general or fewer banks as a result of reduced activity or consolidation, could reduce capital available or increase the cost of such capital. In addition, an increased level of debt borrowings could result in lower credit ratings, increased borrowing costs and a reduction in the amount of funding available to us, including through equity offerings. Business acquisitions could also adversely affect our outlook and credit ratings and have similar adverse consequences. In addition, participants in the public capital and bank credit markets have internal policies limiting their ability to invest in, or extend credit to, any single entity or entity group or to a particular industry.

Our bank credit facilities, including credit facilities supporting our commercial paper program, are provided by various financial institutions. While it is our intention to renew certain of such credit facilities from time to time, there are no assurances that these facilities will be renewed on favourable terms or in similar amounts.

If we cannot access the capital we need or generate cash flows to implement our business plan or meet our financial obligations on acceptable terms, we may have to limit our ongoing capital expenditures, limit our investment in new businesses, or try to raise additional capital by selling or otherwise disposing of assets. Any of these could have an adverse effect on our cash flows from operations and on our growth prospects.

The expected return of BCE's Net Debt leverage ratio within its Net Debt leverage ratio target range is subject to certain risks.

The expected return of BCE's Net Debt leverage ratio within its Net Debt leverage ratio target range is subject to certain assumptions including, in particular, growth in BCE's Free Cash Flow as well as the application of a portion of excess cash to the reduction of BCE's indebtedness. Free Cash Flow growth is, in turn, subject to the risk factors and assumptions disclosed in this MD&A. In addition, other acquisitions made by BCE in the future could have an adverse effect on BCE's Net Debt leverage ratio.

We are exposed to various credit, liquidity and market risks.

Our exposure to credit, liquidity and market risks, including equity price, interest rate and currency fluctuations, is discussed in section 6.6, *Financial risk management* in this MD&A, and in Note 24 to BCE's 2014 consolidated financial statements.

Our failure to identify and manage our exposure to changes in interest rates, foreign exchange rates, BCE's share price and other market conditions could lead to missed opportunities, cash flow shortages, reputational damage, stock and debenture devaluations and challenges in raising capital on market competitive terms.

Change management and integration

Ineffective change management and the failure to successfully integrate assets could adversely affect our business and our ability to achieve our strategic imperatives.

Corporate restructurings, system replacements and upgrades, process redesigns and the integration of business acquisitions and existing business units must be managed carefully to ensure that we capture the intended benefits of such changes. There can be no assurance that planned efficiency initiatives will be completed or that such initiatives, once implemented, will provide the expected benefits. Ineffective change management may adversely affect our operations, financial performance, employee engagement or customer service.

Achieving the anticipated benefits from the integration of business acquisitions and existing business units depends in part on successfully integrating operations, procedures and personnel in a timely and efficient manner, as well as on our ability to realize the anticipated growth opportunities and synergies from combining the businesses and operations. Integration requires the dedication of substantial management effort, time and resources, which may divert management's focus from other strategic opportunities and operational matters during this process. The integration of the activities of our Bell Aliant segment within Bell following the Privatization of Bell Aliant and other integration processes may lead to greater-than-expected operational challenges and costs, expenses, customer loss and business disruption for us and, consequently, the failure to realize, in whole or in part, the anticipated benefits.

Fraud

The failure to evolve practices to effectively monitor and control fraudulent activities could result in financial loss and brand degradation.

Economic volatility, the complexity of modern networks and the increasing sophistication of criminal organizations create challenges in monitoring, preventing and detecting fraudulent activities. Fraud affecting BCE group companies has evolved beyond the traditional subscription fraud and now includes service, technical, payment and occupational fraud. The failure to evolve practices to effectively monitor and control fraudulent activities could result in financial loss and brand degradation.

Copyright theft and other unauthorized use of our content could have an adverse effect on Bell Media's business and financial performance.

Bell Media's monetization of its intellectual property relies partly on the exclusivity of the content in its offerings and platforms. Copyright theft and other forms of unauthorized use undermine such exclusivity and could potentially divert users to unlicensed or otherwise illegitimate platforms, thus impacting our ability to derive distribution and advertising revenues. Although piracy is not a new risk to content, new technologies (including tools that undermine technology protection measures) coupled with the failure to enact adequate copyright protection and enforcement measures to keep up with those technologies, present the possibility of increased erosion of content exclusivity.

The theft of our DTH satellite TV services has an adverse effect on Bell TV's business and financial performance.

Bell TV faces a loss of revenue resulting from the theft of its DTH satellite TV services. As is the case for all other TV distributors, Bell TV has experienced, and continues to experience, ongoing efforts to steal its services by way of compromise or circumvention of Bell TV's signal security systems. The theft of Bell TV's services has an adverse effect on Bell TV's business and financial performance.

Strategy execution and development

Should we fail to achieve any of our strategic imperatives, this could have an adverse effect on our future growth, business and financial results.

We continue to pursue our goal to be recognized by customers as Canada's leading communications company through focused execution of our six strategic imperatives. Executing on our strategic imperatives requires shifts in employee skills and capital investments to implement our strategies and operating priorities. If our management, processes or employees are not able to adapt to these changes or if required capital is not available on favourable terms, we may fail to achieve certain or all of our strategic imperatives, which could have an adverse effect on our business, financial performance and growth prospects. In particular, our strategies require us to continue to transform our cost structure. Our objectives for targeted cost reductions continue to be aggressive but there is no assurance that we will be successful in reducing costs, especially since incremental cost savings are more difficult to achieve on an ongoing basis. Our cost reduction objectives require aggressive negotiations with our key suppliers and there can be no assurance that such negotiations will be successful or that replacement products or services provided will not lead to operational issues. The inability to continue to reduce costs could have an adverse effect, in particular, on our Bell Wireline segment's profitability.

Successful development of our business strategy is critical to enable the long term success of our business.

Strategy development is critical to the long-term success of any organization. Failure to effectively develop a strategy that balances short-term and long-term vision and to adequately communicate and manage such strategy across business units, could hinder the growth of our business. Failure to achieve strategic alignment within and among business units could have an adverse effect on our long-term growth.

Tax matters

Income and commodity tax amounts may materially differ from the amounts expected.

Our complex business operations are subject to various tax laws and the adoption of new tax laws or regulations or rules thereunder, or changes thereto or in the interpretation thereof, could result in higher tax rates, new taxes or other adverse tax implications. In addition, while we believe that we have adequately provided for all income and commodity taxes based on all of the information that is currently available, the calculation of income taxes and the applicability of commodity taxes in many cases require significant judgement interpreting tax rules and regulations. Our tax filings are subject to government audits that could result in material changes to the amount of current and deferred income tax assets and liabilities and other liabilities and could, in certain circumstances, result in an assessment of interest and penalties.

Health and environmental matters

Health concerns about radiofrequency emissions from wireless communication devices, as well as epidemics and other health risks, could have an adverse effect on our business.

Many studies have been performed to assess whether wireless phones, networks and towers pose a potential health risk. Some studies have indicated that radiofrequency emissions may be linked to certain medical conditions, while other studies could not establish such a link between adverse health effects and exposure to radiofrequency emissions. In May 2011, the International Agency for Research on Cancer (IARC) of the World Health Organization (WHO) classified radiofrequency electromagnetic fields from wireless phones as possibly carcinogenic to humans, but also indicated that chance, bias or confounding could not be ruled out with reasonable confidence. The IARC also called for additional research into long-term heavy use of mobile phones. In its June 2011 fact sheet on mobile phones, the WHO stated that to date, no adverse health effects have been established as being caused by mobile phone use. There can be no assurance that the conclusions drawn by other health studies concerning radiofrequency emissions will not have an adverse effect on our business and financial performance.

As we deploy new technologies, especially in the wireless area, we face current and potential lawsuits relating to alleged adverse health effects

on customers who use such technologies, including wireless communications devices, as well as those relating to our marketing and disclosure practices in connection therewith. As with any litigation, we cannot predict the final outcome of any of the above-mentioned lawsuits and such lawsuits could have an adverse effect on our business and financial performance.

Increasing concern over the use of wireless communication devices, exposure to radiofrequency emissions and the possible related health risks could lead to additional government regulation, which could have an adverse effect on our business and financial performance. Actual or perceived health risks of using wireless communication devices and exposure to radiofrequency emissions could result in fewer new network subscribers, lower network usage per subscriber, higher churn rates, higher costs as a result of modifying handsets, wireless internet modems and TV receivers, and relocation of wireless towers or Wi-Fi antennas or addressing incremental legal requirements, an increase in the number of lawsuits filed against us, or reduced outside financing being available to the wireless communications industry.

In addition, public concerns could result in a slower deployment of, or in our inability to deploy, new wireless networks, towers and antennas, or other wireless services such as TV receivers and private or public access points. Industry Canada is responsible for approving radiofrequency equipment and performing compliance assessments. It has chosen Health Canada's Safety Code 6, which sets the limits for safe exposure to radiofrequency at home or at work, as its exposure standard. The Safety Code 6 also outlines safety requirements for the installation and operation of devices that emit radiofrequency fields such as mobile phones, Wi-Fi technologies and base station antennas. Industry Canada has made compliance to Safety Code 6 mandatory for all proponents and operators of radio installations. We believe that the handsets and devices we sell, as well as our network equipment, comply with all Canadian government safety standards. We also rely on our suppliers to ensure that the network and customer equipment supplied to us meets all applicable safety and regulatory requirements.

In addition, epidemics, pandemics and other health risks could also occur, which could adversely affect our ability to maintain operational networks and provide services to our customers. Any of these events could have an adverse effect on our business and financial performance.

Climate change and other environmental concerns could have an adverse effect on our business.

Global climate change could exacerbate certain of the threats facing our business, including the frequency and severity of weather-related events referred to in *Performance of critical infrastructure* in this section 9. In addition, increases in energy prices are partly influenced by government policies to address climate change which, combined with a growing data demand that increases our energy requirements, could increase our energy costs beyond our current expectations.

Several areas of our operations further raise environmental considerations, such as the storage of fuels, disposal of hazardous residual materials and recovery and recycling of end-of-life electronic products we sell or lease. Failure to recognize and adequately respond to changing governmental and public expectations on environmental matters could result in fines, missed opportunities, additional regulatory scrutiny, or harm our brand and reputation.

Shareholder distributions and stock market volatility

BCE is dependent on the ability of its subsidiaries, joint arrangements and other entities in which it has an interest to pay dividends or otherwise make distributions to it.

BCE has no material sources of income or assets of its own, other than the interests that it has in its subsidiaries, joint arrangements and other entities, including, in particular, its direct ownership of the equity of Bell Canada. BCE's cash flow and, consequently, its ability to pay dividends on its equity securities and service its indebtedness are therefore dependent upon the ability of its subsidiaries, joint arrangements and other entities in which it has an interest to pay dividends or otherwise make distributions to it.

BCE's subsidiaries, joint arrangements and other entities in which it has an interest are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any dividends or make any other distributions to BCE. In addition, any right of BCE to receive assets of its subsidiaries, joint arrangements and other entities in which it has an interest upon their liquidation or reorganization is structurally subordinated to the prior claims of creditors of such subsidiaries, joint arrangements and other entities.

We cannot guarantee that BCE's dividend policy will be maintained or that dividends will be declared.

The BCE Board reviews from time to time the adequacy of BCE's dividend policy with the objective of allowing sufficient financial flexibility to continue investing in our business while growing returns to shareholders. Under the current dividend policy, increases in the common share dividend are directly linked to growth in BCE's Free Cash Flow. BCE's dividend policy and the declaration of dividends on any of its outstanding shares are subject to the discretion of the BCE Board and, consequently, there can be no guarantee that BCE's dividend policy will be maintained or that dividends will be declared.

A major decline in the market price of BCE's securities may negatively impact our ability to raise capital, issue debt, retain employees, make strategic acquisitions or enter into joint arrangements.

Differences between BCE's actual or anticipated financial results and the published expectations of financial analysts, as well as events affecting our business or operating environment, may contribute to volatility in BCE's securities. A major decline in the capital markets in general, or an adjustment in the market price or trading volumes of BCE's securities, may negatively affect our ability to raise capital, issue debt, retain senior

executives and other key employees, make strategic acquisitions or enter into joint arrangements.

Proposed Glentel acquisition

The expected timing and completion of the proposed acquisition of Glentel and of the subsequent divestiture of a 50% ownership stake to Rogers are subject to closing conditions and other risks and uncertainties.

The expected timing and completion of the proposed acquisition by BCE of all of the issued and outstanding shares of wireless retailer Glentel is subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, any required regulatory approvals. In addition, the subsequent divestiture of a 50% ownership interest in Glentel to Rogers following the closing of BCE's acquisition of Glentel is also subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, any required regulatory approvals. There can be no assurance that the proposed transactions will occur, or that they will occur on the timetable or on the terms and conditions currently contemplated. The proposed transactions could be modified, restructured or terminated. There can also be no assurance that the strategic benefits expected to result from the transactions will be fully realized.

10 FINANCIAL MEASURES, ACCOUNTING POLICIES AND CONTROLS

10.1 Our accounting policies

This section discusses key estimates and assumptions that management has made and how they affect the amounts reported in the financial statements and notes. It also describes key changes in accounting standards and our accounting policies, and how they affect our financial statements.

We have prepared our consolidated financial statements using IFRS. Other significant accounting policies, not involving the same level of measurement uncertainty as those discussed in this section, are nevertheless important to an understanding of our financial statements. See Note 2 to BCE's 2014 consolidated financial statements for more information about the accounting principles we use to prepare our consolidated financial statements.

Critical accounting estimates and key judgements

When preparing financial statements, management makes estimates and judgements relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

We base our estimates on a number of factors, including historical experience, current events and actions that the company may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. By their nature, these estimates and judgements are subject to measurement uncertainty and actual results could differ.

We consider the estimates and judgements described in this section to be an important part of understanding our financial statements because they require management to make assumptions about matters that were highly uncertain at the time the estimate and judgement were made, and changes to these estimates and judgements could have a material impact on our financial statements and our segments.

Our senior management has reviewed the development and selection of the critical accounting estimates and judgements described in this section with the Audit Committee of the BCE Board.

Any sensitivity analysis included in this section should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Our more significant estimates and judgements are described below.

ESTIMATES

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

We review our estimates of the useful lives of property, plant and equipment and finite-life intangible assets on an annual basis and adjust depreciation or amortization on a prospective basis, if needed.

Property, plant and equipment represent a significant proportion of our total assets. Changes in technology or our intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

The estimated useful lives of property, plant and equipment and finite-life intangible assets are determined by internal asset life studies, which take into account actual and expected future usage, physical wear and tear, replacement history and assumptions about technology evolution. When factors indicate that assets' useful lives are different from the prior assessment, we depreciate or amortize the remaining carrying value prospectively over the adjusted estimated useful lives.

Change in accounting estimates

As part of our ongoing annual review of property, plant and equipment and finite-life intangible assets, and to better reflect their useful lives, we increased the lives of certain IT software assets from five years to seven years and reduced the lives of certain network assets, including our CDMA network. The changes have been applied prospectively effective July 1, 2014 and did not have a significant impact on our financial statements.

In 2013, we changed the useful lives of fibre optic cable (excluding submarine cable) from 20 to 25 years, certain customer premise equipment from three and eight years to five years, certain IT and network software from a range of three to five years to a range of three to 12 years, and certain broadcasting equipment from 15 to 20 years to better reflect their useful lives. The changes include increases and decreases to useful lives and have been applied prospectively effective January 1, 2013. On a net basis, depreciation and amortization expense for these assets decreased by $139 million as a result of the changes.

POST-EMPLOYMENT BENEFIT PLANS

The amounts reported in the financial statements relating to DB pension plans and OPEBs are determined using actuarial calculations that are based on several assumptions.

Our actuaries perform a valuation at least every three years to determine the actuarial present value of the accrued DB pension plan and OPEB obligations. The actuarial valuation uses management's assumptions for, among other things, the discount rate, life expectancy, the rate of compensation increase, trends in healthcare costs and expected average remaining years of service of employees.

While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect post-employment benefit obligations and future net post-employment benefit plans cost.

We account for differences between actual and expected results in benefit obligations and plan performance in OCI, which are then recognized immediately in the deficit.

The most significant assumptions used to calculate the net post-employment benefit plans cost are the discount rate and life expectancy.

A discount rate is used to determine the present value of the future cash flows that we expect will be needed to settle post-employment benefit obligations.

The discount rate is based on the yield on long-term, high-quality corporate fixed income investments with maturities matching the estimated cash flows of the post-employment benefit plans. Life expectancy is based on publicly available Canadian mortality tables and is adjusted for the company's specific experience.

A lower discount rate and a higher life expectancy result in a higher net post-employment benefit obligation and a higher current service cost.

Sensitivity analysis

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

		IMPACT ON NET POST-EMPLOYMENT BENEFIT PLANS COST FOR 2014 – INCREASE / (DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATION AT DECEMBER 31, 2014 – INCREASE / (DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	(175)	148	(2,978)	3,428
Mortality rate	25%	(73)	78	(1,423)	1,518

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed

quarterly, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

We make a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model, and the discount rate. When impairment charges occur they are recorded in *Other income (expense)*.

In 2014, we recorded a net impairment charge of $105 million relating mainly to our Conventional TV cash generating units (CGU) within our Bell Media segment, of which $67 million was allocated to property, plant and equipment and $38 million to indefinite-life intangible assets. The impairment resulted from a softness in the overall Canadian TV advertising market and higher TV content costs. The charge was determined by comparing the carrying value of the CGU to its fair value less costs of disposal, based on the expected future discounted cash flows for the period of January 1, 2015 to December 31, 2017 using a discount rate of 9.5% and a perpetuity growth rate of nil. The carrying value of our conventional TV CGUs was $327 million at December 31, 2014.

Goodwill impairment testing

We perform an annual test for goodwill impairment in the fourth quarter for each of our CGUs or groups of CGUs to which goodwill is allocated and whenever there is an indication that goodwill might be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

We identify any potential impairment by comparing the carrying value of a CGU or groups of CGUs to its recoverable amount. The recoverable amount of a CGU or groups of CGUs is the higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal is based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans. When the recoverable amount of a CGU or groups of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or groups of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is deducted from earnings for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, BCE's CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 5 to BCE's 2014 consolidated financial statements.

Any significant change in each of the estimates used could have a material impact on the calculation of the recoverable amount and resulting impairment charge. As a result, we are unable to reasonably quantify the changes in our overall financial performance if we had used different assumptions.

We cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values we have reported.

For the Bell Media group of CGUs, a decrease of (0.3%) in the perpetuity growth rate or an increase of 0.2% in the discount rate, would have resulted in its recoverable amount being equal to its carrying value. There were no goodwill impairment charges in 2014 or 2013.

DEFERRED TAXES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Both our current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxes are provided on temporary differences arising from investments in subsidiaries, joint arrangements and associates, except where we control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax assets is estimated with consideration given to the timing, sources and amounts of future taxable income.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the statements of financial position at fair value, with changes in fair value reflected in the income statements and the statements of comprehensive income. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may

include inputs that are not based on observable market data, such as discounted cash flows.

CONTINGENCIES

We become involved in various litigation matters as a part of our business. Pending litigations represent a potential cost to our business. We estimate the amount of the loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

If the final resolution of a legal or regulatory matter results in a judgement against us or requires us to pay a large settlement, it could have a material effect on our consolidated financial statements in the period in which the judgement or settlement occurs. Any accrual would be charged to earnings and included in *Trade payables and other liabilities* or *Other non-current liabilities*. Any cash settlement would be deducted from cash from operating activities.

ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the unavoidable costs of meeting our obligations under a contract exceed the expected benefits to be received from a contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

JUDGEMENTS

POST-EMPLOYMENT BENEFIT PLANS

The determination of the discount rate used to value our post-employment benefit obligations requires judgement. The rate is set by reference to market yields of high quality corporate bonds at the beginning of each fiscal year. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the issue and credit quality, along with the identification of outliers, which are excluded.

INCOME TAXES

The calculation of income taxes requires judgement in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. Our tax filings are also subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgement is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

MULTIPLE ELEMENT ARRANGEMENTS

Determining the amount of revenue to be recognized for multiple element arrangements requires judgement to establish the separately identifiable components and the allocation of the total price between those components.

CASH GENERATING UNITS

The determination of CGUs or groups of CGUs for the purpose of annual impairment testing requires judgement.

CONTINGENCIES

We accrue a potential loss if we believe a loss is probable and an outflow of resources is likely and can be reasonably estimated, based on information that is available at the time. Any accrual would be charged to earnings and included in *Trade payables and other liabilities* or *Other non-current liabilities*. Any cash settlement would be deducted from cash from operating activities. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies.

The determination of whether a loss is probable from litigation and whether an outflow of resources is likely requires judgement.

Adoption of new or amended accounting standards

As required, effective January 1, 2014, we adopted the following new or amended accounting standards and interpretations on a retrospective basis, none of which had a significant impact on our financial statements.

STANDARD	DESCRIPTION	IMPACT
Amendments to IAS 36 – Impairment of Assets	Provides guidance on recoverable amount disclosures for non-financial assets.	This amendment did not have a significant impact on our financial statements.
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement	Provides guidance on novation of over-the-counter derivatives and continued designation for hedge accounting.	This amendment did not have a significant impact on our financial statements.
Amendments to IAS 32 – Financial Instruments: Presentation	Clarifies the application of the offsetting requirements of financial assets and financial liabilities.	This amendment did not have a significant impact on our financial statements.

International Financial Reporting Interpretations Committee (IFRIC) 21 – Levies	Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37– Provisions, Contingent Liabilities and Contingent Assets, and those where the timing and amount of the levy is certain.	IFRIC 21 did not have a significant impact on our financial statements.

Future changes to accounting standards

The following new or amended standards issued by the IASB have an effective date after December 31, 2014 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
IFRS 9 – Financial Instruments	Sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with its accounting treatment. Additional disclosures will also be required under the new standard.	We are currently evaluating the impact of IFRS 9 on our financial statements.	Annual periods beginning on or after January 1, 2018, with early adoption permitted.
Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets	Clarifies that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset.	The amendments to IAS 16 and IAS 38 are not expected to have a significant impact on our financial statements.	Annual periods beginning on or after January 1, 2016, applied prospectively.
Amendments to IFRS 11 – Joint Arrangements	Provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 – Business Combinations. The amended standard requires the acquirer to apply all of the principles on accounting for business combinations in IFRS 3 and other IFRSs except for any principles that conflict with IFRS 11.	The amendments to IFRS 11 are not expected to have a significant impact on our financial statements.	Annual periods beginning on or after January 1, 2016, applied prospectively.

IFRS 15 – Revenue from Contracts with Customers	Establishes principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRSs. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps: 1. Identify the contract with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognize revenue when (or as) the entity satisfies a performance obligation The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain non-financial assets such as property and equipment. Additional disclosures will also be required under the new standard.	IFRS 15 will affect how we account for revenues and contract costs for Bell Wireless and our other segments. We are currently evaluating the impact of IFRS 15 on our financial statements.	Annual periods beginning on or after January 1, 2017, using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.

10.2 Non-GAAP financial measures and key performance indicators (KPIs)

This section describes the non-GAAP financial measures and KPIs we use in this MD&A to explain our financial results. It also provides reconciliations of the non-GAAP financial measures to the most comparable IFRS financial measures.

Adjusted EBITDA and Adjusted EBITDA margin

Beginning with Q2 2014, we reference Adjusted EBITDA and Adjusted EBITDA margin as non-GAAP financial measures. These terms replace the previously referenced non-GAAP financial measures EBITDA and EBITDA margin. Our definitions of Adjusted EBITDA and Adjusted EBITDA margin are unchanged from our former definition of EBITDA and EBITDA margin, respectively. Accordingly, this change in terminology has no impact on our reported financial results for prior periods.

The terms Adjusted EBITDA and Adjusted EBITDA margin do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define Adjusted EBITDA as operating revenues less operating costs, as shown in BCE's consolidated income statements. Adjusted EBITDA for BCE's segments is the same as segment profit as reported in Note 5 to BCE's 2014 consolidated financial statements. We define Adjusted EBITDA margin as Adjusted EBITDA divided by operating revenues.

We use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our businesses as they reflect their ongoing profitability. We believe that certain investors and analysts use Adjusted EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. We believe that certain investors and analysts also use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our businesses. Adjusted EBITDA is also one component in the determination of short-term incentive compensation for all management employees.

Adjusted EBITDA and Adjusted EBITDA margin have no directly comparable IFRS financial measure. Alternatively, the following table provides a reconciliation of net earnings to Adjusted EBITDA.

	2014	2013
Net earnings	**2,718**	2,388
Severance, acquisition and other costs	**216**	406
Depreciation	**2,880**	2,734
Amortization	**572**	646
Finance costs		

Interest expense	**929**	931
Interest on post-employment benefit obligations	**101**	150
Other (income) expense	**(42)**	6
Income taxes	**929**	828
Adjusted EBITDA	**8,303**	8,089
BCE operating revenues	***21,042***	*20,400*
Adjusted EBITDA margin	**39.5%**	39.7%

Adjusted net earnings and Adjusted EPS

The terms Adjusted net earnings and Adjusted EPS do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define Adjusted net earnings as net earnings attributable to common shareholders before severance, acquisition and other costs, net (gains) losses on investments, and early debt redemption costs. We define Adjusted EPS as Adjusted net earnings per BCE common share.

We use Adjusted net earnings and Adjusted EPS, and we believe that certain investors and analysts use these measures, among other ones, to assess the performance of our businesses without the effects of severance, acquisition and other costs, net (gains) losses on investments, and early debt redemption costs, net of tax and NCI. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

The most comparable IFRS financial measures are net earnings attributable to common shareholders and EPS. The following table is a reconciliation of net earnings attributable to common shareholders and EPS to Adjusted net earnings on a consolidated basis and per BCE common share (Adjusted EPS), respectively.

	2014		2013	
	TOTAL	**PER SHARE**	TOTAL	PER SHARE
Net earnings attributable to common shareholders	**2,363**	**2.98**	1,975	2.55
Severance, acquisition and other costs	**148**	**0.18**	299	0.38
Net (gains) losses on investments	**(8)**	**(0.01)**	7	0.01
Early debt redemption costs	**21**	**0.03**	36	0.05
Adjusted net earnings	**2,524**	**3.18**	2,317	2.99

Free Cash Flow and Free Cash Flow per share

The terms Free Cash Flow and Free Cash Flow per share do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

As of November 1, 2014, BCE's Free Cash Flow includes 100% of Bell Aliant's Free Cash Flow rather than cash dividends received from Bell Aliant. We define Free Cash Flow as cash flows from operating activities, excluding acquisition costs paid and voluntary pension funding, less capital expenditures, preferred share dividends and dividends paid by subsidiaries to NCI.

Prior to November 1, 2014, Free Cash Flow was defined as cash flows from operating activities, excluding acquisition costs paid and voluntary pension funding, plus dividends received from Bell Aliant, less capital expenditures, preferred share dividends, dividends paid by subsidiaries to NCI and Bell Aliant Free Cash Flow.

We define Free Cash Flow per share as Free Cash Flow divided by the average number of common shares outstanding.

We consider Free Cash Flow and Free Cash Flow per share to be important indicators of the financial strength and performance of our businesses because they show how much cash is available to pay dividends, repay debt and reinvest in our company.

We believe that certain investors and analysts use Free Cash Flow to value a business and its underlying assets. We believe that certain investors and analysts also use Free Cash Flow and Free Cash Flow per share to evaluate the financial strength and performance of our businesses.

The most comparable IFRS financial measure is cash flows from operating activities. The following table is a reconciliation of cash flows from operating activities to Free Cash Flow on a consolidated basis.

	2014	2013

Cash flows from operating activities	**6,241**	6,476
Bell Aliant dividends to BCE	**95**	191
Capital expenditures	**(3,717)**	(3,571)
Cash dividends paid on preferred shares	**(134)**	(127)
Cash dividends paid by subsidiaries to non-controlling interest	**(145)**	(283)
Acquisition costs paid	**131**	80
Voluntary defined benefit pension plan contribution	**350**	–
Bell Aliant free cash flow	**(77)**	(195)
Free cash flow	**2,744**	2,571
Average number of common shares outstanding (millions)	***793.7***	*775.8*
Free cash flow per share	**3.46**	3.31

Net Debt

The term Net Debt does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define Net Debt as debt due within one year plus long-term debt and 50% of preferred shares, less cash and cash equivalents, as shown in BCE's consolidated statement of financial position. We include 50% of outstanding preferred shares in our Net Debt as it is consistent with the treatment by certain credit rating agencies.

We consider Net Debt to be an important indicator of the company's financial leverage because it represents the amount of debt that is not covered by available cash and cash equivalents. We believe that certain investors and analysts use Net Debt to determine a company's financial leverage. Net Debt has no directly comparable IFRS financial measure, but rather is calculated using several asset and liability categories from the statements of financial position, as shown in the following table.

	2014	2013
Debt due within one year	**3,743**	2,571
Long-term debt	**16,355**	16,341
50% of outstanding preferred shares	**2,002**	1,698
Cash and cash equivalents	**(566)**	(335)
Net Debt	**21,534**	20,275

KPIs

We use a number of KPIs to measure the success of our strategic imperatives. These KPIs are not accounting measures and may not be comparable to similar measures presented by other issuers.

KPI	DEFINITION
Capital intensity	Capital expenditures divided by operating revenues.
ARPU	Average revenue per user or subscriber is certain service revenues divided by the average subscriber base for the specified period.
Churn	Churn is the rate at which existing subscribers cancel their services, expressed as a percentage. Churn is calculated as the number of subscribers disconnected divided by the average subscriber base. It is a measure of monthly customer turnover.
COA	COA is also referred to as subscriber acquisition costs. COA represents the total cost associated with acquiring a customer and includes costs such as hardware discounts, marketing and distribution costs. This measure is expressed per gross activation during the period.
Dividend payout ratio	Dividends paid on common shares divided by Free Cash Flow.

Net Debt to Adjusted EBITDA	As of Q4 2014, we report Net Debt to Adjusted EBITDA ratio at the BCE level as opposed to the Bell level. Comparative figures are also reported at the BCE level. Net Debt to Adjusted EBITDA is BCE Net Debt divided by Adjusted EBITDA. Net Debt is debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents. For the purposes of calculating our Net Debt to Adjusted EBITDA ratio, Adjusted EBITDA is defined as twelve-month trailing BCE Adjusted EBITDA.
Adjusted EBITDA to net interest expense	As of Q4 2014, we report Adjusted EBITDA to net interest expense ratio at the BCE level as opposed to the Bell level. Comparative figures are also reported at the BCE level. Adjusted EBITDA to net interest expense is Adjusted EBITDA divided by net interest expense. For the purposes of calculating our Adjusted EBITDA to net interest expense ratio, Adjusted EBITDA is defined as twelve-month trailing BCE Adjusted EBITDA. Net interest expense is twelve-month trailing BCE interest expense excluding interest on post-employment benefit obligations and including 50% of preferred dividends.

10.3 Effectiveness of internal controls

Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in reports filed or submitted under Canadian or U.S. securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including BCE's President and CEO and Executive Vice-President and CFO, to allow timely decisions regarding required disclosure.

As at December 31, 2014, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the U.S. *Securities Exchange Act of 1934,* as amended, and under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* .

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2014.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the U.S. *Securities Exchange Act of 1934,* as amended, and under National Instrument 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis.

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at December 31, 2014, based on the criteria established in the *2013 Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework).

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2014.

There have been no changes during the year ended December 31, 2014 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CONSOLIDATED FINANCIAL STATEMENTS

Management's responsibility for financial reporting

These financial statements form the basis for all of the financial information that appears in this annual report.

The financial statements and all of the information in this annual report are the responsibility of the management of BCE Inc. (BCE) and have

been reviewed and approved by the board of directors. The board of directors is responsible for ensuring that management fulfills its financial reporting responsibilities. Deloitte LLP, Independent Registered Chartered Professional Accountants, have audited the financial statements.

Management has prepared the financial statements according to International Financial Reporting Standards (IFRS). Under these principles, management has made certain estimates and assumptions that are reflected in the financial statements and notes. Management believes that these financial statements fairly present BCE's consolidated financial position, results of operations and cash flows.

Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. This is supported by an internal audit group that reports to the Audit Committee, and includes communication with employees about policies for ethical business conduct. Management believes that the internal controls provide reasonable assurance that our financial records are reliable and form a proper basis for preparing the financial statements, and that our assets are properly accounted for and safeguarded.

The board of directors has appointed an Audit Committee, which is made up of unrelated and independent directors. The Audit Committee's responsibilities include reviewing the financial statements and other information in this annual report, and recommending them to the board of directors for approval. You will find a description of the Audit Committee's other responsibilities on page 156 of this annual report. The internal auditors and the shareholders' auditors have free and independent access to the Audit Committee.

(signed) George A. Cope
President and Chief Executive Officer

(signed) Siim A. Vanaselja
Executive Vice-President and Chief Financial Officer

(signed) Thierry Chaumont
Senior Vice-President and Controller

March 5, 2015

Report of independent registered public accounting firm

To the Board of Directors and Shareholders of BCE Inc.

We have audited the accompanying consolidated financial statements of BCE Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BCE Inc. and subsidiaries as at December 31, 2014 and December 31, 2013, and their financial performance and their cash flows for the years then ended in accordance with

International Financial Reporting Standards as issued by the International Accounting Standards Board.

OTHER MATTER

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 5, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

(signed) Deloitte LLP[1]
Independent Registered Chartered Professional Accountants

Montréal, Canada
March 5, 2015

(1) *CPA auditor, CA, public accountancy permit No. A104644*

Consolidated income statements

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)	NOTE	2014	2013
Operating revenues	5	**21,042**	20,400
Operating costs	5,6	**(12,739)**	(12,311)
Severance, acquisition and other costs	5,7	**(216)**	(406)
Depreciation	5,14	**(2,880)**	(2,734)
Amortization	5,15	**(572)**	(646)
Finance costs			
Interest expense	8	**(929)**	(931)
Interest on post-employment benefit obligations	22	**(101)**	(150)
Other income (expense)	9	**42**	(6)
Income taxes	10	**(929)**	(828)
Net earnings		**2,718**	2,388
Net earnings attributable to:			
Common shareholders		**2,363**	1,975
Preferred shareholders		**137**	131
Non-controlling interest	29	**218**	282
Net earnings		**2,718**	2,388
Net earnings per common share			
Basic	11	**2.98**	2.55
Diluted	11	**2.97**	2.54
Average number of common shares outstanding – basic (millions)		**793.7**	775.8

Consolidated statements of comprehensive income

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2014	2013
Net earnings		**2,718**	2,388
Other comprehensive (loss) income, net of income taxes			
Items that will be reclassified subsequently to net earnings			
Net change in value of available-for-sale financial assets, net of income taxes of nil for 2014 and 2013		**58**	(6)
Net change in value of derivatives designated as cash flow hedges, net of income taxes of ($13) million and ($9) million for 2014 and 2013, respectively		**34**	28
Items that will not be reclassified to net earnings			
Actuarial (losses) gains on post-employment benefit plans, net of income taxes of $253 million and ($380) million for 2014 and 2013, respectively	22	**(685)**	1,036
Other comprehensive (loss) income		**(593)**	1,058
Total comprehensive income		**2,125**	3,446

Total comprehensive income attributable to:			
Common shareholders		**1,862**	2,872
Preferred shareholders		**137**	131
Non-controlling interest	29	**126**	443
Total comprehensive income		**2,125**	3,446

Consolidated statements of financial position

(IN MILLIONS OF CANADIAN DOLLARS)	NOTE	**DECEMBER 31, 2014**	DECEMBER 31, 2013
ASSETS			
Current assets			
Cash		**142**	220
Cash equivalents		**424**	115
Trade and other receivables	12	**3,069**	3,043
Inventory	13	**333**	383
Prepaid expenses		**379**	415
Assets held for sale	4	**3**	719
Other current assets		**198**	175
Total current assets		**4,548**	5,070
Non-current assets			
Property, plant and equipment	14	**21,327**	20,743
Intangible assets	15	**10,224**	9,552
Deferred tax assets	10	**162**	165
Investments in associates and joint ventures	16	**776**	775
Other non-current assets	17	**875**	698
Goodwill	18	**8,385**	8,381
Total non-current assets		**41,749**	40,314
Total assets		**46,297**	45,384
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	19	**4,398**	4,339
Interest payable		**145**	147
Dividends payable		**534**	466
Current tax liabilities		**269**	367
Debt due within one year	20	**3,743**	2,571
Total current liabilities		**9,089**	7,890
Non-current liabilities			
Long-term debt	21	**16,355**	16,341
Deferred tax liabilities	10	**1,321**	1,318
Post-employment benefit obligations	22	**2,772**	2,127
Other non-current liabilities	23	**1,521**	1,458
Total non-current liabilities		**21,969**	21,244
Total liabilities		**31,058**	29,134
Commitments and contingencies	27		
EQUITY			
Equity attributable to BCE shareholders			
Preferred shares	3,25	**4,004**	3,395
Common shares	3,25	**16,717**	13,629
Contributed surplus	3	**1,141**	2,615
Accumulated other comprehensive income		**97**	14
Deficit	3	**(7,013)**	(4,642)
Total equity attributable to BCE shareholders		**14,946**	15,011
Non-controlling interest	3,29	**293**	1,239
Total equity		**15,239**	16,250
Total liabilities and equity		**46,297**	45,384

Consolidated statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2014 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS						NON-CONTROLLING INTEREST	TOTAL EQUITY
		PREFERRED SHARES	COMMON SHARES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFICIT	TOTAL		
Balance at January 1, 2014		3,395	13,629	2,615	14	(4,642)	15,011	1,239	16,250
Net earnings		–	–	–	–	2,500	2,500	218	2,718
Other comprehensive (loss) income		–	–	–	90	(591)	(501)	(92)	(593)
Total comprehensive income		–	–	–	90	1,909	1,999	126	2,125
Common shares issued under stock option plan	25	–	53	(4)	–	–	49	–	49
Common shares issued under employee savings plan	25	–	107	–	–	–	107	–	107
Other share-based compensation		–	–	29	–	(4)	25	7	32
Dividends declared on BCE common and preferred shares		–	–	–	–	(2,098)	(2,098)	–	(2,098)
Dividends declared by subsidiaries to non-controlling interest		–	–	–	–	–	–	(145)	(145)
Privatization of Bell Aliant	3	609	2,928	(1,499)	(7)	(2,143)	(112)	(877)	(989)
Privatization transaction costs		–	–	–	–	(35)	(35)	(5)	(40)
Other		–	–	–	–	–	–	(52)	(52)
Balance at December 31, 2014		4,004	16,717	1,141	97	(7,013)	14,946	293	15,239

FOR THE YEAR ENDED DECEMBER 31, 2013 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS						NON-CONTROLLING INTEREST	TOTAL EQUITY
		PREFERRED SHARES	COMMON SHARES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFICIT	TOTAL		
Balance at January 1, 2013		3,395	13,611	2,557	(6)	(5,682)	13,875	850	14,725
Net earnings		–	–	–	–	2,106	2,106	282	2,388
Other comprehensive income		–	–	–	20	877	897	161	1,058
Total comprehensive income		–	–	–	20	2,983	3,003	443	3,446
Common shares issued under stock option plan	25	–	14	(1)	–	–	13	–	13
Common shares issued under employee savings plan	25	–	4	–	–	–	4	–	4
Other share-based compensation		–	–	59	–	2	61	5	66
Dividends declared on BCE common and preferred shares		–	–	–	–	(1,938)	(1,938)	–	(1,938)
Dividends declared by subsidiaries to non-controlling interest		–	–	–	–	–	–	(290)	(290)
Equity securities issued by subsidiaries to non-controlling interest		–	–	–	–	–	–	225	225

Equity transaction with non-controlling interest	–	–	–	–	(7)	(7)	6	(1)
Balance at December 31, 2013	3,395	13,629	2,615	14	(4,642)	15,011	1,239	16,250

Consolidated statements of cash flows

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2014	2013
Cash flows from operating activities			
Net earnings		**2,718**	2,388
Adjustments to reconcile net earnings to cash flows from operating activities			
Severance, acquisition and other costs	7	**216**	406
Depreciation and amortization	14,15	**3,452**	3,380
Post-employment benefit plans cost	22	**377**	442
Net interest expense		**921**	924
(Gains) losses on investments	9	**(10)**	7
Income taxes	10	**929**	828
Contributions to post-employment benefit plans	22	**(683)**	(341)
Payments under other post-employment benefit plans	22	**(73)**	(73)
Severance and other costs paid		**(190)**	(203)
Acquisition costs paid		**(131)**	(80)
Interest paid		**(907)**	(879)
Income taxes paid (net of refunds)		**(743)**	(470)
Net change in operating assets and liabilities		**365**	147
Cash flows from operating activities		**6,241**	6,476
Cash flows used in investing activities			
Capital expenditures	5	**(3,717)**	(3,571)
Business acquisitions	4	**(18)**	(2,850)
Business dispositions	4	**720**	1
Acquisition of spectrum licences	15	**(566)**	–
Other investing activities		**11**	19
Cash flows used in investing activities		**(3,570)**	(6,401)
Cash flows (used in) from financing activities			
Increase in notes payable and bank advances		**469**	272
Issue of long-term debt	21	**1,428**	4,438
Repayment of long-term debt	21	**(1,113)**	(2,495)
Early debt redemption costs	9,21	**(4)**	(55)
Privatization of Bell Aliant	3	**(989)**	–
Issue of common shares		**49**	13
Issue of equity securities by subsidiaries to non-controlling interest		**–**	230
Cash dividends paid on common shares		**(1,893)**	(1,795)
Cash dividends paid on preferred shares		**(134)**	(127)
Cash dividends paid by subsidiaries to non-controlling interest		**(145)**	(283)
Other financing activities		**(108)**	(67)
Cash flows (used in) from financing activities		**(2,440)**	131
Net (decrease) increase in cash		**(78)**	101
Cash at beginning of period		**220**	119
Cash at end of period		**142**	220
Net increase in cash equivalents		**309**	105
Cash equivalents at beginning of period		**115**	10
Cash equivalents at end of period		**424**	115

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***We*, *us*, *our*, *BCE* and *the company* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., its subsidiaries, joint arrangements and associates; *Bell* means our Bell Wireless, Bell Wireline and Bell Media segments on an aggregate basis; and *Bell Aliant* means, as the context may require, until December 31, 2014, either Bell Aliant Inc. or, collectively, Bell Aliant Inc., its subsidiaries and associates, or after December 31, 2014, Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc. and its subsidiaries and associates.**

Note 1 Corporate information

BCE is incorporated and domiciled in Canada. BCE's head office is located at 1, Carrefour Alexander-Graham-Bell, Verdun, Québec, Canada. BCE is a telecommunications and media company providing wireless, wireline, Internet and television (TV) services to residential, business and wholesale customers in Canada. Our Bell Media segment provides conventional, specialty and pay TV, digital media, and radio broadcasting services to customers across Canada and out-of-home advertising services. The consolidated financial statements (financial statements) were approved by BCE's board of directors on March 5, 2015.

Note 2 Significant accounting policies

a) Basis of presentation

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in our accounting policies.

All amounts are in millions of Canadian dollars, except where noted.

FUNCTIONAL CURRENCY

The financial statements are presented in Canadian dollars, the company's functional currency.

b) Basis of consolidation

We consolidate the financial statements of all our subsidiaries. Subsidiaries are entities we control, where control is achieved when the company is exposed or has the right to variable returns from its involvement with the investee and has the current ability to direct the activities of the investee that significantly affect the investee's returns.

The results of subsidiaries acquired (sold) during the year are (de-)consolidated from the date of acquisition (disposal). Where necessary, adjustments are made to the financial statements of acquired subsidiaries to conform their accounting policies with ours. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Changes in BCE's ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions, with no effect on net earnings or on other comprehensive income.

At December 31, 2013, BCE owned 44.1% of Bell Aliant, with the remaining 55.9% publicly held. BCE consolidated Bell Aliant as control was achieved through its right to appoint a majority of the board of directors of Bell Aliant. On October 31, 2014, BCE completed its acquisition of all of the issued and outstanding common shares of Bell Aliant that it did not already own (Privatization). Refer to Note 3, *Privatization of Bell Aliant* for further information.

c) Revenue recognition

We recognize revenues from the sale of products or the rendering of services when they are earned; specifically when all the following conditions are met:

- the significant risks and rewards of ownership are transferred to customers and we retain neither continuing managerial involvement nor effective control
- there is clear evidence that an arrangement exists
- the amount of revenues and related costs can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the company

In particular, we recognize:

- fees for local, long distance and wireless services when we provide the services
- other fees, such as network access fees, licence fees, hosting fees, maintenance fees and standby fees, over the term of the contract
- subscriber revenues when customers receive the service

- revenues from the sale of equipment when the equipment is delivered and accepted by customers
- revenues on long-term contracts as services are provided, equipment is delivered and accepted, and contract milestones are met
- advertising revenue, net of agency commissions, when adver tisements are aired on radio or TV, posted on our website, or appear on the company's advertising panels and street furniture

We measure revenues at the fair value of the arrangement consideration. We record payments we receive in advance, including upfront non-refundable payments, as deferred revenues until we provide the service or deliver the product to customers. Deferred revenues are presented in *Trade payables and other liabilities* or in *Other non-current liabilities* on the consolidated statements of financial position (statements of financial position).

Revenues are reduced for customer rebates and allowances and exclude sales and other taxes we collect from our customers.

We expense subscriber acquisition costs when the related services are activated.

MULTIPLE-ELEMENT ARRANGEMENTS

We enter into arrangements that may include the sale of a number of products and services together, primarily to our wireless and business customers. When two or more products or services have value to our customers on a stand-alone basis, we separately account for each product or service according to the methods previously described. The total price to the customer is allocated to each product or service based on its relative fair value. When an amount allocated to a delivered item is contingent upon the delivery of additional items or meeting specified performance conditions, the amount allocated to that delivered item is limited to the non-contingent amount.

If the conditions to account for each product or service separately are not met, we recognize revenues proportionately over the term of the sale agreement.

SUBCONTRACTED SERVICES

We may enter into arrangements with subcontractors and others who provide services to our customers. When we act as the principal in these arrangements, we recognize revenues based on the amounts billed to our customers. Otherwise, we recognize the net amount that we retain as revenues.

d) Share-based payments

Our equity-settled share-based payment arrangements include stock options, restricted share units and performance share units (RSUs/ PSUs), deferred share units (DSUs) and employee savings plans (ESPs).

STOCK OPTIONS

We use a fair value-based method to measure the cost of our employee stock options, based on the number of stock options that are expected to vest. Compensation expense is adjusted for subsequent changes in management's estimate of the number of stock options that are expected to vest.

We credit contributed surplus for stock option expense recognized over the vesting period. When stock options are exercised, we credit share capital for the amount received and the amounts previously credited to contributed surplus.

RSUs/PSUs

For each RSU/PSU granted, we recognize compensation expense equal to the market value of a BCE common share at the date of grant based on the number of RSUs/PSUs expected to vest, recognized over the term of the vesting period, with a corresponding credit to contributed surplus. Additional RSUs/PSUs are issued to reflect dividends declared on the common shares.

Compensation expense is adjusted for subsequent changes in management's estimate of the number of RSUs/PSUs that are expected to vest. The effect of these changes is recognized in the period of the change. Upon settlement of the RSUs/PSUs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit. Vested RSUs/PSUs are settled in BCE common shares, DSUs, or a combination thereof.

DSUs

If compensation is elected to be taken in DSUs we issue DSUs equal to the fair value of the services received. Additional DSUs are issued to reflect dividends declared on the common shares. DSUs are settled in BCE common shares purchased on the open market following the cessation of employment or when a director leaves the board. We credit contributed surplus for the fair value of DSUs at the issue date. Upon settlement of the DSUs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

ESPs

We recognize our contributions to our ESPs as compensation expense. Employer ESP contributions accrue over a two-year vesting period. We credit contributed surplus for the ESP expense recognized over the vesting period, based on management's estimate of the accrued contributions that are expected to vest. Upon settlement of the ESPs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

e) Income and other taxes

Current and deferred income tax expense is recognized in the consolidated income statements (income statements), except to the extent that the expense relates to items recognized in other comprehensive income or directly in equity.

A current or non-current tax asset (liability) is the estimated tax receivable (payable) on taxable earnings for the current or past periods. We also record future tax liabilities, which are included in *Other non-current liabilities*.

We use the liability method to account for deferred tax assets and liabilities, which arise from:

- temporary differences between the carrying amount of assets and liabilities recognized in the statements of financial position and their corresponding tax bases
- the carryforward of unused tax losses and credits, to the extent they can be used in the future

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Both our current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxes are provided on temporary differences arising from investments in subsidiaries, joint arrangements and associates, except where we control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax liabilities are, where permitted, offset against tax assets within the same taxable entity and tax jurisdiction.

INVESTMENT TAX CREDITS (ITCs), OTHER TAX CREDITS AND GOVERNMENT GRANTS

We recognize ITCs, other tax credits and government grants given on eligible expenditures when it is reasonably assured that they will be realized. They are presented as part of *Trade and other receivables* when they are expected to be utilized in the next year. We use the cost reduction method to account for ITCs and government grants, under which the credits are applied against the expense or asset to which the ITC or government grant relates.

f) Cash equivalents

Cash equivalents are comprised of highly liquid investments with original maturities of three months or less from the date of purchase.

g) Securitization of trade receivables

Proceeds on the securitization of trade receivables are recognized as a collateralized borrowing as we do not transfer control and substantially all the risks and rewards of ownership to another entity.

h) Inventory

We measure inventory at the lower of cost and net realizable value. Inventory includes all costs to purchase, convert and bring the inventories to their present location and condition. We determine cost using specific identification for major equipment held for resale and the weighted average cost formula for all other inventory. We maintain inventory valuation reserves for inventory that is slow-moving or obsolete, calculated using an inventory ageing analysis.

i) Property, plant and equipment

We record property, plant and equipment at historical cost. Historical cost includes expenditures that are attributable directly to the acquisition or construction of the asset, including the purchase cost, and labour.

Borrowing costs are capitalized for qualifying assets if the time to build or develop is in excess of one year.

We initially measure and record asset retirement obligations at management's best estimate using a present value methodology, adjusted subsequently for any changes in the timing or amount of the cash flows and changes in discount rates. We capitalize asset retirement costs as part of the related assets and amortize them into earnings over time. We also increase the asset retirement obligation and record a corresponding amount in interest expense to reflect the passage of time.

Gains or losses on the sale or retirement of property, plant and equipment are recorded in *Other income (expense)* in the income statements.

LEASES

Leases of property, plant and equipment are recognized as finance leases when we obtain substantially all the risks and rewards of ownership of the underlying assets. At the inception of the lease, we record an asset together with a corresponding long-term lease liability, at the lower of the fair value of the leased asset or the present value of the minimum future lease payments. If there is reasonable certainty that the lease transfers ownership of the asset to us by the end of the lease term, the asset is amortized over its useful life. Otherwise, the asset is amortized over the shorter of its useful life and the lease term. The long-term lease liability is measured at amortized cost using the effective interest method.

All other leases are classified as operating leases. Operating lease payments are expensed on a straight-line basis over the term of the lease.

j) Intangible assets

FINITE-LIFE INTANGIBLE ASSETS

Finite-life intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

SOFTWARE

We record internal-use software at historical cost. Cost includes expenditures that are attributable directly to the acquisition or development of the software, including the purchase cost, and labour.

Software development costs are capitalized when all the following conditions are met:

- technical feasibility can be demonstrated
- management has the intent and the ability to complete the asset for use or sale
- it is probable that economic benefits will be generated
- costs attributable to the asset can be measured reliably

CUSTOMER RELATIONSHIPS

Customer relationship assets are acquired through business combinations and are recorded at fair value at the date of acquisition.

PROGRAM AND FEATURE FILM RIGHTS

We account for program and feature film rights as intangible assets when these assets are acquired for the purpose of broadcasting. Program and feature film rights, which include producer advances and licence fees paid in advance of receipt of the program or film, are stated at acquisition cost less accumulated amortization and accumulated impairment losses, if any. Programs and feature films under licence agreements are recorded as assets and liabilities for rights acquired and obligations incurred when:

- the company receives a broadcast master and the cost is known or reasonably determinable for new program and feature film licences
- the licence term commences for licence period extensions or syndicated programs.

Programs and feature films are classified as non-current assets with related liabilities classified as current or non-current, based on the payment terms. Amortization of program and feature film rights is recorded in *Operating costs* in the income statements.

INDEFINITE-LIFE INTANGIBLE ASSETS

Brand assets, mainly comprised of the Bell and Bell Media brands, and broadcast licences are acquired through business combinations and are recorded at fair value at the date of acquisition, less accumulated impairment losses, if any. Wireless spectrum licences are recorded at acquisition cost, including borrowing costs when the time to build or develop the related network is in excess of one year.

Currently there are no legal, regulatory, competitive or other factors that limit the useful lives of our brands or spectrum licences.

k) Depreciation and amortization

We depreciate property, plant and equipment and amortize finite-life intangible assets on a straight-line basis over their estimated useful lives. We review our estimates of useful lives on an annual basis and adjust depreciation and amortization on a prospective basis, if needed. Land and assets under construction or development are not depreciated.

	ESTIMATED USEFUL LIFE
Property, plant and equipment	
Network infrastructure and equipment	2 to 50 years
Buildings	5 to 50 years
Finite-life intangible assets	
Software	2 to 12 years
Customer relationships	6 to 30 years
Program and feature film rights	Up to 5 years

l) Investments in associates and joint arrangements

Our financial statements incorporate our share of the results of our associates and joint ventures using the equity method of accounting, except when the investment is classified as held for sale. Equity income from investments is recorded in *Other income (expense)* in the income statements.

Investments in associates and joint ventures are recognized initially at cost and adjusted thereafter to include the company's share of income or loss and comprehensive income on an after-tax basis. Investments are reviewed for impairment by comparing their recoverable amount to their carrying amount.

We recognize our share of the assets, liabilities, revenues and expenses of joint operations in accordance with the related contractual agreements.

m) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred.

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. When we acquire control of a business, any previously-held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously-held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously-held equity interest, the difference is recognized in earnings immediately as a bargain purchase gain.

Changes in our ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying amount of non-controlling interest (NCI) and the consideration paid or received is attributed to owner's equity.

n) Impairment of non-financial assets

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed quarterly, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

GOODWILL IMPAIRMENT TESTING

We perform an annual test for goodwill impairment in the fourth quarter for each of our cash generating units (CGUs) or groups of CGUs to which goodwill is allocated and whenever there is an indication that goodwill might be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

We identify any potential impairment by comparing the carrying value of a CGU or groups of CGU to its recoverable amount. The recoverable amount of a CGU or group of CGUs is the higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal is based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans. When the recoverable amount of a CGU or group of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or group of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is deducted from earnings for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, BCE's CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 5, *Segmented information*.

o) Financial instruments

AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

Our portfolio investments in equity securities are classified as AFS and are presented in our statements of financial position as *Other non-current assets*. They have been designated as such based on management's intentions or because they are not classified in any other categories. These securities are recorded at fair value on the date of acquisition, including related transaction costs, and are adjusted to fair value at each reporting date. The corresponding unrealized gains and losses are recorded in other comprehensive income and are reclassified to *Other income (expense)* in the income statements when realized or when an impairment is determined.

TRADE AND OTHER RECEIVABLES

Trade and other receivables, which include trade receivables and other short-term receivables, are measured at amortized cost using the effective interest method, net of any allowance for doubtful accounts. An allowance for doubtful accounts is established based on individually significant exposures or on historical trends. Factors considered when establishing an allowance include current economic conditions, historical information and the reason for the delay in payment. Amounts considered uncollectible are written off.

OTHER FINANCIAL LIABILITIES

Other financial liabilities, which include trade payables and accruals, compensation payable, obligations imposed by the Canadian Radio-television and Telecommunications Commission (CRTC), interest payable and long-term debt, are recorded at amortized cost using the effective interest method.

COSTS OF ISSUING DEBT AND EQUITY

The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost using the effective interest method. The cost of issuing equity is reflected in the consolidated statements of changes in equity as a charge to the deficit.

p) Derivative financial instruments

We use derivative financial instruments to manage interest rate risk, foreign currency risk and cash flow exposures related to share-based payment plans, capital expenditures, long-term debt instruments and purchase commitments. We do not use derivative financial instruments for speculative or trading purposes.

HEDGE ACCOUNTING

To qualify for hedge accounting, we document the relationship between the derivative and the related identified risk exposure and our risk management objective and strategy. This includes associating each derivative to a specific asset or liability, a specific firm commitment, or a specific anticipated transaction.

We assess the effectiveness of a derivative in managing an identified risk exposure when hedge accounting is initially applied, and on an ongoing basis thereafter. If a hedge becomes ineffective, we stop using hedge accounting.

FAIR VALUE HEDGES

Our fair value hedges consist of interest rate swaps used to manage the effect of changes in interest rates relating to fixed-rate long-term debt. These swaps involve exchanging interest payments without exchanging the notional amount on which the payments are based. We record the exchange of payments as an adjustment to interest expense on the hedged debt. We include the related net receivable or payable from

counterparties in *Other current assets* or *Trade payables and other liabilities* for swaps due within one year and in *Other non-current assets* or *Other non-current liabilities* for swaps that have a maturity of more than one year. Changes in the fair value of these derivatives and the related long-term debt are recognized in *Other income (expense)* in the income statements and offset, unless a portion of the hedging relationship is ineffective.

CASH FLOW HEDGES

Our cash flow hedges are used to mitigate foreign currency risk on certain long-term debt instruments and purchase commitments, as well as interest rate risk related to future debt issuances. We use foreign currency forward contracts to manage the exposure to anticipated transactions denominated in foreign currencies. Changes in the fair value of these derivatives are recognized in our consolidated statements of comprehensive income (statements of comprehensive income), except for any ineffective portion, which is recognized immediately in earnings. Realized gains and losses in *Accumulated other comprehensive income (loss)* are reclassified to the income statements in the same periods as the corresponding hedged items are recognized in earnings. Cash flow hedges that mature within one year are included in *Other current assets* or *Trade payables and other liabilities*, whereas hedges that have a maturity of more than one year are included in *Other non-current assets* or *Other non-current liabilities*.

We use cross currency basis swaps to manage our U.S. dollar borrowings under our unsecured committed term credit facility. Changes in the fair value of these derivatives and the related credit facility are recognized in *Other income (expense)* in the income statements and offset, unless a portion of the hedging relationship is ineffective.

DERIVATIVES USED AS ECONOMIC HEDGES

Derivatives used to manage cash flow exposures related to share-based payment plans and capital expenditures are marked to market each reporting period because they do not qualify for hedge accounting. The changes in fair value of these financial assets and liabilities are recorded in *Other income (expense)* in the income statements.

q) Post-employment benefit plans

DEFINED BENEFIT (DB) AND OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

We maintain DB pension plans that provide pension benefits for certain employees. Benefits are based on the employee's length of service and average rate of pay during the highest paid consecutive five years of service. Most employees are not required to contribute to the plans. The plans provide cost of living adjustments to help protect the income of retired employees against inflation.

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods permitted by pension regulatory bodies. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service.

We provide OPEBs to some of our employees, including:

- healthcare and life insurance benefits during retirement, which are being phased out over a ten-year period ending on December 31, 2016. We do not fund most of these OPEB plans.
- other benefits, including workers' compensation and medical benefits to former or inactive employees, their beneficiaries and dependants, from the time their employment ends until their retirement starts, under certain circumstances.

We accrue our obligations and related costs under post-employment benefit plans, net of the fair value of the benefit plan assets. Pension and OPEB costs are determined using:

- the projected unit credit method, prorated on years of service, which takes into account future pay levels
- a discount rate based on market interest rates of high-quality corporate bonds with maturities that match the timing of benefits expected to be paid under the plans
- management's best estimate of pay increases, retirement ages of employees, expected healthcare costs and life expectancy

We value post-employment benefit plan assets at fair value using current market values.

Post-employment benefit plans current service cost is included in operating costs. Interest on our post-employment benefit obligations is recognized in net earnings and represents the accretion of interest on the net obligations under the post-employment benefit plans. The interest rate is based on market conditions that existed at the beginning of the year. Actuarial gains and losses for all post-employment benefit plans are recorded in other comprehensive income in the period in which they occur and are recognized immediately in the deficit.

December 31 is the measurement date for our significant post-employment benefit plans. Our actuaries perform a valuation at least every three

years to determine the actuarial present value of the accrued DB pension plan and OPEB obligations. The most recent actuarial valuation of our significant pension plans was December 31, 2013.

DEFINED CONTRIBUTION (DC) PENSION PLANS

We maintain DC pension plans that provide certain employees with benefits. Under these plans, we are responsible for contributing a predetermined amount to an employee's retirement savings, based on a percentage of the employee's salary.

We recognize a post-employment benefit plans service cost for DC pension plans when the employee provides service to the company, essentially coinciding with our cash contributions.

Generally, new employees can participate only in the DC pension plans.

r) Provisions

Provisions are recognized when all the following conditions are met:

- the company has a present legal or constructive obligation based on past events
- it is probable that an outflow of economic resources will be required to settle the obligation
- the amount can be reasonably estimated

Provisions are measured at the present value of the estimated expenditures expected to settle the obligation, if the effect of the time value of money is material. The present value is determined using current market assessments of the discount rate and risks specific to the obligation. The obligation increases as a result of the passage of time, resulting in interest expense.

s) Estimates and key judgements

When preparing financial statements, management makes estimates and judgements relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities

We base our estimates on a number of factors, including historical experience, current events and actions that the company may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. By their nature, these estimates and judgements are subject to measurement uncertainty and actual results could differ. Our more significant estimates and judgements are described below.

ESTIMATES

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

Property, plant and equipment represent a significant proportion of our total assets. Changes in technology or our intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

POST-EMPLOYMENT BENEFIT PLANS

The amounts reported in the financial statements relating to DB pension plans and OPEBs are determined using actuarial calculations that are based on several assumptions.

The actuarial valuation uses management's assumptions for, among other things, the discount rate, life expectancy, the rate of compensation increase, trends in healthcare costs and expected average remaining years of service of employees.

The most significant assumptions used to calculate the net post-employment benefit plans cost are the discount rate and life expectancy.

The discount rate is based on the yield on long-term, high-quality corporate fixed income investments, with maturities matching the estimated cash flows of the post-employment benefit plans. Life expectancy is based on publicly available Canadian mortality tables and is adjusted for the company's specific experience.

A lower discount rate and a higher life expectancy result in a higher net post-employment benefit obligation and a higher current service cost.

IMPAIRMENT OF NON-FINANCIAL ASSETS

We make a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model, and the discount rate.

DEFERRED TAXES

The amount of deferred tax assets is estimated with consideration given to the timing, sources and amounts of future taxable income.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the statements of financial position at fair value, with changes in fair value reflected in the income statements and the statements of comprehensive income. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows.

CONTINGENCIES

We become involved in various litigation matters as a part of our business. Pending litigations represent a potential cost to our business. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the unavoidable costs of meeting our obligations under a contract exceed the expected benefits to be received from a contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

JUDGEMENTS

POST-EMPLOYMENT BENEFIT PLANS

The determination of the discount rate used to value our post-employment benefit obligations requires judgement. The rate is set by reference to market yields of high-quality corporate bonds at the beginning of each fiscal year. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the issue and credit quality, along with the identification of outliers, which are excluded.

INCOME TAXES

The calculation of income taxes requires judgement in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. Our tax filings are also subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgement is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

MULTIPLE ELEMENT ARRANGEMENTS

Determining the amounts of revenue to be recognized for multiple element arrangements requires judgement to establish the separately identifiable components and the allocation of the total price between those components.

CASH GENERATING UNITS

The determination of CGUs or groups of CGUs for the purpose of annual impairment testing requires judgement.

CONTINGENCIES

The determination of whether a loss is probable from litigation and whether an outflow of resources is likely requires judgement.

t) Change in accounting estimate

As part of our ongoing annual review of property, plant and equipment and finite-life intangible assets, and to better reflect their useful lives, we increased the lives of certain information technology (IT) software assets from 5 to 7 years and reduced the lives of certain network assets, including our code division multiple access (CDMA) network. The changes have been applied prospectively effective July 1, 2014 and did not have a significant impact on our financial statements.

u) Adoption of new or amended accounting standards

As required, effective January 1, 2014, we adopted the following new or amended accounting standards and interpretations on a retrospective basis, none of which had a significant impact on our financial statements.

STANDARD	DESCRIPTION	IMPACT

Amendments to International Accounting Standard (IAS) 36 – Impairment of Assets	Provides guidance on recoverable amount disclosures for non-financial assets.	This amendment did not have a significant impact on our financial statements.
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement	Provides guidance on novation of over-the-counter derivatives and continued designation for hedge accounting.	This amendment did not have a significant impact on our financial statements.
Amendments to IAS 32 – Financial Instruments: Presentation	Clarifies the application of the offsetting requirements of financial assets and financial liabilities.	This amendment did not have a significant impact on our financial statements.
International Financial Reporting Interpretations Committee (IFRIC) 21 – Levies	Provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, and those where the timing and amount of the levy is certain.	IFRIC 21 did not have a significant impact on our financial statements.

v) Future changes to accounting standards

The following new or amended standards issued by the IASB have an effective date after December 31, 2014 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
IFRS 9 – Financial Instruments	Sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement. The new standard establishes a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. It also provides guidance on an entity's own credit risk relating to financial liabilities and has modified the hedge accounting model to better link the economics of risk management with its accounting treatment. Additional disclosures will also be required under the new standard.	We are currently evaluating the impact of IFRS 9 on our financial statements.	Annual periods beginning on or after January 1, 2018, with early adoption permitted.
Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets	Clarifies that a revenue-based approach to calculate depreciation and amortization generally is not appropriate as it does not reflect the consumption of the economic benefits embodied in the related asset.	The amendments to IAS 16 and IAS 38 are not expected to have a significant impact on our financial statements.	Annual periods beginning on or after January 1, 2016, applied prospectively.
Amendments to IFRS 11 – Joint Arrangements	Provides guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 – Business Combinations. The amended standard requires the acquirer to apply all of the principles on accounting for business combinations in IFRS 3 and other IFRSs except for any principles that conflict with IFRS 11.	The amendments to IFRS 11 are not expected to have a significant impact on our financial statements.	Annual periods beginning on or after January 1, 2016, applied prospectively.

IFRS 15 – Revenue from Contracts with Customers	Establishes principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRSs. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps: 1. Identify the contract with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognize revenue when (or as) the entity satisfies a performance obligation The new standard also provides guidance relating to contract costs and for the measurement and recognition of gains and losses on the sale of certain non-financial assets such as property and equipment. Additional disclosures will also be required under the new standard.	IFRS 15 will affect how we account for revenues and contract costs for Bell Wireless and our other segments. We are currently evaluating the impact of IFRS 15 on our financial statements.	Annual periods beginning on or after January 1, 2017, using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.

Note 3 Privatization of Bell Aliant

On July 23, 2014, BCE announced its offer to acquire all of the issued and outstanding common shares of Bell Aliant that it did not already own for a total consideration of approximately $3.95 billion. BCE already controlled Bell Aliant which provides local telephone, long distance, Internet, data, TV, wireless, home security and value-added business solutions to residential and business customers in the Atlantic provinces and in rural and regional areas of Ontario and Québec. On the same day, BCE also announced its offer to exchange all of the issued and outstanding preferred shares of Bell Aliant Preferred Equity Inc. (Prefco) for newly issued First Preferred Shares of BCE, with the same financial terms as the existing Prefco preferred shares (Preferred Share Exchange).

The Privatization was completed on October 31, 2014 and the Preferred Share Exchange was completed on November 1, 2014. The Privatization is expected to simplify BCE's corporate structure and increase overall operating and capital investment efficiencies, while supporting BCE's broadband investment strategy and dividend growth objective.

As BCE already consolidated the financial results of Bell Aliant, the Privatization was accounted for as an equity transaction. The following table summarizes the impacts of the Privatization on our consolidated statement of financial position.

FOR THE YEAR ENDED DECEMBER 31	NOTE	2014
Consideration		
Issuance of 60.9 million BCE common shares [1]	25	**2,928**
Cash		**989**
Exchange of Prefco preferred shares for BCE First Preferred Shares [1]	25	**609**
Total		**4,526**
Allocated to:		
Carrying value of Bell Aliant non-controlling interest		**877**
Contributed surplus	25	**1,499**
Accumulated other comprehensive income		**7**
Deficit		**2,143**
Total		**4,526**

(1) *The stated capital for the BCE common and First Preferred Shares was recorded at fair value on the date of issuance.*

The following table outlines the BCE First Preferred Shares for which the existing Prefco preferred shares were exchanged as part of the Preferred Share Exchange.

SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE[1]	REDEMPTION PRICE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING	STATED CAPITAL
AM	4.85%	AN	March 31, 2016	March 31, 2016	$25.00	30,000,000	**11,500,000**	**263**
AO	4.55%	AP	March 31, 2017	March 31, 2017	$25.00	30,000,000	**4,600,000**	**118**
AQ	4.25%	AR	September 30, 2018	September 30, 2018	$25.00	30,000,000	**9,200,000**	**228**
								609

(1) *BCE may redeem each of these series of preferred shares on the applicable redemption date and every five years after that date.*

Additionally in 2014, $35 million was charged to the deficit to record the transaction costs incurred related to the Privatization. These costs include financial advisory, filing and legal fees.

Note 4 Acquisitions

Glentel Inc. (Glentel) acquisition

On November 28, 2014, BCE announced the signing of a definitive agreement to acquire all of the issued and outstanding shares of Glentel for a total consideration of $594 million. The total transaction is valued at approximately $670 million, including net debt and non-controlling interest. The transaction consideration will consist of a combination of 50% in cash, to be funded from available liquidity, and 50% in BCE common shares. Glentel shareholder approval was obtained at a special meeting of shareholders held on January 12, 2015, and court approval was obtained on January 14, 2015. The transaction is expected to close in the spring of 2015, subject to closing conditions, including regulatory approvals. Glentel is a Canadian-based dual-carrier, multi-brand mobile products distributor. The transaction will enhance Bell's strategy to accelerate wireless and improve customer service.

On December 24, 2014, BCE announced that following the closing of the Glentel acquisition, it will divest 50% of its ownership interest in Glentel to Rogers Communications Inc. (Rogers). Rogers will pay BCE approximately $392 million in cash. In addition, Rogers will pay 50% of any additional equity contribution made by BCE after the closing of the Glentel acquisition to repay Glentel outstanding debt. The transaction with Rogers is expected to close shortly after the acquisition of Glentel by BCE, subject to customary closing conditions, including regulatory approvals.

Astral acquisition

On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral Media Inc. (Astral). Astral is a media company that operates specialty and pay TV channels, radio stations and digital media properties across Canada and provides out-of-home advertising services. BCE acquired Astral to enhance our competitive position in French-language broadcasting in Québec, control content costs, and increase opportunities for cross-platform innovation and advertising packages spanning digital, TV, radio and out-of-home advertising. Astral's results are included in our Bell Media segment.

The purchase price allocation was completed in 2014 and includes certain estimates. There has been no significant change to the purchase price allocation as disclosed in Note 4, *Acquisition of Astral* in our consolidated financial statements for the year ended December 31, 2013. The goodwill arising from the acquisition of Astral was allocated to our Bell Media group of CGUs.

As part of its approval of the Astral acquisition, the CRTC ordered BCE to spend $247 million in new benefits for French- and English-language TV, radio and film content development, support for emerging Canadian musical talent, training and professional development for Canadian media, and new consumer participation initiatives. The present value of this tangible benefits obligation, amounting to $245 million, was recorded as an acquisition cost in *Severance, acquisition and other costs* in the income statement as disclosed in Note 7, *Severance, acquisition and other costs*. Total acquisition costs relating to Astral, including the tangible benefits obligation, amounted to $26 million and $266 million for the years ended December 31, 2014 and 2013, respectively.

Assets held for sale

As a result of BCE's acquisition of Astral and consistent with the CRTC's Common Ownership Policy for radio, BCE was required to sell ten Bell Media and Astral English-language radio stations. BCE also was required to sell eleven Astral TV services in order to comply with conditions attached to the Competition Bureau and CRTC approvals.

As required by the CRTC and the Competition Bureau, the management and control of the assets to be divested was transferred to an independent trustee pending their sale to third parties. These assets were classified as *Assets held for sale* in the statement of financial position and were recorded at their net realizable value.

In 2014, we completed the sale of the radio stations and TV services for total proceeds of $720 million.

Note 5 Segmented information

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Significant accounting policies*. Our earnings are reported in four segments: *Bell Wireless*, *Bell Wireline*, *Bell Media* and *Bell Aliant*. Our segments reflect how we manage our business and how we classify our operations for planning and measuring performance. Accordingly, we operate and manage our segments as strategic business units organized by products and services. Segments negotiate sales with each other as if they were unrelated parties.

We measure the performance of each segment based on segment profit, which is equal to operating revenues less operating costs for the segment. We report severance, acquisition and other costs and depreciation and amortization by segment for external reporting purposes. Substantially all of our finance costs and other income (expense) are managed on a corporate basis and, accordingly, are not reflected in segment results.

Our operations and virtually all of our assets are located in Canada. Below is a description of our segments at December 31, 2014:

Our Bell Wireless segment provides wireless voice and data communication products and services to Bell's residential, small and medium-sized business and large enterprise customers across Canada.

Our Bell Wireline segment provides data, including Internet access and TV, local telephone, long distance, as well as other communications services and products to Bell's residential, small and medium-sized business and large enterprise customers, primarily in the urban areas of Ontario and Québec. In addition, this segment includes our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers.

Our Bell Media segment provides conventional, specialty and pay TV, digital media, and radio broadcasting services to customers across Canada and out-of-home advertising services. On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral. The results of Astral are included in our Bell Media segment from the date of acquisition.

Our Bell Aliant segment provides Internet, data, TV, local telephone, long distance, wireless, home security and value-added business solutions to residential and business customers in the Atlantic provinces and in rural and regional areas of Ontario and Québec.

Segmented information

FOR THE YEAR ENDED DECEMBER 31, 2014	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BELL	BELL ALIANT	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues									
External customers		6,188	9,687	2,642	–	18,517	2,525	–	21,042
Inter-segment		53	353	295	(484)	217	232	(449)	–
Total operating revenues		6,241	10,040	2,937	(484)	18,734	2,757	(449)	21,042
Operating costs	6	(3,677)	(6,272)	(2,203)	484	(11,668)	(1,520)	449	(12,739)
Segment profit[1]		2,564	3,768	734	–	7,066	1,237	–	8,303
Severance, acquisition and other costs	7	(5)	(78)	(46)	–	(129)	(87)	–	(216)
Depreciation and amortization	14,15	(545)	(2,254)	(126)	–	(2,925)	(527)	–	(3,452)
Finance costs									
Interest expense	8								(929)
Interest on post-employment benefit obligations	22								(101)
Other income	9								42
Income taxes	10								(929)
Net earnings									2,718
Goodwill	18	2,302	2,521	2,592	–	7,415	970	–	8,385

Indefinite-life intangible assets	15	**3,063**	**1,315**	**2,680**	**–**	**7,058**	**340**	**–**	**7,398**
Capital expenditures		**671**	**2,334**	**137**	**–**	**3,142**	**575**	**–**	**3,717**

(1) *The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being operating revenues less operating costs.*

FOR THE YEAR ENDED DECEMBER 31, 2013	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BELL	BELL ALIANT	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues									
External customers		5,794	9,754	2,342	–	17,890	2,510	–	20,400
Inter-segment		55	343	215	(394)	219	249	(468)	–
Total operating revenues		5,849	10,097	2,557	(394)	18,109	2,759	(468)	20,400
Operating costs	6	(3,509)	(6,303)	(1,874)	394	(11,292)	(1,487)	468	(12,311)
Segment profit(1)		2,340	3,794	683	–	6,817	1,272	–	8,089
Severance, acquisition and other costs	7	(2)	(110)	(283)	–	(395)	(11)	–	(406)
Depreciation and amortization	14,15	(479)	(2,248)	(110)	–	(2,837)	(543)	–	(3,380)
Finance costs									
Interest expense	8								(931)
Interest on post-employment benefit obligations	22								(150)
Other expense	9								(6)
Income taxes	10								(828)
Net earnings									2,388
Goodwill	18	2,302	2,521	2,588	–	7,411	970	–	8,381
Indefinite-life intangible assets	15	2,502	1,315	2,708	–	6,525	340	–	6,865
Capital expenditures		639	2,247	115	–	3,001	570	–	3,571

(1) *The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being operating revenues less operating costs.*

Revenues by product

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Wireless	**5,705**	5,362
Data	**5,991**	5,828
Local and access	**2,364**	2,497
Long distance	**668**	722
Media	**2,642**	2,342
Equipment and other	**1,147**	1,139
Total external revenues	**18,517**	17,890
Inter-segment revenues	**217**	219
Bell	**18,734**	18,109
Bell Aliant	**2,757**	2,759
Inter-segment eliminations	**(449)**	(468)
BCE	**21,042**	20,400

Note 6 Operating costs

FOR THE YEAR ENDED DECEMBER 31	NOTE	2014	2013

Labour costs			
Wages, salaries and related taxes and benefits [1]		**(4,351)**	(4,232)
Post-employment benefit plans service cost (net of capitalized amounts)	22	**(276)**	(292)
Other labour costs[1][2]		**(957)**	(969)
Less:			
Capitalized labour[1]		**1,002**	960
Total labour costs		**(4,582)**	(4,533)
Cost of revenues[1][3]		**(6,265)**	(5,956)
Other operating costs[1][4]		**(1,892)**	(1,822)
Operating costs		**(12,739)**	(12,311)

(1) *We have reclassified amounts for the prior year to make them consistent with the presentation for the current year.*
(2) *Other labour costs include contractor and outsourcing costs.*
(3) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*
(4) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, information technology costs, professional service fees and rent.*

Research and development expenses of $167 million and $201 million are included in operating costs for 2014 and 2013, respectively.

Note 7 Severance, acquisition and other costs

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Severance	**(82)**	(116)
Acquisition and other	**(134)**	(290)
Total severance, acquisition and other costs	**(216)**	(406)

Acquisition and other costs

Acquisition and other costs consist of transaction costs, such as legal and financial advisory fees, related to completed or potential acquisitions, employee severance costs related to the purchase of a business and the costs to integrate acquired companies into Bell's operations, when the integration costs are significant. Acquisition and other costs also include severance and integration costs relating to the Privatization of Bell Aliant. Refer to Note 3, *Privatization of Bell Aliant*.

Acquisition and other costs for the year ended December 31, 2013 include $230 million relating to the CRTC tangible benefits obligation as part of our acquisition of Astral described in Note 4, *Acquisitions*.

Note 8 Interest expense

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Interest expense on long-term debt	**(865)**	(850)
Interest expense on other debt	**(97)**	(97)
Capitalized interest	**33**	16
Total interest expense	**(929)**	(931)

Interest expense on long-term debt includes interest on finance leases of $166 million and $174 million for 2014 and 2013, respectively.

Capitalized interest was calculated using an average rate of 4.49% and 5.03% for 2014 and 2013, respectively, which represents the weighted average interest rate on our outstanding long-term debt.

Note 9 Other income (expense)

FOR THE YEAR ENDED DECEMBER 31	NOTE	2014	2013
Net mark-to-market gains on derivatives used as economic hedges		**134**	94
Dividend income from assets held for sale		**42**	–
Gains (losses) on investments		**10**	(7)
Impairment of assets	14,15	**(105)**	(15)
Losses on disposal/retirement of software, plant and equipment		**(51)**	(44)
Early debt redemption costs	21	**(29)**	(55)
Equity losses from investments in associates and joint ventures	16	**(12)**	(32)
Pension surplus distribution		**–**	36
Other		**53**	17
Other income (expense)		**42**	(6)

Impairment of assets

In 2014, we recorded an impairment charge of $105 million relating mainly to our Conventional TV CGU within our Bell Media segment, of which $67 million was allocated to property, plant and equipment and $38 million to indefinite-life intangible assets. The impairment resulted from a softness in the overall Canadian TV advertising market and higher TV content costs. The charge was determined by comparing the carrying value of the CGU to its fair value less costs of disposal, based on the expected future discounted cash flows for the period of January 1, 2015 to December 31, 2017 using a discount rate of 9.5% and a perpetuity growth rate of nil. The carrying value of our Conventional TV CGU was $327 million at December 31, 2014.

Equity investees

In 2014 and 2013, we recorded equity losses of $16 million and $25 million, respectively, representing our share of goodwill impairment charges recognized by an equity investee. The charge recorded in 2013 also related to a write-down of customer relationship intangibles.

Note 10 Income taxes

The following table shows the significant components of income taxes deducted from net earnings.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Current taxes		
Current taxes	**(789)**	(888)
Resolution of uncertain tax positions	**1**	51
Change in estimate relating to prior periods	**93**	53
Utilization of previously unrecognized tax credits	**23**	–
Deferred taxes		
Deferred taxes relating to the origination and reversal of temporary differences	**(165)**	72
Effect of change in provincial corporate tax rate	**–**	(6)
Change in estimate relating to prior periods	**(82)**	(33)
Recognition and utilization of loss carryforwards	**(10)**	(68)
Resolution of uncertain tax positions	**–**	(10)
Other	**–**	1
Total income taxes	**(929)**	(828)

The following table reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 26.6% for each of 2014 and 2013.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Earnings before income taxes	**3,647**	3,216
Applicable statutory tax rate	**26.6%**	26.6%
Income taxes computed at applicable statutory rates	**(970)**	(855)
Non-taxable portion of gains on investments	**4**	–
Resolution of uncertain tax positions	**1**	41
Utilization of previously unrecognized tax credits	**23**	–
Effect of change in provincial corporate tax rate	**–**	(6)

Change in estimate relating to prior periods	**11**	20
Other	**2**	(28)
Total income taxes	**(929)**	(828)
Average effective tax rate	**25.5%**	25.7%

The following table shows aggregate current and deferred taxes relating to items recognized outside the income statements.

AT DECEMBER 31	2014		2013		
	OTHER COMPREHENSIVE INCOME	**DEFICIT**	OTHER COMPREHENSIVE INCOME	DEFICIT	NCI
Current taxes	**12**	**8**	1	1	–
Deferred taxes	**228**	**11**	(390)	7	1
Total income tax recovery (expense)	**240**	**19**	(389)	8	1

The following table shows deferred taxes resulting from temporary differences between the carrying amounts of assets and liabilities recognized in the statements of financial position and their corresponding tax basis, as well as tax loss carryforwards.

NET DEFERRED TAX LIABILITY	NON-CAPITAL LOSS CARRY-FORWARDS	POST-EMPLOYMENT BENEFIT PLANS	INDEFINITE-LIFE INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS	INVESTMENT TAX CREDITS	PARTNERSHIP INCOME DEFERRAL(1)	CRTC TANGIBLE BENEFITS	OTHER	TOTAL
January 1, 2013	104	927	(1,269)	(453)	(60)	(88)	46	276	(517)
Income statement	(68)	(3)	(56)	(105)	39	85	46	18	(44)
Other comprehensive income	–	(384)	–	–	–	–	–	(6)	(390)
Deficit	–	–	–	–	–	–	–	7	7
Acquisition of Astral	–	7	(202)	(43)	–	–	1	30	(207)
NCI	–	–	–	–	–	–	–	1	1
Other	–	–	6	–	–	–	–	(9)	(3)
December 31, 2013	36	547	(1,521)	(601)	(21)	(3)	93	317	(1,153)
Income statement	**(10)**	**(75)**	**(33)**	**(98)**	**14**	**3**	**(18)**	**(40)**	**(257)**
Other comprehensive income	**–**	**242**	**–**	**–**	**–**	**–**	**–**	**(14)**	**228**
Deficit	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11**	**11**
Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12**	**12**
December 31, 2014	**26**	**714**	**(1,554)**	**(699)**	**(7)**	**–**	**75**	**286**	**(1,159)**

(1) *The taxation year-end of certain of Bell Aliant's corporate subsidiaries differed, in prior years, from the partnership year-end. This resulted in a deferral of partnership income for tax purposes.*

At December 31, 2014, BCE had $212 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $26 million, of which $14 million related to Bell Media, for $99 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2029 to 2034.
- did not recognize a deferred tax asset for $113 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2026 to 2032.

At December 31, 2014, BCE had $766 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

At December 31, 2013, BCE had $214 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $36 million, of which $27 million related to Bell Media, for $138 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2026 to 2033.
- did not recognize a deferred tax asset for $76 million of non-capital loss carryforwards. This balance expires in varying annual amounts

from 2023 to 2032.

At December 31, 2013, BCE had $828 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

Note 11 Earnings per share

The following table shows the components used in the calculation of basic and diluted earnings per common share for earnings attributable to common shareholders.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Net earnings attributable to common shareholders – basic	**2,363**	1,975
Dividends declared per common share (in dollars)	**2.47**	2.33
Weighted average number of common shares outstanding (in millions)		
Weighted average number of common shares outstanding – basic	**793.7**	775.8
Assumed exercise of stock options[1]	**0.9**	0.6
Weighted average number of common shares outstanding – diluted	**794.6**	776.4

(1) *The calculation of the assumed exercise of stock options includes the effect of the average unrecognized future compensation cost of dilutive options. It excludes options for which the exercise price is higher than the average market value of a BCE common share. The number of excluded options was 2,871,730 in 2014 and 2,621,806 in 2013.*

Note 12 Trade and other receivables

FOR THE YEAR ENDED DECEMBER 31	NOTE	2014	2013
Trade receivables[1]		**3,068**	3,074
Allowance for doubtful accounts	24	**(69)**	(79)
Allowance for revenue adjustments		**(86)**	(90)
Current tax receivable		**87**	36
Other accounts receivable		**69**	102
Total trade and other receivables		**3,069**	3,043

(1) *The details of securitized trade receivables are set out in Note 20,* Debt due within one year *.*

Note 13 Inventory

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Work in progress	**57**	65
Finished goods	**297**	342
Provision	**(21)**	(24)
Total inventory	**333**	383

The total amount of inventory subsequently recognized as an expense in cost of revenues was $2,421 million in 2014 and $2,352 million in 2013.

Note 14 Property, plant and equipment

FOR THE YEAR ENDED DECEMBER 31, 2014	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	ASSETS UNDER CONSTRUCTION	TOTAL[1]
COST					
January 1, 2014		**54,674**	**4,996**	**1,276**	**60,946**
Additions		**2,150**	**84**	**1,640**	**3,874**

Acquisition through business combinations		**2**	**–**	**–**	**2**
Transfers		**1,108**	**67**	**(1,487)**	**(312)**
Retirements and disposals		**(2,923)**	**(23)**	**(2)**	**(2,948)**
Impairment losses recognized in earnings	9	**(43)**	**(24)**	**–**	**(67)**
December 31, 2014		**54,968**	**5,100**	**1,427**	**61,495**
ACCUMULATED DEPRECIATION					
January 1, 2014		**37,665**	**2,538**	**–**	**40,203**
Depreciation		**2,690**	**190**	**–**	**2,880**
Retirements and disposals		**(2,868)**	**(19)**	**–**	**(2,887)**
Other		**(26)**	**(2)**	**–**	**(28)**
December 31, 2014		**37,461**	**2,707**	**–**	**40,168**
NET CARRYING AMOUNT					
January 1, 2014		**17,009**	**2,458**	**1,276**	**20,743**
December 31, 2014		**17,507**	**2,393**	**1,427**	**21,327**

(1) *Includes assets under finance leases.*

FOR THE YEAR ENDED DECEMBER 31, 2013	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	ASSETS UNDER CONSTRUCTION	TOTAL(1)
COST				
January 1, 2013	52,925	4,789	1,202	58,916
Additions	2,014	60	1,623	3,697
Acquisition through business combinations	159	39	2	200
Transfers	1,066	125	(1,551)	(360)
Retirements and disposals	(1,490)	(17)	–	(1,507)
December 31, 2013	54,674	4,996	1,276	60,946
ACCUMULATED DEPRECIATION				
January 1, 2013	36,539	2,370	–	38,909
Depreciation	2,545	189	–	2,734
Retirements and disposals	(1,414)	(14)	–	(1,428)
Other	(5)	(7)	–	(12)
December 31, 2013	37,665	2,538	–	40,203
NET CARRYING AMOUNT				
January 1, 2013	16,386	2,419	1,202	20,007
December 31, 2013	17,009	2,458	1,276	20,743

(1) *Includes assets under finance leases.*

Finance leases

BCE's significant finance leases are for satellites and office premises. The office leases have a typical lease term of 25 years. The leases for satellites, used to provide programming to our Bell TV customers, have a term of 15 years. The satellite leases are non-cancellable.

The following table shows additions to and the net carrying amount of assets under finance leases.

	ADDITIONS		NET CARRYING AMOUNT	
FOR THE YEAR ENDED DECEMBER 31	**2014**	2013	**2014**	2013
Network infrastructure and equipment	**317**	319	**1,605**	1,655
Land and buildings	**12**	3	**519**	556
Total	**329**	322	**2,124**	2,211

The following table provides a reconciliation of our minimum future lease payments to the present value of our finance lease obligations.

AT DECEMBER 31, 2014	NOTE	2015	2016	2017	2018	2019	THERE-AFTER	TOTAL
Minimum future lease payments	24	491	444	313	260	237	1,405	3,150

Less:							
Future finance costs	(146)	(132)	(120)	(108)	(97)	(326)	(929)
Present value of future lease obligations	345	312	193	152	140	1,079	2,221

Note 15 Intangible assets

		FINITE-LIFE					INDEFINITE-LIFE				
YEAR ENDED DECEMBER 31, 2014	NOTE	SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRAND	SPECTRUM AND OTHER LICENCES(1)	BROADCAST LICENCES	TOTAL	TOTAL INTANGIBLE ASSETS
COST											
January 1, 2014		**6,041**	**865**	**389**	**293**	**7,588**	**2,344**	**2,132**	**2,389**	**6,865**	**14,453**
Additions(1)		**271**	**–**	**885**	**–**	**1,156**	**–**	**578**	**–**	**578**	**1,734**
Transfers		**322**	**–**	**–**	**(6)**	**316**	**–**	**–**	**–**	**–**	**316**
Retirements and disposals		**(336)**	**–**	**–**	**–**	**(336)**	**–**	**(7)**	**–**	**(7)**	**(343)**
Impairment losses recognized in earnings	9	**–**	**–**	**–**	**–**	**–**	**(11)**	**(10)**	**(17)**	**(38)**	**(38)**
Amortization included in operating costs		**–**	**–**	**(750)**	**–**	**(750)**	**–**	**–**	**–**	**–**	**(750)**
December 31, 2014		**6,298**	**865**	**524**	**287**	**7,974**	**2,333**	**2,693**	**2,372**	**7,398**	**15,372**
ACCUMULATED AMORTIZATION											
January 1, 2014		**4,429**	**368**	**–**	**104**	**4,901**	**–**	**–**	**–**	**–**	**4,901**
Amortization		**502**	**51**	**–**	**19**	**572**	**–**	**–**	**–**	**–**	**572**
Retirements and disposals		**(336)**	**–**	**–**	**–**	**(336)**	**–**	**–**	**–**	**–**	**(336)**
Other		**11**	**–**	**–**	**–**	**11**	**–**	**–**	**–**	**–**	**11**
December 31, 2014		**4,606**	**419**	**–**	**123**	**5,148**	**–**	**–**	**–**	**–**	**5,148**
NET CARRYING AMOUNT											
January 1, 2014		**1,612**	**497**	**389**	**189**	**2,687**	**2,344**	**2,132**	**2,389**	**6,865**	**9,552**
December 31, 2014		**1,692**	**446**	**524**	**164**	**2,826**	**2,333**	**2,693**	**2,372**	**7,398**	**10,224**

(1) *On April 2, 2014, Bell acquired 700 megahertz spectrum licences in every province and territorial market, comprised of 31 licences for $566 million.*

		FINITE-LIFE					INDEFINITE-LIFE				
YEAR ENDED DECEMBER 31, 2013	NOTE	SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRAND	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	TOTAL INTANGIBLE ASSETS
COST											
January 1, 2013		5,949	847	263	270	7,329	2,242	2,128	1,293	5,663	12,992
Additions		238	–	570	–	808	–	4	–	4	812
Acquisition through business combinations		14	25	101	23	163	102	–	1,136	1,238	1,401
Transfers		377	–	–	–	377	–	–	(25)	(25)	352
Retirements and disposals		(537)	(7)	–	–	(544)	–	–	–	–	(544)
Impairment losses recognized in earnings	9	–	–	–	–	–	–	–	(15)	(15)	(15)

Amortization included in operating costs	–	–	(545)	–	(545)	–	–	–	–	(545)
December 31, 2013	6,041	865	389	293	7,588	2,344	2,132	2,389	6,865	14,453
ACCUMULATED AMORTIZATION										
January 1, 2013	4,399	325	–	85	4,809	–	–	–	–	4,809
Amortization	577	50	–	19	646	–	–	–	–	646
Retirements and disposals	(535)	(7)	–	–	(542)	–	–	–	–	(542)
Other	(12)	–	–	–	(12)	–	–	–	–	(12)
December 31, 2013	4,429	368	–	104	4,901	–	–	–	–	4,901
NET CARRYING AMOUNT										
January 1, 2013	1,550	522	263	185	2,520	2,242	2,128	1,293	5,663	8,183
December 31, 2013	1,612	497	389	189	2,687	2,344	2,132	2,389	6,865	9,552

Note 16 Investments in associates and joint ventures

The following table provides summarized financial information in respect to BCE's associates and joint ventures. For a list of associates and joint ventures please see Note 28, *Related party transactions*.

FOR THE YEAR ENDED DECEMBER 31	**2014**	2013
Assets	**3,910**	3,878
Liabilities	**(2,202)**	(2,164)
Total net assets	**1,708**	1,714
BCE's share of net assets	**776**	775
Revenues	**871**	805
Expenses	**(918)**	(912)
Total net losses	**(47)**	(107)
BCE's share of net losses	**(12)**	(32)

Note 17 Other non-current assets

FOR THE YEAR ENDED DECEMBER 31	NOTE	**2014**	2013
Net assets of post-employment benefit plans	22	**151**	136
AFS publicly-traded and privately-held investments	24	**107**	91
Long-term notes and other receivables		**47**	45
Derivative assets		**269**	199
Other		**301**	227
Total other non-current assets		**875**	698

Note 18 Goodwill

The following table provides details about the changes in the carrying amounts of goodwill for the years ended December 31, 2014 and 2013. BCE's groups of CGUs correspond to our reporting segments.

	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	BELL ALIANT	BCE
Balance at January 1, 2013	2,302	2,521	1,393	969	7,185
Acquisitions and other	–	–	1,195	1	1,196
Balance at December 31, 2013	2,302	2,521	2,588	970	8,381
Acquisitions and other	**–**	**–**	**4**	**–**	**4**

Balance at December 31, 2014	**2,302**	**2,521**	**2,592**	**970**	**8,385**

Impairment testing

As described in Note 2, *Significant accounting policies*, goodwill is tested annually for impairment by comparing the carrying value of a group of CGUs to the recoverable amount, where the recoverable amount is the higher of fair value less costs of disposal or value in use.

VALUE IN USE

The value in use for our groups of CGUs is determined by discounting five-year cash flow projections from business plans reviewed by senior management. The projections reflect management's expectations of revenue, segment profit, capital expenditures, working capital and operating cash flows, based on past experience and future expectations of operating performance.

Cash flows beyond the five-year period are extrapolated using perpetuity growth rates. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which we operate.

The discount rates are applied to the cash flow projections and are derived from the weighted average cost of capital for each group of CGUs.

The following table shows the key assumptions used to estimate the recoverable amounts of the groups of CGUs.

	ASSUMPTIONS USED	
GROUPS OF CGUs	PERPETUITY GROWTH RATE	DISCOUNT RATE
Bell Wireless	0.8%	9.1%
Bell Wireline	0.9%	7.2%
Bell Media	1.0%	8.2%
Bell Aliant	0.2%	6.1%

We believe that any reasonable possible change in the key assumptions on which the estimate of recoverable amounts of the Bell Wireless, Bell Wireline and Bell Aliant groups of CGUs is based would not cause their carrying amounts to exceed their recoverable amounts.

For the Bell Media group of CGUs, a decrease of (0.3%) in the perpetuity growth rate or an increase of 0.2% in the discount rate, would have resulted in its recoverable amount being equal to its carrying value.

Note 19 Trade payables and other liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2014	2013
Trade payables and accruals		**2,415**	2,373
Compensation payable		**631**	576
Deferred revenues		**764**	743
Taxes payable		**115**	136
Severance and other costs payable		**69**	73
CRTC deferral account obligation	24	**24**	80
CRTC tangible benefits obligation	24	**63**	100
Other current liabilities		**317**	258
Total trade payables and other liabilities		**4,398**	4,339

Note 20 Debt due within one year

	WEIGHTED AVERAGE	

FOR THE YEAR ENDED DECEMBER 31	NOTE	INTEREST RATE	2014	2013
Bank advances			–	129
Notes payable[1]		0.95%	**1,454**	843
Total bank advances and notes payable	24		**1,454**	972
Loans secured by trade receivables	24	1.78%	**921**	921
Long-term debt due within one year[2]				
Bell Canada		4.10%	**1,330**	340
CTV Specialty Television Inc. (CTV Specialty)		3.48%	**7**	305
Bell Aliant		4.06%	**39**	40
			1,376	685
Net unamortized discount			**(1)**	(2)
Unamortized debt issuance costs			**(7)**	(5)
Total long-term debt due within one year	21		**1,368**	678
Total debt due within one year			**3,743**	2,571

(1) *Includes commercial paper of $501 million Canadian dollars ($431 million U.S. dollars) which was drawn under our U.S. commercial paper program and has been hedged for foreign currency fluctuations through forward currency contracts. Refer to Note 24,* Financial and capital management.

(2) *Included in long-term debt due within one year is the current portion of finance leases of $345 million at December 31, 2014 and $337 million at December 31, 2013.*

Securitized trade receivables

Our securitized trade receivable programs are recorded as floating rate revolving loans secured by certain trade receivables and expire on November 30, 2016 and December 31, 2017.

The following table provides further details on our securitized trade receivables.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Average interest rate	**1.89%**	1.82%
Secured trade receivables	**2,091**	2,061

We continue to service these trade receivables. The buyers' interest in the collection of these trade receivables ranks ahead of our interests, which means that we are exposed to certain risks of default on the amounts securitized.

We have provided various credit enhancements in the form of overcollateralization and subordination of our retained interests.

The buyers will reinvest the amounts collected by buying additional interests in our trade receivables until the securitized trade receivables agreements expire or are terminated. The buyers and their investors have no further claim on our other assets if customers do not pay amounts owed.

Credit facilities

Bell Canada may issue notes in an aggregate amount of up to 2 billion dollars in either Canadian or U.S. dollars under its commercial paper program, supported by a committed revolving bank credit facility. The total amount of this credit facility may be drawn at any time.

The table below is a summary of our total bank credit facilities at December 31, 2014.

	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving facility[1][2]	**2,500**	**–**	**–**	**1,453**	**1,047**
Unsecured committed term credit facility (Astral)[3]	**1,018**	**1,018**	**–**	**–**	**–**
Other	**100**	**–**	**98**	**–**	**2**
Total committed credit facilities	**3,618**	**1,018**	**98**	**1,453**	**1,049**
Total non-committed credit facilities	**1,101**	**–**	**626**	**–**	**475**
Total committed and non-committed credit facilities	**4,719**	**1,018**	**724**	**1,453**	**1,524**

(1) *Bell Canada's $2,500 million revolving facility expires in November 2019. Bell Aliant's $750 million revolving facility was cancelled in 2014.*

(2) *As of December 31, 2014, Bell Canada's outstanding commercial paper included $431 million U.S. dollars ($501 million Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*

(3) *Bell Canada may borrow up to 1 billion Canadian dollars in either Canadian or equivalent U.S. dollars under this credit facility. Bell Canada's outstanding balance at December 31, 2014 was $1,018 million Canadian dollars ($877 million U.S. dollars), which is included in long-term debt and has been hedged using cross currency basis swaps. Refer to Note 24,* Financial and capital management.

Restrictions

Some of our credit agreements:

- require us to meet specific financial ratios
- require us to offer to repay and cancel the credit agreement upon a change of control of BCE or Bell Canada

We are in compliance with all conditions and restrictions under such credit agreements.

Note 21 Long-term debt

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE	MATURITY	**2014**	2013
Bell Canada					
Debentures					
1997 trust indenture		4.39%	2015–2044	**12,900**	9,350
1976 trust indenture		9.54%	2021–2054	**1,100**	1,100
Subordinated debentures		8.21%	2026–2031	**275**	275
Finance leases		7.28%	2015–2047	**2,129**	2,166
Unsecured committed term credit facility (Astral) (1)		1.16%	2016	**1,018**	1,000
Other				**170**	197
Total – Bell Canada				**17,592**	14,088
CTV Specialty					
Notes				**–**	300
Finance leases		3.48%	2015–2019	**21**	19
Total – CTV Specialty				**21**	319
Bell Aliant					
Debentures and notes		6.24%	2016–2020	**49**	2,559
Finance leases		3.92%	2015–2017	**71**	63
Total – Bell Aliant				**120**	2,622
Total debt				**17,733**	17,029
Net unamortized premium				**30**	40
Unamortized debt issuance costs				**(40)**	(50)
Less:					
Amount due within one year	20			**(1,368)**	(678)
Total long-term debt				**16,355**	16,341

(1) *Represents $1,018 million Canadian dollars ($877 million U.S. dollars) which was drawn under Bell Canada's unsecured committed credit facility and has been hedged using cross currency basis swaps. Refer to Note 24,* Financial and capital management.

All debentures and subordinated debentures have been issued in Canadian dollars and bear a fixed rate of interest.

Interest payments on debt for a principal amount of $700 million have been swapped from fixed to floating. See Note 24, *Financial and capital management* for additional details.

Restrictions

Some of our debt agreements:

- require us to meet specific financial ratios
- impose covenants, maintenance tests and new issue tests
- require us to make an offer to repurchase certain series of debentures upon the occurrence of a change of control event as defined in the

relevant debt agreements

We are in compliance with all conditions and restrictions under such debt agreements.

Bell Canada

All outstanding debentures are issued under trust indentures and are unsecured. All debentures are issued in series and certain series are redeemable at Bell Canada's option prior to maturity at the prices, times and conditions specified for each series.

On November 20, 2014, all Bell Aliant Regional Communications, Limited Partnership medium term notes (MTN) and floating rate MTNs (collectively, Bell Aliant notes) in the aggregate principal amount of $2.3 billion were exchanged for Bell Canada debentures having the same financial terms as the Bell Aliant notes, including with respect to coupon rate, maturity date and redemption price. As a result, $25 million of deferred costs related to the Bell Aliant debt were expensed and recorded as early debt redemption costs in *Other income (expense)* in the income statement.

The following Bell Canada debentures were issued in exchange for the previously held Bell Aliant notes.

SERIES	COUPON RATE	MATURITY DATE	PRINCIPAL AMOUNT
M-32	5.41%	September 26, 2016	500
M-33	5.52%	February 26, 2019	300
M-34	6.17%	February 26, 2037	300
M-35	4.37%	September 13, 2017	350
M-36	4.88%	April 26, 2018	300
M-37	3.54%	June 12, 2020	400
M-38	floating	April 22, 2016	150
Total			2,300

On September 29, 2014, Bell Canada issued 3.15% Series M-30 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million which mature on September 29, 2021. In addition, on the same date, Bell Canada issued 4.75% Series M-31 MTN debentures under its 1997 trust indenture, with a principal amount of $500 million, which mature on September 29, 2044.

On September 10, 2013, Bell Canada issued 4.70% Series M-29 MTN debentures under its 1997 trust indenture, with a principal amount of $600 million, which mature on September 11, 2023. In addition, on the same date, Bell Canada issued 3.50% Series M-28 MTN debentures under its 1997 trust indenture, with a principal amount of $400 million, which mature on September 10, 2018.

On August 9, 2013, Bell Canada redeemed early its 4.85% Series M-20 MTN debentures, issued under its 1997 trust indenture, having an outstanding principal amount of $1 billion which were due on June 30, 2014. We incurred a $28 million charge for the early debt redemption costs which was recorded in *Other income (expense)* in the income statement.

On July 5, 2013, Bell Canada borrowed $1 billion under its unsecured committed term acquisition credit facility which matures on July 5, 2016.

On June 17, 2013, Bell Canada issued 3.25% Series M-27 MTN debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on June 17, 2020.

On March 22, 2013, Bell Canada issued 3.35% Series M-26 MTN debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on March 22, 2023.

On February 11, 2013, Bell Canada redeemed early its 10.0% Series EA debentures, issued under its 1976 trust indenture, having an outstanding principal amount of $150 million which was due on June 15, 2014. We incurred a $17 million charge for the early debt redemption costs which was recorded in *Other income (expense)* in the income statement.

CTV Specialty

On February 18, 2014, all of the outstanding CTV Specialty notes of $300 million were repaid upon maturity.

Bell Aliant

On November 20, 2014, Bell Aliant notes in the aggregate principal amount of $2.3 billion were exchanged for Bell Canada debentures.

On October 30, 2014, Bell Aliant redeemed early its 6.29% MTNs with a principal amount of $350 million which were due on February 17, 2015. We incurred a $4 million charge for the early debt redemption costs which was recorded in *Other income (expense)* in 2014 in the income

statement.

On April 22, 2014, Bell Aliant issued floating rate MTNs, with a principal amount of $150 million, which would have matured on April 22, 2016. These MTNs were exchanged for Bell Canada debentures on November 20, 2014.

On June 25, 2013, Bell Aliant redeemed early its 4.95% MTNs with a principal amount of $400 million. We incurred a $10 million charge for the early debt redemption costs which was recorded in *Other income (expense)* in the income statement.

On June 14, 2013, Bell Aliant issued 3.54% MTNs, with a principal amount of $400 million, which mature on June 12, 2020. These MTNs were exchanged for Bell Canada debentures on November 20, 2014.

Note 22 Post-employment benefit plans

Post-employment benefit plans cost

We provide pension and other benefits for most of our employees. These include DB pension plans, DC pension plans and OPEBs.

We operate our DB and DC pension plans under applicable Canadian and provincial pension legislation, which prescribes minimum and maximum DB funding requirements. Plan assets are held in trust and the oversight of governance of the plans, including investment decisions, contributions to DB plans and the selection of the DC plans investment options offered to plan participants, lies with the Pension Fund Committee, a committee of our board of directors.

The interest rate risk is managed using a liability matching approach which reduces the exposure of the DB plan to a mismatch between investment growth and obligation growth.

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS SERVICE COST

FOR THE YEAR ENDED DECEMBER 31	2014	2013
DB pension	**(214)**	(252)
DC pension	**(94)**	(81)
OPEBs	**(9)**	(7)
Plan amendment gain on OPEBs	**–**	1
Less:		
Capitalized benefit plans cost	**41**	47
Total post-employment benefit plans service cost included in operating costs	**(276)**	(292)
Other (costs) benefits recognized in Severance, acquisition and other costs	**(29)**	6
Total post-employment benefit plans service cost	**(305)**	(286)

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS FINANCING COST

FOR THE YEAR ENDED DECEMBER 31	2014	2013
DB pension	**(35)**	(87)
OPEBs	**(66)**	(63)
Total interest on post-employment benefit obligations	**(101)**	(150)

The statements of comprehensive income include the following amounts before income taxes.

	2014	2013
Cumulative losses recognized directly in equity, January 1	**(2,036)**	(3,452)
Actuarial (losses) gains in other comprehensive income [1]	**(933)**	1,403
(Increase) decrease in the effect of the asset limit [2]	**(5)**	13
Cumulative losses recognized directly in equity, December 31	**(2,974)**	(2,036)

(1) *The cumulative actuarial losses recognized in the statements of comprehensive income are $3,234 million in 2014.*
(2) *The cumulative decrease in the effect of the asset limit recognized in the statements of comprehensive income is $260 million in 2014.*

COMPONENTS OF POST-EMPLOYMENT BENEFIT (OBLIGATIONS) ASSETS

The following table shows the change in post-employment benefit obligations and the fair value of plan assets.

	DB PENSION PLANS		OPEB PLANS		TOTAL	
	2014	2013	**2014**	2013	**2014**	2013
Post-employment benefit obligations, January 1	**(18,672)**	(19,542)	**(1,641)**	(1,707)	**(20,313)**	(21,249)
Current service cost	**(214)**	(252)	**(9)**	(7)	**(223)**	(259)
Interest on obligations	**(901)**	(850)	**(78)**	(73)	**(979)**	(923)
Actuarial (losses) gains[1]	**(2,240)**	1,025	**(56)**	69	**(2,296)**	1,094
Net curtailment (loss) gain	**(29)**	4	**–**	3	**(29)**	7
Business combinations	**–**	(143)	**–**	(3)	**–**	(146)
Benefit payments	**1,076**	1,088	**77**	77	**1,153**	1,165
Employee contributions	**(5)**	(6)	**–**	–	**(5)**	(6)
Other	**(3)**	4	**–**	–	**(3)**	4
Post-employment benefit obligations, December 31	**(20,988)**	(18,672)	**(1,707)**	(1,641)	**(22,695)**	(20,313)
Fair value of plan assets, January 1	**18,082**	17,727	**241**	220	**18,323**	17,947
Expected return on plan assets[2]	**866**	763	**12**	10	**878**	773
Actuarial gains	**1,351**	294	**12**	15	**1,363**	309
Business combinations	**–**	120	**–**	–	**–**	120
Benefit payments	**(1,076)**	(1,088)	**(77)**	(77)	**(1,153)**	(1,165)
Employer contributions	**591**	260	**73**	73	**664**	333
Employee contributions	**5**	6	**–**	–	**5**	6
Fair value of plan assets, December 31	**19,819**	18,082	**261**	241	**20,080**	18,323
Plan deficit	**(1,169)**	(590)	**(1,446)**	(1,400)	**(2,615)**	(1,990)
Effect of asset limit	**(6)**	(1)	**–**	–	**(6)**	(1)
Post-employment benefit liability, December 31	**(1,175)**	(591)	**(1,446)**	(1,400)	**(2,621)**	(1,991)
Post-employment benefit assets included in other non-current assets	**151**	136	**–**	–	**151**	136
Post-employment benefit obligations	**(1,326)**	(727)	**(1,446)**	(1,400)	**(2,772)**	(2,127)

(1) *Actuarial (losses) gains include experience gains of $1,534 million in 2014 and $424 million in 2013.*
(2) *The actual return on plan assets was $2,241 million or 12.6% in 2014 and $1,082 million or 6.4% in 2013.*

FUNDED STATUS OF POST-EMPLOYMENT BENEFIT PLANS COST

The following table shows the funded status of our post-employment benefit obligations.

	FUNDED		PARTIALLY FUNDED[1]		UNFUNDED[2]		TOTAL	
FOR THE YEAR ENDED DECEMBER 31	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Present value of post-employment benefit obligations	**(20,375)**	(18,134)	**(1,906)**	(1,820)	**(414)**	(359)	**(22,695)**	(20,313)
Fair value of plan assets	**19,783**	18,048	**297**	275	**–**	–	**20,080**	18,323
Plan deficit	**(592)**	(86)	**(1,609)**	(1,545)	**(414)**	(359)	**(2,615)**	(1,990)

(1) *The partially funded plans consist of supplementary executive retirement plans (SERPs) for eligible employees and OPEBs. The company partially funds the SERPs through letters of credit and a retirement compensation arrangement account with Canada Revenue Agency. Certain paid-up life insurance benefits are funded through life insurance contracts.*
(2) *Our unfunded plans consist of OPEBs, which are pay-as-you-go.*

SIGNIFICANT ASSUMPTIONS

We used the following key assumptions to measure the post-employment benefit obligations and the net benefit plans cost for the DB pension plans and OPEB plans. These assumptions are long-term, which is consistent with the nature of post-employment benefit plans.

	DB PENSION PLANS AND OPEB PLANS	
	2014	2013
At December 31		
Post-employment benefit obligations		
Discount rate	**4.0%**	4.9%
Rate of compensation increase	**2.5%**	2.8%
Cost of living indexation rate [1]	**1.6%**	1.7%
Life expectancy at age 65 (years)	**23.0**	22.4
For the year ended December 31		
Net post-employment benefit plans cost		
Discount rate	**4.9%**	4.4%
Rate of compensation increase	**2.8%**	3.0%
Cost of living indexation rate [1]	**1.7%**	1.8%
Life expectancy at age 65 (years)	**22.4**	20.9

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

The weighted average duration of the post-employment benefit obligation is 15 years.

We assumed the following trend rates in healthcare costs:

- an annual increase of 4.0% in the cost per person of covered dental benefits and 4.5% in the cost per person of other covered healthcare benefits for 2014 and the foreseeable future
- an annual increase of 5.0% for retirees under age 65 and 4.5% for retirees over age 65 in the cost of medication for 2014 and the foreseeable future

Assumed trend rates in healthcare costs have a significant effect on the amounts reported for the healthcare plans.

The following table shows the effect of a 1% change in the assumed trend rates in healthcare costs.

EFFECT ON POST-EMPLOYMENT BENEFITS – INCREASE/(DECREASE)	1% INCREASE	1% DECREASE
Total service and interest cost	7	(6)
Post-employment benefit obligations	147	(128)

SENSITIVITY ANALYSIS

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

		IMPACT ON NET POST-EMPLOYMENT BENEFIT PLANS COST FOR 2014 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2014 – INCREASE/(DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	(175)	148	(2,978)	3,428
Mortality rate	25%	(73)	78	(1,423)	1,518

POST-EMPLOYMENT BENEFIT PLAN ASSETS

The investment strategy for the post-employment benefit plan assets is to maintain a diversified portfolio of assets invested in a prudent manner to maintain the security of funds.

The following table shows the target allocations for 2014 and the allocation of our post-employment benefit plan assets at December 31, 2014 and 2013.

ASSET CATEGORY	WEIGHTED AVERAGE TARGET ALLOCATION **2014**	TOTAL PLAN ASSETS FAIR VALUE AT DECEMBER 31 (%) **2014**	2013
Equity securities	**20%–35%**	**30%**	33%
Debt securities	**55%–70%**	**62%**	59%
Alternative investments	**0%–25%**	**8%**	8%
Total		**100%**	100%

The fair value of the DB pension plan assets at the end of the year for each category are tabled below.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Observable markets		
Equity securities		
Canadian	**1,195**	1,278
Foreign	**4,657**	4,692
Debt securities		
Canadian	**10,986**	9,491
Foreign	**921**	792
Money market	**463**	376
Unobservable inputs		
Alternative investments		
Private equities	**947**	873
Hedge funds	**651**	602
Other	**(1)**	(22)
Total	**19,819**	18,082

Equity securities included approximately $1 million of BCE common shares, or 0.01% of total plan assets, at December 31, 2014 and approximately $2 million BCE common shares or 0.01% of total plan assets, at December 31, 2013.

Debt securities included approximately $2 million of Bell Canada and Bell Aliant debentures, or 0.01% of total plan assets, at December 31, 2014 and approximately $14 million of Bell Canada debentures, or 0.08% of total plan assets, at December 31, 2013.

In the first quarter of 2015, the Bell Canada Pension Plan (the Plan) entered into an investment arrangement to hedge part of the Plan's exposure to potential increases in longevity which covers approximately $5 billion of post-employment benefit obligations. This arrangement requires no additional cash contributions from BCE.

CASH FLOWS

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods that are permitted by pension regulatory bodies. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service benefits. Changes in these factors could cause actual future contributions to differ from our current estimates and could require us to increase contributions to our post-employment benefit plans in the future, which could have a negative effect on our liquidity and financial performance.

We contribute to the DC pension plans as employees provide service.

The following table shows the amounts we contributed to the DB and DC pension plans and the payments made to beneficiaries under OPEB plans.

	PENSION PLANS		OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	2014	2013	2014	2013
Bell Canada	**(348)**	(245)	**(64)**	(64)
Bell Media	**(43)**	(40)	**(1)**	–
Bell Aliant	**(292)**	(56)	**(8)**	(9)
Total	**(683)**	(341)	**(73)**	(73)
Comprised of:				
Contributions to DB pension plans and OPEB plans [1]	**(591)**	(260)	**(73)**	(73)
Contributions to DC pension plans	**(92)**	(81)	**–**	–

(1) *Includes voluntary contributions of $350 million in 2014.*

We expect to contribute approximately $225 million to our DB pension plans in 2015, subject to actuarial valuations being completed. We expect to pay approximately $80 million to beneficiaries under OPEB plans and to contribute approximately $95 million to the DC pension plans in 2015.

Note 23 Other non-current liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2014	2013
Long-term disability benefits obligation		**261**	224
CRTC tangible benefits obligation	24	**222**	250
CRTC deferral account obligation	24	**150**	184
Maple Leaf Sports and Entertainment Ltd. (MLSE) financial liability [1]	24	**135**	135
Deferred revenue on long-term contracts		**96**	99
Future tax liabilities		**81**	88
Other		**576**	478
Total other non-current liabilities		**1,521**	1,458

(1) *Represents BCE's obligation to repurchase the BCE Master Trust Fund's (Master Trust) 9% interest in MLSE at a price not less than an agreed minimum price should the Master Trust exercise its put option. The obligation to repurchase is marked to market each reporting period and the gain or loss is recorded in* Other income (expense).

Note 24 Financial and capital management

Financial management

Management's objectives are to protect BCE and its subsidiaries on a consolidated basis against material economic exposures and variability of results from various financial risks that include credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk.

DERIVATIVES

We use derivative instruments to manage our exposure to foreign currency risk, interest rate risk and changes in the price of BCE common shares under our share-based payment plans.

The following derivative instruments were outstanding during 2014 and/or 2013:

- foreign currency forward contracts and options that manage the foreign currency risk of certain purchase commitments
- interest rate swaps that hedge interest rate risk on a portion of our long-term debt
- forward contracts on BCE common shares that mitigate the cash flow exposure related to share-based payment plans
- cross currency basis swaps that hedge foreign currency risk on a portion of our long-term debt due within one year
- interest rate locks on future debt issuances

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Certain fair value estimates are affected by assumptions we make about the amount and timing of future cash flows and discount rates, all of which reflect varying degrees of risk. Income taxes and other expenses that would be incurred on disposition of financial instruments are not reflected in the fair values. As a result, the fair values are not the net amounts that would be realized if these instruments were settled.

The carrying values of our cash and cash equivalents, trade and other receivables, assets held for sale, trade payables and accruals, compensation payable, severance and other costs payable, interest payable, notes payable, bank advances, and loans secured by trade receivables approximate fair value as they are short-term.

The following table provides the fair value details of financial instruments measured at amortized cost in the statements of financial position.

			DECEMBER 31, 2014		DECEMBER 31, 2013	
	FAIR VALUE METHODOLOGY	NOTE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
CRTC tangible benefits obligation	Present value of estimated future cash flows discounted using observable market interest rates	19,23	**285**	**289**	350	350
CRTC deferral account obligation	Present value of estimated future cash flows discounted using observable market interest rates	19,23	**174**	**191**	264	283
Debentures, finance leases and other debt	Quoted market price of debt or present value of future cash flows discounted using observable market interest rates	21	**17,723**	**20,059**	17,019	18,714

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

	NOTE	CARRYING VALUE OF ASSET (LIABILITY) AT DECEMBER 31	FAIR VALUE AT DECEMBER 31		
			QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OBSERVABLE MARKET DATA (LEVEL 2)[1]	NON-OBSERVABLE MARKET INPUTS (LEVEL 3)[2]
2014					
AFS publicly-traded and privately-held investments	17	**107**	**17**	**–**	**90**
Derivative financial instruments		**276**	**–**	**276**	**–**
MLSE financial liability	23	**(135)**	**–**	**–**	**(135)**
Other		**12**	**–**	**22**	**(10)**
2013					
AFS publicly-traded and privately-held investments	17	91	14	–	77
Derivative financial instruments		209	–	209	–
MLSE financial liability	23	(135)	–	–	(135)

(1) *Observable market data such as equity prices, interest rates, swap rate curves and foreign currency exchange rates.*

(2) *Non-observable market inputs such as discounted cash flows. A reasonable change in our assumptions would not result in a significant increase (decrease) to our level 3 financial instruments.*

CREDIT RISK

We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported on the statements of financial position.

We are exposed to credit risk if counterparties to our trade receivables and derivative instruments are unable to meet their obligations. The concentration of credit risk from our customers is minimized because we have a large and diverse customer base. There was minimal credit risk relating to derivative instruments at December 31, 2014 and 2013. We deal with institutions that have investment-grade credit ratings and as such we expect that they will be able to meet their obligations. We regularly monitor our credit risk and credit exposure.

The following table provides the change in allowance for doubtful accounts for trade receivables.

	2014	2013
Balance, January 1	**(79)**	(97)
Additions	**(101)**	(123)
Use	**111**	145
Acquisition through business combinations	**–**	(4)
Balance, December 31	**(69)**	(79)

The following table provides further details on trade receivables not impaired.

AT DECEMBER 31	**2014**	2013
Trade receivables not past due	**2,267**	2,274
Trade receivables past due and not impaired		
Under 60 days	**317**	325
60 to 120 days	**352**	365
Over 120 days	**63**	31
Trade receivables, net of allowance for doubtful accounts	**2,999**	2,995

In many instances, trade receivables are written off directly to bad debt expense if the account has not been collected after a predetermined period of time.

LIQUIDITY RISK

We generate enough cash from our operating activities to fund our operations and fulfill our obligations as they become due. We have sufficient committed bank facilities in place should our cash requirements exceed cash generated from our operations.

The following table is a maturity analysis for recognized financial liabilities at December 31, 2014 for each of the next five years and thereafter.

AT DECEMBER 31, 2014	NOTE	2015	2016	2017	2018	2019	THEREAFTER	TOTAL
Long-term debt	21	1,031	2,389	1,130	1,729	1,309	7,924	15,512
Notes payable and bank advances	20	1,454	–	–	–	–	–	1,454
Minimum future lease payments under finance leases	14	491	444	313	260	237	1,405	3,150
Loan secured by trade receivables	20	921	–	–	–	–	–	921
Interest payable on long-term debt, notes payable, bank advances and loan secured by trade receivables		652	554	510	470	415	4,548	7,149
MLSE financial liability	23	–	–	135	–	–	–	135
Net interest receipts on derivatives		(23)	(22)	(11)	–	–	–	(56)
Total		4,526	3,365	2,077	2,459	1,961	13,877	28,265

We are also exposed to liquidity risk for financial liabilities due within one year as shown in the statements of financial position.

MARKET RISK

CURRENCY EXPOSURES

We use forward contracts, options and cross currency basis swaps to manage foreign currency risk related to anticipated transactions and certain foreign currency debt.

A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain of $9 million (loss of $21 million) recognized in net earnings at December 31, 2014 and a gain (loss) of $57 million recognized in other comprehensive income at December 31, 2014, with all other variables held constant.

The following table provides further details on our outstanding foreign currency forward contracts, options and cross currency basis swaps as at December 31, 2014.

TYPE OF HEDGE	BUY CURRENCY	AMOUNTS TO RECEIVE IN USD	SELL CURRENCY	AMOUNTS TO PAY IN CAD	MATURITY	HEDGED ITEM
Cash flow	**USD**	**409**	**CAD**	**445**	**2015**	**Purchase commitments**
Cash flow	**USD**	**431**	**CAD**	**498**	**2015**	**Commercial paper**
Cash flow	**USD**	**269**	**CAD**	**291**	**2016–2017**	**Purchase commitments**
Cash flow	**USD**	**877**	**CAD**	**1,000**	**2015**	**Credit facility**
Economic	**USD**	**146**	**CAD**	**162**	**2015**	**Purchase commitments**
Economic – call options	**USD**	**253**	**CAD**	**272**	**2015**	**Purchase commitments**
Economic – put options	**USD**	**506**	**CAD**	**543**	**2015**	**Purchase commitments**

INTEREST RATE EXPOSURES

We use interest rate swaps to manage the mix of fixed and floating interest rates of our debt. We also use interest rate locks to hedge the interest rates on future debt issuances.

As at December 31, 2014, we had interest rate locks with a notional amount of $500 million which mature in 2015.

The following table shows the interest rate swap outstanding at December 31, 2014.

TYPE OF HEDGE	NOTIONAL AMOUNT	RECEIVE INTEREST RATE	PAY INTEREST RATE	MATURITY	HEDGED ITEM
Fair value	700	5.00%	3-month CDOR[1] + 0.42%	2017	Long-term debt

(1) *Canadian dollar offered rate.*

In 2014, we recognized a loss of $15 million (2013 – $22 million) on an interest rate swap used as a fair value hedge of long-term debt and an offsetting gain of $15 million (2013 – $21 million) on the corresponding long-term debt.

A 1% decrease (increase) in interest rates would result in a gain (loss) of $27 million recognized in net earnings at December 31, 2014 and in a gain of $32 million (loss of $36 million) recognized on other comprehensive income as at December 31, 2014.

For our post-employment benefit plans, the interest rate risk is managed using a liability matching approach which reduces the exposure of the DB plan to a mismatch between investment growth and obligation growth.

EQUITY PRICE EXPOSURES

We use equity forward contracts on BCE's common shares to economically hedge the cash flow exposure related to share-based payment plans. See Note 26, *Share-based payments* for details on our share-based payment arrangements. The fair value of our equity forward contracts at December 31, 2014 was $157 million (2013 – $100 million).

A 10% increase (decrease) in the market price of BCE's common shares at December 31, 2014 would result in a gain (loss) of $69 million recognized in net earnings for 2014, all other variables held constant.

Capital management

We have various capital policies, procedures and processes which are utilized to achieve our objectives for capital management. These include optimizing our cost of capital and maximizing shareholder return while balancing the interests of our stakeholders.

Our definition of capital includes equity attributable to BCE shareholders, debt, and cash and cash equivalents.

Concurrent with the announcement of the Privatization of Bell Aliant on July 23, 2014, Bell Canada increased its net debt [(1)] leverage ratio target range from 1.5 to 2.0 times Adjusted EBITDA[(2)] to 1.75 to 2.25 times Adjusted EBITDA. We monitor our capital structure and make adjustments, including to our dividend policy, as required. At December 31, 2014, we had exceeded our internal net debt to Adjusted EBITDA ratio by 0.34. This increase over our internal ratio does not create risk to our investment-grade credit rating.

On February 4, 2015, the board of directors of BCE approved an increase of 5.3% in the annual dividend on BCE's common shares, from $2.47 to $2.60 per common share. In addition, the board of directors declared a quarterly dividend of $0.65 per common share, payable on April 15, 2015 to shareholders of record at March 16, 2015.

(1) *We define net debt as debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents.*
(2) *For the purposes of calculating the net debt leverage ratio, Adjusted EBITDA is twelve-month trailing Adjusted EBITDA defined as operating revenues less operating costs as shown in our income statement.*

On February 5, 2014, the board of directors of BCE approved an increase of 6.0% in the annual dividend on BCE's common shares, from $2.33 to $2.47 per common share.

The following table summarizes some of our key ratios used to monitor and manage Bell Canada's capital structure. As of 2014, we report these ratios at the BCE level as opposed to the Bell level. Comparative figures are also reported at the BCE level.

AT DECEMBER 31	2014	2013
Net debt to Adjusted EBITDA	**2.59**	2.51
Adjusted EBITDA to net interest expense[(1)]	**8.38**	8.17

(1) *Net interest expense excludes interest on post-employment benefit obligations and includes 50% of preferred dividends.*

Note 25 Share capital

Preferred shares

BCE's articles of amalgamation provide for an unlimited number of First Preferred Shares and Second Preferred Shares, all without par value. The terms set out in the articles authorize BCE's directors to issue the shares in one or more series and to set the number of shares and the conditions for each series.

The following table is a summary of the principal terms of BCE's First Preferred Shares. There were no Second Preferred Shares issued and outstanding at December 31, 2014. BCE's articles of amalgamation, as amended, describe the terms and conditions of these shares in detail.

	NUMBER OF SHARES	STATED CAPITAL

SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE	REDEMPTION PRICE	AUTHORIZED	ISSUED AND OUTSTANDING	DEC. 31, 2014	DEC. 31, 2013
Q	floating	Series R	December 1, 2015	At any time	$25.50	8,000,000	–	**–**	–
R[1]	4.49%	Series Q	December 1, 2015	December 1, 2015	$25.00	8,000,000	8,000,000	**200**	200
S	floating	Series T	November 1, 2016	At any time	$25.50	8,000,000	3,606,225	**90**	90
T[1]	3.393%	Series S	November 1, 2016	November 1, 2016	$25.00	8,000,000	4,393,775	**110**	110
Y	floating	Series Z	December 1, 2017	At any time	$25.50	10,000,000	8,772,468	**219**	219
Z[1]	3.152%	Series Y	December 1, 2017	December 1, 2017	$25.00	10,000,000	1,227,532	**31**	31
AA[1]	3.45%	Series AB	September 1, 2017	September 1, 2017	$25.00	20,000,000	10,144,302	**259**	259
AB	floating	Series AA	September 1, 2017	At any time	$25.50	20,000,000	9,855,698	**251**	251
AC[1]	3.55%	Series AD	March 1, 2018	March 1, 2018	$25.00	20,000,000	5,069,935	**129**	129
AD	floating	Series AC	March 1, 2018	At any time	$25.50	20,000,000	14,930,065	**381**	381
AE	floating	Series AF	February 1, 2015	At any time	$25.50	24,000,000	1,422,900	**36**	36
AF[1]	4.541%	Series AE	February 1, 2015	February 1, 2015	$25.00	24,000,000	14,577,100	**364**	364
AG[1]	4.50%	Series AH	May 1, 2016	May 1, 2016	$25.00	22,000,000	10,841,056	**271**	271
AH	floating	Series AG	May 1, 2016	At any time	$25.50	22,000,000	3,158,944	**79**	79
AI[1]	4.15%	Series AJ	August 1, 2016	August 1, 2016	$25.00	22,000,000	10,754,990	**269**	269
AJ	floating	Series AI	August 1, 2016	At any time	$25.50	22,000,000	3,245,010	**81**	81
AK[1]	4.15%	Series AL	December 31, 2016	December 31, 2016	$25.00	25,000,000	25,000,000	**625**	625
AL[2]	floating	Series AK	December 31, 2021			25,000,000	–	**–**	–
AM[1]	4.85%	Series AN	March 31, 2016	March 31, 2016	$25.00	30,000,000	11,500,000	**263**	–
AN[2]	floating	Series AM	March 31, 2021			30,000,000	–	**–**	–
AO[1]	4.55%	Series AP	March 31, 2017	March 31, 2017	$25.00	30,000,000	4,600,000	**118**	–
AP[2]	floating	Series AO	March 31, 2022			30,000,000	–	**–**	–
AQ[1]	4.25%	Series AR	September 30, 2018	September 30, 2018	$25.00	30,000,000	9,200,000	**228**	–
AR[2]	floating	Series AQ	September 30, 2023			30,000,000	–	**–**	–
								4,004	3,395

(1) *BCE may redeem each of these series of First Preferred Shares on the applicable redemption date and every five years after that date.*

(2) *If Series AL, AN, AP or AR First Preferred Shares are issued on December 31, 2016, March 31, 2016, March 31, 2017 and September 30, 2018, respectively, BCE may redeem such shares at $25.00 per share on December 31, 2021, March 31, 2021, March 31, 2022 and September 30, 2023, respectively, and every five years thereafter (collectively, a Series conversion date). Alternatively, BCE may redeem Series AL, AN, AP or AR First Preferred Shares at $25.50 per share on any date after December 31, 2016, March 31, 2016, March 31, 2017 and September 30, 2018, respectively, which is not a Series conversion date.*

VOTING RIGHTS

All of the issued and outstanding First Preferred Shares at December 31, 2014 are non-voting, except under special circumstances, when the holders are entitled to one vote per share.

PRIORITY AND ENTITLEMENT TO DIVIDENDS

The First Preferred Shares of all series rank on a parity with each other and in priority to all other shares of BCE with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding up of BCE.

Holders of Series R, T, Z, AA, AC, AF, AG, AI, AK, AM, AO and AQ First Preferred Shares are entitled to fixed cumulative quarterly dividends. The dividend rate on these shares is reset every five years, as set out in BCE's articles of amalgamation, as amended.

Holders of Series S, Y, AB, AD, AE, AH and AJ First Preferred Shares are entitled to floating adjustable cumulative monthly dividends. The floating dividend rate on these shares is calculated every month, as set out in BCE's articles of amalgamation, as amended.

Dividends on all series of First Preferred Shares are paid as and when declared by the board of directors of BCE.

CONVERSION FEATURES

All of the issued and outstanding First Preferred Shares at December 31, 2014 are convertible at the holder's option into another associated series of First Preferred Shares on a one-for-one basis according to the terms set out in BCE's articles of amalgamation, as amended.

ISSUE OF BCE FIRST PREFERRED SHARES IN EXCHANGE FOR PREFCO PREFERRED SHARES

BCE issued Series AM, AO and AQ First Preferred Shares in exchange for the issued and outstanding preferred shares of Prefco, having the same financial terms as the existing Prefco preferred shares, as described in Note 3, *Privatization of Bell Aliant*.

CONVERSION OF FIRST PREFERRED SHARES

On February 1, 2015, 7,904,105 of BCE's 14,577,100 Cumulative Redeemable First Preferred Shares, Series AF (Series AF Preferred Shares) were converted, on a one-for-one basis, into Cumulative Redeemable First Preferred Shares, Series AE (Series AE Preferred Shares). In addition, on February 1, 2015, 34,872 of BCE's 1,422,900 Series AE Preferred Shares were converted, on a one-for-one basis, into Series AF Preferred Shares. As a result, 6,707,867 Series AF Preferred Shares and 9,292,133 Series AE Preferred Shares remain outstanding.

For the five year period beginning on February 1, 2015, the Series AF Preferred Shares will pay a quarterly fixed dividend based on an annual dividend rate of 3.11%. The Series AE Preferred Shares will continue to pay a monthly floating adjustable cash dividend.

Common shares and Class B shares

BCE's articles of amalgamation provide for an unlimited number of voting common shares and non-voting Class B shares, all without par value. The common shares and the Class B shares rank equally in the payment of dividends and in the distribution of assets if BCE is liquidated, dissolved or wound up, after payments due to the holders of preferred shares. No Class B shares were outstanding at December 31, 2014 and 2013.

The following table provides details about the outstanding common shares of BCE.

		2014		2013	
	NOTE	NUMBER OF SHARES	STATED CAPITAL	NUMBER OF SHARES	STATED CAPITAL
Outstanding, January 1		**775,892,556**	**13,629**	775,381,645	13,611
Shares issued for the Privatization of Bell Aliant	3	**60,879,365**	**2,928**	–	–
Shares issued under employee stock option plan	26	**1,372,006**	**53**	420,822	14
Shares issued under ESP		**2,186,426**	**107**	90,089	4
Outstanding, December 31		**840,330,353**	**16,717**	775,892,556	13,629

CONTRIBUTED SURPLUS

Contributed surplus in 2014 includes premiums in excess of par value upon the issuance of BCE common shares.

As described in Note 3, *Privatization of Bell Aliant*, contributed surplus decreased in 2014 by $1,499 million, as compared to 2013, which represents primarily the amount originally recorded to contributed surplus from the distribution of fund units to the holders of BCE common shares by way of a return of capital when Bell Aliant converted from a corporate structure to an income fund in 2006.

Note 26 Share-based payments

The following share-based payment amounts are included in the income statements as operating costs.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
ESPs	**(30)**	(35)
RSUs/PSUs	**(49)**	(44)
Deferred share plans – Bell Aliant	**(10)**	(10)
Other[1]	**(10)**	(9)
Total share-based payments	**(99)**	(98)

(1) *Includes DSUs and stock options.*

Description of the plans

ESPs

ESPs are designed to encourage employees of BCE and its participating subsidiaries to own shares of BCE. Each year, employees can choose to have a certain percentage of their eligible annual earnings withheld through regular payroll deductions for the purchase of BCE common shares. In some cases, the employer also will contribute a percentage of the employee's eligible annual earnings to the plan, up to a specified maximum. Dividends are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on

BCE common shares.

The BCE ESP allows employees to contribute up to 12% of their annual earnings with a maximum employer contribution of 2%.

Employer contributions to the BCE plan are subject to employees holding their shares for a two-year vesting period. Dividends related to employer contributions are also subject to the two-year vesting period.

The trustee of the ESP buys BCE common shares for the participants on the open market, by private purchase or from treasury. BCE determines the method the trustee uses to buy the shares.

At December 31, 2014, 10,135,275 common shares were authorized for issuance from treasury under the BCE ESP.

The following table summarizes the status of unvested employer contributions at December 31, 2014 and 2013.

NUMBER OF ESPs	2014	2013
Unvested contributions, January 1	**1,230,265**	1,290,286
Contributions[1]	**631,038**	659,568
Dividends credited	**60,621**	65,067
Vested	**(645,141)**	(687,157)
Forfeited	**(123,130)**	(97,499)
Unvested contributions, December 31	**1,153,653**	1,230,265

(1) *The weighted average fair value of the ESPs contributed was $49 and $45 in 2014 and 2013, respectively.*

RSUs/PSUs

RSUs/PSUs are granted to executives and other key employees. The value of an RSU/PSU at the grant date is equal to the value of one BCE common share. Dividends in the form of additional RSUs/PSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividend paid on BCE common shares. Executives and other key employees are granted a specific number of RSUs/PSUs for a given performance period based on their position and level of contribution. RSUs/PSUs vest fully after three years of continuous employment from the date of grant and, in certain cases, if performance objectives are met as determined by the board of directors.

The following table summarizes outstanding RSUs/PSUs at December 31, 2014 and 2013.

NUMBER OF RSUs/PSUs	2014	2013
Outstanding, January 1	3,733,830	2,468,405
Granted[1]	1,058,031	1,219,042
Dividends credited	184,590	174,989
Settled	(1,259,067)	(68,182)
Forfeited	(100,417)	(60,424)
Outstanding, December 31	3,616,967	3,733,830
Vested, December 31[2]	1,307,824	1,210,791

(1) *The weighted average fair value of the RSUs/PSUs granted was $48 and $45 in 2014 and 2013, respectively.*
(2) *The RSUs/PSUs vested on December 31, 2014 were fully settled in February 2015 with BCE common shares and/or DSUs.*

DEFERRED SHARE PLANS – BELL ALIANT

Participants have the option to receive either BCE common shares or a cash equivalent for each vested deferred share upon qualifying for payout under the terms of the grant. The carrying amount of the liability recorded in the statement of financial position and related to the deferred share plans was $52 million at December 31, 2014.

STOCK OPTIONS

Under BCE's long-term incentive plans, BCE may grant options to executives to buy BCE common shares. The subscription price of a grant is based on the higher of:

- the volume-weighted average of the trading price on the trading day immediately prior to the effective date of the grant
- the volume-weighted average of the trading price for the last five consecutive trading days ending on the trading day immediately prior to the effective date of the grant

At December 31, 2014, 22,881,173 common shares were authorized for issuance under these plans. Options vest fully after three years of continuous employment from the date of grant. All options become exercisable when they vest and can be exercised for a period of seven years from the date of grant. Special vesting provisions may apply if:

- there is a change in control of BCE and the option holder's employment ends
- the option holder is employed by a designated subsidiary of BCE and BCE's ownership interest in that subsidiary falls below the percentage set out in the plan

The following table summarizes BCE's outstanding stock options at December 31, 2014 and 2013.

	NOTE	2014 NUMBER OF OPTIONS	2014 WEIGHTED AVERAGE EXERCISE PRICE ($)	2013 NUMBER OF OPTIONS	2013 WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1		**7,870,231**	**$40**	5,310,356	$37
Granted		**2,915,361**	**$48**	2,993,902	$44
Exercised[1]	25	**(1,372,006)**	**$36**	(420,822)	$30
Forfeited		**(135,396)**	**$44**	(13,205)	$40
Outstanding, December 31		**9,278,190**	**$43**	7,870,231	$40
Exercisable, December 31		**865,600**	**$36**	–	–

(1) *The weighted average share price for options exercised was $49 and $45 in 2014 and 2013, respectively.*

The following table provides additional information about BCE's stock option plans at December 31, 2014.

	STOCK OPTIONS OUTSTANDING		
RANGE OF EXERCISE PRICES	NUMBER	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE ($)
$30–$39	**865,600**	**3.9**	**$36**
$40 or more	**8,412,590**	**5.9**	**$44**
	9,278,190	**5.7**	**$43**

ASSUMPTIONS USED IN STOCK OPTION PRICING MODEL

The fair value of options granted was determined using a variation of a binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following table shows the principal assumptions used in the valuation.

	2014
Weighted average fair value per option granted	**$2.37**
Weighted average share price	**$48**
Weighted average exercise price	**$48**
Dividend yield	**5.2%**
Expected volatility	**15%**
Risk-free interest rate	**1.5%**
Expected life (years)	**4.5**

Expected volatilities are based on the historical volatility of BCE's share price. The risk-free rate used is equal to the yield available on Government of Canada bonds at the date of grant with a term equal to the expected life of the options.

DSUs

Eligible bonuses and RSUs/PSUs may be paid in the form of DSUs when executives or other key employees elect to or are required to participate in the plan. The value of a DSU at the issuance date is equal to the value of one BCE common share. For non-management directors, compensation is paid in DSUs until the minimum share ownership requirement is met or as elected by the directors thereafter. There are no vesting requirements relating to DSUs. Dividends in the form of additional DSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on BCE common shares. DSUs are settled when the holder leaves the company.

The following table summarizes the status of outstanding DSUs at December 31, 2014 and 2013.

NUMBER OF DSUs	2014	2013
Outstanding, January 1	**3,625,053**	3,305,861
Issued[1]	**142,231**	230,718
Settlement of RSUs/PSUs	**415,091**	–
Dividends credited	**202,885**	182,065
Settled	**(268,733)**	(93,591)
Outstanding, December 31	**4,116,527**	3,625,053

(1) *The weighted average fair value of the DSUs issued was $48 and $44 in 2014 and 2013, respectively.*

Note 27 Commitments and contingencies

Commitments

The following table is a summary of our contractual obligations at December 31, 2014 that are due in each of the next five years and thereafter.

	NOTE	2015	2016	2017	2018	2019	THERE-AFTER	TOTAL
Operating leases		295	249	211	161	134	748	1,798
Commitments for property, plant and equipment and intangible assets		851	573	441	450	321	1,617	4,253
Purchase obligations		1,443	448	360	188	178	1,005	3,622
Glentel acquisition	4	670	–	–	–	–	–	670
Total		3,259	1,270	1,012	799	633	3,370	10,343

BCE's significant operating leases are for office premises, cellular tower sites and retail outlets with lease terms ranging from 1 to 33 years. These leases are non-cancellable and are renewable at the end of the lease period. Rental expense relating to operating leases was $335 million in 2014 and $300 million in 2013.

Purchase obligations consist of contractual obligations under service and product contracts for operating expenditures. Our commitments for property, plant and equipment and intangible assets include program and feature film rights and investments to expand and update our networks to meet customer demand.

Contingencies

We become involved in various legal proceedings as a part of our business. While we cannot predict the final outcome or timing of the legal proceedings pending at December 31, 2014, based on the information currently available and management's assessment of the merits of such legal proceedings, management believes that the resolution of these legal proceedings will not have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

Note 28 Related party transactions

Subsidiaries

The following table shows BCE's significant subsidiaries at December 31, 2014. BCE has other subsidiaries which have not been included in the table as each represents less than 10% individually and less than 20% in aggregate of total consolidated revenues.

All of these subsidiaries are incorporated in Canada and provide services to each other in the normal course of operations. The value of these transactions is eliminated on consolidation.

	OWNERSHIP PERCENTAGE	
SUBSIDIARY	**2014**	2013
Bell Canada	**100.0%**	100.0%
Bell Mobility Inc.	**100.0%**	100.0%
Bell Aliant[(1)]	**100.0%**	44.1%
Bell Media Inc.	**100.0%**	100.0%

(1) *In 2014, BCE acquired all of the issued and outstanding common shares of Bell Aliant that it did not already own. Refer to Note 3,* Privatization of Bell Aliant. *At December 31, 2013, BCE controlled Bell Aliant through its right to appoint a majority of the board of directors of Bell Aliant.*

Transactions with joint arrangements and associates

During 2014 and 2013, BCE provided telecommunication services and received programming content and other services in the normal course of business on an arm's length basis to and from its joint arrangements and associates. Our joint arrangements are comprised of MLSE, Inukshuk, Enstream Inc., Cirque du Soleil Media Limited Partnership and Dome Productions Partnership. Our associates are comprised of Summerhill Ventures LLP, Q9 Networks Inc., The NHL Network Inc., Suretap Wallet Inc. and, until July 2013, Viewer's Choice Canada Inc.

BCE recognized revenues and incurred expenses with our associates and joint arrangements of $6 million (2013 – $7 million) and $56 million (2013 – $56 million), respectively.

BCE Master Trust Fund

Bimcor Inc. (Bimcor), a wholly-owned subsidiary of Bell Canada, is the administrator of the Master Trust. Bimcor recognized management fees of $12 million from the Master Trust for 2014 and 2013. The details of BCE's post-employment benefit plans are set out in Note 22, *Post-employment benefit plans*.

Compensation of key management personnel and board of directors

The following table includes compensation of the key management personnel and board of directors for the years ended December 31, 2014 and 2013 included in our income statements. Key management personnel are the company's Chief Executive Officer (CEO) and the executives who report directly to the CEO.

FOR THE YEAR ENDED DECEMBER 31	2014	2013
Wages, salaries, fees and related taxes and benefits	**(24)**	(24)
Post-employment benefit plans and OPEBs cost	**(4)**	(4)
Share-based compensation	**(26)**	(25)
Key management personnel and board of directors compensation expense	**(54)**	(53)

Note 29 Significant partly-owned subsidiaries

The following tables show summarized financial information for our subsidiaries with significant NCI.

Summarized statements of financial position

	BELL ALIANT[1]	CTV SPECIALTY[1]	
FOR THE YEAR ENDED DECEMBER 31	2013	2014	2013
Current assets	408	**255**	378
Non-current assets	4,584	**999**	1,004
Total assets	4,992	**1,254**	1,382
Current liabilities	712	**152**	448
Non-current liabilities	3,117	**185**	189
Total liabilities	3,829	**337**	637
Total equity attributable to BCE shareholders	221	**643**	522
NCI[2]	942	**274**	223

(1) *In 2014, BCE acquired all the issued and outstanding shares of Bell Aliant that it did not already own, therefore eliminating the 55.9% ownership interest held by NCI. Refer to Note 3,* Privatization of Bell Aliant. *At December 31, 2013 and 2014, the ownership interest held by NCI in CTV Specialty was 29.9%. Both of Bell Aliant and CTV Specialty were incorporated and operated in Canada as at such dates.*

(2) *The Bell Aliant NCI was greater than its share of net assets by $662 million for 2013, primarily due to preferred shares, all of which were owned by the NCI.*

Selected income and cash flow information

	BELL ALIANT[1]		CTV SPECIALTY[2]	
FOR THE YEAR ENDED DECEMBER 31	2014	2013	2014	2013
Operating revenues	**2,757**	2,759	**807**	781
Net earnings	**328**	379	**174**	190
Net earnings attributable to NCI	**165**	224	**53**	58
Total comprehensive income	**171**	664	**175**	194
Total comprehensive income attributable to NCI	**72**	384	**54**	59
Cash dividends paid to NCI	**143**	270	**2**	13

(1) *Bell Aliant net earnings and total comprehensive income include $22 million and $28 million of dividends declared on preferred shares for 2014 and 2013, respectively.*

(2) *CTV Specialty net earnings and total comprehensive income includes $2 million directly attributable to NCI for 2014 and 2013.*

GLOSSARY

BOOK VALUE PER SHARE

Total equity attributable to BCE shareholders, excluding preferred shares, divided by the number of common shares outstanding.

DIVIDENDS DECLARED PER COMMON SHARE

Common dividends declared divided by common shares outstanding at the end of the year.

MARKET CAPITALIZATION

BCE's common share price at the end of the year multiplied by the number of common shares outstanding at the end of the year.

PRICE TO BOOK RATIO

BCE's common share price at the end of the year divided by the book value per share at the end of the year.

PRICE TO CASH FLOW RATIO

BCE's common share price at the end of the year divided by cash flow per common share. Cash flow per common share is cash flow from operating activities less capital expenditures, divided by the average number of common shares outstanding.

PRICE TO EARNINGS RATIO

BCE's common share price at the end of the year divided by earnings per share.

RETURN ON EQUITY

Net earnings attributable to common shareholders divided by total average equity attributable to BCE shareholders excluding preferred shares.

TOTAL DEBT TO TOTAL ASSETS

Total debt (including debt due within one year) divided by total assets.

TOTAL DEBT TO TOTAL EQUITY

Total debt (excluding notes payable and bank advances) divided by total equity.

TOTAL SHAREHOLDER RETURN

The change in the BCE share price for a specified period plus BCE dividends reinvested, divided by the BCE share price at the beginning of the period.

REPORTS ON INTERNAL CONTROL

Management's report on internal control over financial reporting

The management of BCE Inc. (BCE) is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of BCE to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS).

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated, under the supervision of and with the participation of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of BCE, the effectiveness of our internal control over financial reporting as at December 31, 2014, based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework).

Based on that evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of BCE concluded that our internal control over financial reporting was effective as at December 31, 2014. There were no material weaknesses that have been identified by management of BCE in internal control over financial reporting as at December 31, 2014.

Our internal control over financial reporting as at December 31, 2014 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited our consolidated financial statements for the year ended December 31, 2014. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting as at December 31, 2014.

(signed) George A. Cope
President and Chief Executive Officer

(signed) Siim A. Vanaselja
Executive Vice-President and Chief Financial Officer

(signed) Thierry Chaumont
Senior Vice-President and Controller

March 5, 2015

Report of independent registered public accounting firm

To the Board of Directors and Shareholders of BCE Inc.

We have audited the internal control over financial reporting of BCE Inc. and subsidiaries (the "Company") as of December 31, 2014, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated March 5, 2015 expressed an unmodified opinion on those financial statements.

(signed) Deloitte LLP(1)
Independent Registered Chartered Professional Accountants

Montréal, Canada
March 5, 2015

(1) *CPA auditor, CA, public accountancy permit No. A104644*

Exhibit 99.4

Code of Business Conduct

What we do is who we are

Our Moral Compass
Policy Contact: corporate.secretariat@bell.ca

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Code of Business Conduct

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Our goal:
To be recognized by customers as Canada's leading communications company.

Our 6 strategic imperatives:


Accelerate Wireless


Leverage Wireline Momentum


Expand Media Leadership


Invest In Broadband Networks And Services


Achieve A Competitive Cost Structure


Improve Customer Service

If you have any question regarding this Code of Business Conduct, please e-mail corporate.secretariat@bell.ca or contact the Business Conduct Help Line available at clearviewconnects.com on a 24/7 basis or by calling 1 866 298 2942 (toll free).

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A Message from our President and Chief Executive Officer

As we work together to achieve Bell's goal – to be recognized by customers as Canada's leading communications company – everyone on the team has a responsibility to meet the highest standards of ethical conduct.

In more than 130 years of serving Canadians, Bell has built a reputation for adhering to the most rigorous standards of business conduct. We value that reputation and understand the importance of earning it every day in interactions with our customers, shareholders, suppliers, the broader public and our fellow team members.

That is why we are all required to renew a personal commitment to reading and understanding the Bell Code of Conduct each year. The Code clearly explains the values and standards of behaviour expected from every team member in all aspects of our business.

Please take the time to read the Bell Code of Conduct, and to incorporate the principles into your work at Bell every day. Thank you for your support.



George Cope
President and Chief Executive Officer
BCE Inc. and Bell Canada

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1 INTRODUCTION

The Bell Canada Code of Business Conduct explains the fundamental values and standards of behaviour that are expected from us in all aspects of our business.

In our daily activities, we have a fundamental responsibility to address a broad spectrum of issues. These include: preventing conflicts of interest, protecting company assets, safeguarding privacy and confidentiality, treating customers, business partners, team members and competitors with respect and honesty, fostering a diverse, safe and healthy workplace and protecting the environment.

Acting responsibly is central to achieving sustainable business success and essential to the pursuit of our corporate goal: to be recognized by customers as Canada's leading communications company.

The Code provides various rules and guidelines for ethical behaviour based on Bell values, as well as applicable laws and regulations.

These values and standards reinforce our commitment to the highest levels of customer service, a working environment in which performance is recognized and people are respected and sensitivity to the needs of the community that Bell serves.

1.1 Scope: Who Does the Code Apply To?

The Code applies to everyone at Bell, including all directors, executives and employees of BCE Inc., Bell Canada and their subsidiaries that are not public companies. Throughout the Code, we will refer to these companies as Bell.

1.2 Objectives

Collectively, we undertake to:

- perform our work duties and conduct our business relationships with integrity and in a dynamic, straightforward, honest and fair manner
- comply with laws that apply to us as well as with Bell policies and procedures
- avoid conflicts of interest
- foster a work environment based on mutual trust and respect and that encourages open communication
- maintain a safe, healthy and secure workplace
- protect the environment
- support a culture in which ethical conduct is recognized, valued and exemplified
- promptly report issues relating to the Code and potential violations, non-compliance with applicable laws, regulations or company policies or procedures and any other emergencies.

1.3 Reporting a Misconduct or Violation of the Code – The Business Conduct Help Line

Individual responsibility does not mean you are on your own when facing an ethical issue. Don't be reluctant to ask any questions you might have on the Code or raise issues.

As part of Bell's commitment to the highest standards of ethics, employees are encouraged to promptly report any actual or potential misconduct, Code or other company policy violations, malpractice, fraud, misappropriation of business property or any other illegal or unethical act or behaviour, including accounting, internal accounting controls or auditing matters by an employee of Bell or by any business unit of Bell.

Any submission made by an employee regarding an unethical behaviour will be treated on a **confidential and anonymous** basis, unless specifically permitted to be disclosed by the employee or unless required by law. Submissions will only be disclosed to those persons who have a need to know in order to properly carry out an investigation of the potential unethical behaviour.

Any employee who in good faith reports an unethical behaviour will be protected from threats of retaliation, discharge or other

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types of sanctions that are directly related to the disclosure of such unethical behaviour.

No employee will be penalized for inquiring, in good faith, about apparently unethical behaviour or for obtaining guidance on how to handle suspected illegal acts or policy violations. Further, Bell will not allow retaliation for reports made in good faith.

An unethical behaviour may be reported to your immediate manager. If this won't meet your needs, is inappropriate, does not provide the necessary level of confidentiality or if you otherwise prefer, you can contact our confidential and anonymous Business Conduct Help Line at clearviewconnects.com on a 24/7 basis or by calling 1 866 298 2942 (toll free). You may also contact the Chief Legal Officer or the Chair of the Audit Committee.

You can also consult the Complaint Procedures for Accounting and Auditing Matters on the Corporate Policies & Ethics Program intranet site.

1.4 Responsibilities of Managers & Executives

We are all expected to perform our jobs with integrity and in a dynamic, straightforward, honest and fair manner. However, managers and executives have an enhanced role. This means:

- setting an example by complying with the Code and all Bell policies at all times
- ensuring that all employees have access to the Code (on-line or in paper format), that they know, understand and comply with its provisions and that they complete the annual review and sign off process
- complying with security policies and the associated directives, procedures and standards
- fostering an environment that encourages open communication and upholds sustainable development, health & safety, labour and ethics principles in every business decision and actions
- immediately reporting violations of the Code or breaches of Bell policies and taking prompt and decisive disciplinary action when it has been established that the Code has been violated.

1.5 Penalties for Violations

Disciplinary action up to and including dismissal will be taken should an employee, manager or executive:

- violate the Code or a Bell policy, disregard proper procedures or ask others to violate the Code or a Bell policy
- deliberately fail to promptly report a violation or withhold relevant information concerning a violation
- fail to cooperate in the investigation of a known or suspected violation
- take action against an employee who reports a violation or breach of the Code or other policy.

1.6 Annual Review and Sign Off

To demonstrate our commitment to the shared values and standards described in the Code, all employees, managers, executives and members of the Board of Directors must certify annually that they have reviewed and follow the Code. A copy of these certifications can be found at Attachments 1A and 2A. All employees must also take the on-line course on the Code at least every two years.

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2 OUR PRINCIPLES OF ETHICAL CONDUCT

2.1 Personal Integrity

Ethical behaviour is an essential part of our job and is a personal responsibility we all share. It means performing our job fully and competently. It also means being accountable for our behaviour and for supporting the values, principles and standards upon which our reputation rests.

Many aspects of our business are governed by laws and regulations and compliance with such laws and regulations is basic to ethical conduct. Bell and its directors, executives, managers and other employees are expected to comply with the laws, rules and regulations of all countries in which we operate, as well as the expectations and requirements of our various regulators. These laws include, but are not limited to, telecommunications laws, securities laws, laws prohibiting the corruption of government officials, in Canada and abroad, as well as lobbying, environmental, health and safety and employment legislation.

Ethical behaviour, however, goes beyond mere compliance with the law. It involves thinking through the possible impact of our decisions on all interested parties - customers, employees, unions, business partners, suppliers, investors, government as well as the communities and environment in which we live and work.

Although the Code lays out the fundamental principles of ethical and legal conduct, it cannot anticipate every ethical dilemma or situation we may encounter as we perform our jobs. This would be impossible given the rapid evolution of the communications industry.

Consequently, we may often find ourselves caught in a situation or facing an ethical problem not explicitly covered in the Code. In this case, we must rely on our internal sense of what is right – our moral compass – to guide us in making the right decision.

When faced with a difficult or unclear situation, it may help to ask questions such as:

- how would I feel if, rather than initiating this action, I was on the receiving end?
- how would my customer react if he/she knew I was breaking the rules or distorting the facts to make a sale?
- if I do this, how will I feel afterwards? Would I want my co-workers, friends or family to find out?
- if my actions became public, how would they be reported in the media?

Assuming personal responsibility for our actions means we can't blame someone else for our behaviour. Conversely, no one - not even a manager - can force us to commit an illegal or unethical act that may damage Bell's reputation, or our own.

We have a duty to report illegal acts or violations of the Code or Bell policies. Turning a blind eye to wrongdoing - in effect condoning such behaviour - is itself unethical. See section 1.3 for ways that are available to you to report unethical conducts.

Any breach of the Code or Bell policies or evidence of illegal behaviour will be taken very seriously. Depending on the nature and severity of the case, employees who breach the Code, violate Bell policy or commit an illegal act will face immediate discipline, up to and including dismissal, as well as possible civil or criminal prosecution.

2.2 Conflicts of Interest

As employees, managers and executives, **our business loyalty rests in placing Bell's interests** – including those of its customers and shareholders – **before our personal interests**.

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A conflict of interest arises whenever we allow, or appear to allow, personal interests or relationships to impair our judgment and ability to make decisions with integrity and honesty. By thinking of ourselves first, we may act in a way that is damaging, or potentially damaging, to Bell. We may also harm our personal reputation.

We must not use our position to influence or bypass Bell procedures for personal gain nor for the benefit of our family, friends, colleagues or anyone else.

How Can I Tell If I Am In a Conflict of Interest?

If you are not sure about a particular situation obtain the guidance you need. Start by asking yourself the following questions:

- Am I following proper Bell procedures?
- Do I stand to potentially gain personally from my actions?
- Can my actions potentially result in a financial or other advantage for myself, a near relative (which would include a spouse, sibling, parent, child, or in-law) or friend?
- Am I uncomfortable discussing this with my manager or fellow employees?
- Would I act differently if a friend or near relative weren't involved?

If you have any doubts about a possible conflict, raise the matter with your manager or contact the Business Conduct Help Line at www.clearviewconnects.com or by calling 1-866-298-2942 (toll free).

If there is an actual or potential conflict of interest, the employee **must** complete form BC3684A –" *Disclosure of a Conflict of Interest or Potential Conflict of Interest"* and provide a copy signed by his/her manager to the Corporate Secretary's Office (see Attachment 2B).

2.2.1 Conflicts of Interest Relating to Family and Personal Relationships

Each of us has a variety of personal relationships involving family and friends and sometimes our work and personal lives intersect.

We must disclose this relationship if it compromises, or threatens to compromise, our ability to act in Bell's best interest. Speak to your manager or contact the Business Conduct Help Line for further guidance. We should also be aware that bridging our personal and business lives may cause our competitors or suppliers – as well as colleagues within Bell – to believe we are in a conflict of interest. To avoid a conflict of interest, or prevent a situation from developing into a conflict of interest, **you must inform your manager** if, for example:

- you are considering hiring a near relative, friend or co-habitant
- you transact business on behalf of Bell with a near relative, friend or co-habitant
- you have been employed by a competitor within the last two years
- a near relative or co-habitant works for or has a financial interest in or is a major shareholder of a supplier or competitor.

If you are concerned that you may be in a conflict of interest, speak to your manager who may ask you to complete form BC3684A, "Disclosure of a Conflict of Interest or Potential Conflict of Interest." This form **must** be signed by you and your manager and sent to the Corporate Secretary's Office.

My partner has just become an executive sales manager for a company that services the computers in my department. Do I need to tell anyone about this?

- Yes. Someone could claim that Bell is giving your partner business because you are a Bell employee. You should notify your manager and make sure you are not involved in any decisions regarding your partner's company. This relationship should be noted in form BC3684A, "Disclosure of a Conflict of Interest or Potential Conflict of Interest."

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2.2.2 Conflicts of Interest Relating to Supplier-Funded Incentive Programs

Supplier-funded incentive programs, often offered to sales employees by suppliers seeking to sell their products, may only be arranged through an authorized program administrator who does not work with the eligible employees.

It's up to the program administrator to ensure there is no conflict between Bell's marketing strategy and the supplier's incentive program. For further information, please refer to the Compensation & Recognition Policy on the Human Resources Policies intranet site.

2.2.3 Conflicts of Interest Arising from Outside Employment and Similar Activities

We all have a right to do what we want during our non-working hours. This could include holding another job in which we use the skills and experience acquired through our work at Bell. However, we must ensure that our outside employment or other activities do not conflict, or appear to conflict, with Bell's business or with our ability to fulfill our duties as employees.

To avoid a conflict of interest, or even the appearance of such a conflict, you should discuss any planned outside business activities with your

manager. **As a general guideline, you may not** :

- work for an organization that competes with Bell or operate a business or promote a third party's line of products or services that compete with those offered by Bell
- use Bell's time, materials and facilities in paid or unpaid work for other organizations (for example, to support a charitable community project), unless specifically authorized by senior management (CP4 or higher). Where such authorization has been obtained, as per the Bell Community Investment policy, no company products or services (such as wireline telecommunication services, Internet services, handsets, etc.) may be provided in-kind
- accept outside employment or engage in any activity that may prevent you from performing your job at Bell fully and competently
- contribute to or support any political group or political activity on behalf of Bell, unless specifically authorized by the appropriate Bell department responsible for government relations.

I am a Bell technician who installs circuitry for small and medium-sized business customers. With the growth of the Internet and other communications services, demand for my expertise is booming. Can I take advantage of this opportunity and start up an installation business on my own time?

- No. You cannot engage in any outside activity that might take business away from Bell or any of its subsidiaries. Furthermore, as an employee, you are expected to contribute your energy and ideas to your job as an installer for Bell.

As a customer service representative I happen to respond to my brother's telephone call inquiring about a charge on his account for TV services. Can I respond to this call and make adjustments, if any, to his account?

- No. Employees are not allowed to access or make changes to the billing accounts of their families and friends, including their own.

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2.2.4 Conflict of Interest Guidelines for Executives and External Directorships

In addition to the conflict of interest guidelines and procedures noted above, in respect to all persons who are executives (i.e. Vice-President and above), a conflict of interest may also arise:

- when there is an outside interest which materially encroaches on time or attention which should be devoted to Bell's affairs or so affects the executive's energies as to prevent him/her from devoting his/her full abilities to the performance of duties
- where an executive or any of his/her near relatives, friends or cohabitants has a direct or indirect interest in or relationship with any outsider, such as a supplier (whether of goods or services), customer, agent or competitor of Bell or its subsidiary and associated corporations, or with a person in a position to influence the actions of an outsider, which is inherently unethical or which might be implied or construed to:
  - give rise to a possible personal gain or favour to the executive involved, or any of his/her near relatives, friends or cohabitants due to the executive's actual or potential power to influence dealings between Bell and the outsider
  - render the executive partial toward the outsider for personal reasons, or otherwise inhibit the impartiality of the executive's business judgement or his/her desire to serve only Bell's best interests in the performance of his/her functions as an executive
  - place the executive or Bell in an equivocal, embarrassing or ethically questionable position in the eyes of the public or any external monitoring body
  - reflect unfavourably on the integrity of the executive or Bell.
- where an executive or any of his/her near relatives, friends or cohabitants makes use of any non-public information, such as information for internal use, or of a confidential nature, proprietary, insider, privileged or government classified nature or customer information, entrusted to or obtained by the executive in the conduct of Bell's business to benefit himself/herself or any of his/her near relatives, by selling or making available such information to interests outside Bell, or uses the information in any other manner to further his/her interest(s), or the interest(s) of any of his/her near relatives
- where an executive or any of his/her near relatives, friends or cohabitants has any direct or indirect interest or relationship which is actually or potentially harmful or detrimental to Bell's best interests.

Executives are required to disclose any actual or potential conflicts of interest by providing written notice to the Corporate Secretary at corporate.secretariat@bell.ca. The Corporate Secretary is responsible for administering the Code and the Conflict of Interest Guidelines. If the Corporate Secretary is unable to resolve an existing or potential conflict of interest with the person involved, the matter will be discussed with the

Executive Vice-President and Chief Legal & Regulatory Officer.

External Directorships

As a general rule, executives are allowed to be appointed to the board of directors of a company other than a Bell company provided that such election:

- will not create conflicts of interest either for the executive or for any Bell company
- will contribute to the development of the executive or will benefit Bell either directly or indirectly
- will not be at the expense of the executive's corporate responsibilities and will not impose an undue burden on the executive.

Provided the above criteria are met, before accepting an external directorship appointment, an executive shall, through his/her superior, seek and obtain clearance from the President and Chief Executive Officer. If appointed, the executive must then disclose such fact to the Corporate Secretary's Office promptly.

Executives should however understand that the BCE group companies' D&O Insurance policy will not be applicable unless the executive's appointment is made at the request of Bell.

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2.3 Loans, Gifts and Entertainment

2.3.1 Loans from Bell

We do not accept, whether directly or indirectly, any loan or guarantee of obligations from Bell that are for our personal benefit.

2.3.2 Business Gifts & Entertainment

Do not solicit, accept or give gifts, gratuities, favours or unusual hospitality from or to suppliers or customers, which may compromise – or appear to compromise – our ability to make fair, objective, business decisions or may unfairly influence a business interaction.

Do not solicit or encourage gifts, hospitality, entertainment or any other thing for personal use.

Do not accept gifts having a monetary value; for example, gift certificates, cash, services, discounts or loans.

These guidelines do not change during traditional gift giving season.

We recognize, however, that building relationships with customers and suppliers is an integral part of doing business.

You may offer and accept reasonable hospitality in certain cases. You should consult your manager or contact the Business Conduct Help Line when in doubt about the appropriateness of a particular situation.

You may participate in unsolicited business entertainment depending on the function or services you perform for Bell and if the entertainment is clearly intended to facilitate business goals. If for example, tickets to a sporting or cultural event are offered, then the person offering the tickets should plan to attend the event as well.

You may sponsor events/activities for customers or potential customers where the purpose is to strengthen business relationships; however it is your responsibility to know and be sensitive to the customer's own code of conduct on these issues. Solicitation of modest gifts or prizes for Bell sponsored events which provide clear benefits to the sponsor and/or charitable organization is permitted upon approval by your manager.

You may accept unsolicited, nominal value hospitality, gifts or mementos that are customary or business related.

You may accept business entertainment in the form of meals as long as it is modest, infrequent, and as far as possible on a reciprocal basis.

Factors which you and your manager should consider when assessing the proper course of action include:

- Is Bell potentially involved in a major procurement activity with the company offering the gift or entertainment?
- Would the gift or entertainment be considered appropriate or customary, taking into account the nature of the function or services you perform for Bell?
- Would it be perceived as insulting or damaging to the business relationship to return the gift or decline the hospitality?
- Can the gift or hospitality be applied to benefit all team members rather than certain individuals?

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2.4 Political Activities

2.4.1 Political Contributions

Political Contributions refer to any payment or donation, including provision of services at favourable rates, irrespective of format or location, made on behalf of Bell to a recipient involved in federal, provincial, territorial or municipal political process, such as a political party, an election or leadership candidate, a riding association or an elected official. Bell's corporate policy prohibits political contributions without the express prior consent of the Executive Vice-President and Chief Legal & Regulatory Officer. This policy does not apply to political contributions made by individuals within Bell on their own behalf. However, funds or assets being contributed **must** originate with or belong to the individual making the contribution, and individuals making political contributions should be prepared to demonstrate ownership.

For further information, consult the Political Contributions Policy available from the Corporate Policies & Ethics intranet site.

Beyond standard penalties for non-compliance with the Code which were previously outlined, Bell may refer the matter to the appropriate regulatory and legal authorities, **which could lead to penalties, fines or imprisonment** .

2.4.2 Lobbying on behalf of Bell

Broadly speaking, lobbying involves reaching out to a public office holder (like an MP, a Minister or in some cases a mayor) in order to further Bell's objectives. It does not, however, include formal legal or regulatory submissions, communications in a public forum or responses to government Request for Proposals.

Lobbying public office holders is a legitimate activity but the law sets certain boundaries around lobbying, as well as establishes some disclosure requirements, to ensure that lobbying activities are transparent and ethical. The Regulatory/Law Department **must** be consulted before making representations to public office holders.

Beyond standard penalties for non-compliance with the Code which were previously outlined, Bell may refer the matter to the appropriate regulatory and legal authorities, **which could lead to penalties, fines or imprisonment** .

2.5 Improper Influence on the Conduct of Audits

Employees are prohibited from coercing, manipulating, misleading or fraudulently influencing Bell's internal or external auditors at any time and especially when the employee knows or should know that his/her action, if successful, could result in rendering Bell's financial statements misleading in any way.

2.6 Trading in Securities

2.6.1 Insider Trading

As a director or employee, you may become aware of undisclosed material information about Bell or any other company. Unless you are certain that this information has been officially publicly disclosed, **it is illegal for you to:**

- trade in securities of BCE Inc., Bell Canada or any company to which the information relates
- disclose such information (otherwise than in the necessary course of business and on a confidential basis) to another person - also known as "tipping" - even if the other person, the tippee, is related to you or is a friend. Trading or tipping by the tippee is also illegal.

Undisclosed material information refers to information that, if disclosed, could affect the market price of a company's securities or is likely to be considered important by investors in determining whether to buy, sell or otherwise trade in such securities. Some examples of what could constitute undisclosed

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material information are financial results, significant acquisitions or dispositions, business information such as business plans and new products and services.

At law, severe penalties may be imposed against you personally as a result of unlawful trading and tipping.

Assuming you are not otherwise aware of undisclosed material information, the **recommended time to purchase or sell BCE Inc. and Bell Canada securities is during the period beginning on the second business day following the day of announcement of BCE Inc.'s and Bell Canada's quarterly financial results and ending on the last day of the quarter during which the announcement is made.** This will help minimize the risk of an unintentional violation of these prohibitions, and the appearance of a violation (intentional or not). All employees are required to keep accurate records of their securities transactions and may be asked to report to Bell their holdings and investment transactions.

Even after Bell has officially publicly released material information, it is important to be sure that sufficient time has elapsed to enable the information to be disseminated to investors. **As a rule of thumb, you should not trade BCE Inc. or Ball Canada securities until the second business day following the public announcement. An employee must not attempt to "beat the market" by trading simultaneously with, or shortly after, the official release of public information.**

Members of the board of directors and executives should consult the "BCE Inc. and Bell Canada Insider Trading and Reporting Guidelines" for additional information. A copy of these guidelines can be obtained from the Corporate Secretary's Office.

Can I use information I obtain by accident or overheard?

- No. Even when you obtain undisclosed material information by accident, such as by overhearing a discussion of a planned acquisition, you are prohibited by law from trading in shares of BCE Inc. or the target company. In addition, you cannot suggest to a spouse, near relative or friend that they trade in shares of BCE Inc. or the target company while in possession of such information as this would be considered tantamount to divulging that information to someone outside Bell for personal gain or the gain of someone else. Such securities could only be traded on the second business day after Bell or the company being acquired issues a press release publicly announcing the planned acquisition.

2.6.2 Short Sales, Calls and Puts

As a director or employee of Bell, you may not engage in the following activities with respect to BCE Inc.'s securities or the securities of any of its affiliates (such as Bell Canada): (a) short sale; (b) sale of a call option and (c) purchase of a put option.

"Short selling" means selling shares you do not currently own and borrowing a third party's shares in order to make delivery, the whole in expectation that the shares will decrease in value when you will buy back the shares and return them to the owner. Such process may lead to undue speculation and abuse and is therefore prohibited.

Puts and calls may also lead to the same abuse and therefore similar restrictions apply to the sales of call options and purchases of put options in respect of securities of BCE Inc. and its affiliates. For the purposes hereof, a "call" can be defined as an option to demand delivery of a specified number or amount of securities at a fixed price within a specified time but does not include an option or right to acquire securities of BCE Inc. or its affiliates where such were granted by BCE Inc. or its affiliates (such as pursuant to BCE Inc.'s Long-Term Incentive (stock option) Programs). A "put" can be defined as an option to deliver a specified number or amount of securities at a fixed price within a specified time.

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In summary, **you cannot sell short** securities of BCE Inc. or its affiliates, and **you may not sell call options or buy put options** over the same securities. You must exercise great caution in your trading in order to avoid inadvertent breaches of these restrictions.

2.7 Public Disclosure of Material Information

Only authorized executives can decide the timing and content of public disclosures regarding Bell. Examples include public filings with securities regulatory authorities or the issuance of news releases.

If you are not an authorized spokesperson, you must not respond under any circumstances (including on a "no-name" or "off the record" basis) to inquiries from, or voluntarily provide information to, the investment community or the media, unless specifically asked to do so by an authorized spokesperson.

Any inquiries need to be immediately referred to Bell's Communications Department or Investor Relations Department. Contact information for spokespersons can be found in Bell's Disclosure Policy available on the Corporate Policies & Ethics intranet site.

2.8 Confidentiality of Customer and Employee Information

2.8.1 Customer Privacy

Bell has long been committed to maintaining the accuracy, confidentiality, security and privacy of customer information. It is essential that we protect the confidentiality of all non-public information entrusted to us by Bell or its customers, except when disclosure is authorized or legally

mandated. Even seemingly mundane information might be of use to competitors, or harmful to Bell or its customers, if disclosed. Even unintentional disclosure can lead to identity theft or financial gain by third parties. Therefore, the best way to protect customer information is to limit access on a need-to-know basis. In addition, we must comply with the laws and regulations related to privacy that apply to Bell, including the *Personal Information Protection and Electronic Documents Act* and restrictions imposed by the CRTC.

Unless a customer provides explicit consent or disclosure is pursuant to a legal power such as a search warrant, all information kept by Bell about its customers with the exception of listed name, address and telephone number, is confidential and cannot be disclosed or used, directly or indirectly, except for business purposes. We may only use this information for the purposes for which it was collected and that the customer would reasonably expect.

Recording, releasing or disclosing private customer information for personal gain or the benefit of another will result in immediate discipline up to and including dismissal, and may include civil or criminal prosecution. This may also expose Bell to substantive reputational harm and financial liability.

Interception of Private Communications

Communications between Bell and a customer may be monitored for quality assurance purposes, with an appropriate advisory to the customer.

The unlawful interception of a private communication is prohibited under the Criminal Code. The content of a customer's transmissions (including telephone and email) may not be monitored, nor may the content, nature and existence of telephone calls and data transmissions be released to third parties except as explicitly authorized by law.

Unintentional interceptions of a call may occur when providing service, doing repairs or when conducting quality control checks. In these instances, the employee must advise the persons on the call of the unintended interruption and immediately disconnect from that call.

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Business Customer or Supplier Information

Maintaining customer and supplier privacy is also crucial when dealing with contracts, proposals and quotations. We must be vigilant to not share business customer or supplier information - such as business plans, names of representatives or information of a sensitive nature - with other employees servicing a similar market segment (for example, the banking industry). By doing so, we may inadvertently divulge information about a business customer or supplier to that customer's or supplier competitor. Also, unless a business customer or supplier provides explicit consent, we do not share information about business customers or supplier with other affiliates or partners, agents or subsidiaries of our group, except with those affiliate or partners or agents or subsidiaries of a group, who are directly involved in the specific contract, proposals or quotations.

I am a customer service representative for the residential market. A caller identifying himself as the spouse of a wireless customer requests billing details for the spouse's account, indicating that he looks after bill payments for the family. Should I provide the information?

- If the caller is not explicitly listed on the account as an authorized co-user, the information should not be provided. Account details, particularly for wireless accounts, can be very sensitive information and is often sought in the context of matrimonial disputes. Advise the caller to have the account holder of record contact Bell to have the spouse added to the account as an authorized co-user. This approach applies equally to all customer accounts, in all business units.

2.8.2 Employee Privacy

Bell has also long been committed to protecting the personal information of its employees which is collected only for purposes relevant to managing the employment relationship. The obligations described in the *Personal Information Protection and Electronic Documents Act* also apply to the collection, use, disclosure and protection of personal employee information.

Personal information means information, in any format, about an identifiable individual, but does not include the name, title or business address or telephone number of an employee. Employee personal information refers to those records like the personnel files and other documents collected and used to provide services or support such as pay or benefits information. Personal health information is held separately by the Disability Management Group.

All personal information is protected by security safeguards appropriate to the sensitivity of the information and may only be used for reasonable purposes relating to the management of the employment relationship or for other purposes as may be required by law. All employees holding personal employee information must handle it in accordance with privacy principles. Aside from applying normal safeguards (i.e. locked cabinets and desks), employees should avoid discussing personal employee information in public areas.

Notwithstanding the notion of employee personal information, there shall be no expectation of privacy for communications made through the use of Bell equipment or using Bell paid services or products (for example, e-mail, internet/intranet activities, voice mail, computer files, network), as well as workspaces (for example, desks, lockers, and vehicles).

Bell reserves the right to monitor or search any and all Bell property at any time, where it determines on reasonable grounds that this is required; for example:

- to evaluate and measure service quality
- in the interests of the safety and protection of employees or Bell
- to search for specific business information
- to comply with legal warrants or other obligations
- to conduct security investigations such as in the event Bell suspects an employee of fraud, theft, undeclared conflict of interest or other situation which may cause prejudice to an employee or Bell or its reputation.

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Additional information is available through the Employee Privacy section of the Human Resources intranet site as well as in the Acceptable Use of Information Technology Resources Policy.

2.8.3 The Bell Privacy Policy

To support our commitment to privacy we have developed policies and a formal privacy code - the *Bell Privacy Policy* - which spell out the commitments of Bell, its employees and agents and the rights of customers and employees regarding personal information.

The Bell Privacy Ombudsman oversees compliance with these privacy policies and may be contacted at privacy@bell.ca.

The *Bell Privacy Policy* and other privacy-related documents are available by following the “privacy” link on www.bell.ca or on the Bellnet policies page Corporate Policies & Ethics.

2.9 Information Classification and Records Management

The purpose of the Information Classification and Records Management Policy and of the Records Retention Schedule is to ensure that Bell’s information is properly classified so records are adequately protected and managed to comply with legal requirements and business needs and to establish a framework for the management, preservation, security, accessibility, storage and destruction of records created or received. The policy applies to all forms of records irrespective of who has prepared them, whether they are in paper, electronic or other media format no matter whether they reside on Bell’s premises, servers and infrastructure or not.

Employees are responsible for:

- ensuring that records are classified, stored, transmitted and destroyed securely per the policy
- ensuring that the business records they keep or generate are accurate and complete
- ensuring compliance with business, legal and regulatory requirements with respect to record retention
- improving operational efficiencies, reducing space requirements and costs by eliminating unnecessary records
- ensuring the preservation and accessibility of relevant records to satisfy specific operating needs and in the event of potential or actual litigation or internal or external (including governmental) investigation.

Confidential information is information about our business that is not and should not be publicly available and includes any information classified as Internal Use or Confidential, as well as any information that has not been classified. Some examples of information which must be safeguarded from disclosure include:

- marketing strategies, pricing, bids and proposals
- training material
- passwords and encryption keys
- undisclosed financial results
- pictures or recordings of confidential information or discussions
- any video, picture or recording taken on work premise or of Bell premises, which are permitted only with director level management approval. Furthermore, it is strictly prohibited to record any identifiable individual without the person’s knowledge and consent, except if such recording is for investigation purposes and authorized by Corporate Security.

Specific to confidential information**, employees must also**:

- not store confidential information on laptops, tablets, smartphones, personal devices, etc. without appropriate protection/encryption
- not store confidential information, including pictures, on personal devices that have not been registered through the BYOD (bring your own device) process
- not bring confidential information outside business premises unless necessary and if so, take appropriate measures to protect the

information, such as not leaving the information unattended in public places
- avoid discussing such information in public places (including by phone in taxis, trains and airplanes), with family members or

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friends or with business colleagues when conversations might be overheard
- report immediately unauthorized disclosure, transmission, misappropriation or misuse of confidential information.

Bell's business and operational units are responsible for identifying records produced by their departments and attributing a retention period to such records based on the Record Retention Schedule.

The unauthorized disclosure of, or known failures in safeguards which protect, confidential information is to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911 or cni-nic@bell.ca.

Post Employment Obligations

Your obligation to protect Bell's confidential information continues after the employment relationship ends. **Upon termination of employment or contract, or reassignment, all employees must**:

- return all copies of confidential information and documents, including electronic records, and all third party information entrusted to Bell
- keep confidential and not use any such information or document. This continuing obligation is particularly important in the case of a departing employee who subsequently works for one of Bell's competitors or suppliers.

Preservation of Records under Legal Hold

Records subject to preservation under a "legal hold" must not be disposed of until the hold is lifted. Where a "legal hold" is in place, all owners of records that are subject to it must take positive steps to ensure the preservation of such records. Those record owners must also, prior to taking any steps that might affect the disposal of such records, such as re-imaging their computers or being "evergreened" to a new device, contact the Legal Department (ediscovery.legal@bell.ca) to verify whether they can dispose of the records. Any employee unsure whether records are subject to a legal hold or unsure of the hold's scope should contact the legal team at ediscovery.legal@bell.ca.

When an employee, who owns records that are subject to a legal hold leaves Bell, the employee's manager and Human Resources Consultant must ensure that these records are preserved.

How do I tell if a document (paper or electronic) is confidential if it is not marked as such?

- You should begin by asking the person who issued the document (if known), as the originator is the person who must determine the security classification. If you can't find the source of the information and the nature of the document does not make the classification obvious (such as information that has been made public), the document should be treated as confidential until the proper classification is determined.

2.10 Dealing with Customers and Suppliers

We achieve an ongoing competitive advantage by ensuring that our reputation for quality, service and integrity remains intact. Compete fairly but vigorously while complying with our legal and ethical obligations.

2.10.1 Customer Relations

Customers and customer service are at the core of our business. To succeed, we have to be honest, courteous, and respectful when dealing with our customers and their property whether visiting their home or place of business.

Our customers expect us to provide quality products and services, and be truthful when discussing our advantages and benefits. To maintain that trust **we should**:

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- offer customers only those services which we are legally allowed to provide and that they want or need

- promote our products and services accurately even when up selling
- give customers the straight facts about their competitive choices
- guide customers into asking the right questions about their competitive options
- convince customers it's to their advantage to stay with Bell – or come back from another carrier
- don't offer to waive charges, cut special deals or grant discounts that are not authorized.

2.10.2 Supplier Relations - Reciprocity

Like many corporations, we purchase goods and services from thousands of suppliers, many of whom are also our customers.

While we quite naturally want to do business with our customers, and will take advantage of every opportunity to do so, we must keep in mind that this should not be done at the expense of price, quality and service. These criteria, rather than the simple fact a supplier is or is not our customer, should guide our purchasing decisions.

Reciprocity is an arrangement where a purchaser gives business to a supplier because that supplier is its customer for other products, in preference to another supplier. Reciprocity, whether it originates with the buyer or the seller, should be handled with utmost care for a number of financial, ethical and legal reasons.

For example, we may lose the opportunity to save money on our purchases if we choose suppliers solely because they are Bell customers and we may be accused of anticompetitive behaviour.

Under certain circumstances, we may, for strategic marketing reasons, develop and contract services exclusively with a given supplier. The Law Department must be consulted before such arrangements are established.

Our department is organizing a meeting at a hotel. Due to the large size of our group, and the fact we don't want to travel far, we've chosen a nearby hotel serviced by a competitor's long distance network. Is this okay, or should we find a hotel that uses Bell long distance?

- It is not Bell policy to prohibit employees on company business from dealing with organizations that do not use Bell's services. While we actively encourage everyone at Bell to do business with our customers, we must ensure that this is not done at the expense of price, quality and service.
- Although the hotel you've chosen is not a Bell customer, you were right to choose it if, in your judgment, it best meets the price-quality-service criteria you are looking for: the hotel is located close to your office, it can easily accommodate all the members of your department and, as a result, will enable your group to save both time and traveling expenses.

2.11 Dealing with Competitors

2.11.1 Treating Competitors with Respect

We welcome and encourage fair and open competition and we are committed to treating competitors with due respect. By doing so, we honour the competitive spirit that motivates us to perform at our best.

Behaving competitively means that we:

- **do not** portray a competitor to the public or to a customer in an inaccurate, misleading, disparaging or unfair manner or in a way contrary to laws that govern competitive business practices
- **do not** state as a fact our understanding of a competitor's price information as that information may be out of date and incomplete
- **exercise care** when commenting publicly on such topics as a competitor's financial situation, business practices,

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management, reliability or foreign ownership
- **do not** behave disrespectfully toward a customer who has decided to purchase a competitor's products or services; rather we rigorously promote and provide high-quality service for any other product we may supply to this customer.

2.11.2 Obtaining Information about our Competitors

We have every right to gather information about the marketplace in which we operate through legal and ethical means. This includes information about our competitors, their products and services, technology, prices, advertising, and so on.

However, **we do not engage in industrial espionage, buy proprietary information or induce employees or former employees of our competitors to disclose proprietary or confidential information of his/her current or former employer.**

If you become aware that confidential or proprietary information about a competitor is circulating through Bell, you **must not** use such information and must immediately report it as indicated below.

Our business unit recently hired someone who was employed with a competing radio station. This person has confidential information which would be very valuable to us. Can we ask him to disclose this confidential information?

- Absolutely not. The new employee has an obligation to protect his/her former company's confidential or proprietary information, just as you would be obliged to protect Bell's confidential or proprietary information if you were to leave Bell. You must respect the employee's personal integrity as well as his/her obligation to his/her former employer. Inducing an employee to disclose such confidential information is a violation of the Code.

If I become aware that this person is disclosing a competitor's confidential information to Bell employees, should I report it?

- Yes you must report this fact to your immediate supervisor or through the Business Conduct Help Line at clearviewconnects.com or by calling 1-866-298-2942 – and you must not use such confidential information. Bell's reputation could be significantly harmed by such disclosure and taking immediate steps to contain the confidential information is critical. Failure to report is a violation of the Code.

2.11.3 Agreements with Competitors

In many cases, agreements between competitors that restrict i) the price at which competitors can sell their products or services to customers, ii) the customers to whom competitors can sell, or iii) quantities that competitors will produce or market, are criminal offences and thus prohibited. To be clear, this prohibition does not address cases where two competitors are simply entering into an agreement as buyer and seller of each other, as is for instance common in our wholesale division.

The law provides certain exceptions and we may, for strategic reasons, sometimes take advantage of these exceptions and enter into specific agreements with competitors. For instance, the rules allow, under certain conditions, the submission of joint bids with competitors in response to requests for proposal, something which otherwise would appear to be a prohibited agreement on price. **The Regulatory/Law Department must be consulted before arrangements with competitors are established.**

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2.11.4 When a Competitor is a Customer

When providing competitors with network facilities, broadcasting, access or other services, we **cannot** use information obtained as a result of that process in any manner which would give us an undue competitive advantage. This includes ensuring that this information is not made available to those within Bell or its affiliates who develop competitive service strategies. It also means that we must not disclose a customer's choice of competitive carrier to anyone who does not clearly require the information to provide service to the customer.

2.12 Safeguarding Bell Assets

We all have a responsibility to be accountable for and safeguard Bell assets from loss, damage, theft, fraud, vandalism, sabotage or unauthorized use, copying, disclosure or disposal. The improper use and/or reporting of assets could seriously undermine Bell's integrity, adversely affect our business strategies and decisions and weaken investor confidence. It is considered a severe misconduct that may lead to termination of employment for cause. It could also constitute a criminal offence.

Bell's assets include but are not limited to, offices and office equipment, inventory, computers, art, telephone and video equipment, vehicles, tools, materials, buildings, people, property, information, funds, communication networks, information systems, and intellectual property. The vehicle related policy and practice can be found on the Corporate Services intranet site and covers both the use of Bell-owned vehicles and the use of employee's vehicle for Bell purposes.

Access to and use of these assets must be authorized, adequately controlled and based on business needs. We should not use Bell assets for personal purposes, except where this use has been authorized by your leader. Each of us must also take appropriate measures to prevent losses due to willful action by others, both outside and within Bell, which may result in personal injury, property damage, theft, fraud, loss, abuse or unauthorized access to physical or logical assets, and intellectual property (including data).

Employees are expected to safeguard Bell assets and comply with Bell policies, including the Policy on Authorizations.

Bell policies, including the Policy on Authorizations, are available in the Corporate Policies & Ethics intranet site.

To best safeguard the tools and equipment used as part of their functions, employees must consult the Bell Corporate Security policies, available on the Corporate Policies & Ethics intranet site.

Loss or theft of Bell assets, property damage and malfunctioning doors and locks are to be reported to Bell's National Incident Centre (NIC) at 1-

866-714-0911 or at cni-nic@bell.ca.

2.12.1 Prevention of Fraud

What is Fraud?

- Fraud is defined as an intentional deception, falsification or misrepresentation made for personal gain, or to damage or create loss for the organization, customers or individuals. This can include the misuse or misapplication of the organization's resources or assets to conduct internal fraud.

Successfully preventing fraud requires an ongoing commitment from all of us. This includes actively participating in the prevention, detection, and reporting of suspected fraud, whether committed by an internal or external party. As employees we will not engage, directly or indirectly, in bribery, kick-backs, account falsification, false claims, or any other fraudulent or corrupt business practices.

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Fraudulent actions are not only unethical, but may also be a violation of law, **Bell has a "zero tolerance" stance with regards to all confirmed fraud situations**. If you are approached by anyone with an opportunity to engage in fraudulent activities, you must report the incident to your manager and Corporate Security or through the confidential Employee Help Line available at clearviewconnects.com or by calling 1 866 298 2942 (toll free).

2.12.2 Corporate Credit Cards and Bell Funds

We are personally responsible for funds, cash, cheques, postage, etc., over which we have control. Corporate credit cards are not to be used for personal cash withdrawals or purchases and other charge cards are to be used only for business purposes. We must also ensure that all expense vouchers, benefit claims and invoices are accurate and properly authorized.

Corporate policy regarding the use of corporate credit cards and corporate travel is detailed on the Travel and Expenses Management intranet site. **We should**, unless unavailable, use the services of suppliers with whom Bell has negotiated agreements (e.g. travel agents, airlines, car-rental agencies, taxi companies, hotels).

2.12.3 Hiring Consultants or Contractors

Hiring of contractors or consultants **must** follow the rules as outlined on the Contractors and Consultants Procurement intranet site and hiring of external resources **must** also comply with Personnel Security Policy available on the Corporate Policies & Ethics intranet site.

2.12.4 Electronic Procurement and Electronic Processing of Expense Reports

Bell electronically processes much of its procurement needs including employee expense reports and accounting for corporate credit card payments. **All employee expense reports and credit card payments must be approved by a Tier one level above the employee submitting the reports**.

2.12.5 Business Books and Records

Bell's books and records contain information essential to effective and efficient operations. They form the basis upon which key decisions about Bell are made by our executives, financial analysts, shareholders, investors, and regulators.

Because they are so crucial to Bell meeting its legal, regulatory and financial obligations, we must ensure that all documents, reports, plans and records falling under our responsibility are accurate and complete. We must also ensure that all transactions are properly authorized.

In preparing and maintaining our books and records, **we must**:

- adhere to all accepted accounting standards and practices, rules, regulations and controls applicable to us
- ensure that all entries are recorded accurately, on time, in the proper accounts, and are properly documented
- record all funds, assets and transactions; we may not establish any undisclosed or unrecorded fund or assets for any purpose
- keep books and records which reflect fairly, accurately and in reasonable detail Bell's transactions, acquisitions and disposal of assets and other relevant activities
- sign only those documents we believe to be accurate and truthful
- restrict access to sensitive or confidential information (such as financial records and customer information) to ensure the information is not accidentally or intentionally disclosed, modified, misused or destroyed
- maintain internal control processes to ensure that Bell meets its book and record keeping obligations.

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2.12.6 Standard Contracts and Agreements

Contracts and agreements represent some of the greatest exposures faced by Bell. If you are in a position to develop or sign contracts you **must** take necessary steps to protect the interests of Bell by ensuring that only Bell standard form template contracts are used and that the contract is reviewed by appropriate departments such as, Legal, Regulatory, Corporate Security, Corporate Responsibility & Environment, Health, Safety and Workplace, Risk Advisory Services and Insurance. Standard contracts must not be modified without prior Law Department approval.

2.12.7 Information Technology Security

Computers and computer networks form the backbone of business and operations infrastructure. For this reason, every effort must be made to protect Bell's computer systems and associated software from the various threats to their security, such as accidental or deliberate destruction of data and equipment, interruption of service, disclosure of confidential information, theft and corruption.

To maintain security:

- access to computer systems should only be granted to authorized users
- users are accountable for use of computer systems and access codes and passwords must be kept confidential
- the use of Bell's computer system or network for personal use or other non-Bell purposes is prohibited unless specifically authorized by Bell or a manager in direct line of authority
- follow Bell rules regarding the purchase and use of computer software
- guard against computer viruses that may damage Bell's computer systems
- report any breach of computer security, policies and standards.

For further information on information security, malicious software, and other policies and directives relevant to securing your computers, contact Corporate Security or visit the Corporate Security intranet site.

Computer security incidents, Virus, worms, spam or phishing using Bell's name, any other computer or data network attacks, weaknesses in security systems, and unexplained systems changes are to be reported to Bell Canada intranet site helpdesk or the Bell Customer Service Desk at 1-888-920-8888.

2.12.8 Intellectual Property

Intellectual property such as patents, inventions, copyrights, trade-marks, domain names, industrial designs and trade secrets are strategic assets of Bell and **must not** be disclosed to or used by others without first ensuring that appropriate legal safeguards are in place. Failure to do so could result in Bell losing rights in its intellectual property.

Intellectual property rights also reside in and protect know-how, business methods and processes, computer software, written materials (including paper or electronic form), graphics, photographs and audiovisual works, whether developed internally within Bell or obtained from others.

Every employee has a responsibility to preserve, protect and enhance the value of these assets.

Trade-marks, including Bell's logo and its various trade names, are among Bell's most valuable assets. When using them, employees **must** follow the Brand guidelines, and must immediately report any infringement or misuse of such trade-marks or trade names to the Branding and Identity Hot Line via http://www.brand.bell.ca/en or by sending an email to info.branding@bell.ca. In addition to protecting Bell's intellectual property, we also have a responsibility to avoid infringing intellectual property rights of others, as detailed in the Intellectual Property Policy referred to below.

All intellectual property conceived or made in the course of our employment with Bell or which are within the scope of Bell's business interests, are rightly the exclusive property of Bell. We assign to Bell our rights, and waive in favour of Bell our moral rights under the Copyright Act or similar foreign legislation, in

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such intellectual property. Employees are prohibited from applying for patents or other intellectual property registrations in regards to intellectual property that belongs to Bell, nor can Bell's intellectual property be used for personal purposes or gain.

For additional information, please consult the Intellectual Property Policy.

2.12.9 Proper Use of Bell-Provided Internet Access and Other IT Resources

Access to the Internet is primarily provided for business purposes. However, accommodating employees' development and awareness through personal use of Bell-provided Internet access is also encouraged.

Personal use of the Internet and e-mail must be reasonable, i.e. it must not impede or reduce an employee's ability to perform his/her duties, diminish productivity or effectiveness at work or negatively impact Bell in any way. Abuse of Bell-provided Internet or e-mail may result in disciplinary action up to and including termination. The use of Internet and e-mail to conduct illegal activities is strictly prohibited and will lead to termination of employment for cause.

The law strictly prohibits the unlicensed use of software on computers (including tablets and smart phones). You must purchase software through sources approved by Bell and retain the proof of license for software you install. You can obtain more details in the Discretionary Expense Policy or from your manager. You must also verify and respect the manufacturer's conditions of license or agreement under which the software was acquired. Copying software onto your Bell or personal computer may be a violation of the software company's licensing agreement as well as copyright laws, and placing Bell at risk of prosecution for copyright infringement. When software becomes unnecessary or no longer used, you should uninstall it to make it available for redeployment.

Any evidence of child pornography is to be immediately reported on the Internet child pornography reporting form.

I'm attending an important sales meeting next week and I have to prepare a presentation using slides and fairly complicated charts. My colleague has the software I need to put the presentation together, and he's offered to lend me his CDs so I can install the program on my computer. Can I go ahead?

- No. By copying your colleague's software into your computer, you may be breaking the software company's licensing agreement as well as copyright laws. You should speak to your manager to discuss your computer needs.

For further details, the Acceptable Use of Information Technology Resources Policy is available on the Corporate Policies & Ethics intranet site.

2.12.10 Visible ID

All employees, consultants and contractors must wear a valid, designated ID card at all times while on Bell premises. Visitors must wear a valid, designated visitor's card while on Bell premises and employees should challenge anyone on Bell premises not wearing one.

2.13 Social Media

Social media sites like Facebook, LinkedIn, Twitter and YouTube have all become increasingly effective channels for Bell to strengthen our brand and our connection with customers and the public. All team members are required to follow Bell's Social Media Guidelines (available from the Corporate Policies and Ethics intranet site) to ensure we can maximize the value of social media while upholding the reputation of Bell and our team. All team members are required to respect the principles and values outlined in the Code while navigating through the social media world.

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- as a general rule, **always** remember that you are responsible for what you say or post online. Facebook, LinkedIn, Twitter and other websites are public so never assume that anything you say or post is private
- if you participate in social media sites, **you are not authorized** to speak on behalf of Bell or use the Bell brand in any social media unless you have prior approval through the Social Media team. Rather, you are expressing your personal views and should not give the appearance that you are a company spokesperson
- if you are not already authorized to speak on Bell's behalf and believe it is a necessary part of your role, please email social.info@bell.ca. The Social Media team will coordinate all requests for approval with Bell's executive leadership team
- **protecting confidential information**: Whether you are posting as an approved Bell spokesperson or for personal reasons, you can only disclose information that is in the public domain. You may not post any comment that would include confidential information concerning Bell, our customers, suppliers or team members
- **respect the reputation of our company and team members**: Misleading, disparaging or untruthful comments about Bell, products, services or team members can seriously undermine our brand and ability to support customers. Do not post comments or participate in online campaigns that could potentially jeopardize our reputation. Speak respectfully about all members of your team, including your superiors
- **correcting negative or inaccurate comments about Bell**: If you see an inaccurate post about a Bell product or service on Facebook, Twitter or another social forum, please send an email to social.info@bell.ca.

As with any company policy, violations may be serious and require a disciplinary response, up to and including termination of employment.

A complete copy of the Bell's Social Media Guidelines is available from the Corporate Policies and Ethics intranet site. Additional related corporate policies, such as Bell's Acceptable Use of Information Technology Resources Policy and Bell Media's Social Media Policy for CTV News and on-air talent are available from the Corporate Policies and Ethics intranet site.

2.14 Work Environment

2.14.1 Mental Health

At Bell, we believe that the mental health of our team members is essential to achieving personal and organizational success and we are committed to leading by example in our own workplace by promoting mental health and supporting team members with a mental illness.

We expect every member of the Bell organization to take primary responsibility for their own health. Every employee also has a responsibility to contribute towards a workplace that promotes mental wellbeing.

Bell is committed to:

- supporting employees experiencing mental illness through our workplace practices
- understanding what factors contribute towards mental wellbeing at work by reviewing Bell's mental health policy, employee feedback, government and legal requirements, and current best practices
- setting objectives that drive continuous improvement of our workplace mental health strategy and regularly evaluating our approach
- implementing or adapting policies and practices that support mental health in the workplace within the context of our corporate priorities and the evolution of our industry
- providing resources and training to educate all team members about mental health
- encouraging employees to take part in activities that contribute to their own mental health in the workplace.

To view the full policy statement, consult the Corporate Ethics and Policy intranet site at the following link: Corporate Policies and Ethics.

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2.14.2 Trust and Respect

Nothing is more basic to ethical behaviour than trust and respect. Upholding these values enables us to build and cultivate more meaningful, richer relationships with fellow employees, customers, suppliers and shareholders.

We are committed to fostering a workplace which encourages open and honest communication, recognizes the intrinsic dignity and worth of all employees and values the diversity of employees, customers, suppliers and shareholders.

2.14.3 Diversity and Employment Equity

Diversity is an unwavering respect for each other's uniqueness , including, but not limited to: culture, ethnicity, gender, gender identity/expression, age, religion, disability, sexual orientation, education and experiences. By valuing our differences, we can create an inclusive work environment based on merit and fairness where all employees achieve their full potential.

Our Diversity, Human Rights and Accommodation policies provide the framework for supporting a diverse and inclusive workplace.

Employment equity is an important aspect of our diversity strategy. While diversity encompasses many different factors that make each of us unique, legislated employment equity programs focus on four designated groups: women, visible minorities, Aboriginal peoples and persons with disabilities. Bell is required to comply with the *Employment Equity Act* through workforce practices free of barriers to recruiting, retaining and promoting members of these designated groups. Ensuring equality in the workplace is not about hiring unqualified individuals but rather to ensure that the qualified members of the designated groups are given equal employment opportunities.

Employment equity and diversity programs also makes business sense. A diverse workforce brings Bell closer to its customers. By becoming the supplier of choice to a diverse customer base and the employer of choice to our current and future employees, we further improve Bell's chances of success.

Promotion of self identification through our online employment equity and diversity questionnaire, available in the Employment equity section of the Diversity intranet site, allows Bell to have an accurate assessment of representation within the four groups and allows for appropriate strategies and action plans to be developed in order to address any gaps. The information collected in the employment equity and diversity questionnaire is confidential.

In addition, Diversity training (Career Zone course L744) and Respect in the Workplace (also in Career Zone) training are available to help support a diverse and inclusive work environment. Information is available at the following link: Diversity and Human Rights.

Bell has long enjoyed a distinct advantage thanks to the presence of both English and French in its organization. The Language Diversity Program provides training, tools and a language pairing program to help support diversity in communications in the workplace.

2.14.4 Discrimination and Harassment

We provide a workplace free of any type of personal harassment, including sexual harassment, intimidation and violence and are committed to an environment in which all workers can work safely.

We prohibit all types of unlawful discrimination, including harassment, whether directed against an individual or group, including employees, customers, suppliers and shareholders. **This specifically includes discrimination based on race, national or ethnic origin, aboriginal or indigenous status, language spoken, religion, age, sex (including pregnancy or childbirth), gender identity/expression, sexual orientation, marital status, family status, veteran status, physical or mental disability and conviction for which a pardon has been granted.**

Harassment is defined as vexatious behaviour that is repetitive and hostile or unwanted that

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degrades, humiliates, embarrasses, affects or insults an employee's dignity or integrity and that results in a harmful work environment for the employee. It may include:

- threats, intimidation and/or verbal abuse, unwelcome remarks or jokes
- unnecessary physical contact, such as touching, patting, pinching or punching
- displaying sexist, racist or other offensive pictures, posters, e-mails or screen displays
- any other action that may reasonably be perceived as offensive or degrading.

Sexual harassment includes offensive or humiliating behaviour that is related to a person's sex, as well as behaviour of a sexual nature that creates an intimidating, unwelcome, hostile or offensive work environment, or that could reasonably be thought to put sexual conditions on a person's job or employment opportunities. A few examples are:

- questions and discussions about a person's sexual life
- commenting on someone's sexual attractiveness or unattractiveness
- displaying posters, calendars and/or screen displays of a sexual nature
- writing notes, letters or e-mails of a sexually suggestive nature.

An employee who believes that he or she is being unlawfully discriminated against should tell the person to stop immediately. If there is imminent danger the matter should be reported to the police and/or emergency services as appropriate (dial **911**) and then to Corporate Security (dial 1 **-866-714-0911)**: If the behaviour or action persists, the employee should report the matter to his or her manager or to a more senior manager in the organization. Unionized employees may elect to contact their union representative; management employees may consult with their Human Resources representative.

2.14.5 Workplace Violence Prevention

We all have a right to work in an environment free from violence and threats. Bell prohibits all acts of physical, verbal or written aggression or violence. This applies whether the aggression is committed by one employee against another, or against anyone else an employee comes in contact with when carrying out his or her responsibilities.

It's up to each employee to report any act, or threatened act, of violence to a manager or to Corporate Security. In situations of imminent danger call the police or local emergency services and then Corporate Security. If the danger seems less imminent, take note of the facts: Who was involved?

Where and when did the incident take place? Were there any witnesses? Then report the incident to Corporate Security. Corrective action will ensue as required.

Bell promotes a "zero tolerance" approach under which violence of any kind is not tolerated and may result in disciplinary measures up to and including termination of employment.

Bell's policy Preventing Violence in the Workplace is available on the Human Resources intranet site. In addition, mandatory violence prevention training (Career Zone course L1027) must be taken every three years.

2.14.6 Health and Safety

At Bell, **the health and safety of our team members and external stakeholders, including customers, contractors, and the general public, is a top priority**, in all the areas of our activities. We built and implemented our program based on specialized expertise and prevention culture and we continue to maintain and improve it. Each team member of the organization is expected to take primary responsibility for their own health

and safety, to contribute to a safe and healthy workplace and to comply with our legal and responsibility requirements.

Reflecting our commitment to health and safety, additional information such as policies, programs, procedures, etc. are available on the Human Resources intranet site at the following link: Health, Safety and Wellness.

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You can also contact the Health, Safety and Workplace Corporate Group for more information at Info.ss-hs@bell.ca or (514) 870-5848.

2.14.7 Reasonable Accommodation

Accommodation is part of a broader principle - that our society should be structured and designed for inclusiveness.

An accommodation is considered reasonable if it does not result in undue hardship, such as: significant impact on business operations, or risk to the health and safety of the employee concerned or any other person. Examples of accommodation can include physical or technical alterations to an employee's workspace (work station height, non-standard computer monitor, telephone with amplifier or headset) and modification of work duties or conditions.

2.14.8 Corporate Security - Emergency Management

Employees may encounter various emergency situations that can directly affect them or Bell. To this end, Bell is committed to a level of preparedness and planning that is designed to "protect life and property" and to ensure a rapid return to providing service to our customers. Through the development and implementation of emergency response procedures and the "Be Ready" training modules, employees and business units will be ready to respond during emergencies. All employees must follow the "Be Ready" on line training on a yearly basis.

In the event of a life-threatening emergency begin by calling 911 (or local emergency service) . All emergencies and emergency conditions including unplanned evacuations, or situations significantly impairing or potentially impacting service (such as but not limited to floods, major fires, power outages, health and safety emergencies) occurring on or in proximity to Bell facilities are to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911 or cni-nic@bell.ca. For information on Bell's Emergency Management Directive, and procedures, consult the Corporate Security intranet site.

Evidence of serious criminal activity such as terrorism, found on Bell or customer premises or systems, are to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911, unless involving an imminent threat where 911 must be called.

Significant facility or utility interruptions, surveillance, control systems or any service failures that impact our network are to be reported to 1-888-570-1091.

2.14.9 Business Continuity

Bell recognizes the importance of its infrastructure and services for its employees and customers. To that end, all business unit leaders and team members must ensure they have appropriate business continuity plans and disaster recovery plans in order to be ready to react to any type of events that may impair our activities.

2.14.10 Alcohol, Drugs and Other Substances

We are required to be fit at all times to perform all assigned duties. While at work, we must not be impaired by the use of alcohol, medication, or illicit drugs.

The use, sale, unlawful possession, manufacture or distribution of alcohol and illicit drugs or non-prescribed medications for which a prescription is legally required, whether on Bell work premises or other work locations, is strictly prohibited.

Employees have the responsibility to determine any potential adverse effects when using prescribed or over-the-counter medications with the assistance of their doctor or pharmacist. Intentional misuse of prescribed or over-the-counter medications is strictly prohibited.

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For further information consult the Alcohol and Drug Policy on the Human Resources intranet site.

2.14.11 Involvement in a Legal Matter

If you are involved in a legal matter or police case you must immediately inform your manager if this involvement has the potential to affect your ability to perform your job fully and competently. Loss of a driver's license, for example, must be reported immediately if the affected employee is required to drive a Bell vehicle.

2.15 Protecting the Environment

Bell believes that environmental protection is an integral part of doing business and is committed to minimizing, through a continuous improvement process, the impact that some of its activities, products or services may have on the environment. It is also every employee's responsibility to comply with our policies.

In support of this commitment, we will:

- exercise due diligence to meet or exceed the requirements of all applicable legislation and other requirements to which it subscribes
- prevent, control and reduce releases into the environment and correct in a timely manner problem situations which could not be prevented
- promote and support cost-effective resource and waste minimization initiatives
- deal with suppliers who seek to minimize their environmental impacts
- develop and market services providing people and organizations with innovative solutions that take into account their environmental challenges
- participate with governments, businesses, the public and relevant interest groups to advance environmental protection
- communicate its environmental initiatives and performance to stakeholders on a regular basis
- ensure that employees adhere to this policy and understand their responsibilities in putting it into practice.

The Corporate Responsibility & Environment (CR&E) group has developed a series of policies, programs, procedures and guidelines to support employees in their environmental duties. These documents are available through your Enviro-web intranet site.

Environmental training is mandatory for all employees directly involved in managing one of the following environmental issues: incidents, manhole effluents, network impacts, residual materials (hazardous and non hazardous), treated wood poles, petroleum products or ozone depleting substances. Training must be completed before the employee is assigned to its operational duties.

Whether it is a small spill or leak, a fire in a hazardous material recovery warehouse or a customer complaint such as relating to noise, contaminated property resulting from Bell operations etc., employees must report all environmental incidents no matter what type, cause or seriousness.

The Corporate Responsibility and Environment group must be immediately notified of all environmental incidents involving Bell, whether or not they are an emergency and regardless of where they occur.

To report an environmental incident, for inquiries, support, to raise concerns with environmental issues or to inquire about environmental training, please contact your CR&E group via Enviro-Line at 1-877-235-5368, available on a 24/7 basis, or at enviroline@bell.ca.

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3 ROLES AND RESPONSIBILITIES

3.1 Business Unit Responsibility

Managers are required to ensure that all employees have access to the Code either on-line or in a paper format if required, and that they know, understand and comply with its provisions. To this end, they should ensure that **all employees review the Code annually and comply with the annual review process outlined** in this Code.

3.2 Board of Directors, Corporate Governance Committee and Audit Committee

The Board of Directors, with the recommendation of the Corporate Governance Committee, has the authority to approve this policy. In addition, the Corporate Secretary's Office in conjunction with Internal Audit, report quarterly to the Audit Committee on the number and scope of issues brought via the Business Conduct Help Line.

3.3 Corporate Secretary's Office

The Corporate Secretary's Office has the responsibility of administering the Code and managing the Business Conduct Help Line, securing annual certification of all executives and members of the Board of Directors under the Code, addressing conflict of interest issues and ensuring compliance by all Business Units.

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APPENDICES

Supporting Procedures

The Code of Business Conduct annual review is included in the annual performance process. These procedures are located in the Career Zone intranet site under Objective Performance.

Attachments

Attachment 1A	Certification of Directors and Executives under the Code of Business Conduct
Attachment 2A	Form BC 3684 – Employee Annual Record of Review
Attachment 2B	Form BC 3684A – Disclosure of Conflict of Interest or Potential Conflict of Interest
Attachment 3	Additional Resources

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Attachment 1A

CERTIFICATION OF DIRECTORS AND EXECUTIVES UNDER THE CODE OF BUSINESS CONDUCT

The Boards of Directors of BCE Inc. and Bell Canada (in each case, the " **Company**") and our shareholders, expect all Directors and executives of the Company to follow the highest possible standards of honest and ethical conduct and to encourage and promote a culture in which ethical business conduct is recognized, valued and exemplified.

Certification

I certify that I have reviewed, understand and follow the Bell Canada Code of Business Conduct (the " **Code**").

In addition, I support the setting of standards needed to discourage wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships,
- full, fair, accurate and timely disclosure in reports and documents that the Company files with, or submits to, securities regulators and in other public communications made by the Company, in accordance with the Disclosure Policy,
- compliance with laws, rules and regulations of federal, provincial, state or local governments, and other relevant private and public regulatory agencies in all jurisdictions in which the Company operates,
- prompt reporting of all material violations of the Code to the Chair of the Audit Committee of the Board of Directors of the Company.

To the best of my knowledge and ability, I will act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing my independent judgment to be compromised.

I acknowledge that I am accountable for following the Code and the responsibilities I have under it. I also acknowledge that complying with the Code is a condition of my employment. If I do not comply with it or applicable laws, rules or regulations, I may be subject to disciplinary measures, which could include dismissal from the Company.

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Attachment 2A **Form BC 3684**

EMPLOYEE ANNUAL RECORD OF REVIEW

Employee

Family name	Given names	Employee number

Policy on conflict of interest

Employees owe their first business allegiance to Bell, and therefore they must remain free of interests or relationships which are harmful or detrimental to Bell's best interests. Employees should avoid not only a real conflict of interest, but also the appearance of one which could tarnish their own or Bell's image. Even though it is not always possible to avoid relationships that could place you in a position of potential conflict, it is important to inform your manager and avoid actions or decisions that would conflict with Bell's interests.

Conflict of interest can lead to disciplinary action, even to dismissal and/or prosecution. If you are in doubt, you should discuss your specific situation with your manager, who will then advise you as to the position of Bell with respect to the matter.

Annual certification

I have reviewed, fully understand and follow Bell Canada's "Code of Business Conduct" including the section on Conflict of Interest. I have reported to my manager any relationship or other circumstances that do or could place me in conflict with the interests of Bell. Any new situations will be reported as they occur. I hereby certify that I have no real or potential conflict of interest, except what is noted on Form BC 3684A (available as Attachment 2B to the Code).

Employee Signature	Date

Immediate Manager Name	Signature

Note to immediate Manager: this form is to be completed and signed each year and retained in employee's personnel file.

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Attachment 2B **Form BC 3684A**

DISCLOSURE OF CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST

Note to immediate manager: Please file original in employee's personnel file. A copy should also be sent to the Corporate Secretary's Office at corporate.secretariat@bell.ca.

Employee

Family name	Given names	Employee number

I am directly or indirectly involved in other business or employment, which may give rise to or is at present in conflict with, or potential conflict with, the best interests of Bell:

I have direct or indirect investment, business involvements or relationships, which may give rise to or is at present in conflict with, or potential conflict with, the best interests of Bell:

I have, in the past 2 years, been employed or otherwise commercially involved in endeavours or companies which are in competition with Bell Canada and its affiliated companies (e.g.: Rogers, Telus, Videotron, Cogeco, etc.):

I am currently or was recently bound by restrictive covenants such as non-competition or non-solicitation restrictions:

Other:

I understand that in my previous employment or commercial involvement with a competitor of Bell Canada and its affiliated companies I may have become aware of or given access to undisclosed confidential or proprietary information of my previous employer. As such, unless this information has been publicly disclosed or otherwise available in the marketplace, I am not to share such information. I also acknowledge that I have returned to my previous employer all property belonging to my previous employer including any confidential or proprietary information and documents provided to me including any third party information that was entrusted to me.

Signature:		Manager's signature:	
Title:		Title:	
Organization code:		Organization code:	
Phone number:		Phone number:	
Date:		Date:	

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Attachment 3

ADDITIONAL RESOURCES

If you have any questions regarding the issues raised in this document or any questions on the Code, speak to your manager or use the Business Conduct Help Line at clearviewconnects.com or by calling **1-866-298-2942** (toll free).

If you wish to report any unethical or illegal behaviour such as corporate fraud, or to raise any concerns regarding Bell's accounting, internal

accounting controls or auditing matters, you may report the matter to your manager or use the Business Conduct Help Line at clearviewconnects.com or by calling **1-866-298-2942** (toll free).

You may also use the following resources:

- Human Resources intranet site (HR policies - workplace)
- Industrial Relations Consultants intranet site
- Corporate Security intranet site:
  - **life-threatening emergencies: call 911**
  - loss or theft of Bell assets, internal fraud, criminal activity, property damage, unauthorized disclosure of confidential information, known failures in security safeguards, malfunctioning doors and locks, emergency response system (non-life threatening emergencies), emergency conditions and service impacting situations are to be reported to Bell's National Incident Centre (NIC) Corporate Security at 1-866-714-0911 or at cni-nic@bell.ca
  - computer security incidents, virus, worms, spam or phishing using Bell's name, any other computer or data network attacks, weaknesses in security systems, and unexplained systems changes are to be reported to the CSD intranet site at 1-888-920-8888
  - significant facility or utility interruptions, surveillance, control systems or any service failures that impact our telecommunications networks are to be reported on 1-888-570-1091
- Corporate Responsibility at 1-877-235-5368 or at responsibility@bell.ca.
- Enviro-Line Bell (environmental issues) intranet site or at 1-877-235-5368
- Branding and Identity Line at (514) 870-2347 or at info.branding@bell.ca
- Corporate Secretary's Office intranet site or at 514-786-8424
- Occupational Health, Safety and Workplace at (514) 870-5848 or at Info.ss-hs@bell.ca
- Office of the Bell Privacy Ombudsman for customer related privacy issues at privacy@bell.ca or for additional privacy related information, visit bell.ca
- Information on privacy in the workplace for employees is available the Privacy intranet site or at:
  - English: privacy.coordinator@bell.ca
  - French: coord.rens.pers@bell.ca

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POLICY OR PRACTICE DETAILS

Issuing BU	Law & Regulatory Department
Policy sponsor	Executive Vice-President and Chief Legal & Regulatory Officer
Policy owner	Corporate Secretary's Office
Primary contact	Corporate Secretary's Office
Required approvals	Board of Directors, Corporate Governance Committee, Corporate Secretary
FIRST RELEASE	1995
Review cycle	Annually

Required Policy or Practice management elements checklist

Monitoring compliance processes defined	Yes
Communication plan complete	Yes
Communication materials complete	Yes
Training plan complete	Yes

Revision history

Date	Change owner	Changed by	Description
2008	Alain Dussault	Alain Dussault	Update
2009	Alain Dussault	Alain Dussault	Annual update
2010	Alain Dussault	Alain Dussault	Annual update
Feb. 2011	Alain Dussault	Alain Dussault	Update
August 2011	Alain Dussault	Alain Dussault	Annual update
August 2012	Alain Dussault	Alain Dussault	Annual update
August 2013	Alain Dussault	Alain Dussault	Annual update
August 2014	Michel Lalande	Michel Lalande	Annual update

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Exhibit 99.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-12130 on Form F-3, No. 333-12780 and 333-12802 on Form S-8 and No. 333-199993 on Form F-10 and to the use of our reports dated March 5, 2015, relating to the consolidated financial statements of BCE Inc. and the effectiveness of BCE Inc.'s internal control over financial reporting, and appearing in this Annual Report on Form 40-F of BCE Inc. for the year ended December 31, 2014.

(signed) Deloitte LLP[1]

Montréal, Canada
March 11, 2015

_____

[1] CPA auditor, CA, public accountancy permit No. A104644

Exhibit 99.6

NOTICE OF RELIANCE
SECTION 13.4 OF NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

To: Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Financial and Consumer Services Commission, New Brunswick
Office of the Superintendent of Securities, Newfoundland and Labrador
Nova Scotia Securities Commission
Ontario Securities Commission
Office of the Superintendent of Securities, Prince Edward Island
Autorité des marchés financiers
Financial and Consumer Affairs Authority of Saskatchewan
Toronto Stock Exchange

Notice is hereby given that Bell Canada relies on the continuous disclosure documents filed by BCE Inc. pursuant to the exemption from the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") provided in Section 13.4 of NI 51-102.

The continuous disclosure documents of BCE Inc. can be found for viewing in electronic format at www.sedar.com.

Attached to this notice and forming part thereof is the consolidating summary financial information for BCE Inc. as required by Section 13.4 of NI 51-102.

Dated: March 11, 2015

BELL CANADA

By: *(signed) Thierry Chaumont*
Name: Thierry Chaumont
Title: Senior Vice-President and Controller

Bell

Bell Canada

UNAUDITED SELECTED SUMMARY FINANCIAL INFORMATION[1]

For the periods ended December 31, 2014 and 2013
(in millions of Canadian dollars)

BCE Inc. fully and unconditionally guarantees the payment obligations of its 100% owned subsidiary Bell Canada under the public debt issued by Bell Canada. Accordingly, the following summary financial information is provided by Bell Canada in compliance with the requirements of section 13.4 of National Instrument 51 -102 (Continuous Disclosure Obligations) providing for an exemption for certain credit support issuers. The tables below contain selected summary financial information for (i) BCE Inc. (as credit supporter), (ii) Bell Canada (as credit support issuer) on a consolidated basis, (iii) BCE Inc.'s subsidiaries, other than Bell Canada, on a combined basis, (iv) consolidating adjustments, and (v) BCE Inc. and all of its subsidiaries on a consolidated basis, in each case for the periods indicated. Such summary financial information for BCE Inc. and Bell Canada and all other subsidiaries is intended to provide investors with meaningful and comparable financial information about BCE Inc. and its subsidiaries. This summary financial information should be read in conjunction with BCE Inc.'s audited consolidated financial statements for the year ended December 31, 2014.

For the periods ended December 31:

	BCE INC. ("CREDIT SUPPORTER")[2]		BELL CANADA CONSOLIDATED ("CREDIT SUPPORT ISSUER")		SUBSIDIARIES OF BCE INC. OTHER THAN BELL CANADA[3]		CONSOLIDATING ADJUSTMENTS[4]		BCE CONSOLIDATED	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Operating revenues	**–**	–	**21,044**	20,402	**–**	–	**(2)**	(2)	**21,042**	20,400

Net earnings from continuing operations attributable to owners	**2,466**	2,106	**2,020**	2,073	**–**	–	**(1,986)**	(2,073)	**2,500**	2,106
Net earnings attributable to owners	**2,466**	2,106	**2,020**	2,073	**–**	–	**(1,986)**	(2,073)	**2,500**	2,106

As at December 31, 2014 and 2013, respectively:

	BCE INC. ("CREDIT SUPPORTER")[2]		BELL CANADA CONSOLIDATED ("CREDIT SUPPORT ISSUER")		SUBSIDIARIES OF BCE INC. OTHER THAN BELL CANADA[3]		CONSOLIDATING ADJUSTMENTS[4]		BCE CONSOLIDATED	
	Dec. 31, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Total Current Assets	**1,850**	1,357	**5,370**	5,076	**53**	53	**(2,725)**	(1,416)	**4,548**	5,070
Total Non-current Assets	**15,018**	14,522	**35,236**	33,795	**21**	21	**(8,526)**	(8,024)	**41,749**	40,314
Total Current Liabilities	**1,640**	604	**10,172**	8,701	**–**	–	**(2,723)**	(1,415)	**9,089**	7,890
Total Non-current Liabilities	**281**	264	**21,043**	20,326	**–**	–	**645**	654	**21,969**	21,244

(1) The summary financial information is prepared in accordance with International Financial reporting Standards and is in accordance with generally accepted accounting principles issued by the Canadian Accounting Standards Board for publicly-accountable enterprises.
(2) This column accounts for investments in all subsidiaries of BCE Inc. under the equity method.
(3) This column accounts for investments in all subsidiaries of BCE Inc. (other than Bell Canada) on a consolidated basis.
(4) This column includes the necessary amounts to eliminate the intercompany balances between BCE Inc. , Bell Canada and other subsidiaries and other adjustments to arrive at the information for BCE Inc. on a consolidated basis.

Exhibit 99.31

CERTIFICATIONS

I, George A. Cope, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

---

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 11, 2015

(signed) George A. Cope

George A. Cope
President and Chief Executive Officer
BCE Inc.

CERTIFICATIONS

I, Siim A. Vanaselja, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

---

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 11, 2015

(signed) Siim A. Vanaselja

Siim A. Vanaselja
Executive Vice-President and Chief Financial Officer
BCE Inc.

Exhibit 99.32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of BCE Inc. (the "Company"), does hereby certify that:

the annual report on Form 40-F for the year ended December 31, 2014 of the Company (the "Form 40-F") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2015 *(signed) George A. Cope*

George A. Cope
President and Chief Executive Officer
BCE Inc.

Date: March 11, 2015 *(signed) Siim A. Vanaselja*

Siim A.Vanaselja
Executive Vice-President and Chief Financial Officer
BCE Inc.