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, 2015** 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:

Michel Lalande
Senior Vice-President -
General Counsel & Corporate Secretary
BCE Inc.
1, carrefour Alexander-Graham-Bell
Building A, 7th Floor
Verdun, Québec H3E 3B3
Canada
Tel: (514) 786-8424

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	865,614,188
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	9,292,133
Series AF	6,707,867
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, 2015, 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, 2015 (the "BCE 2015 Financial Statements"), see pages 114 to 157 of the BCE 2015 Annual Report (the "BCE 2015 Annual Report"), which BCE 2015 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, 2015 (the "BCE 2015 MD&A"), see pages 28 to 111 of the BCE 2015 Annual Report, which BCE 2015 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, 2015, 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, 2015.

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 112 of the BCE 2015 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 113 of the BCE 2015 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, 2015 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 and management, 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.

In 2015, amendments were adopted to the Code of Conduct in order to:

– update the section entitled *Social Media* to reflect updates to BCE's social media policy;

– update the section entitled *Health and Safety* to reflect updates to BCE's health and safety policy; and – add a section entitled *Journalistic Independence*.

In addition to these changes, certain other technical, administrative and non-substantive amendments were made to clarify the Code of Conduct and update various references.

A copy of the Code of Conduct, as amended, has been posted 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.

	2015 (in $ millions)	2014 (in $ millions)
Audit fees[(1)]	9.5	9.4
Audit-related fees[(2)]	1.6	1.7
Tax fees[(3)]	0.6	0.6
All other fees[(4)]	0.0	0.6
Total[(5)]	11.7	12.3

(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 2014, the fees are for services related to compliance with the Payment Card Industry Data Security Standard.
(5) The amounts of $11.7 million for 2015 and $12.3 million for 2014 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 $9.5 million in 2015 and $10.2 million in 2014.

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 2015 and 2014, 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 (off-balance sheet)" at page 87 of the BCE 2015 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 87 of the BCE 2015 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 seven independent members: Mr. P.R. Weiss (Chair), Ms. S. Brochu, Mr. D.F. Denison, Mr. R.P. Dexter, Mr. I. Greenberg, Ms. K. Lee 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 2015 MD&A, contained in Exhibit 99.2, including, in particular, to the risk factors discussed or referred to in the sections of the BCE 2015 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 2015 MD&A, including, in particular, to the assumptions discussed in section "3.2, Business outlook and assumptions" and the subsections entitled "Business outlook and assumptions" set out in section "5, Business segment analysis" of the BCE 2015 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.

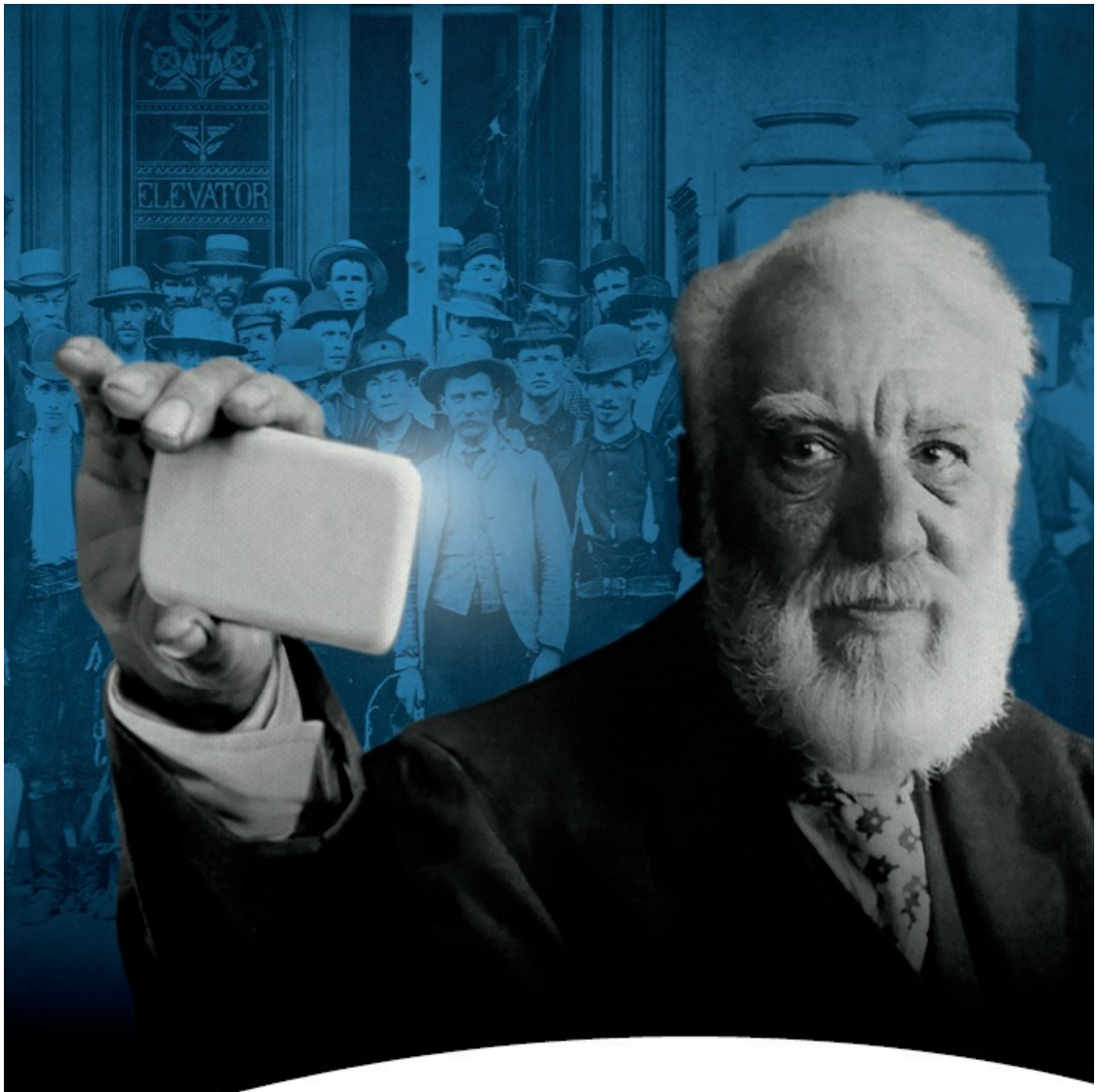
BCE Inc.

By: *(signed) Glen LeBlanc*
Glen LeBlanc
Executive Vice-President and Chief Financial Officer

Date: March 9, 2016

	LIST OF EXHIBITS TO FORM 40-F
Annual Information Form of BCE Inc. for the year ended December 31, 2015	Exhibit 99.1
Annual audited consolidated financial statements of BCE Inc. for the year ended December 31, 2015 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
Exhibit to 2015 Annual Financial Statements – Earnings Coverage	Exhibit 99.7
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

Exhibit 99.1



BCE

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2015

MARCH 3, 2016

In this Annual Information Form, *we*, *us*, *our* and *BCE* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., Bell Canada, their subsidiaries, joint arrangements and associates. *Bell* means, as the context may require, either Bell Canada or, collectively, Bell Canada, its subsidiaries, joint arrangements and associates. *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 and up to, and including, June 30, 2015, either Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc., its subsidiaries and associates, or after June 30, 2015 the Bell Aliant brand.

Each section of BCE's 2013, 2014 and 2015 management's discussion and analysis of financial condition and results of operations (BCE 2013 MD&A, BCE 2014 MD&A and BCE 2015 MD&A, respectively) and each section of BCE's 2015 consolidated financial statements that is referred to in this Annual Information Form is incorporated by reference herein. The BCE 2013 MD&A, BCE 2014 MD&A, BCE 2015 MD&A and BCE 2015 consolidated financial statements have been filed with the Canadian provincial securities regulatory authorities (available at **sedar.com**) and with the United States 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 3, 2016, 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. BCE is a trade-mark of BCE Inc.; Aliant, Bell, Bell Canada, Bell Centre, Bell Media, Bell Mobility, Bell TV, Fibe, FibreOP, 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 Two, Super Écran, The Movie Network, TMN, TMN Encore, TMN GO, VRAK, 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 and Discovery GO are trademarks of Discovery Communications, LLC; Expertech is a trade-mark of Expertech Network Installation Inc.; ExpressVu is a trade-mark of Bell ExpressVu Limited Partnership; Glentel, Tbooth wireless, Wirelesswave, and Wireless etc. are trade-marks of Glentel Inc.; HBO Canada is a trade-mark of Home Box Office Inc.; iHeartRadio is a trade-mark of iHM Identity Inc.; MLSE is a trade-mark of Maple Leaf Sports & Entertainment Ltd.; Montreal Canadiens is a trademark of Club de Hockey Canadien, Inc.; Nordia is a trade-mark of Nordia Inc.; NorthernTel is a trade-mark of Nortel Networks Limited; Northwestel is a trade-mark of Northwestel Inc.; Q9 is a trade-mark of Q9 Networks Inc.; Showtime is a trade-mark of Showtime Networks Inc.; Télébec is a trade-mark of Télébec, Limited Partnership; The Source is a trade-mark of The Source (Bell) Electronics Inc.; Toronto Argonauts is a trade-mark of Argonauts Holdings Limited Partnership; TSN, TSN GO, RDS and RDS GO are trade-marks of The Sports Network Inc.; Virgin Mobile and Virgin Mobile Canada are trade-marks 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.

© BCE Inc., 2016. All rights reserved.

Table of contents

		ANNUAL INFORMATION FORM	PARTS OF MD&A AND FINANCIAL STATEMENTS INCORPORATED BY REFERENCE (REFERENCES ARE TO PAGES OF THE BCE 2015 ANNUAL REPORT, EXCEPT WHERE OTHERWISE INDICATED)
1	Caution regarding forward-looking statements	2	46-47; 63; 71-72; 77; 98-103
2	Corporate structure	4	
2.1	Incorporation and registered office	4	
2.2	Subsidiaries	4	
3	Description of our business	5	
3.1	General summary	5	31-34; 46-47; 51; 59; 63; 67; 71; 77; 92
3.2	Strategic imperatives	6	41-45
3.3	Competitive strengths	6	
3.4	Marketing and distribution channels	8	
3.5	Networks	10	
3.6	Employees	12	
3.7	Corporate responsibility	13	
3.8	Competitive environment	15	47-48; 61-64; 69-72; 75-76; 78
3.9	Regulatory environment	15	93-97
3.10	Intangible properties	16	
4	General development of our business – three-year history	17	
4.1	Transactions	17	
4.2	Corporate initiatives	18	44-45; 38-40(1); 38-40(2)
4.3	Regulatory environment	19	93-97; 90-94(1); 87-91(2)
5	Our capital structure	20	
5.1	BCE securities	20	151-152
5.2	Bell Canada debt securities	21	141-142
5.3	Ratings	22	
5.4	Trading of our securities	24	
6	Dividends and dividend policy	26	36-38
7	Our directors and executive officers	27	
7.1	Directors	27	
7.2	Executive officers	28	
7.3	Directors' and executive officers' share ownership	28	
8	Legal proceedings	29	
9	Interest of management and others in material transactions	33	
10	Interest of experts	33	
11	Transfer agent and registrar	33	
12	For more information	33	
13	Schedule 1 – Audit Committee information	34	
14	Schedule 2 – Audit Committee charter	36	

(1) *References to parts of the BCE 2014 MD&A contained in BCE's annual report for the year ended December 31, 2014 (BCE 2014 Annual Report).*
(2) *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).*

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 2016 annualized common share dividend and common share dividend policy, 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 (U.S.) *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 3, 2016 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 3, 2016. Refer in particular to the sections of the BCE 2015 MD&A entitled *Business outlook and assumptions* on pages 46, 47, 63, 71, 72 and 77 of BCE's annual report for the year ended December 31, 2015 (BCE 2015 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 risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, the previously mentioned forward-looking statements and other forward-looking statements contained in this Annual Information Form include, but are not limited to:

- regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business, including, in particular, those relating to mandatory access to networks, net neutrality, spectrum auctions, approval of acquisitions, broadcast licensing and foreign ownership requirements
- the intensity of competitive activity, including from new and emerging competitors, and the resulting impact on our ability to retain existing customers and attract new ones, as well as on our market shares, service volumes and pricing strategies
- the level of technological substitution and the presence of alternative service providers contributing to reduced utilization of our traditional wireline services
- the adverse effect of the emerging fundamental separation of content and connectivity, which is changing our television (TV) and media ecosystems and may accelerate the disconnection of TV services and the reduction of TV spending, as well as the fragmentation of the advertising market
- competition with global competitors, in addition to traditional Canadian competitors, for programming content could drive significant increases in content acquisition costs and challenge our ability to secure key content
- adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services and the level of bad debts
- the inability to protect our assets, including networks, information technology (IT) systems, offices and sensitive information, from events and attacks such as cyber threats, and damage from fire and natural disasters
- security and data leakage exposure if security control protocols applicable to our cloud-based solutions are bypassed
- the inability to drive a positive customer experience resulting, in particular, from the failure to embrace new approaches and challenge operational limitations
- the complexity in our operations resulting from multiple technology platforms, billing systems, marketing databases and a myriad of rate plans, promotions and product offerings
- the failure to optimize network and IT deployment and upgrading timelines, accurately assess the potential of new technologies, and invest and evolve in the appropriate direction
- the failure to continue investment in a disciplined and strategic manner in next-generation capabilities, including real-time information based customer service strategies
- the failure to maintain optimal network operating performance in the context of significant increases in capacity demands on our Internet and wireless networks

- the risk that we may need to incur significant capital expenditures beyond our capital intensity target in order to provide additional capacity and reduce network congestion
- the failure to implement or maintain highly effective IT systems supported by an effective governance and operating framework
- the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, process redesigns and the integration of business acquisitions
- events affecting the functionality of, and our ability to protect, test, maintain and replace, our networks, IT systems, equipment and other facilities
- in-orbit and other operational risks to which the satellites used by our Bell TV business unit (Bell TV) are subject
- events affecting the continuity of supply of products and services that we need to operate our business from our third-party suppliers and outsourcers
- the failure of our procurement and vendor management practices to address risk exposures associated with existing and new supplier models
- the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards
- the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe and secure environment
- labour disruptions
- the inability to access adequate sources of capital and generate sufficient cash flows from operations to meet our cash requirements and provide for planned growth
- uncertainty as to whether dividends will be declared by BCE's board of directors or whether BCE's dividend policy will be maintained
- the inability to manage various credit, liquidity and market risks
- pension obligation volatility and increased contributions to post-employment benefit plans
- higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits
- the failure to reduce costs as well as unexpected increases in costs
- the failure to evolve practices to effectively monitor and control fraudulent activities, including unauthorized use of our content and the theft of our TV services
- unfavourable resolution of legal proceedings and, in particular, class actions
- unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations
- health concerns about radiofrequency emissions from wireless communications devices
- the inability to maintain customer service and our networks operational in the event of the occurrence of epidemics, pandemics and other health risks
- the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters

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 in this Annual Information Form and the BCE 2015 MD&A and, in particular, in section 9, *Business risks* of the BCE 2015 MD&A, on pages 98 to 103 of the BCE 2015 Annual Report.

We caution readers that the risks previously described 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 3, 2016. 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 located 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, 2015, 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, 2015.

SUBSIDIARY	WHERE IT IS INCORPORATED	PERCENTAGE OF VOTING SECURITIES THAT BCE INC. BENEFICIALLY HELD AT(1) DECEMBER 31, 2015
Bell Canada	Canada	100%
Bell Mobility Inc.	Canada	100%
Bell Media Inc.	Canada	100%

(1) *BCE Inc. beneficially owns all the voting securities of: (i) Bell Media Inc. (Bell Media) through Bell Canada; and (ii) Bell Mobility Inc. (Bell Mobility) through Bell Canada, which in beneficially turn owns all the voting securities of Bell Mobility through its wholly-owned subsidiary, Bell Mobility Holdings Inc.*

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 for all their communications needs.

Beginning January 1, 2015, our results are reported in three segments: *Bell Wireless*, *Bell Wireline* and *Bell Media.* Due to the privatization of Bell Aliant in 2014 as outlined in section 4.1, *Transactions* in this Annual Information Form, the results of our former Bell Aliant segment are included within our Bell Wireless and Bell Wireline segments, with prior periods reclassified for comparative purposes.

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

Bell Wireline provides data, including Internet access and Internet protocol television (IPTV), local telephone, long distance, as well as other communications services and products to our residential, small and medium-sized business and large enterprise customers, primarily in Ontario, Québec and the Atlantic provinces, while Satellite TV service and connectivity to business customers are available nationally across Canada. 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.

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.

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 2015 MD&A, on pages 31 to 34 of the BCE 2015 Annual Report.

In addition to our operating segments, we also hold investments in a number of other assets, including:

- a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE), a sports and entertainment company that owns several sports teams as well as real estate and entertainment assets in Toronto
- a 50% indirect equity interest in Glentel Inc. (Glentel), a Canadian-based dual-carrier, multi-brand mobile products distributor
- a 35.4% indirect equity interest in Q9 Networks Inc. (Q9), a provider of outsourced data centre solutions, such as hosting, co-location and cloud services
- an 18.4% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club and the Bell Centre in Montréal

- a 50% indirect equity interest in the Toronto Argonauts Football Club

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

For the year ended December 31, 2015, we generated consolidated operating revenues of $21,514 million and consolidated net earnings of $2,730 million. Bell Wireless' operating revenues totalled $6,876 million ($6,836 million net of inter-segment revenues), Bell Wireline's operating revenues totalled $12,258 million ($12,043 million net of inter-segment revenues) and Bell Media's operating revenues totalled $2,974 million ($2,635 million net of inter-segment revenues). A table showing the operating revenues that each segment contributed to total operating revenues for the years ended December 31, 2015 and 2014 can be found in section 4.3, *Operating revenues* of the BCE 2015 MD&A, on page 51 of the BCE 2015 Annual Report. A table showing the operating revenues of our Bell Wireless and Bell Wireline segments by category of products and services can be found in section 5.1, *Bell Wireless* and section 5.2, *Bell Wireline*, respectively, of the BCE 2015 MD&A on pages 59 and 67, respectively, of the BCE 2015 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 2015 MD&A, on page 92 of the BCE 2015 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 2015 MD&A, on pages 46, 47, 63, 71 and 77 of the BCE 2015 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 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 BCE's business plan are:

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

Additional information regarding our strategic imperatives can be found in section 2, *Strategic imperatives* of the BCE 2015 MD&A, on pages 41 to 45 of the BCE 2015 Annual Report.

3.3 Competitive strengths

CANADA'S LARGEST COMMUNICATIONS COMPANY

We are Canada's largest communications company, offering a broad scope of telecommunications products and services to more than 21 million subscribers as indicated below:

- 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 communications, Internet access, data and TV 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 6.7 million network access service (NAS) lines at December 31, 2015
- At December 31, 2015, BCE was one of the largest wireless operators in Canada based on the number of subscribers, providing approximately 8.2 million subscribers with nationwide wireless service
- BCE is the largest TV provider in Canada, nationally broadcasting a wide range of domestic and international programming to

approximately 2.7 million subscribers at December 31, 2015 through its IPTV services, Fibe TV and FibreOP TV, and its direct-to-home (DTH) satellite TV service
- BCE is the largest Internet service provider in Canada, providing approximately 3.4 million customers at December 31, 2015 with high-speed Internet access through fibre-optic and digital subscriber line (DSL) 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.

TECHNOLOGICALLY ADVANCED WIRELESS NETWORKS 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 Bell and Virgin Mobile brands.

Wireless is a key growth segment for us and we have established strategic priorities seeking to further enhance our offerings. We are focused on maintaining our market share momentum of incumbent wireless postpaid customer activations through growing our presence in higher average revenue per user geographies and customer segments, 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, the launch, beginning in 2011, of fourth-generation (4G) long-term evolution (LTE) wireless service in most urban centres across Canada (our 4G LTE wireless network reached approximately 96% of the Canadian population as at December 31, 2015), and the launch of our Dual-band and Tri-band LTE Advanced (LTE-A) network service beginning in 2015, 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 1,400 Bell-branded stores and The Source (Bell) Electronics Inc. (The Source) locations across Canada provide a significant number of retail outlets 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 May 20, 2015, BCE completed the previously announced acquisition of all of the issued and outstanding shares of Glentel, a Canadian-based dual-carrier, multi-brand mobile product distributor, which operated approximately 360 locations in Canada at December 31, 2015. Subsequently, also on May 20, 2015, BCE divested 50% of its ownership interest in Glentel to Rogers Communications Inc. (Rogers). The acquisition transaction is part of our strategy to accelerate wireless and improve customer service in a competitive wireless marketplace, giving BCE continued access to Glentel's wireless retail operations.

NEXT-GENERATION TV AND HIGH-SPEED INTERNET SERVICES

Our strategic imperative to invest in broadband networks and services is focused on the deployment of high-speed fibre access through our fibre-to-the-node (FTTN) and fibre-to-the-premise (FTTP) initiatives. Our FTTP initiative encompasses both the deployment of fibre-to-the-home (FTTH) and fibre-to-the-building (FTTB). At December 31, 2015, our expanding FTTN and FTTP broadband fibre network covered approximately 8 million premises (homes and business locations) in Ontario, Québec and the Atlantic provinces. As discussed in more detail below, our broadband fibre network enables the delivery of Bell's next-generation IPTV services, Fibe TV and FibreOP TV. It also enables the delivery of Bell's next-generation fibre-optic high-speed Internet services, marketed as Fibe Internet and FibreOP Internet, offering speeds of up to 50 megabits per second (Mbps) with FTTN or 940 Mbps with FTTP, through our Gigabit Fibe and Gigabit FibreOP services. Refer to section 3.5, *Networks – Wireline – High-speed fibre deployment* in this Annual Information Form for more details concerning the deployment of our fibre-optic high-speed Internet services.

Bell's next-generation IPTV services 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 multi-product bundle of communications services to customers. Delivered over our advanced high-speed fibre-optic network, our IPTV services expand TV choice and competition in several markets and offer a superior viewing experience to that of cable.

Bell's Fibe TV and FibreOP TV services offer a wide range of flexible programming options and innovative features built on a next-generation IPTV platform. In 2013, we 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. In 2015, we introduced several unique features such as the Restart and Look Back features, enabling customers to rewind and watch TV shows already in progress from the beginning and up to 30 hours after they started, and the Trending feature (available on Fibe TV), which lists the five most-watched shows among Fibe TV customers in both English and French at any given time and allows the customer to switch to watch live or Restart from the beginning. We also introduced the Bell Fibe TV app, which brings the rich Fibe TV viewing experience to tablets and smartphones with access to more than 300 live and on-demand channels at home or up to 170 on the go, allows customers to seamlessly transfer a channel being viewed from a mobile device to TV, or resume what is being watched on TV on a mobile device, and allows customers to control their TV with their mobile devices. The FibreOP Remote app was also introduced, allowing customers to control their TV with their mobile devices. Both Fibe TV and FibreOP TV allow access to Netflix directly from customer TV receivers, providing a seamless experience. In January 2016, we launched the Fibe TV 4K resolution (4K) Whole Home personal video recorder (PVR) for customers in Toronto, Montréal, Ottawa and Québec City. The

new Fibe TV 4K Whole Home PVR is the smallest available on the market and has the largest recording capacity. In late February 2016, the availability of the 4K Whole Home PVR for purchase was expanded to all Bell Fibe TV customers and Bell Aliant FibreOP customers in Atlantic Canada.

At December 31, 2015, our IPTV service was available to approximately 6.2 million households in BCE's incumbent wireline regions. Bell's Fibe TV and FibreOP TV have quickly become preferred TV options, as we grew our IPTV subscriber base by 26.7% in 2015 to 1,182,791 customers at December 31, 2015.

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 standalone basis, and allowing us to improve customer retention. Bell's Fibe TV and 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, BCE grew its high-speed Internet customer base by 3.5% in 2015 to approximately 3.4 million and its TV customer base by 3.6% to approximately 2.7 million, with a relatively stable rate of residential NAS erosion of 7.4% compared to 7.5% in the previous year.

The Bell Business Markets unit maintains a leadership position, having established relationships with a majority of Canada's 1,000 largest corporations. The Bell Business Markets unit continues to deliver network-centric business service 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.

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 (TV, Internet, smartphones and tablets) and achieving a competitive cost structure. Ownership of Bell Media enables us to maximize strategic and operating synergies, including the efficiency of our content and advertising spend.

Bell Media's assets in TV, radio, digital media and OOH advertising are a key competitive advantage, as indicated below:

- We own and operate 30 conventional TV stations, including CTV, Canada's leading TV network based on viewership

- We own and operate 38 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, 2015, our 106 radio stations in 54 markets across Canada reached on average 16.9 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 own Astral OOH, an OOH advertising business with a network of more than 30,500 advertising faces strategically located in the key markets of British Columbia, Alberta, Ontario, Québec and Nova Scotia. It offers a portfolio of four innovative product lines: outdoor advertising, street furniture, transportation and digital
- We own CraveTV, a subscription on-demand TV streaming service launched in December 2014, providing premium content and a robust lineup of superior TV programming. Formerly only available to subscribers of a number of Canadian TV providers, CraveTV became available in January 2016 direct to consumers as a standalone product to all Canadians with an Internet subscription.
- 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 SHOWTIMEowned programming.
- In November 2015, Bell Media signed a long-term agreement with Home Box Office Inc. (HBO) whereby it would exclusively deliver in Canada all current, past and library HBO programming across linear, on-demand and over-the-top platforms, and also entered into a new original co-production partnership. Bell Media further announced that it would expand The Movie Network (TMN) into a national pay TV service and become the sole operator of HBO Canada in the first quarter of 2016 following Corus Entertainment Inc. (Corus)'s waiver of its HBO content rights and wind down of the operations of its Movie Central and Encore Avenue pay TV services in Western and Northern Canada. TMN was successfully launched nationally on March 1, 2016 and Movie Central and Encore Avenue's operations ceased on the same day.
- A licensing agreement with Twentieth Century Fox Television Distribution was announced in January 2016 that will deliver first-run theatrical titles from Twentieth Century Fox, Fox Searchlight Pictures and Fox 2000 to TMN and TMN Encore subscribers
- 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. Bell Media's TV Everywhere services, including CTV GO, TSN GO, RDS GO, Discovery GO and TMN GO, provide live and on-demand content delivered over mobile and wireless fidelity (Wi-Fi) networks to smartphones, tablets and computers
- In 2015, Bell Media announced new or extended media rights agreements for sports content with the Canadian Football League, the

Fédération Internationale de Football Association (FIFA), Augusta National Golf Club, the French Tennis Federation and ATP World Tour
- In January 2016, Bell Media announced it had signed an exclusive partnership with iHeartMedia to bring the iHeartRadio brand to Canada. iHeartRadio in Canada will ultimately provide listeners from coast to coast with access to each of Bell Media's 106 radio stations through the iHeart app across mobile, auto dashes, tablets and smartphones, gaming consoles, wearables and more.

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.

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 multi-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 (now Innovation, Science and Economic Development Canada (ISED)) recent spectrum auctions, 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's approximately 700 retail locations
- national retailers such as Best Buy, Walmart, Loblaws and Glentel's WIRELESSWAVE, Tbooth wireless and WIRELESS etc..., as well as a network of regional and independent retailers in all regions
- call centre representatives
- our websites, including **Bell.ca**, **virginmobile.ca** and **bellaliant.ca**
- door-to-door sales representatives

We also offer customers the convenience of One Bill for Home Phone, Internet, TV and wireless services.

For small business customers, our residential and small business unit offers a wide range of services, including Business Fibe Internet, Bell Total Connect, Business Phone and TV along with many other communications solutions, all designed for companies that typically have fewer than 20 employees. Small business solutions are sold through dedicated call centre representatives, our **bell.ca** website, as well as our retail network and door-to-door sales representatives. Prior to an organizational realignment in respect of our small business customers in the fourth quarter of 2015, these customers were serviced by our Bell Business Markets unit.

Communications solutions, other than wireless, for 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 both mid-sized and large enterprise customers with complex communications requirements. We continue to differentiate ourselves in the marketplace by enhancing our customer service levels and offering solutions designed to provide superior service, performance, availability and security. We deliver expertise in key solution areas, including Internet, private networks and broadcasts, voice and unified communications, data centres, customer contact and security 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.

Our wireless products and services are delivered to business customers, including small 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 our nationwide sales team responsible for the sale of wireless products and services to business customers, as well as the execution of sales contracts.

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

BELL MEDIA

Bell Media's TV and OOH 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. Since January 2016, CraveTV is also available directly to consumers as a standalone product to Canadians with an Internet subscription. Finally, Bell Media's OOH business delivers its services through an inventory of OOH faces and street furniture equipment in the key markets of British Columbia, Alberta, Ontario, Québec and Nova Scotia.

3.5 Networks

The telecommunications industry is evolving rapidly as the industry continues to move from multiple service-specific networks to Internet protocol (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, we have deployed and operate 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 high-speed data network, we are able to offer Canadian consumers a broad range of choice in wireless smartphones, including devices from Apple, Samsung, HTC, ZTE, Motorola, Blackberry, Novatel, Sony, Sonim, LG and Alcatel, as well as 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, 2015, 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 to more than 230 destinations. 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 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 96% of the Canadian population coast to coast at December 31, 2015. We focused on an urban rollout first, given that the timing of broader rural and remote coverage deployments was contingent on the outcome of Industry Canada's 700 megahertz (MHz) spectrum auction.

In April 2014, we acquired 31 licences for $566 million for 480 million MHz per population (MHz-pop) of nationwide 700 MHz spectrum following the wireless spectrum auction. These licences enabled 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. In April 2015, we acquired 13 licences for 169 million MHz-pop of advanced wireless services (AWS)-3 spectrum in key urban and rural markets for $500 million as part of Industry Canada's AWS-3 spectrum auction. This spectrum is strategically valuable in providing us with future incremental broadband capacity to meet growing consumer and business demand for mobile data services. In May 2015, we further acquired an additional 243 million MHz-pop of 2500 MHz wireless spectrum for $29 million as part of Industry Canada's most recent spectrum auction, supporting continued 4G LTE service expansion across Canada. These latest spectrum licence acquisitions bring our total holdings across various spectrum bands to more than 4,500 million MHz-pop nationally. LTE currently accounts for 67% of our 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.

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.

LTE-A NETWORK SERVICE

In August 2015, Bell announced North America's first implementation of Tri-band LTE-A network service. By assigning three radio channels or carriers to one user, we are capable of delivering mobile data speeds of up to 335 Mbps (expected average download speeds of 25 Mbps to 100 Mbps). We have launched Tri-band LTE-A in parts of southern Ontario (including Toronto, Oakville and Hamilton), and select cities in Atlantic Canada (including Halifax, Fredericton and Moncton). Dual-band LTE-A technology was introduced by Bell in February 2015, delivering speeds of up to 260 Mbps (expected average download speeds of 18 to 74 Mbps). Dual-band LTE-A service today covers approximately 48% of the Canadian population in parts of British Columbia, Alberta, Ontario, Atlantic Canada, Yukon and the Northwest Territories. This is complemented by access to Bell's 4G LTE network, which covered approximately 96% of the Canadian population as at December 31, 2015. As the handset ecosystem matures, Bell's newly acquired AWS-3 and 2500 MHz spectrum licences will enable upgrades of carrier aggregation that will support four and five simultaneous carriers.

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, 2015.

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 in a way that did not impact existing customers, by turning off coverage that overlapped with our network partners. Once the CDMA network is retired, the related spectrum will be repurposed to deliver additional LTE capacity. CDMA accounts for less than 0.02% of our total wireless data traffic and less than 1% of voice traffic. We are currently working with our existing CDMA customers to migrate their service to HSPA+ or LTE.

WI-FI LOCATIONS

Bell Mobility also operates approximately 4,000 public Wi-Fi hotspots, including 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 U.S.

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 business service 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, we began in 2012 the upgrade of our fibre-based national backbone network with the deployment of 100 gigabit technologies. As of December 31, 2015, key traffic routes spanning more than 18,200 kilometres across Canada and into the U.S. had been upgraded. To satisfy continued traffic growth, Bell has begun the next phase of the national backbone network upgrade with the deployment of 200 gigabit technologies. Bell was one of the first Canadian carriers to deploy 200 gigabit long-haul Dense Wavelength Division Multiplexing (DWDM) technologies.

HIGH-SPEED FIBRE DEPLOYMENT

Our strategic imperative to invest in broadband networks and services is focused on the deployment of high-speed fibre access through our FTTN and FTTP (which encompasses both FTTH and FTTB) initiatives.

First, we have been upgrading our access infrastructure by deploying fibre closer to our customers using FTTN along with pair bonding technology. Second, we have been, and plan to continue, deploying high-speed fibre access using the FTTP technology in Ontario, Québec and Atlantic Canada.

One of the first FTTP deployments in Canada, Bell's Québec City region initiative is the largest city-wide FTTP rollout in the country to-date. In our view, FTTP, in which optical fibre cables are used to connect each and every location, 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 could be accomplished much faster and more economically than in centres with underground infrastructure. Bell further continued to deploy FTTP 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 FTTP to multi-dwelling units and business locations.

Similarly, Bell Aliant deployed FTTP technology in various locations in Atlantic Canada and several communities in northern Ontario and Québec. The largely aerial nature of Bell Aliant's network infrastructure and the relatively low population densities in Atlantic Canada and rural Ontario and Québec made the cost of FTTN and FTTP more similar in those markets.

Our residential fibre-optic Internet services, marketed as Fibe Internet and FibreOP Internet, are enabled by our FTTN and FTTP networks. We also offer DSL-based Internet service in areas where Fibe Internet is not available, with download speeds of up to 5 Mbps.

In June 2015, Bell announced a $1.14 billion investment to roll out fibre to more than 1 million homes and businesses across the City of Toronto to enable its Gigabit Fibe Internet service. Bell Gigabit Fibe offers speeds of up to 940 Mbps at launch, rising to a full 1 gigabit per second (Gbps) or faster over time as equipment evolves to support these speeds. The new Bell Gigabit Fibe Internet service was launched in August 2015 to more than 1.3 million homes and businesses across Ontario and Québec. As at December 31, 2015, the Gigabit Fibe service (marketed in Atlantic Canada as Gigabit FibreOP) had been launched to more than 2.2 million homes across Ontario, Québec and Atlantic Canada.

Additionally, since Bell Aliant's launch of its IPTV service in the Atlantic provinces in 2005 and Bell's launch of its IPTV service in Ontario and Québec in 2010, we have continued to deploy our next-generation IPTV services in areas in Ontario, Québec and the Atlantic provinces where cable providers had long been dominant.

As of December 31, 2015, Fibe TV and FibreOP TV were available to approximately 6.2 million homes in major cities and municipalities across Québec, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

In 2016, we plan to expand our FTTP footprint to 8.2 million premises passed, accelerate FTTP deployment in Toronto and other major cities, and expand availability of Gigabit Fibe and Gigabit FibreOP Internet services.

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, 2015 and 2014.

NUMBER OF EMPLOYEES AT DECEMBER 31	2015	2014
Bell Wireless	6,565	6,728
Bell Wireline	36,835	43,164
Bell Media	6,568	7,342
Total [1]	49,968	57,234

(1) *The total number of BCE employees at the end of 2015 was 49,968, down from 57,234 at December 31, 2014, due primarily to the sale of a call centre subsidiary, workforce restructuring initiatives at our Bell Media and Bell Wireline segments to confront changing consumer preferences, new TV unbundling rules, a soft business market as a result of the economy and declines in home phone subscribers, as well as other workforce reductions attributable to normal attrition, retirements and productivity improvements, including synergies realized from the privatization of Bell Aliant.*

Approximately 45% 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 2015 or early 2016:

- the collective agreement between Communications, Energy and Paperworkers Union of Canada (CEP) (now Unifor) and CFCF Television, a division of Bell Media, covering approximately 110 employees expired on December 31, 2013. A new collective agreement was ratified on December 10, 2015.
- the collective agreement between CEP (now Unifor) and CTV Limited (now Bell Media) covering approximately 640 employees expired on May 31, 2014. A new collective agreement was ratified on February 13, 2015.
- the collective agreement between CEP (now Unifor) and Bell Canada (ICT) covering approximately 110 clerical employees expired on May 31, 2014. A new collective agreement was ratified on April 27, 2015.
- the collective agreement between CEP (now Unifor) and Télébec, Limited Partnership covering approximately 240 clerical employees expired on November 1, 2014. A new collective agreement was ratified on May 6, 2015.
- the collective agreement between CEP (now Unifor) and Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) covering approximately 530 craft employees expired on November 30, 2014. The bargaining unit merged with the Bell Craft and Services bargaining unit on December 24, 2015 and such employees are now covered by the collective agreement between CEP (now Unifor) and Bell Canada expiring on November 30, 2016.
- the collective agreement between CEP (now Unifor) and CFCN-TV (Calgary) and CFRN-TV (Edmonton), divisions of Bell Media, covering approximately 280 employees expired on December 31, 2014. A new collective agreement was ratified on October 14, 2015.
- the collective agreement between CEP (now Unifor) and Bell Aliant LP covering approximately 120 clerical employees expired on May 31, 2015. An agreement was reached on January 19, 2016 on the integration of these employees within the Bell Canada clerical collective agreement expiring on November 30, 2017.

The following collective agreements covering 100 or more employees will expire in 2016:

- the collective agreement between Teamsters Québec 1999 and Télébec, Limited Partnership covering approximately 170 craft employees will expire on July 31, 2016
- the collective agreement between CEP (now Unifor) and Bell Canada covering approximately 4,210 craft and services employees will expire on November 30, 2016
- the collective agreement between CEP (now Unifor) and Bell Media (CTV Agincourt) covering approximately 510 employees will expire on December 31, 2016
- the collective agreement between International Brotherhood of Electrical Workers (IBEW) and Northwestel Inc. covering approximately 360 craft and clerical employees will expire on December 31, 2016
- the collective agreement between Confédération des syndicats nationaux (CSN) and RDS, a division of Bell Media, covering approximately 160 employees will expire on December 31, 2016

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

- the collective agreement between Unifor and NorthernTel, Limited Partnership covering approximately 120 craft and clerical employees expired on June 30, 2015. Bargaining began on October 26, 2015.
- the collective agreement between Unifor and Expertech Network Installation Inc. covering approximately 930 employees expired on November 30, 2015. Bargaining began on October 6, 2015 and the parties have reached an agreement, subject to the vote of the union members which is ongoing.

- the collective agreement between CEP (now Unifor) and Bell ExpressVu covering approximately 110 Bell TV network employees expired on March 1, 2016. Bargaining began on February 24, 2016.

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, we adopted in 2006 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.

Since 1992, an officer-level committee mandated by the BCE board of directors oversees 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 and 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 that 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 & Safety Policy Statement

For 2015, BCE was listed on the Top 50 Socially Responsible Corporations by Maclean's/L'Actualité/Sustainalytics, on the Best 50 Corporate Citizens in Canada by Corporate Knights, and on the top 100 of the 2015 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 is a component of the STOXX Global ESG Leaders indices, an innovative series of environmental, social, and governance (ESG) equity indices.

We recognize 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 information and communications technology (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 BCE 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 822 institutional investors holding a total of U.S.$95 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 2015.

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**.

ENVIRONMENT

Bell Canada'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, ranging 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 way 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:

- seeks to provide 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 was the first telecommunications company in Canada to obtain this certification, which covers Bell Canada's landline, wireless, TV and Internet services, broadband services, data hosting and cloud computing, in addition to related administrative functions. Bell Canada has continuously maintained the certification since 2009, and was recertified in 2015 for another three-year cycle. 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 centre 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.

In 2015, BCE was once again named one of the world's greenest companies by U.S. magazine Newsweek. BCE placed 53 rd and was the only Canadian telecommunications company in the Global 500 listed on the 2015 Green Rankings, which assess the environmental performance of 500 of the world's largest publicly traded companies. BCE's strong showing reflects the effectiveness of our ISO 14001 certified environmental management system, energy saving measures and waste reduction initiatives, including the Bell Blue Box mobile recycling program.

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

For the year ended December 31, 2015, we spent $25.6 million on environmental activities, 49% of which was expensed and 51% of which was for capital expenditures. For 2016, we have budgeted $34.5 million (44% for expenses and 56% for capital expenditures) to seek to ensure that our environmental policy is applied properly and our environmental risks are minimized. Bell Canada's environmental management system now includes the operations of our former Bell Aliant segment.

COMMUNITY

We are committed to advancing the cause of 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 his or her lifetime, 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 problems.

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. On September 22, 2015, Bell Canada announced the extension of Bell Let's Talk for a further five years and an increase in its total funding commitment for Canadian mental health to at least $100 million. Since its launch, Bell Let's Talk has funded more than 600 mental health partners across Canada, from large health care institutions and universities to small community organizations in every region.

Bell Let's Talk initiatives have included Clara's Big Ride for Bell Let's Talk, Clara Hughes' epic 11,000-kilometre bicycle journey to take the anti-stigma message to communities around Canada; the introduction of annual community funds supporting grassroots mental health initiatives across Canada and for military families; the world's first university chair in anti-stigma studies at Queen's University; funding and implementation of the world's first voluntary standard on workplace mental health; Canada's first biobank of biological, social and psychological data at the Institut universitaire en santé mentale de Montréal; the Bell Gateway Building at the Centre for Addiction and Mental Health (CAMH), the first mental health facility named for a corporation; and the first university-certified workplace mental health training program. More than 8,000 Bell managers across Canada have received training in mental health support and over 638 workplace events have taken place since 2010 in support of ending the stigma and building resiliency.

During 2015, Bell Canada made new commitments within the program to several initiatives, including a $1 million gift to Vancouver General Hospital and UBC Hospital Foundation to support a new health centre, expected to be the largest purpose-built mental health facility in British Columbia and one of the largest in Canada; a $500,000 donation to CHU Sainte-Justine to support Québec's first integrated mother-child centre for eating disorders; and a $150,000 donation to the Nunatsiavut Government's Aullak sangilivallianginnatuk (Going Off, Growing Strong) program to enhance mental health services for youth in Nain.

Supported in part by gifts from Bell Let's Talk, several new or expanded mental health facilities opened in 2015. Bell Let's Talk also joined the City of Montréal in 2015 to support expanded mental health services through community fund grants contributing $125,000 to nine community groups matched by $125,000 to Maison du Père from the city.

Bell's Let's Talk partners also include the True Patriot Love Foundation, Université Laval, Sunnybrook Health Sciences Centre, the Jewish General Hospital, Royal Ottawa Hospital, l'Institut universitaire en santé mentale de Montréal, Hôpital Charles-LeMoyne, the CAMH, the University of British Columbia, the Douglas Mental Health University Institute, Queen's University, CHU de Québec, Concordia University, Brain Canada, Kids Help Phone, Université de Montréal and McGill University.

In 2015, the Bell Let's Talk Community Fund gave $1 million in grants to 55 community-based organizations, charities and hospitals across the country. The 2016 Fund will provide grants 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.

In November 2015, Bell Canada was honoured by being named one of Canada's Top Employers for 2016 by the editors of Canada's Top 100 Employers, a publication of Mediacorp Canada. In selecting Bell Canada as one of Canada's top employers, Mediacorp Canada acknowledged Bell Canada's leadership in workplace mental health through investment in mental health training and professional development, and commitment to sharing experiences and best practices with other employers.

Recognition for Bell Let's Talk in 2015 included several new awards: the Workplace Benefits Awards for Mental Health from Benefits Canada; Corporate Social Responsibility Award from the Global Carrier Awards; and the top prize for the Cause + Action awards. In Québec, Bell was recognized as the Outstanding Corporation of the Year by the Québec Association of Fundraising Professionals for its contributions to mental health. Bell was also recognized by The Healthy Enterprises Group for its advanced return to work program, mental health training for staff and leaders, expanded mental health benefits, and lead role in the development and implementation of the National Standard for Psychological Health and Safety in the Workplace.

Because the challenge of stigma remains the primary reason that 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 sixth annual Bell Let's Talk Day on January 27, 2016, led by national spokesperson Clara Hughes, promoted discussion and understanding of mental illness while generating new funds for Canadian mental health. With 125,915,295 text messages, mobile calls and long distance calls by our customers, and tweets and Facebook shares made that day, Bell's 5-cent donation per text, call, tweet and share means that it has committed a further $6,295,764.75 to support mental health programs across the country.

Adding this amount to the original Bell Let's Talk commitment of $50 million in 2010, along with the results of the first five Bell Let's Talk Days, Bell has now committed $79,919,178.55 to Canadian mental health.

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

Between mental health and its other initiatives, Bell contributed more than $14.6 million in community investment in 2015. Our employees and pensioners also donated more than $2.2 million in charitable gifts and logged more than 361,000 hours in volunteer time.

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 2015 MD&A, on pages 47 and 48, 61 to 64, 69 to 72, 75 and 76, and 78 of the BCE 2015 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 2015 MD&A, on pages 93 to 97 of the BCE 2015 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

NATIONAL EXPANSION OF HBO AND TMN

On November 19, 2015, BCE announced a transaction with Corus whereby Bell Media would pay Corus a total consideration of $211 million for Corus to waive its HBO content rights in Canada and wind down operations of its Movie Central and Encore Avenue pay TV services in Western and Northern Canada, thereby allowing Bell Media to become the sole operator of HBO Canada nationally across all platforms and to expand TMN into a national pay TV service. In December 2015, Bell Media paid a deposit of $21 million to Corus and in January 2016 completed the final payment of $190 million. TMN was successfully launched nationally on March 1, 2016 and Movie Central and Encore Avenue's operations ceased on the same day. The transaction is part of our strategy to create, negotiate and deliver premium TV programming to Canadian consumers across more platforms on a national basis.

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, a Canadian-based dual-carrier, multi-brand mobile products distributor, which operated 360 locations in Canada at December 31, 2015, offering wireless products and services from Bell Mobility and Rogers. Outside Canada, Glentel owns, operates and franchises retail locations in the U.S., as well as in Australia and the Philippines. On December 24, 2014, BCE further announced that it would divest 50% of its ownership interest in Glentel to Rogers following the closing of BCE's acquisition of Glentel.

On May 20, 2015, BCE completed the acquisition of all of the issued and outstanding common shares of Glentel for a total consideration of $592 million, of which $296 million ($284 million, net of cash on hand) was paid in cash and the balance through the issuance of 5,548,908 BCE common shares. Immediately following closing of the acquisition, BCE repaid Glentel's outstanding debt in the amount of approximately $112 million and contributed $53 million in exchange for additional Glentel common shares. Subsequently, also on May 20, 2015, BCE divested 50% of its ownership interest in Glentel to Rogers for a total cash consideration of approximately $473 million ($407 million, net of divested cash and transaction costs).

The transaction is part of our strategy to accelerate wireless and improve customer service in a competitive wireless marketplace, given BCE's continued access to Glentel's wireless retail operations. However, there can be no assurance that such expected strategic benefits will be fully realized.

OTHER KEY COMPLETED TRANSACTIONS

In addition to the above transactions, in line with our strategic imperatives, we have concluded certain other transactions from 2013 to 2015 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
Privatization of Bell Aliant and Note Exchange (2014)	• 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 privatization of Bell Aliant was completed on October 31, 2014 and the Preferred Share Exchange was completed on November 1, 2014. • As BCE already consolidated the financial results of Bell Aliant Inc., the privatization of Bell Aliant 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 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) • 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. Through a series of corporate reorganizations, all of the assets of Bell Aliant Regional Communications Inc. and Bell Aliant LP were transferred to Bell Canada or Bell Mobility, as applicable, effective July 1, 2015.

TRANSACTION	KEY CHARACTERISTICS

Divestiture of certain TV assets and radio stations (2014)	• In order to approve the 2013 acquisition of Astral Media Inc. (Astral) by BCE, the Competition Bureau and the Canadian and Telecommunications Commission (CRTC) required the divestiture by BCE of 11 Astral TV assets 10 Astral and Bell Media English-language radio stations. Such divestitures were completed in 2014 for aggregate of $720 million:
	  • On January 1, 2014, we 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, we completed the sale of two radio stations in Ottawa (CKQB-FM and CJOT-FM) to Corus
	  • On January 31, 2014, we 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, we 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, we completed the sale to DHX Media Ltd. of the following TV services: Family (including Disney Junior English), Disney XD and Disney Junior French
	  • On September 16, 2014, we 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 OOH 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 TMN, which includes HBO Canada, and TMN Encore. BCE also retained 77 Astral radio stations and Astral's national OOH advertising business

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 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, and we launched our new Gigabit Fibe Internet service in August 2015. During this period, we also made substantial investments in our wireless networks, which led to the expansion of our 4G LTE wireless network and the introduction of our Dual-band and Tri-band LTE-A network service in 2015. 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 ended December 31, 2015.

EXPANDING MEDIA LEADERSHIP

In furtherance of our strategic imperative to *expand media leadership*, 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. In the last three financial years, we have continued to make progress in expanding media leadership including, as previously discussed, by acquiring Astral, which provided us with further media assets, and by expanding our TMN pay TV service and our operation of HBO Canada. Refer to section 2.4, *Expand media leadership* of the BCE 2015 MD&A contained in the BCE 2015 Annual Report for a discussion of media initiatives that we implemented in the financial year ended December 31, 2015. 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.

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 2.5, *Improve customer service* of the BCE 2015 MD&A contained in the BCE 2015 Annual Report for a discussion of customer service improvement initiatives that we implemented in the financial year ended December 31, 2015. 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.

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, ISED, Canadian Heritage and the Competition Bureau. Although most of our retail services are not price-regulated, government agencies and departments such as those described above continue to play a significant role in regulatory matters such as mandatory access to networks, net neutrality, spectrum auctions, approval of acquisitions, broadcast licensing and foreign ownership requirements. Refer to section 8, *Regulatory environment* of the BCE 2015 MD&A, the BCE 2014 MD&A and the

BCE 2013 MD&A contained in the BCE 2015 Annual Report, 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, 2015, 2014 and 2013.

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 (TSX) 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 3, 2016, 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 2015 consolidated financial statements on pages 151 and 152 of the BCE 2015 Annual Report.

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, 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, and (ii) beneficial shareholders from the Canadian Depository for Securities (CDS) and the Depository Trust Company (DTC) in the U.S. We also provide periodic reports to the CRTC.

As of March 3, 2016, BCE had no debt securities outstanding.

5.2 Bell Canada debt securities

As at December 31, 2015, Bell Canada has issued long-term debt securities as summarized in the table below.

	WEIGHTED AVERAGE INTEREST RATE	MATURITY	AT DECEMBER 31, 2015 (IN $ MILLIONS)
Debentures			
1997 trust indenture	4.34%	2016 – 2045	13,400
1976 trust indenture	9.54%	2021 – 2054	1,100
Subordinated debentures	8.21%	2026 – 2031	275
Total	4.80%		14,775

On November 2, 2015, Bell Canada redeemed, prior to maturity, all of its outstanding $1 billion principal amount of 3.60% Debentures, Series M-21, due December 2, 2015, at a price equal to $1,002.280 per $1,000 of principal amount of debentures plus $15.090 of accrued and unpaid interest. In addition, on January 11, 2016, Bell Canada redeemed, prior to maturity, all of its outstanding $200 million principal amount of 4.64% Debentures, Series M-19, due February 22, 2016, at a price equal to $1,004.370 per $1,000 of principal amount of debentures plus $18.052 of accrued and unpaid interest. On the same day, Bell Canada also redeemed, prior to maturity, all of its outstanding $500 million principal amount of 3.65% Debentures, Series M-23, due May 19, 2016, at a price equal to $1,010.170 per $1,000 of principal amount of debentures plus $5.300 of accrued and unpaid interest.

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 20, *Long-term debt* of the BCE 2015 consolidated financial statements on pages 141 and 142 of the BCE 2015 Annual Report.

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 (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 (Prospectus Supplement) for the issue of up to $4 billion of unsecured medium-term debentures (MTN Debentures) under the Shelf Prospectus. The Shelf Prospectus and Prospectus Supplement effectively replaced the previous 2013 shelf prospectus and prospectus supplement. On March 30, 2015, Bell Canada issued, under the Shelf Prospectus and Prospectus Supplement, $500 million of 4.35% MTN Debentures, Series M-39, due December 18, 2045 at a price of $99.519 per $100 principal amount. On October 1, 2015, Bell Canada issued, under the Shelf Prospectus and Prospectus Supplement, $1 billion of 3.00% MTN Debentures, Series M-40, due October 3, 2022 at a price of $99.599 per $100 principal amount. On February 29, 2016, Bell Canada issued, under the Shelf Prospectus and Prospectus Supplement, $750 million of 3.55% MTN Debentures, Series M-41, due March 2, 2026 at a price of $99.624 per $100 principal amount.

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.

Bell Canada may issue short-term notes under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $2 billion in Canadian or U.S. currency provided that such aggregate principal 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 3, 2016 was CAN $3 billion. In addition to its Canadian commercial paper program, under which Bell Canada may issue in Canada up to $2 billion (in Canadian or U.S. currency) of short-term notes, in April 2014, Bell Canada put in place a U.S. commercial paper program providing it with additional financial flexibility through the issuance in the U.S. of up to U.S. $2 billion of short-term notes. The sale of commercial paper pursuant to Bell Canada's separate Canadian or U.S. program decreases the Canadian or U.S. $2 billion maximum principal amount of notes authorized to be outstanding at any time under both programs, with one Canadian dollar being treated as equal to one U.S. dollar for purposes of this limitation. At March 3, 2016, Bell Canada had notes outstanding under its Canadian program in the principal amount of CAN $785 million. As at

the same date, Bell Canada had notes outstanding under its U.S. program in the principal amount of U.S. $986.1 million (CAN $1,364 million when taking into account hedges with forward currency contracts against foreign currency fluctuations).

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 3, 2016, 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 3, 2016, 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 3, 2016, BCE and Bell Canada's credit ratings have stable outlooks from DBRS, Moody's and S&P.

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 Canadian scale commercial paper rating and 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
	Long-term subordinated debt	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)	satisfactory capacity of the company to fulfill its financial commitment on the obligation
		A-2 (Global scale)	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)	adequate protection parameters
		BBB (Global scale)	adverse economic conditions or changing circumstances are more likely to weaken the company's ability to meet its financial commitments

5.4 Trading of our securities

The common and first preferred shares of BCE are listed on the 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 TSX in 2015 for BCE's common shares and each series of BCE's first preferred 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 2015									
High	$59.280	$21.420	$21.200	$21.340	$21.530	$22.580	$21.000	$21.250	$21.000
Low	$52.810	$18.500	$18.890	$18.780	$18.350	$19.700	$18.810	$18.510	$19.270
Volume	31,253,584	290,941	53,837	43,628	105,275	29,391	252,717	188,338	217,660
February 2015									
High	$60.200	$19.230	$19.450	$19.400	$19.500	$20.970	$19.700	$19.400	$19.540
Low	$54.265	$18.500	$18.650	$18.440	$18.100	$18.990	$18.230	$18.560	$18.760
Volume	44,476,068	80,390	53,391	27,527	116,613	31,059	144,937	71,415	71,020
March 2015									

High	$55.570	$18.780	$19.280	$19.030	$19.000	$19.600	$19.000	$18.940	$19.310
Low	$52.610	$18.350	$18.720	$18.010	$18.430	$18.020	$18.250	$18.120	$18.190
Volume	37,389,705	74,914	48,113	48,371	119,198	18,461	138,353	105,987	103,480
April 2015									
High	$55.890	$18.260	$18.900	$18.120	$18.500	$17.850	$18.250	$18.440	$18.270
Low	$53.190	$16.000	$16.710	$16.020	$16.450	$15.540	$16.390	$16.500	$16.390
Volume	25,673,004	306,211	72,137	96,270	187,247	40,727	119,544	156,217	122,493
May 2015									
High	$54.770	$18.000	$18.170	$18.150	$18.200	$17.850	$17.880	$18.600	$17.780
Low	$52.620	$16.600	$17.510	$17.200	$17.420	$16.660	$17.190	$17.500	$17.030
Volume	27,836,863	113,775	101,298	78,700	131,933	63,072	133,245	127,358	90,582
June 2015									
High	$55.480	$17.250	$17.860	$17.520	$17.600	$18.880	$17.490	$17.850	$17.540
Low	$52.500	$16.360	$17.140	$16.500	$17.010	$16.800	$16.880	$17.100	$16.700
Volume	36,186,411	102,919	56,700	23,460	86,306	40,057	58,847	111,496	88,783
July 2015									
High	$55.440	$16.720	$17.600	$17.260	$17.430	$17.330	$17.470	$17.640	$17.550
Low	$51.700	$15.230	$16.050	$15.760	$15.850	$15.600	$15.760	$15.990	$16.400
Volume	27,542,604	87,850	41,043	88,872	143,295	59,901	90,417	110,672	128,877
August 2015									
High	$54.810	$15.530	$16.190	$16.090	$16.100	$15.920	$16.030	$16.250	$16.650
Low	$51.555	$13.660	$14.160	$14.040	$13.900	$13.450	$14.100	$13.860	$14.090
Volume	28,089,178	161,237	42,469	34,860	86,789	56,184	302,662	123,798	68,405
September 2015									
High	$55.160	$14.790	$14.890	$15.020	$15.000	$14.900	$15.400	$15.040	$15.520
Low	$51.620	$13.510	$13.480	$13.540	$13.530	$13.670	$13.670	$13.630	$14.050
Volume	33,410,383	131,195	59,330	65,917	139,214	53,209	112,744	134,634	105,721
October 2015									
High	$59.300	$15.240	$14.730	$14.500	$14.740	$14.930	$15.530	$14.840	$15.470
Low	$54.040	$12.750	$13.100	$12.600	$12.830	$13.030	$13.180	$13.300	$13.400
Volume	37,270,562	238,506	148,163	367,499	235,246	67,873	169,267	280,710	195,134
November 2015									
High	$58.800	$17.400	$15.990	$15.980	$15.900	$16.100	$16.470	$15.990	$16.370
Low	$56.090	$14.100	$14.320	$14.300	$14.300	$14.070	$14.680	$14.360	$14.790
Volume	29,831,709	369,205	176,694	276,676	422,780	87,247	121,162	384,689	145,999
December 2015									
High	$57.940	$17.200	$14.540	$14.600	$14.490	$14.280	$14.990	$14.710	$15.470
Low	$52.920	$15.200	$12.500	$12.670	$12.660	$12.460	$12.500	$12.770	$13.040
Volume	33,945,028	303,871	253,593	207,844	382,387	75,498	171,651	272,194	308,900

	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 (BCE.PR.M)	SERIES AO (BCE.PR.O)	SERIES AQ (BCE.PR.Q)
January 2015											
High	$21.410	$20.980	$20.570	$21.600	$20.950	$21.230	$21.270	$21.370	$22.600	$26.290	$25.920
Low	$18.900	$18.650	$18.180	$19.010	$18.700	$18.990	$19.110	$18.850	$19.000	$24.760	$24.020
Volume	290,268	54,301	1,126,138	96,801	28,092	114,857	37,673	424,108	135,436	92,946	137,312
February 2015											
High	$19.560	$19.470	$19.060	$19.780	$19.600	$19.320	$19.440	$18.990	$19.990	$26.030	$25.370
Low	$18.500	$18.210	$18.260	$18.860	$18.020	$18.470	$18.640	$17.800	$18.330	$25.080	$23.780
Volume	185,430	176,553	197,807	74,381	51,924	142,162	27,958	413,860	172,979	56,381	110,245
March 2015											
High	$19.220	$18.780	$18.520	$19.790	$18.950	$18.800	$19.050	$19.000	$19.440	$25.900	$25.000
Low	$18.300	$18.260	$17.390	$18.320	$18.320	$17.900	$18.660	$17.800	$17.990	$24.840	$23.910
Volume	171,102	175,587	201,751	84,080	21,814	174,300	18,402	620,603	191,889	40,874	233,899
April 2015											
High	$18.410	$18.300	$17.500	$18.400	$18.630	$17.900	$18.740	$18.790	$19.500	$25.300	$24.390
Low	$16.450	$16.480	$16.010	$16.000	$16.500	$16.010	$16.650	$16.090	$17.170	$23.250	$23.110
Volume	239,114	219,336	426,126	354,437	51,352	179,840	44,335	904,705	364,865	127,458	274,761
May 2015											
High	$18.350	$18.170	$18.650	$18.140	$18.670	$17.920	$18.250	$19.270	$19.880	$25.700	$24.680
Low	$17.450	$17.300	$17.300	$17.110	$17.300	$17.060	$17.580	$17.650	$18.750	$24.850	$23.850
Volume	185,809	209,259	89,206	88,293	34,938	177,415	71,900	484,915	302,033	89,621	105,066
June 2015											

High	$18.180	$17.650	$17.950	$17.440	$18.040	$17.330	$17.850	$18.260	$19.080	$25.100	$24.550
Low	$17.080	$16.860	$16.080	$16.770	$17.150	$16.620	$17.000	$16.700	$16.970	$23.990	$23.120
Volume	249,134	99,627	102,307	118,084	36,361	933,626	338,953	489,336	104,753	59,556	66,695
July 2015											
High	$18.000	$17.440	$16.480	$17.260	$17.650	$17.300	$17.480	$17.300	$17.450	$24.790	$23.410
Low	$16.100	$16.050	$15.400	$15.910	$16.060	$15.760	$15.810	$13.980	$16.030	$22.700	$22.010
Volume	147,696	189,903	134,060	123,967	30,929	141,551	47,947	670,776	155,506	143,563	148,022
August 2015											
High	$16.300	$16.290	$15.870	$16.150	$16.190	$16.150	$16.070	$15.590	$16.540	$24.650	$23.240
Low	$14.150	$14.360	$13.530	$13.630	$14.500	$12.520	$13.650	$13.540	$14.130	$21.450	$20.600
Volume	150,016	321,076	85,142	113,688	26,920	214,453	53,654	548,464	162,841	75,502	85,125
September 2015											
High	$15.500	$15.170	$15.440	$15.150	$15.180	$14.970	$14.840	$15.580	$15.570	$23.050	$21.600
Low	$13.540	$13.750	$13.600	$13.610	$13.640	$13.440	$13.390	$13.450	$14.200	$20.060	$18.400
Volume	277,982	352,740	76,799	172,841	101,208	163,135	45,877	670,464	263,074	75,429	78,551
October 2015											
High	$14.980	$14.740	$14.960	$14.740	$14.890	$15.110	$14.630	$15.670	$17.610	$23.160	$21.980
Low	$13.120	$13.270	$13.200	$12.880	$13.000	$12.990	$13.200	$13.450	$14.500	$19.550	$18.260
Volume	484,653	396,454	272,703	236,663	174,874	324,375	48,400	975,527	380,183	139,807	235,824
November 2015											
High	$16.000	$15.900	$16.030	$16.170	$15.890	$16.080	$15.750	$16.370	$17.250	$23.340	$22.660
Low	$14.090	$14.240	$14.600	$14.390	$14.310	$14.270	$14.350	$14.450	$15.250	$22.150	$20.490
Volume	332,967	284,787	231,763	204,703	78,799	423,721	72,612	1,011,862	300,847	161,763	194,898
December 2015											
High	$14.820	$14.700	$14.870	$14.820	$14.580	$14.700	$14.510	$15.180	$15.960	$22.620	$21.550
Low	$12.460	$12.790	$12.910	$12.610	$12.680	$12.610	$12.650	$13.000	$13.040	$20.250	$18.900
Volume	628,530	529,976	254,424	370,204	221,367	490,665	92,233	1,213,256	286,380	132,875	349,632

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. BCE's common share dividend policy is currently set to a target dividend payout ratio of 65% to 75% of free cash flow [(1)]. Our objective is to seek to ensure dividend sustainability while maintaining our dividend payout ratio within the target range and balancing our strategic business priorities, 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 2015 MD&A on pages 36 to 38 of the BCE 2015 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, 2013.

DATE OF ANNOUNCEMENT	AMOUNT OF INCREASE	EFFECTIVE DATE
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
February 4, 2016	5.0% (from $2.60 per share to $2.73 per share)	Quarterly dividend payable on April 15, 2016

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 2015, 2014 and 2013.

	2015	2014	2013
Common shares	**$2.60**	$2.47	$2.33
First preferred shares			
Series R	**$1.10**	$1.1225	$1.1225
Series S	**$0.69216**	$0.75	$0.75

Series T	**$0.84825**	$0.84825	$0.84825
Series Y	**$0.69216**	$0.75	$0.75
Series Z	**$0.788**	$0.788	$0.788
Series AA	**$0.8625**	$0.8625	$0.8625
Series AB	**$0.69216**	$0.75	$0.75
Series AC	**$0.88752**	$0.88752	$0.88752
Series AD	**$0.69216**	$0.75	$0.75
Series AE	**$0.69216**	$0.75	$0.75
Series AF	**$0.7775**	$1.13525	$1.13525
Series AG	**$1.125**	$1.125	$1.125
Series AH	**$0.69216**	$0.75	$0.75
Series AI	**$1.0375**	$1.0375	$1.0375
Series AJ	**$0.69216**	$0.75	$0.75
Series AK	**$1.03752**	$1.03752	$1.03752
Series AM	**$1.2125**	$0.303125(2)	–
Series AO	**$1.1375**	$0.284375(2)	–
Series AQ	**$1.0625**	$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 and other costs paid (which include significant litigation costs) 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 and other costs paid (which include significant litigation costs) 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 3, 2016.

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 3, 2016
Barry K. Allen, Florida, United States	May 2009	Operating Partner, Providence Equity Partners LLC (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 (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
Katherine Lee, Ontario, Canada	August 2015	Corporate director, since February 2015, and Chartered Professional Accountant
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
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 above or other executive positions with the same or associated firms or organizations during the past five years or longer, except for the directors listed below.

DIRECTORS	PAST OCCUPATION
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
Katherine Lee	President and Chief Executive Officer of GE Capital Canada (a global provider of financial and fleet management solutions to mid-market companies operating in a broad range of economic sectors) from November 2010 to February 2015
Gordon M. Nixon	President and Chief Executive Officer of Royal Bank of Canada (a chartered bank) from August 2001 until August 2014

COMMITTEES OF THE BOARD

The table below lists the committees of BCE's board of directors and their members on March 3, 2016.

COMMITTEES	MEMBERS
Audit	Paul R. Weiss (Chair) Sophie Brochu, David F. Denison, Robert P. Dexter, Ian Greenberg, Katherine Lee, Robert C. Simmonds
Corporate Governance	Robert E. Brown (Chair) Barry K. Allen, Sophie Brochu, Gordon M. Nixon, Robert C. Simmonds
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, Katherine Lee, 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 3, 2016.

NAME	PROVINCE AND COUNTRY OF RESIDENCE	OFFICE HELD AT BCE/BELL CANADA
Mirko Bibic	Ontario, Canada	Executive Vice-President, Chief Legal & Regulatory Officer and Corporate Development (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)
Stephen Howe	Ontario, Canada	Executive Vice-President and Chief Technology Officer (Bell Canada)
Rizwan Jamal	Ontario, Canada	President, Bell Residential Services (Bell Canada)
Blaik Kirby	Ontario, Canada	President, Bell Mobility (Bell Canada)
Glen LeBlanc	Nova Scotia, Canada	Executive Vice-President and Chief Financial Officer (BCE and 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	Group President (BCE and Bell Canada)
Mary Ann Turcke	Ontario, Canada	President, Bell Media (Bell Canada)
Martine Turcotte	Québec, Canada	Vice Chair – Québec (BCE and Bell Canada)
John Watson	Ontario, Canada	Executive Vice-President – Customer Experience (Bell Canada)

(1) *Charles W. Brown 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 U.S. Code in the U.S. Bankruptcy Court.*

PAST OCCUPATION

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, except for:

NAME	PAST OCCUPATION
Glen LeBlanc	Executive Vice-President and Chief Financial Officer of Bell Aliant Inc. from April 2010 until December 2014

7.3 Directors' and executive officers' share ownership

As at December 31, 2015, BCE's directors and executive officers as a group beneficially owned, or exercised control or direction over, directly or indirectly, 687,009 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 3, 2016, 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.

PATENT INFRINGEMENT LAWSUIT CONCERNING 4G LTE WIRELESS COMMUNICATIONS SYSTEMS

On February 18, 2016, a claim was filed in the Federal Court against Bell Canada and BCE Inc. by Wi-LAN Inc. The claim alleges that the defendants, by making, using and selling 4G LTE wireless communications systems, including wireless products and services, infringe three patents owned by Wi-LAN Inc. This claim seeks declaratory and injunctive relief as well as unspecified damages or an accounting of profits. The defendants intend to exercise all available indemnity recourses from third parties that provide the intellectual property upon which the defendants' wireless communications systems are based.

PURPORTED CLASS ACTION CONCERNING SERVICE FEE MODIFICATIONS

On November 27, 2015, a motion for authorization to institute a class action was filed in the Québec Superior Court against Bell Canada, Bell ExpressVu and Bell Mobility on behalf of all consumers whose monthly fees for wireline telephone services, Internet services, FibeTV services, Satellite TV services or wireless postpaid services were unilaterally modified at any time since November 2012. The plaintiff alleges that the notices provided by the defendants of the price increases or reductions of the bundle discount were not compliant under the Québec *Consumer Protection Act*. The action seeks the reimbursement, since November 2012, of the monthly price increases and/or reductions of the bundle discount, and payment of punitive damages in the amount of $100 per class member. The action has not yet been authorized as a class action.

PURPORTED CLASS ACTION CONCERNING RELEVANT ADVERTISEMENTS INITIATIVE

On April 14 and 16, 2015, respectively, a motion for authorization to institute a class action was filed against Bell Canada and Bell Mobility in the Québec Superior Court and a statement of claim was filed against Bell Canada and Bell Mobility pursuant to the *Class Proceedings Act* (*Ontario*) in the Ontario Superior Court (collectively, the Actions). Together, the Actions seek to certify a national class consisting of Bell Mobility customers who subscribed to mobile data services between November 16, 2013 and April 13, 2015. The plaintiffs seek damages for breach of contract, breach of the *Telecommunications Act*, breach of the Québec *Consumer Protection Act*, intrusion upon seclusion and waiver of tort resulting from Bell Canada's and Bell Mobility's alleged unauthorized use and disclosure of personal information pursuant to their "Relevant Advertisements Initiative". Unspecified punitive damages are also sought in the Québec action. The Actions have not yet been certified as class actions.

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 and now Bell Mobility as successor to the Bell Aliant LP wireless business) 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 (now Bell Canada) 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. On May 12, 2014, Bell Canada and Bell Aliant LP (now Bell Canada) filed their statement of defence and counterclaim seeking a declaration that the patent of NorthVu Inc. is invalid. Trial has been scheduled to begin in September 2016. Bell Canada intends to exercise all available indemnity recourses from third parties that provide the intellectual property upon which its IPTV services are based.

8 LEGAL PROCEEDINGS

On April 2, 2014, a claim was filed in the Federal Court against Bell Canada, Bell Aliant LP (now Bell Canada) 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. 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. Trial has been scheduled to begin in April 2017. Bell Canada intends to exercise all available indemnity recourses from third parties that provide the intellectual property upon which its IPTV services are based.

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, which was heard in April 2015 and was taken under reserve.

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 Ontario Teachers' Pension Plan Board (Teachers'), and affiliates of Providence Equity Partners Inc., Madison Dearborn Partners LLC (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.

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 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. On December 17, 2015, Bell Mobility's motion for leave to appeal the decision in the Ontario Divisional Court was denied and, as such, the claim will proceed on the merits on a national class basis.

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 (now Bell Mobility as a successor to the Bell Aliant LP wireless business), 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.

SIGNAL PIRACY LITIGATION

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. On October 15, 2015, the Supreme Court of Canada dismissed Bell ExpressVu's application for leave to appeal the Québec Court of Appeal's judgment. Accordingly, the aggregate amount of $141.6 million, including interests and costs, was paid by Bell ExpressVu on October 19, 2015 in full satisfaction of the judgment as rendered by the Québec Court of Appeal.

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 (now Bell Mobility as successor to the Bell Aliant LP wireless business), 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. (now Bell Mobility as successor to the Bell Aliant LP and Bell Aliant Regional Communications Inc. wireless business), 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 telecommunications 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, which appeal was denied by the Court of Appeal of British Columbia on June 9, 2015. On September 3, 2015, the plaintiff applied for leave to appeal to the Supreme Court of Canada of the decision of the Court of Appeal of British Columbia, which leave application was denied on February 11, 2016.

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.

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

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 Interest of 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) (U.S.) and the securities laws and regulations administered by the U.S. 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 Trust Company, at its principal offices in Montréal, Québec; Toronto, Ontario; Calgary, Alberta; and Vancouver, British Columbia; and in the U.S. 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 2015 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 U.S. 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 NYSE 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 are financially literate and independent, and 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.

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 nearly 30 years. A graduate in Economics from Université Laval, she began her career in 1987 at SOQUIP (Société québécoise d'initiatives pétrolières). In 1997, she joined Gaz Métro, as Vice President, Business Development. After holding various positions in the company, she became President and Chief Executive Officer in 2007. Involved with Centraide of Greater Montréal, Ms. Brochu is the Chair of Forces Avenir, which promotes students' involvement in their communities. She is cofounder of "ruelle de l'avenir", a project aimed at encouraging students in the Centre-Sud and Hochelaga neighbourhoods of Montréal to remain in school. She also sits on the board of directors of La Fondation Lucie et André Chagnon. Ms. Brochu is a Member of the Order of Canada.

D.F. Denison, FCPA, FCA	Mr. Denison has been a director of BCE since October 2012. Mr. Denison is a corporate director with extensive experience in the financial services industry. He served as President and Chief Executive Officer of the Canada Pension Plan Investment Board from 2005 to 2012. Prior to that, 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 U.S. and Europe. Mr. Denison serves as Vice-Chair of Sinai Health Systems (a provider of healthcare services). He is also 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. He is a director of Allison Transmission Holdings Inc. and of Royal Bank of Canada, and is Chair of Hydro One Limited. Mr. Denison earned bachelor's degrees in Mathematics and Education from the University of Toronto and is a Fellow of CPA Ontario.
R.P. Dexter	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 18 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.
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.

K. Lee (since August 2015)	Ms. Lee has been a director of BCE since August 2015. Ms. Lee is a seasoned executive in financial services and served as President and Chief Executive Officer of GE Capital Canada from 2010 to February 2015. Prior to this role, Ms. Lee served as Chief Executive Officer of GE Capital Real Estate in Canada from 2002 to 2010, building it to a full debt and equity operating company. Ms. Lee joined GE in 1994, where she held a number of positions, including Director, Mergers & Acquisitions for GE Capital's Pension Fund Advisory Services based in San Francisco, and Managing Director of GE Capital Real Estate Korea based in Seoul and Tokyo. Ms. Lee earned a Bachelor of Commerce degree from the University of Toronto. She is a Chartered Professional Accountant and Chartered Accountant. She is active in the community, championing women's networks and Asian-Pacific forums. Ms. Lee is also a director of Colliers International Group.
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 NYSE 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.

	2015 (IN $ MILLIONS)	2014 (IN $ MILLIONS)
Audit fees[(1)]	**9.5**	9.4
Audit-related fees[(2)]	**1.6**	1.7
Tax fees[(3)]	**0.6**	0.6
All other fees[(4)]	**0.0**	0.6
Total[(5)]	**11.7**	12.3

(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 2014, the fees are for services related to compliance with the Payment Card Industry Data Security Standard.*

(5) *The amounts of $11.7 million for 2015 and $12.3 million for 2014 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 $9.5 million in 2015 and $10.2 million in 2014.*

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 exposures and the steps the Corporation has taken to monitor and control such exposures, including:

- the Corporation's major financial risk exposures including fraud prevention;
- the Corporation's major operational risk exposures including the Corporation's business continuity plans, work stoppage and disaster recovery plans;
- the Corporation's major vendor oversight risk exposures;
- the Corporation's major security risks, including the physical, information and cyber security as well as security trends that may impact the Corporation's operations and business;
- the Corporation's major legal obligation and compliance risks including regulatory, privacy and records management, 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. Journalistic Independence

1. Consider and approve, on recommendation from the Chief Executive Officer, the appointment and termination of the President, CTV News.
2. At least annually, obtain and review a report by the President, CTV News regarding compliance with the Corporation's Journalistic Independence Policy.

G. 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

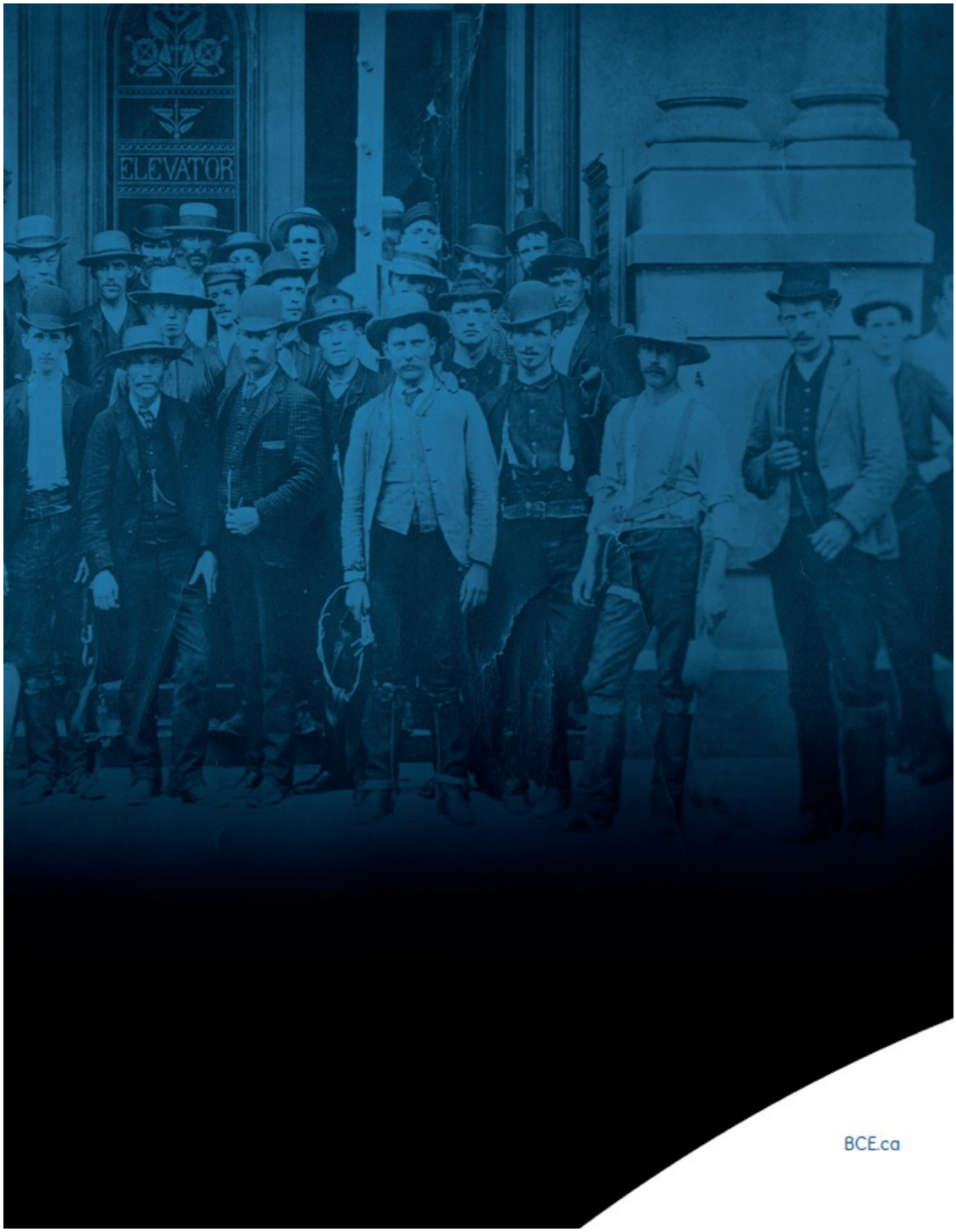
Unless otherwise determined by resolution of the Board of Directors, the Corporate Secretary of the Corporation or his/her delegate shall be the Secretary of the Audit Committee.

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.



BCE.ca

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., Bell Canada, their subsidiaries, joint arrangements and associates. *Bell* means, as the context may require, either Bell Canada or, collectively, Bell Canada, its subsidiaries, joint arrangements and associates. *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 and up to, and including, June 30, 2015, either Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc., its subsidiaries and associates, or after June 30, 2015 the Bell Aliant brand.

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 108 to 110 for a list of defined non-GAAP financial measures and key performance indicators.

Please refer to BCE's audited consolidated financial statements for the year ended December 31, 2015 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 3, 2016, the date of this MD&A, unless otherwise stated.

You will find BCE's audited consolidated financial statements for the year ended December 31, 2015, BCE's annual information form for the year ended December 31, 2015, dated March 3, 2016 (BCE 2015 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, 2015 and 2014.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

BCE's 2015 annual report including this MD&A and, in particular, but without limitation, 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 2016 annualized common share dividend and common share dividend policy, the expected improvement of BCE's net debt leverage ratio and return thereof within BCE's target range, the sources of liquidity we expect to use to meet our anticipated 2016 cash requirements, our expected 2016 post-employment benefit plans funding, our network deployment plans, the value of network infrastructure capital investments we plan to make by the end of 2020, and BCE's business outlook, objectives, plans and strategic priorities. 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 2015 annual report, including in this MD&A, describe our expectations as at March 3, 2016 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 2015 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 2015 annual report and, in particular, but without limitation, the forward-looking statements contained in the previously-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. In addition, the value of network infrastructure capital investments we plan to make by the end of 2020 assumes that capital investments will continue at current levels. However, there can be no assurance that such investment levels will be maintained with the result that the value of actual capital investments made by us by the end of 2020 could materially differ from current expectations. We believe that our assumptions were reasonable at March 3, 2016. 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, technological, economic, financial and other risks that could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements and other forward-looking statements contained in BCE's 2015 annual report, and in particular in this MD&A, include, but are not limited to, the risks described or referred to in section 9, *Business risks*, which section is incorporated by reference in this cautionary statement.

We caution readers that the risks described in the previously-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 3, 2016. 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).

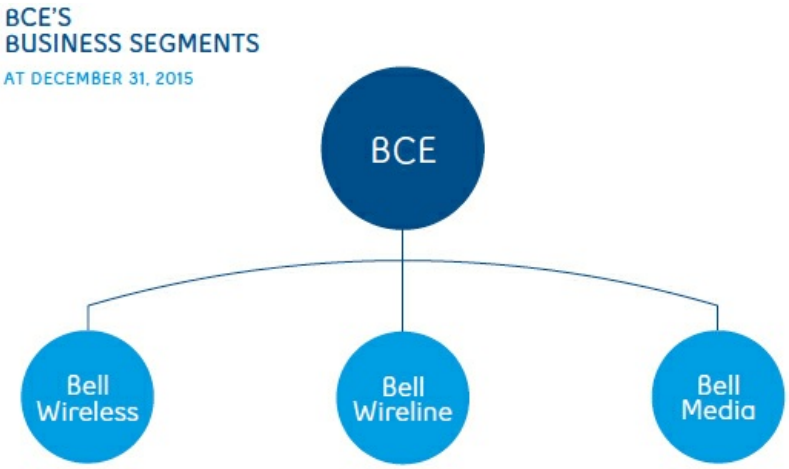
Beginning January 1, 2015, our results are reported in three segments: *Bell Wireless*, *Bell Wireline* and *Bell Media*. Due to the privatization of Bell Aliant in 2014 as outlined in section 6.5, *Privatization of Bell Aliant*, the results of our former Bell Aliant segment are included within our Bell Wireless and Bell Wireline segments, with prior periods reclassified for comparative purposes.

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

Bell Wireline provides data, including Internet access and Internet protocol television (IPTV), local telephone, long distance, as well as other communications services and products to our residential, small and medium-sized business and large enterprise customers, primarily in Ontario, Québec and the Atlantic provinces, while Satellite television (TV) service and connectivity to business customers are available nationally across Canada. 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.

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.

BCE is Canada's largest communications company



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

- a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE)
- a 50% indirect equity interest in Glentel Inc. (Glentel)
- 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 50% indirect equity interest in the Toronto Argonauts Football Club (Argos)

BCE consolidated results

BCE 2015
OPERATING REVENUES

$21,514

MILLION
+2.2% VS. 2014

BCE 2015
ADJUSTED EBITDA (1)

$8,551

MILLION
+3.0% VS. 2014

BCE 2015
NET EARNINGS

$2,730

MILLION
+0.4% VS. 2014

BCE customer connections

WIRELESS
TOTAL

+1.6%

8.2 MILLION
SUBSCRIBERS AT
THE END OF 2015

WIRELESS
POSTPAID

+3.7%

7.4 MILLION
SUBSCRIBERS AT
THE END OF 2015

HIGH-SPEED
INTERNET

+3.5%

3.4 MILLION
SUBSCRIBERS AT
THE END OF 2015

TV

+3.6%

2.7 MILLION
SUBSCRIBERS AT
THE END OF 2015

NETWORK
ACCESS SERVICES
(NAS) LINES

(6.2%)

6.7 MILLION
SUBSCRIBERS AT
THE END OF 2015

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 BCE'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 2015, we reported the results of our operations in three segments: Bell Wireless, Bell Wireline and Bell Media, with prior periods reclassified for comparative purposes to include our former Bell Aliant segment. 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

OUR NETWORKS AND REACH

We hold licensed national wireless spectrum, with holdings across various spectrum bands, totalling more than 4,500 million Megahertz per Population (MHz-pop), corresponding to a weighted-average of approximately 135 MHz-pop of spectrum across Canada.

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 96% of the Canadian population coast to coast at December 31, 2015
  - Expansion of our LTE services supported by continued re-purposing of wireless spectrum to increase capacity and coverage
  - Reverts to the High-speed packet access plus (HSPA+) network outside LTE coverage area, ensuring continuity of service
  - Supports international roaming in more than 75 destinations
- LTE Advanced (LTE-A) network service launched in February 2015:
  - Dual-band LTE-A provides mobile Internet data access speeds as fast as 260 Mbps (typical speeds of 18 to 74 Mbps)
  - Covered 48% of the Canadian population in parts of British Columbia, Alberta, Ontario and Atlantic Canada, Yukon and the Northwest Territories at December 31, 2015
  - In August 2015, we began the deployment of Tri-band LTE, delivering speeds of up to 335 Mbps (typical speeds of 25 to 100 Mbps), in parts of Southern Ontario and select cities in Atlantic Canada
- HSPA+ network launched in November 2009:
  - Provides high-speed mobile access of up to 21 Mbps in most areas (typical speeds of 3.5 - 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, 2015
  - International roaming in more than 230 destinations
- National third generation (3G) code division multiple access (CDMA) network, which we began decommissioning in 2014.
- Largest wireless fidelity (Wi-Fi) network across Canada:
  - Approximately 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.
- Approximately 2,500 retail points of distribution across Canada, including more than 1,400 Bell-branded stores and The Source locations, Glentel-operated stores (WIRELESSWAVE, Tbooth wireless and WIRELESS etc...) as well as other third-party dealer and retail locations.

OUR PRODUCTS AND SERVICES

- **Voice and data plans:** available on either postpaid or prepaid options
- **Extensive selection of devices:** including leading 4G LTE and LTE-A smartphones and tablets
- **Data:** e-mail, web browsing, social networking, messaging (text, picture and video), call features and applications
- **Mobile TV:** over 45 live and on-demand channels on smartphones and tablets
- **Mobile Internet:** Turbo Stick, Turbo Hub, MiFi
- **Mobile payments:** Suretap mobile wallet for quick, easy and secure payments using smartphones
- **Travel:** roaming services with other wireless service providers in more than 230 destinations worldwide, LTE roaming in over 75 destinations, Travel Data Passes and Roam Better feature
- **Mobile business services:** push-to-talk, workforce management, worker safety, dispatch solutions, mobile device management
- **Internet of Things (IoT) solutions:** asset management, fleet management, digital signage, wireless point-of-sale, remote monitoring, telematics

Bell Wireline

SEGMENT DESCRIPTION

- Provides data, including Internet access and IPTV, local telephone, long distance, as well as other communications services and products to residential, small and medium-sized business and large enterprise customers, primarily in Ontario, Québec and the Atlantic provinces, while Satellite TV service and connectivity to business customers are available nationally across Canada. We also offer competitive local exchange carrier (CLEC) services in Alberta and British Columbia
- Includes the results of our wholesale business, which buys and sells local telephone, long distance, data and other services from or 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 BRANDS INCLUDE

Bell
Fibe
Bell Aliant
Bell Aliant FibreOP
CABLEVISION A DIVISION OF BELL ALIANT
The SOURCE
NorthwesTel

OUR NETWORKS AND REACH

- Extensive local access network in Ontario, Québec and the Atlantic provinces, as well as in Canada's Northern Territories
- Largest fibre network in Canada, spanning over 196,000 km
- Broadband fibre network, consisting of fibre-to-the-node (FTTN) and fibre-to-the-premise (FTTP) locations, covering 8 million homes and businesses in Ontario, Québec and the Atlantic provinces
- IPTV service footprint encompassing 6.2 million households across Ontario, Québec and the Atlantic provinces
- 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 27 locations in seven provinces, enabling us to offer data centre co-location and hosted services to business customers across Canada
- More than 1,400 Bell-branded stores and The Source locations across Canada

OUR PRODUCTS AND SERVICES

RESIDENTIAL

- **TV:** Bell Fibe TV and Bell Aliant FibreOP TV (our IPTV services) and direct-to-home (DTH) Satellite TV, provide extensive content options with Whole Home personal video recorder (PVR) and on-demand and 4K Ultra high-definition (HD) programming. Our IPTV service also offers

consumers innovative features, including Restart, the Fibe TV app and wireless TV

- **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, Home Hub all-in-one modem and Wi-Fi router and mobile Internet. Our fibre optic Internet service, marketed as Fibe Internet and FibreOP Internet, offers speeds up to 50 Mbps with FTTN or 940 Mbps with FTTP
- **Home Phone:** local telephone service, long distance and advanced calling features
- **NextGen Home Security:** a digital Internet-based service available in select locations in Atlantic Canada, providing home security and monitoring with next-generation automation capabilities, including remote management via web portal and mobile devices, appliance controls, and secure video monitoring
- **Bundles:** multi-product bundles of TV, Internet and voice services with monthly discounts

BUSINESS

- **IP-based services:** business Internet, IP VPN, point-to-point data networks, global network solutions
- **Business service solutions:** hosting and cloud services, managed services, professional services and infrastructure services that support and complement our data connectivity services
- **Voice and unified communications:** IP telephony, local and long distance, web and audio conferencing, e-mail solutions

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 BRANDS INCLUDE

OUR ASSETS AND REACH

TV

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

RADIO

- 106 licensed radio stations in 54 markets across Canada

OOH ADVERTISING

- Network of more than 30,500 advertising faces in British Columbia, Alberta, Ontario, Québec and Nova Scotia

DIGITAL MEDIA

- More than 200 websites and over 50 Internet applications (apps)

BROADCAST RIGHTS

- Sports: 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 and International Ice Hockey Federation (IIHF) World Junior Championship. Bell Media's slate of live sports coverage also includes the Toronto Maple Leafs, Montréal Canadiens, Winnipeg Jets and Ottawa Senators games, National Football League (NFL), National Basketball League (NBA), Major League Soccer (MLS), Fédération Internationale de Football Association (FIFA) World Cup events through to 2022, Season of Champions Curling, Union of European Football Associations (UEFA) 2016 European Championship, Major League Baseball (MLB), Barclays Premier League, UEFA Champions League, golf's major championships, National Association for Stock Car Auto Racing (NASCAR) Sprint Cup, Formula 1, Grand Slam Tennis and National Collegiate Athletic Association (NCAA) March Madness
- HBO: long-term agreement to deliver all current-season, past-season and library HBO programming in Canada exclusively on our linear, on-demand and over-the-top (OTT) platforms
- SHOWTIME: long-term content licensing and trademark agreement for past, present and future SHOWTIME-owned programming
- iHeartRadio: exclusive partnership for digital and streaming music services in Canada

OTHER ASSETS

- 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 a large collection of premium content in one place, including HBO and SHOWTIME programming, on set-top boxes (STBs), mobile devices and online. CraveTV is offered through a number of Canadian TV providers and is available directly to all Canadian Internet subscribers as an over-the-top (OTT) service
- **TV Everywhere services**, including CTV GO, Discovery GO, TMN GO, TSN GO, and RDS GO which provide live and on-demand content delivered over mobile and Wi-Fi networks to smartphones, tablets and computers

Other BCE investments

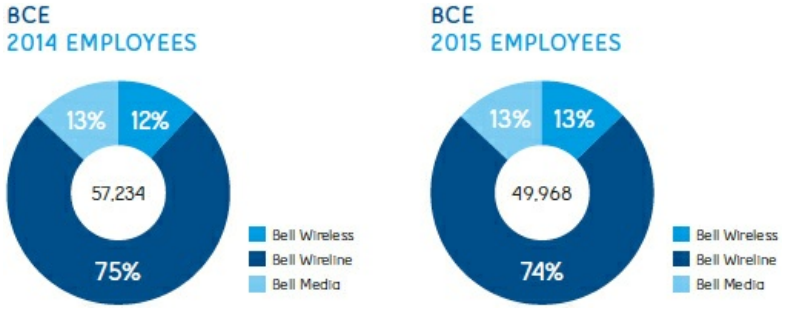
BCE also holds investments in a number of other assets, including:

- a 28% indirect equity interest in MLSE, a sports and entertainment company that owns several sports teams as well as real estate and entertainment assets in Toronto
- a 50% indirect equity interest in Glentel, a Canadian-based dual-carrier, multi-brand mobile products distributor
- a 35.4% indirect equity interest in Q9, a provider of outsourced data centre solutions, such as hosting, co-location and cloud services
- an 18.4% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club and the Bell Centre in Montréal
- a 50% indirect equity interest in the Argos

Our people

EMPLOYEES

At the end of 2015, our team included 49,968 employees dedicated to driving shareholder return and improving customer service.



The total number of BCE employees at the end of 2015 decreased by 7,266 employees compared to the end of 2014, due primarily to the sale of a call centre subsidiary, workforce restructuring initiatives at our Bell Media and Bell Wireline segments to confront changing consumer preferences, new TV unbundling rules, a soft business market as a result of the economy and declines in home phone subscribers, as well as other workforce reductions attributable to normal attrition, retirements and productivity improvements, including synergies realized from the privatization of Bell Aliant.

Approximately 45% 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 Mobility acquires new wireless spectrum licences

In April 2015, Bell Mobility acquired advanced wireless services-3 (AWS-3) wireless spectrum in key urban and rural markets as part of Industry Canada's (now Innovation, Science and Economic Development Canada (ISED)) AWS-3 spectrum auction. Bell Mobility acquired 13 licences for 169 million MHz-pop of AWS-3 spectrum for $500 million. This band of spectrum is strategically valuable in providing Bell Mobility with future incremental broadband capacity to meet growing consumer and business demand for mobile data services as well as for carrier aggregation.

In May 2015, Bell Mobility acquired an additional 243 million MHz-pop of 2500 MHz wireless spectrum for $29 million as part of Industry Canada's spectrum auction, supplementing existing holdings in key urban and rural markets across Canada. Bell Mobility will use the additional 2500 MHz spectrum to further support 4G LTE services in eastern and western Ontario, Québec, Atlantic Canada, Alberta, British Columbia and all three Territories.

Acquisition of mobile phone distributor Glentel completed

On May 20, 2015, BCE completed the previously announced acquisition of all of the issued and outstanding common shares of Glentel, a Canadian-

based dual-carrier multi-brand mobile products distributor, for a total consideration of $592 million, of which $296 million ($284 million, net of cash on hand) was paid in cash and the balance through the issuance of 5,548,908 BCE common shares. Immediately following the closing of the acquisition, BCE repaid Glentel's outstanding debt in the amount of approximately $112 million and contributed $53 million in exchange for additional Glentel common shares. Subsequently, also on May 20, 2015 and further to an agreement dated December 24, 2014, BCE divested 50% of its ownership interest in Glentel to Rogers Communications Inc. (Rogers) for a total cash consideration of approximately $473 million ($407 million, net of divested cash and transaction costs).

Bell Media signs HBO exclusive and expands TMN nationally

In November 2015, Bell Media signed a long-term agreement with HBO whereby it would exclusively deliver in Canada all current, past and library HBO programming across linear, on-demand and OTT platforms, and also entered into a new original co-production partnership. Bell Media further announced that it would expand TMN into a national pay TV service and become the sole operator of HBO Canada in the first quarter of 2016 following Corus Entertainment Inc. (Corus)'s waiver of its HBO content rights and wind down of the operations of its Movie Central and Encore Avenue pay TV services in Western and Northern Canada. TMN was successfully launched nationally on March 1, 2016 and Movie Central and Encore Avenue's operations ceased on the same day.

Joint acquisition of Toronto Argonauts Football Club

On December 31, 2015, Bell Canada jointly acquired the Argos of the Canadian Football League (CFL) with a partner in MLSE, Larry Tanenbaum's Kilmer Group. Live sports have become increasingly important to executing Bell's media leadership strategy. By acquiring the Argos, Bell strengthens its media strategy by adding another iconic brand to an already extensive sports line-up.

Bell is Canada's most valuable communications brand

Bell moved up two spots to number three in Brand Finance's annual rankings of Canada's most valuable brands for 2015. Bell Canada was the only company in the top five from outside the financial services sector. The top 100 brands are compiled by global brand valuation firm Brand Finance in partnership with The Globe and Mail's Report on Business magazine. Bell Canada was the only Canadian company to earn a AAA brand rating from Brand Finance, which factors in brand strength, risk and potential relative to competitors. A brand's value reflects a company's reputation and loyalty from customers, employees and investors, as well as future revenues attributable to the brand's strength.

Thomas O'Neill to retire as BCE Chair, Board to nominate Gordon Nixon

Thomas C. O'Neill will retire as Chair of the board of directors of BCE (BCE Board or Board) at the BCE Annual General Shareholder Meeting scheduled for April 28, 2016 in Montréal. The Board plans to nominate BCE director Gordon M. Nixon as Chair contingent upon his re-election as a director by BCE shareholders at the April 28 annual meeting.

A director of BCE since November 2014, Gordon Nixon was President and Chief Executive Officer (CEO) of the Royal Bank of Canada from 2001 until 2014, and CEO of RBC Dominion Securities from 1999 to 2001. A member of the Order of Canada, Mr. Nixon is a director of George Weston Limited and of BlackRock Inc. He also serves as Chair of scientific research and collaboration centre MaRS and of the Queen's University Capital Campaign.

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 4, 2016, we announced a 5.0%, or 13 cent, increase in the annualized dividend payable on BCE's common shares for 2016 to $2.73 per share from $2.60 per share in 2015, starting with the quarterly dividend payable on April 15, 2016. This represents BCE's 12th increase to its annual

common share dividend, representing an 87% increase, since the fourth quarter of 2008.

The dividend increase for 2016 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 the BCE Board and, consequently, there can be no guarantee that BCE's dividend policy will be maintained or that dividends will be declared.

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 objective to increase the share price for our shareholders.



- 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 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 shareholder 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 2015, BCE's excess cash of $830 million was directed towards the purchase of AWS-3 and 2500 MHz wireless spectrum and a voluntary contribution to Bell Canada's DB pension plan.

Total shareholder return performance

FIVE-YEAR TOTAL SHAREHOLDER RETURN

+95.4%

2011 - 2015

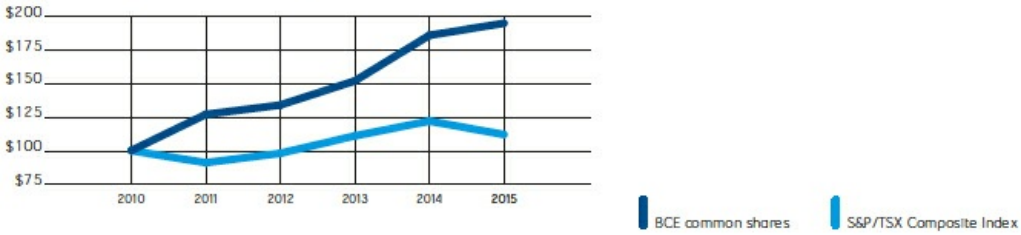
ONE-YEAR TOTAL SHAREHOLDER RETURN

+5.3%

2015

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

DECEMBER 31, 2010 – DECEMBER 31, 2015



This graph compares the yearly change in the cumulative annual total shareholder return of BCE common shares against the cumulative annual total return of the S&P/TSX Composite Index[2], for the five-year period ending December 31, 2015, assuming an initial investment of $100 on December 31, 2010 and the quarterly reinvestment of all dividends.

(1) *Based on BCE's common share price on the Toronto Stock Exchange and assumes the reinvestment of dividends.*

(2) *As the headline index for the Canadian equity 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 balance sheet is supported by substantial liquidity and an investment-grade credit profile, providing the company 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 seek to 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 medium-term note (MTN) debentures: 9.2 years
- Average after-tax cost of MTN debentures: 3.38%
- $1 billion to $2 billion of long-term debt maturing annually over next five years

STRONG LIQUIDITY POSITION

- $1.3 billion available under our $3 billion multi-year committed credit facilities
- $500 million accounts receivable securitization available capacity
- $613 million cash and cash equivalents on hand at the end of 2015

FAVOURABLE CREDIT PROFILE

- Long-term debt credit rating of A (low) by DBRS Limited (DBRS), Baa 1 by Moody's Investors Services Inc. (Moody's) and BBB+ by Standard & Poor's Rating Services (S&P), all with stable outlooks

The committed amount under Bell Canada's unsecured revolving facility was increased from $2.5 billion to $3 billion in the first quarter of 2015, providing us with additional financing flexibility.

In February 2015, Bell Canada renewed its MTN program, enabling it to offer up to $4 billion of MTN debentures from time to time until December 14, 2016. The MTN debentures will be fully and unconditionally guaranteed by BCE. Consistent with past practice, the MTN program was renewed to continue to provide Bell Canada with financial flexibility and efficient access to the Canadian and United States (U.S.) capital markets.

Pursuant to this MTN program, Bell Canada successfully accessed the capital markets in March 2015 and October 2015, raising a total of $1.5 billion in gross proceeds from the issuance of 30-year and seven-year MTN debentures. The October 2015 issuance of seven-year MTN debentures, which carries an annual interest rate of 3%, represented the lowest coupon ever achieved by Bell Canada on any MTN debenture issuance. The net proceeds of these offerings were used for the repayment of MTN debentures prior to their maturity, as well as for general corporate purposes including to repay outstanding commercial paper and to fund capital expenditures.

BCE also completed a public bought deal common share offering in December 2015, the first by the company since 2002. The base equity offering of $750 million, and the exercise of the 15% over-allotment option, that together resulted in the sale of 15,111,000 common shares at the offering price of $57.10 per share, generated total gross proceeds of $863 million. These proceeds were principally used to support debt reduction through the early redemption of $700 million principal amount of Bell Canada MTN debentures maturing in 2016, thereby contributing to the maintenance of a healthy balance sheet.

As a result of financing a number of strategic acquisitions made since 2010, including CTV, Astral Media Inc. (Astral), MLSE and Bell Aliant, voluntary pension plan funding contributions to reduce our pension solvency deficit, wireless spectrum purchases, and the incremental debt that was assumed as a result of the privatization of Bell Aliant, our net debt[1] leverage ratio[2] has, as shown in the table below, increased above the limit of our internal target range of 1.75 to 2.25 times adjusted EBITDA. 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 RATIOS	INTERNAL TARGET	DECEMBER 31, 2015
Net debt leverage ratio	1.75–2.25	2.53
Adjusted EBITDA to net interest expense ratio[2]	>7.5	8.76

(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.*

(2) *Net debt leverage ratio and adjusted EBITDA to net interest expense ratio 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) – Net debt leverage ratio *and* Adjusted EBITDA to net interest expense ratio *for more details.*

1.5 Corporate governance and risk management

Corporate governance philosophy

The BCE 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:

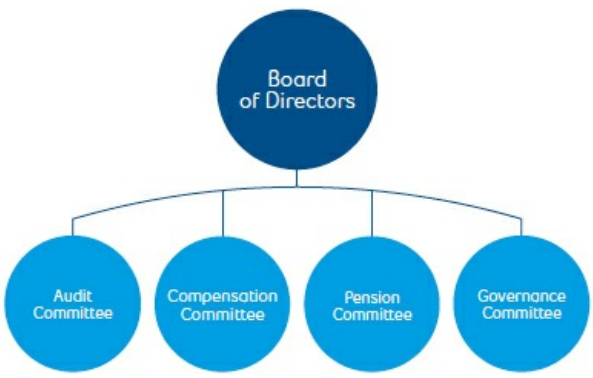
- Separation of the Board Chair and CEO roles
- Director independence standards
- Board committee memberships restricted to independent directors
- Annual director effectiveness and performance assessments
- Ongoing reporting to Board committees regarding ethics programs and the oversight of corporate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

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 at sedar.com) and with the United States Securities and Exchange Commission (available at sec.gov), and available on BCE's website at BCE.ca.

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, with reporting to the Board in the ordinary course. The Board retains overall responsibility for, as well as direct oversight of, other risks or elements thereof, such as those relating to our regulatory environment, competitive environment, customer experience, technology/infrastructure transformation, operational performance and vendor oversight.



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 is responsible for overseeing 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 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, performance of critical infrastructure, information, cyber and physical security, journalistic independence, 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 Fund Committee (Pension Committee) has oversight responsibility for risks associated with the pension fund. The Corporate Governance Committee (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 Governance Committee oversees matters such as the organization's policies concerning business conduct, ethics and public disclosure of material information.

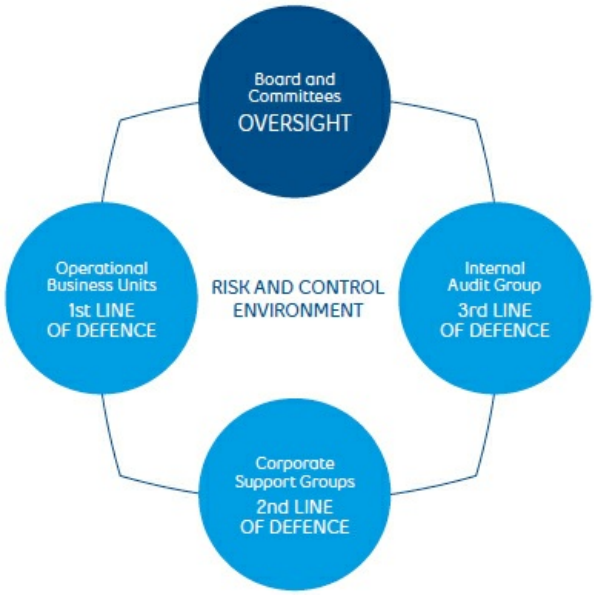
RISK MANAGEMENT CULTURE

There is a strong culture of risk management at BCE that 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 its 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 establishment of six strategic imperatives and focuses risk management around the factors that could impact the achievement of those strategic imperatives. While the constant state of change in the economic environment and the industry creates challenges to be managed, the clarity around strategic objectives, performance expectations, risk management and integrity in execution ensures discipline and balance in all aspects of our business.

RISK MANAGEMENT FRAMEWORK

While the Board is responsible for BCE'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, that is aligned with industry best practices and is endorsed by the Institute of Internal Auditors.



FIRST LINE OF DEFENCE – OPERATIONAL MANAGEMENT

The first line refers to management within our operational business segments (Bell Wireless, Bell Wireline and Bell Media) who are expected to understand their operations in great detail and the financial results that 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, create a high degree of accountability and transparency in support of our 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 are integral to these activities in driving the identification, assessment, mitigation and reporting of risks 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-today 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

BCE is a very large enterprise with approximately 50,000 employees, multiple business units and a diverse portfolio of risks that is constantly evolving based on 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 that 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: BCE'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, pension management, 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 that provides an important reference point in the overall risk assessment process.

In addition to the activities described above, the second line of defence is also critical in building and operating the oversight mechanisms that 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, BCE has established a Security, Environmental and Health and Safety Committee (SEHS). A significant number of BCE's most senior leaders are members of this committee, whose purpose is to oversee BCE'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 BCE's strategic imperatives and to maintain an audit presence throughout BCE and its subsidiaries.

2 Strategic imperatives

Our success is built on the BCE 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 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.

2015 PROGRESS

- Expanded our 4G LTE wireless network to reach 96% of the Canadian population coast to coast
- Launched Dual-band LTE-A network service, delivering mobile data speeds of up to 260 Mbps (typical speeds of 18 to 74 Mbps), to 48% of the Canadian population in parts of British Columbia, Alberta, Ontario, Atlantic Canada, Yukon and the Northwest Territories. We also began the rollout of Tri-band LTE-A, delivering speeds of up to 335 Mbps (typical speeds of 25 to 100 Mbps), in parts of Southern Ontario and select cities in Atlantic Canada.
- Acquired 13 licences for 169 million MHz-pop of AWS-3 spectrum in key urban and rural markets for $500 million following Industry Canada's wireless spectrum auction, growing Bell's capacity to meet heavy consumer and business demand for mobile data services
- Acquired an additional 243 million MHz-pop of 2500 MHz spectrum for $29 million as part of Industry Canada's spectrum auction, supplementing existing holdings in key urban and rural markets across Canada
    - Bell's 4G LTE wireless network was ranked as the fastest mobile LTE network in Canada by PCMag, Rootmetrics and OpenSignal
- Began the buildout of broadband fibre directly to 1.1 million homes and businesses across the City of Toronto as part of Bell's single largest infrastructure expansion project, with a planned capital investment of approximately $1.14 billion. The majority of the build-out is expected to be completed by the end of 2017.
- Launched Gigabit Fibe and Gigabit FibreOP Internet service to more than 2.2 million homes across Québec, Ontario and the Atlantic provinces, offering speeds of up to 940 Mbps at launch and rising to a full 1 Gigabit per second (Gbps) or faster in 2016 as equipment evolves to support these speeds. Gigabit Fibe and Gigabit FibreOP are enabled by the ongoing deployment of our FTTP network, bringing high-speed fibre technology directly into homes and businesses.

2016 FOCUS

- Expand FTTP footprint to 8.2 million locations passed
- Accelerate FTTP deployment in Toronto and other major cities and expand availability of Gigabit Fibe and Gigabit FibreOP Internet service
- Complete our 4G LTE wireless network build to 98% of Canadian population and manage wireless network capacity
- Expand LTE-A coverage to reach 75% of the Canadian population

2.2 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 premium smartphone subscribers in all geographic markets we operate in, leveraging our wireless networks, and maintaining device and mobile content leadership to drive greater wireless data penetration and usage.

2015 PROGRESS

- Acquired 36% and 43% of total new postpaid gross and net activations, respectively, among the three national wireless carriers, while achieving leading service revenue, ARPU and adjusted EBITDA growth of 7.6%, 5.3% and 7.8%, respectively
- Expanded the number of smartphone users at the end of 2015 to 78% of our total postpaid subscribers, up from 76% at the end of 2014
- Expanded our smartphone lineup with over 30 new devices, including the Apple iPhone 6S and 6S Plus, Samsung Galaxy S6 and S6 Edge, Samsung Galaxy Note 5, Motorola Moto G, HTC One M9 and LG G4, adding to our extensive selection of 4G LTE-capable devices
- Completed the acquisition of Glentel
- Launched Suretap, an open wallet payment system based on near field communications (NFC) subscriber identity module (SIM) cards and backed by Bell, TELUS Corporation (TELUS) and Rogers and available to other carriers. With support for 40 payment cards and more than 30 gift card brands, the Suretap app is available to more than 90% of Android and BlackBerry devices sold.
- Launched Roam Better roaming feature that gives customers access to specialized roaming rates while traveling, providing unlimited voice and text messages across the U.S. and back to Canada as well as an additional 100 megabit (MB) of data usage for $5 per day
- Launched the Bell Control Centre, a secure cloud-based platform that lets Canadian businesses manage network connected devices within their operations over our 4G LTE network

2016 FOCUS

- Profitably grow our wireless postpaid subscriber base, while maintaining market share momentum of incumbent postpaid subscriber activations
- Continue to increase ARPU
- Expand the number of postpaid smartphone subscribers using our 4G LTE and LTE-A networks

- Continue to manage the financial and churn impacts from increased market activity arising from the significantly increased number of off-contract customers 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, which has applied to all wireless contracts since June 3, 2015
- 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 continuing to drive the commercialization of mobile payments and IoT services and applications

2.3 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.

2015 PROGRESS

- Became Canada's largest TV provider with 2,738,496 subscribers, up 3.6% over 2014, and increased our total number of IPTV subscribers by 26.7% to 1,182,791
- Built on our position as the leading Internet service provider in Canada with a high-speed Internet subscriber base of 3,413,147, up 3.5% over 2014
- Increased the number of multi-product households – those that buy TV, Internet and Home Phone – by 11% over 2014, fuelled by our IPTV service, which drove higher pull-through attach rates for Home Phone and Internet services, with 64% of all new IPTV customers taking three products
- Continued to lead IPTV innovation in Canada by making several enhancements to our Fibe TV and FibreOP TV services with exclusive features like Restart, enabling customers to rewind and watch TV shows already in progress from the beginning
    - Further enhanced Restart with a "Look Back" feature, allowing viewers to go back in time to watch and Restart shows that aired in the previous 30 hours
    - Introduced other new features including "Trending", available on Fibe TV, which highlights the five most-watched shows in Canada at any given time and allows viewers to watch them live or Restart from the beginning; and "Resume", which allows viewers to change channels while replaying a show and then change back to the original channel and pick up where they left off
    - Launched the Fibe TV app, which recreates the full Fibe TV experience on any screen, with access to more than 300 live and on-demand channels at home, or up to 170 on the go
    - Upgraded all Fibe and FibreOP customer TV receivers to enable quick access to Netflix video streaming
- Bell Fibe TV and Bell Aliant FibreOP TV were the top two TV services most recommended by customers in Canada [(1)]
- Opened a state-of-the-art data centre in Saint John, New Brunswick, the first in Atlantic Canada and one of just 11 in Canada to achieve Tier III designation, which certifies full redundancy in all mission critical infrastructures
- Expanded Bell's data hosting facility in Montréal, already the largest in Québec, to offer a total IT load capacity of 6.8 megawatts in a 60,000 square foot (5,574 m2) location, supporting business technology growth in Québec and reinforcing Bell's leadership in hosting, connectivity and cloud computing

2016 FOCUS

- Continue to enhance our IPTV service
    - In January 2016, we launched the Fibe TV 4K Whole Home PVR for customers in Toronto, Montréal, Ottawa and Québec City. Bell's 4K Whole Home PVR is the smallest available on the market and has the largest recording capacity. In February 2016, the availability of the 4K Whole Home PVR for purchase was expanded to all Bell Fibe TV customers and to Bell Aliant FibreOP TV customers in Atlantic Canada. The rental program as well as HDR (high dynamic range) ready capabilities will be available early in the second quarter of 2016.
- 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 multi-product household penetration
- Increase share of wallet of large enterprise customers through greater focus on business service solutions and connectivity growth

- In February 2016, we announced a new partnership with IBM Canada Limited (IBM) to expand the cloud computing services available through our Bell Business Cloud service, giving businesses across Canada access to the IBM Cloud service via a secure, high-speed connection from Bell, simplifying the way customers adopt and build out their hybrid clouds
- Increase the number of net new customer relationships in both large and mid-sized businesses and reduce small business customer losses

(1) *Nielsen Consumer Insights findings published in Customer Interaction Metric study (October 2015)*

2.4 Expand media leadership



We strive to deliver leading sports, news, entertainment and business content across multiple broadband platforms – TV, Internet, smartphones and tablets (four screens) – to grow audiences. 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, and to introduce new services in support of new revenue streams.

2015 PROGRESS

- Maintained CTV's #1 ranking as the most-watched network in Canada for the 14th year in a row, and continued to lead with a majority of the Top 20 programs nationally in all key demographics
- Concluded a comprehensive, long-term agreement with HBO giving Bell Media the ability to deliver all current-season, past-season and library HBO programming in Canada exclusively on our linear, on-demand and OTT platforms. Bell Media and HBO will also partner to co-produce original Canadian programming for their platforms and for distribution worldwide.
- Announced the expansion of TMN into a national pay TV service in 2016 as Bell Media becomes the sole operator of HBO Canada after Corus winds down operations of its Movie Central and Encore Avenue pay TV services in Western and Northern Canada
- Concluded a long-term content licensing and trademark agreement to bring the SHOWTIME brand to Canada for the first time with past, present and future SHOWTIME-owned programming being made available across all platforms in English and French, including CraveTV and TMN
- Concluded a licensing agreement with Twentieth Century Fox Television Distribution that will deliver first-run theatrical titles from Twentieth Century Fox, Fox Searchlight, and Fox 2000 to TMN and TMN Encore subscribers
- Extended our broadcast agreement with the CFL by three years through to the end of the 2021 season. TSN and RDS hold exclusive television rights for CFL football, including pre-season, regular season, playoff and Grey Cup games. In addition to broadcast and digital rights, the deal features exclusive Grey Cup radio rights for Bell Media stations.
- Concluded an agreement with CBC/Radio-Canada to be the official sports specialty broadcaster for the Beijing 2022 Winter Olympic Games and the 2024 Summer Olympic Games, extending our partnership which already covers Rio 2016, PyeongChang 2018 and Tokyo 2020
- Extended a long-term media rights agreement for French Open tennis through to 2024, ensuring TSN and RDS will continue to deliver exclusive coverage of all four Grand Slam tennis events
- Astral OOH was awarded long-term contracts with a number of Canadian airports, including: an eight-year contract by the Ottawa Macdonald-Cartier International airport to replace all of the existing advertising infrastructure at the airport with a complete line of digital products; an eight-year contract with the Vancouver International Airport; and a 10-year contract with Halifax's Stanfield International Airport
- Astral OOH secured a 10-year business agreement for transit shelter and bus advertising in Québec city with the Réseau de transport de la Capitale
- Acquired the Argos of the CFL jointly with Larry Tanenbaum's Kilmer Group, a partner in MLSE, strengthening our media strategy by adding another iconic brand to our already extensive sports line-up

2016 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
  - In January 2016, we announced an exclusive partnership with iHeartRadio to bring its digital and streaming music services to Canada in 2016
  - Also in January 2016, TSN became the first broadcaster to produce a live 4K Ultra HD broadcast in North America with the Toronto Raptors vs. Boston Celtics basketball game on January 20, 2016
- Grow viewership and scale of CraveTV on-demand TV streaming service
  - In January 2016, we launched CraveTV direct to consumers as a standalone product available to all Canadians with an Internet

subscription
- Expand TMN into a national pay TV service
- Develop in-house production and content creation for distribution and use across all platforms and screens
- Expand live and on-demand content through our TV Everywhere services
- Become the OOH leader in Canada
    - In January 2016, we acquired Métromédia CMR Plus Inc. (Métromédia), Cogeco Inc.'s OOH advertising subsidiary, allowing Astral OOH to expand its advertising assets in the public transit market
- Grow French media properties
- Leverage cross-platform and integrated sales and sponsorship

2.5 Improve customer service



Our objective is to enhance customers' overall experience 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.

2015 PROGRESS

- Invested over $850 million since 2011, including approximately $100 million in 2015, to improve the customer experience
- Reduced customer calls to our service centres by 6 million in 2015 through our continued investments in service and a focus on simplification
- Reduced Fibe TV installation time for FTTP customers by 10% in 2015 and 30% since the beginning of 2012
- Increased availability of two-hour appointment windows for Fibe TV installations by seven times over 2014 and extended two-hour window availability to Internet and Home Phone repairs
- Achieved Same Day Next Day service completion rates of 92% for repairing service issues with Home Phone, TV and Internet and increased Same Day completion for both residential and business customers by 24% over 2014
- Improved customer satisfaction with technicians to 92% for installations and repairs
- Reduced IP VPN provisioning time by 12 days for business customers
- Improved Net Promoter Score, a measure of overall customer satisfaction, by 14% in 2015 and 55% since 2011 for Bell Mobility
- Bell was the most improved wireless carrier among full service carriers and Virgin Mobile Canada (Virgin Mobile) was #1 among national carriers in customer service and wireless purchase experience satisfaction[(1)]
- Launched a redesigned and simplified bill for residential customers with an intuitive grid format, making it easier for customers to follow changes month over month
- Introduced personalized videos for new Bell 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
- Introduced a faster registration process for our online self-serve platform
- Introduced a new Internet usage notification program, enabling customers to better manage their Internet usage
- Launched a new suite of call centre tools to improve the ordering experience for small business customers, reducing ordering times by 60%
- Handled more than 160 million online self-serve visits, infoviews and transactions, an increase of 9 million over 2014

2016 FOCUS

- Continue to invest in customer service initiatives to simplify complexity for all customers including billing
- Reduce further the 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

2.6 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.

2015 PROGRESS

- Maintained stable BCE consolidated adjusted EBITDA margin [2] compared to 2014
- Reduced wireline operating costs by 1.6%, contributing to Bell Wireline adjusted EBITDA margin improvement of 0.7 pts over 2014
- Realized operating cost and capital expenditure synergies from the integration of Bell Aliant into our Bell Wireline and Bell Wireless segments
- Restructured Bell Media's organization to grow the team's competitiveness in the fast-changing media landscape
- Restructured our Business Markets unit to maximize service and support for our mid-sized and enterprise business customers and enhance Bell's leadership in these markets

2016 FOCUS

- Realize additional operating cost and capital expenditure synergies from the integration of Bell Aliant
- Execute on labour savings from workforce reductions at Bell Media and Bell Wireline
- Deliver cost savings from workforce reductions undertaken in 2015, ongoing service improvements, and savings related to the deployment of FTTP to support a stable consolidated adjusted EBITDA margin

(1) *J.D. Power and Associates 2015 Canadian Wireless Customer Care Study*
(2) *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 2015 targets, our consolidated business outlook and operating assumptions for 2016 and our principal business risks.

3.1 2015 performance vs. guidance targets

	FINANCIAL GUIDANCE	2015 TARGET	2015 PERFORMANCE AND RESULTS		ACHIEVED
BCE	Revenue growth	1%–3%	**2.2%**	Driven by strong Bell Wireless revenue growth of 8.7% along with Bell Media revenue growth of 1.3%, moderated by a modest decline in Bell Wireline revenue of 0.5%.	✓
	Adjusted EBITDA growth	2%–4%	**3.0%**	Increase reflected 4.3% higher revenues from Bell growth services (wireless, wireline broadband and TV as well as media), offsetting the decline in traditional wireline voice service revenues. This, along with effective cost containment, resulted in a relatively stable adjusted EBITDA margin of 39.7%.	✓
	Capital intensity	Approx. 17%	**16.9%**	BCE invested $3,626 million in new capital in 2015 resulting in a capital intensity ratio of 16.9% compared to 17.7% in 2014. Capital spending was focused on the ongoing deployment of our broadband fibre, the continued rollout of our 4G LTE and LTE-A mobile services, expansion of network capacity to support greater speeds and increasing data usage, as well as enhancements to our customer service delivery systems.	✓
	Adjusted net earnings per share (adjusted EPS)[1]	$3.28–$3.38	**$3.36**	Adjusted net earnings[1] in 2015 increased by $321 million, or $0.18 per common share, driven by higher adjusted EBITDA, lower non-controlling interest as a result of the privatization of Bell Aliant, lower amortization expense and reduced interest expense, partly offset by higher other expense. The average number of BCE common shares outstanding increased, as a result of the privatization of Bell Aliant, our investment in Glentel and shares issued under a public bought deal offering, which moderated the increase in adjusted EPS.	✓

	Free cash flow growth	Approx. 8%–15%	9.3%	Increase in free cash flow of $255 million in 2015 was driven by higher adjusted EBITDA, the favourable impact of the privatization of Bell Aliant and lower capital expenditures, partly offset by lower cash from working capital.	✓

3.2 Business outlook and assumptions

Outlook

BCE's 2016 outlook builds on the sound financial results achieved in 2015 and reflects continued progress in the execution of our six strategic imperatives to drive healthy projected revenues, adjusted EBITDA, net 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 2016. Our outlook also reflects the confidence we have in continuing to successfully manage our Bell Wireless, Bell Wireline and Bell Media businesses within the context of a highly competitive and dynamic market.

The key 2016 operational priorities for BCE are to:

- Maintain market share momentum of incumbent wireless postpaid subscriber activations
- Drive higher wireless adjusted EBITDA through wireless postpaid subscriber base expansion and higher blended ARPU, driven by a higher smartphone mix, increased data consumption on 4G LTE and LTE-A networks, and higher access rates from price increases
- Complete our 4G LTE network build, significantly expand our LTE-A network footprint and manage wireless network capacity
- Continue broadband fibre deployment with a focus on expanding our FTTP footprint
- Generate positive full-year wireline adjusted EBITDA growth
- Deliver positive full-year residential net subscriber activations within our wireline incumbent local exchange carrier (ILEC) footprint, driven by continued IPTV growth and an expanded FTTP network that are expected to support the pull-through of Internet and residential NAS services, leading to a higher penetration of multi-product households
- Increase residential services household ARPU from increased penetration of multi-product households, promotion expiries and price increases
- Limit downsizing of current TV packages by our customers as a result of the implementation of TV channel unbundling

(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 a reconciliation to the most comparable IFRS financial measures.*

- Deliver positive Bell Media full-year adjusted EBITDA growth and margin improvement, driven by CraveTV subscriber growth, national expansion of TMN and labour savings from workforce reductions undertaken in 2015
- Continue scaling Bell Media's CraveTV on-demand streaming service through growth in the number of broadcasting distribution undertakings' (BDUs) offering the service to their TV customers and growth in OTT users following our direct-to-consumer launch in January 2016
- Control rising TV programming and sports rights costs as well as multi-platform media content costs
- Realize operating cost savings from workforce reductions undertaken in 2015 across the Bell Media and Bell Wireline organizations, realize further operating cost synergies from the integration of Bell Aliant into our Bell Wireline and Bell Wireless operating segments, and continue to drive customer service improvements to help maintain BCE's adjusted EBITDA margin essentially stable year over year

Our projected financial performance for 2016 enabled us to increase the annualized BCE common share dividend for 2016 by 13 cents, or 5.0%, to $2.73 per share, maintaining our payout ratio within our target policy range of 65% to 75% of free cash flow.

Assumptions

ASSUMPTIONS ABOUT THE CANADIAN ECONOMY

- Gradual strengthening of the economy driven by activity in the non-resource sector, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 1.4% in 2016, compared to 1.2% in 2015
- Sustained weak employment growth, as the overall level of business investment is expected to remain soft
- Interest rates to remain relatively stable through 2016
- Canadian dollar to remain at near current levels, with any further movements impacted by the degree of strength of the U.S. dollar and changes in commodity prices

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
- Wireless industry pricing discipline maintained on a higher expected number of customers with expired contracts resulting from the expiry of two- or three-year service contracts due to the Wireless Code
- A relatively stable media advertising market and escalating costs to secure TV programming

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 principal risks relating to our regulatory environment and a description of the other principal business risks that could have a material adverse effect on our financial position, financial performance, cash flows, business or reputation, refer to section 8, *Regulatory environment*, and section 9, *Business risks*, respectively.

Regulatory environment

Although most of our retail services are not price-regulated, government agencies and departments such as the Canadian Radio-television and Telecommunications Commission (CRTC), Innovation, Science and Economic Development Canada (ISED) (previously called Industry Canada), Canadian Heritage and the Competition Bureau continue to play a significant role in regulatory matters such as mandatory access to networks, net neutrality, spectrum auctions, approval of acquisitions, broadcast licensing and foreign ownership requirements. Adverse decisions by regulatory agencies or increased regulation could have negative financial, operational, reputational or competitive consequences for our business. For a discussion of our regulatory environment and the principal risks related thereto, refer to section 8, *Regulatory environment*.

Competitive environment

As the scope of our businesses increases and evolving technologies drive new services, new delivery models and creative strategic partnerships, our competitive landscape expands to include new and emerging competitors, certain of which were historically our partners or suppliers, as well as other global scale competitors including, in particular, OTT TV service and voice over Internet protocol (VoIP) providers. Pricing and investment decisions of market participants are based on many factors, such as strategy, market position, technology evolution, customer confidence and economic climate, and collectively these could adversely affect our market shares, service volumes and pricing strategies and, consequently, our financial results. 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, human, 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 negatively impact our business including, without limitation, in the following ways:

- Competitors' aggressive market offers could result in pricing pressures and increased costs of customer acquisition and retention while higher Canadian wireless penetration could slow opportunities for new customer acquisition
- Product substitutions and spending rationalization by business customers could result in an acceleration of NAS erosion beyond our current expectations
- 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
- The increasing dependence on apps for content delivery, sales, customer engagement and service experience drives the need for new and scarce capabilities (sourced internally or externally), which may not be available, as well as the need for associated operating processes integrated into ongoing operations
- Competition with global competitors such as Netflix, in addition to traditional Canadian competitors, for programming content could drive significant increases in content acquisition costs while other global scale entities such as Google disrupt local market dynamics as a result of innovative global market strategies
- 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, and prices of, our wireline, wireless and media products and services, as well as drive an increase in bad debts as the creditworthiness of some customers declines
- The continued market expansion of VoIP service providers and traditional software players delivering low-cost voice line alternatives, which is changing our approach to service offers and pricing, could have an adverse effect on our business
- Foreign competitors could enter the Canadian market and leverage their global scale advantage
- Our changing competitive landscape could also result in challenges in optimizing the benefit of creative strategic partnerships such as Glentel,

MLSE and Q9

For a further 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*.

Security management

Our operations, service performance and reputation depend on how well we protect our assets, including networks, information technology (IT) systems, offices and sensitive information, from events and attacks such as those referred to in section 9, *Business risks – Operational performance – Our operations and business continuity depend on how well we protect, test, maintain and replace our networks, IT systems, equipment and other facilities*. The protection and effective organization of our systems, applications and information repositories are central to the secure and continuous 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 our IT defences need to be constantly monitored and adapted. We are also exposed to cyber threats as a result of actions that may be taken by our customers or by our employees, whether malicious or not, including as a result of the use of social media and IT consumerization. In addition, cloud-based solutions may increase the risk of security and data leakage exposure if security control protocols are bypassed. 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 and/or the ability of third-party suppliers to deliver critical services to us
- The theft, loss or leakage of confidential information, including customer or employee information, that could result in financial loss, exposure to claims for damages by customers and employees, and difficulty in accessing materials to defend legal cases
- Physical damage to network assets impacting service continuity
- Fines and sanctions from credit card providers for failing to comply with payment card industry data security standards for protection of cardholder data
- Increased audit and regulatory scrutiny that could divert resources from project delivery
- Increased fraud as criminals leverage stolen information against us, our employees or our customers
- The potential for loss of subscribers or impairment of our ability to attract new ones

4 Consolidated financial analysis

This section provides detailed information and analysis about BCE's performance in 2015 compared with 2014. 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, and Bell Media business segments, refer to section 5, *Business segment analysis*.

4.1 Introduction

BCE consolidated income statements

	2015	2014	$ CHANGE	% CHANGE
Operating revenues	**21,514**	21,042	472	2.2%
Operating costs	**(12,963)**	(12,739)	(224)	(1.8%)
Adjusted EBITDA	**8,551**	8,303	248	3.0%
Adjusted EBITDA margin	**39.7%**	39.5%		0.2%
Severance, acquisition and other costs	**(446)**	(216)	(230)	n.m.
Depreciation	**(2,890)**	(2,880)	(10)	(0.3%)
Amortization	**(530)**	(572)	42	7.3%
Finance costs				
Interest expense	**(909)**	(929)	20	2.2%
Interest on post-employment benefit obligations	**(110)**	(101)	(9)	(8.9%)
Other (expense) income	**(12)**	42	(54)	n.m.
Income taxes	**(924)**	(929)	5	0.5%
Net earnings	**2,730**	2,718	12	0.4%
Net earnings attributable to:				
Common shareholders	**2,526**	2,363	163	6.9%
Preferred shareholders	**152**	137	15	10.9%
Non-controlling interest	**52**	218	(166)	(76.1%)
Net earnings	**2,730**	2,718	12	0.4%
Adjusted net earnings attributable to common shareholders	**2,845**	2,524	321	12.7%

Net earnings per common share (EPS)	**2.98**	2.98	–	–
Adjusted EPS	**3.36**	3.18	0.18	5.7%

n.m.: not meaningful

BCE had a successful 2015, delivering revenue and adjusted EBITDA growth of 2.2% and 3.0%, respectively that yielded a stable adjusted EBITDA margin of 39.7% compared to 39.5% in 2014. This drove adjusted net earnings growth of 12.7% and healthy free cash flow growth of 9.3%.

BCE's strong adjusted EBITDA performance was led by continued revenue growth from our wireless, Internet, IPTV and media businesses together with disciplined management of our operating costs, including cost reductions and synergy savings achieved from the Bell Aliant integration. This more than offset the higher spending on customer retention and postpaid subscriber acquisition at Bell Wireless, the erosion in traditional voice and data revenues at Bell Wireline and escalating content costs at Bell Media.

Net earnings in 2015 increased 0.4% compared to 2014, reflecting adjusted EBITDA growth, lower amortization expense due to an increase in the useful life of application software and reduced interest expense on various Bell Canada debt instruments. This was partly offset by higher severance, acquisition and other costs and higher other expense.

In 2015, BCE's cash flows from operating activities increased $33 million compared to 2014, as a result of higher adjusted EBITDA, a lower voluntary DB pension plan contribution made in 2015 and lower income taxes paid in 2015, partly offset by lower cash from working capital and higher acquisition and other costs paid, mainly due to the payment in full satisfaction of the judgment rendered in a litigation claim for Satellite TV signal piracy as well as severance and integration costs relating to the privatization of Bell Aliant.

Our earnings and free cash flow supported our 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

	2015	2014	% CHANGE
Wireless subscribers	**8,245,831**	8,118,628	1.6%
Postpaid	***7,375,416***	*7,110,047*	*3.7%*
High-speed Internet subscribers[1][2]	**3,413,147**	3,297,026	3.5%
TV (Satellite and IPTV subscribers) [1][2]	**2,738,496**	2,642,608	3.6%
IPTV[1][2]	***1,182,791***	*933,547*	*26.7%*
Total growth services	**14,397,474**	14,058,262	2.4%
Wireline NAS lines[1][2]	**6,688,666**	7,130,852	(6.2%)
Total services	**21,086,140**	21,189,114	(0.5%)

(1) *Our Q1 2015 Internet, IPTV, total TV, and NAS subscriber base included a beginning of period adjustment to reduce the number of subscribers by 7,505, 2,236, 7,702, and 4,409, respectively, for deactivations as a result of the CRTC decision to eliminate the 30-day notice period required to cancel services.*

(2) *Subsequent to a review of our subscriber metrics, our Q1 2015 beginning of period Internet, IPTV and total TV subscriber base was reduced by 31,426, 1,849 and 3,790 subscribers, respectively, while our NAS base was increased by 657 subscribers. These adjustments primarily consisted of older balances.*

BCE NET ACTIVATIONS

	2015	2014	% CHANGE
Wireless subscribers	**127,203**	193,596	(34.3%)
Postpaid	***265,369***	*311,954*	*(14.9%)*
High-speed Internet subscribers	**155,052**	160,390	(3.3%)
TV (Satellite and IPTV subscribers)	**107,380**	153,360	(30.0%)
IPTV	***253,329***	*276,034*	*(8.2%)*
Total growth services	**389,635**	507,346	(23.2%)
Wireline NAS lines	**(438,434)**	(464,717)	5.7%
Total services	**(48,799)**	42,629	n.m.

n.m.: not meaningful

BCE added 389,635 net new customer connections to its growth services in 2015, down 23.2% year over year. This was comprised of:

- 265,369 postpaid wireless customers, partly offset by the net loss of 138,166 prepaid wireless customers
- 155,052 high-speed Internet customers

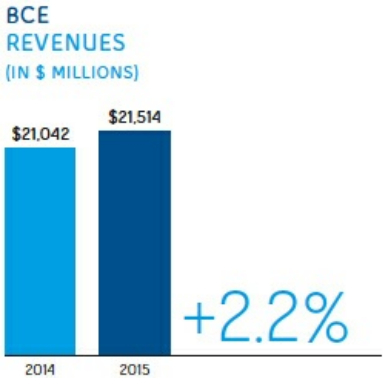
- 253,329 net new IPTV customers, partly offset by the net loss of 145,949 Satellite TV customers

NAS net losses of 438,434 in 2015 improved by 5.7% compared to last year.

Total BCE customer connections across all services declined by 0.5% in 2015, reflecting an aggregate increase of 2.4% in our growth services subscriber bases, moderated by a stable year-over-year decline in wireline NAS of 6.2%. At the end of 2015, BCE customer connections totalled 21,086,140 and were comprised of the following:

- 8,245,831 wireless subscribers, up 1.6%, which included 7,375,416 postpaid wireless subscribers, an increase of 3.7% since the end of last year
- 3,413,147 high-speed Internet subscribers, 3.5% higher year over year
- 2,738,496 total TV subscribers, up 3.6%, which included 1,182,791 IPTV customers, up 26.7% year over year
- 6,688,666 total NAS lines, a decline of 6.2% compared to last year

4.3 Operating revenues



	2015	2014	$ CHANGE	% CHANGE
Bell Wireless	**6,876**	6,327	549	8.7%
Bell Wireline	**12,258**	12,324	(66)	(0.5%)
Bell Media	**2,974**	2,937	37	1.3%
Inter-segment eliminations	**(594)**	(546)	(48)	(8.8%)
Total BCE operating revenues	**21,514**	21,042	472	2.2%

BCE

Total operating revenues for BCE increased by 2.2% in 2015, attributable to strong growth in our Bell Wireless segment together with higher revenues in our Bell Media segment, offset in part by a modest decline in our Bell Wireline segment. This was comprised of service revenues of $19,757 million, which grew by 2.2% compared to 2014, and product revenues of $1,757 million, which increased by 2.9% year over year.

BELL WIRELESS

Bell Wireless revenue growth of 8.7%, reflected 7.6% higher service revenues driven by a larger postpaid subscriber base combined with increased blended ARPU, resulting from higher average rate plan pricing, as customers continued to shift from three-year contracts to two-year contracts. Additionally, the growth in data usage, driven by higher smartphone penetration and greater usage of data applications along with improved collections of termination charges, further contributed to the growth in wireless revenues. This was partly offset by lower voice usage. Product revenues increased 22.2% in 2015, as a result of increased pricing on certain handsets, a greater number of premium smartphone devices in our sales mix and increased sales following the commencement of the convergence of three-year and two-year contract expiries (referred to as the “double cohort” in the wireless industry) due to the Wireless Code.

BELL WIRELINE

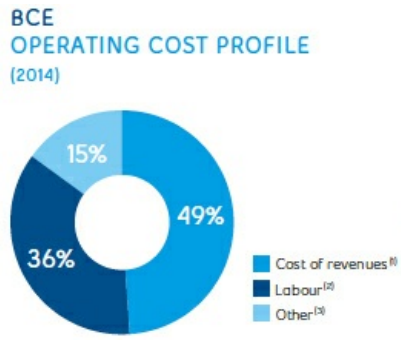
Bell Wireline revenues decreased a modest 0.5% in 2015, compared to last year, reflecting the continued erosion in our traditional voice and data revenues as well as a reduction in spending by business customers on data equipment as a result of continued slow economic growth, and competitive pricing pressures. The negative impact of legislation enacted in December 2014, which eliminated charges for paper bills in our residential market, also contributed to the decline. This was partly offset by higher Internet and TV service revenues, driven by subscriber growth and higher household ARPU.

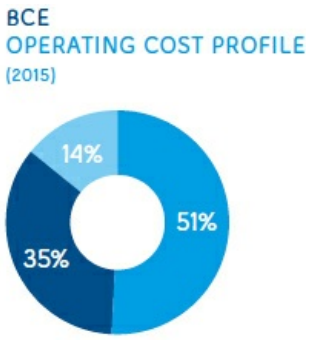
BELL MEDIA

Bell Media revenues were up 1.3% compared to prior year, driven by increased conventional TV and OOH advertising, as well as higher subscriber revenues from growth in CraveTV, our streaming service launched in December 2014, and our broad suite of TV Everywhere services. This was partly offset by lower revenues from the discontinuance of Viewers Choice, which ceased operations in 2014, and a reduction in pay TV subscribers.

4.4 Operating costs







	2015	2014	$ CHANGE	% CHANGE
Bell Wireless	**(4,048)**	(3,703)	(345)	(9.3%)
Bell Wireline	**(7,258)**	(7,379)	121	1.6%
Bell Media	**(2,251)**	(2,203)	(48)	(2.2%)
Inter-segment eliminations	**594**	546	48	8.8%
Total BCE operating costs	**(12,963)**	(12,739)	(224)	(1.8%)

BCE

Total BCE operating costs increased by 1.8% compared to 2014, mainly as a result of higher revenues. Operating cost increases at Bell Wireless and Bell Media were moderated by cost savings realized at our Bell Wireline segment.

BELL WIRELESS

The 9.3%, or $345 million, year-over-year increase in operating costs, was attributable to:

- Greater investment in customer retention resulting from higher activity in the market as a result of the double cohort combined with a greater proportion of smartphone upgrades
- Increased subscriber acquisition costs associated with higher postpaid gross activations
- Higher bad debt expense generated by increased revenues
- Higher network operating costs driven by LTE network expansion and increased usage
- Increased payments to other carriers resulting from higher data usage volume

These factors were partly offset by lower advertising expense and reduced content costs.

BELL WIRELINE

Operating costs improved by 1.6%, or $121 million, compared to last year, as a result of:

- Cost savings generated by the synergies from the privatization of Bell Aliant
- Lower labour costs resulting from headcount reductions, vendor contract savings and lower call volumes
- Decreased general and administration costs driven by lower bad debt, fleet costs, operating taxes and professional fees
- Reduced cost of goods sold attributable to lower equipment sales
- Marketing and sales savings, due to disciplined spending and higher costs incurred in the first quarter of 2014 for the Sochi 2014 Winter Olympic Games
- Lower payments to other carriers driven by volume declines

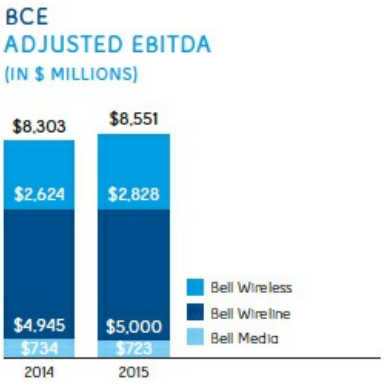
These factors were partly offset by higher TV programming costs, due to a larger IPTV subscriber base, programming rate increases and the launch of CraveTV in December 2014.

BELL MEDIA

Operating costs increased by 2.2%, or $48 million, over 2014, primarily from greater content and programming costs related to CraveTV and sports broadcast rights, the expiry of certain CRTC benefits including the completion of the Local Programming Improvement Fund (LPIF) and higher spending on Canadian programming. This was partly offset by the loss of the broadcast rights for the 2015 NHL playoffs, reduced amortization of the fair value of certain programming rights, lower costs from the discontinuance of the Viewers Choice channel and disciplined expense management.

(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, information technology (IT) costs, professional service fees and rent.*

4.5 Adjusted EBITDA



	2015	2014	$ CHANGE	% CHANGE
Bell Wireless	**2,828**	2,624	204	7.8%
Bell Wireline	**5,000**	4,945	55	1.1%
Bell Media	**723**	734	(11)	(1.5%)
Total BCE adjusted EBITDA	**8,551**	8,303	248	3.0%



BCE

BCE's adjusted EBITDA was 3.0% higher in 2015 compared to last year, due to strong Bell Wireless performance and positive Bell Wireline growth, offset in part by a modest decline in Bell Media.

BCE's adjusted EBITDA margin of 39.7% in 2015 remained relatively stable compared to 39.5% achieved in 2014, reflecting organic growth in revenues, tight operating cost control, and integration synergies from the privatization of Bell Aliant. This result was achieved even with higher wireless customer retention and postpaid subscriber acquisition spending, business markets softness and escalating content costs at Bell Media.

BELL WIRELESS

Bell Wireless adjusted EBITDA increased by 7.8% in 2015, compared to 2014, reflecting strong service revenue growth, partly offset by increased spending on customer retention and acquisitions driven by an increased number of customer contract expirations and a higher level of promotional activity as a result of the double cohort.

BELL WIRELINE

Bell Wireline adjusted EBITDA increased by 1.1% in 2015, compared to last year, attributable to:

- Ongoing growth in our Internet and IPTV revenues
- Synergies achieved from the privatization of Bell Aliant
- Continued effective cost management

This was offset in part by:

- Loss of higher-margin legacy voice and data service revenues
- The impact of overall market softness on our Bell Business Markets unit reflecting the impact of reduced customer spending and competitive pricing pressures

BELL MEDIA

Bell Media adjusted EBITDA declined by 1.5% in 2015 compared to last year, as a result of increased content and programming costs, which was moderated in part by revenue growth and lower amortization of the fair value of certain programming rights.

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.



2015

Severance, acquisition and other costs included:

- Severance costs related to involuntary and voluntary workforce reduction initiatives of $197 million incurred mainly in our Bell Media and Bell Wireline segments to address increasing competition, media industry regulation, a soft business market and declines in home phone subscribers
- Acquisition and other costs of $249 million related mainly to a charge of $142 million incurred for the payment in full satisfaction of the judgment rendered in a litigation claim for Satellite TV signal piracy, 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.

2014

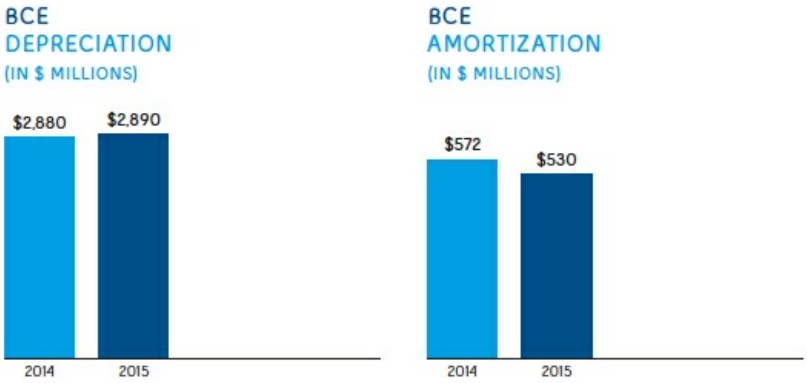
Severance, acquisition and other costs included:

- Severance costs related to involuntary and voluntary 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

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*



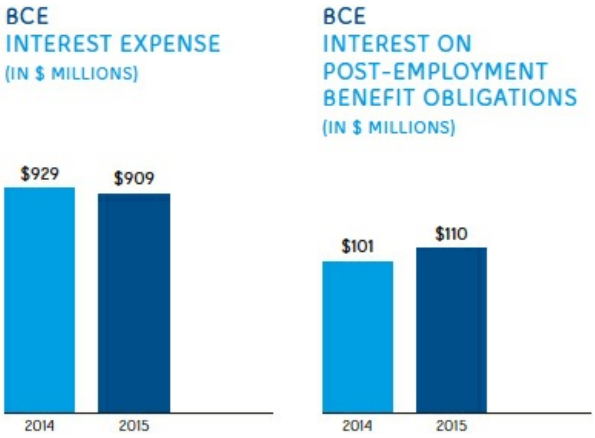
DEPRECIATION

Depreciation in 2015 increased by $10 million compared to 2014 due to a higher net depreciable asset base as we continued to invest in our broadband and wireless networks, as well as our IPTV service, partly offset by a reduction in the estimates of useful lives of certain network assets starting July 1, 2014 which increased depreciation expense in 2014, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgments*.

AMORTIZATION

Amortization in 2015 decreased by $42 million compared to 2014, due mainly to an increase in 2014 in the estimates of useful lives of certain IT software assets from five to seven years, which was applied prospectively effective July 1, 2014, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgments*, partly offset by a higher net asset base.

4.8 Finance costs



INTEREST EXPENSE

Interest expense in 2015 decreased by $20 million compared to 2014 as a result of higher capitalized interest and lower average interest rates, partly offset by higher average debt levels.

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.

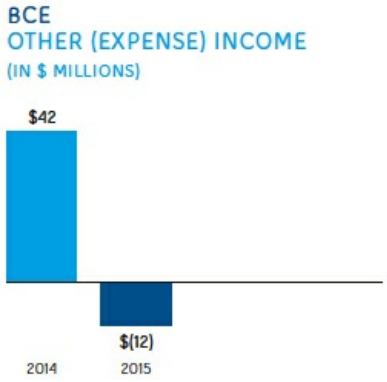
In 2015, interest expense increased by $9 million compared to last year due to a higher post-employment benefit obligation and a lower discount rate, which decreased from 4.9% on January 1, 2014 to 4.0% on January 1, 2015.

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

4.9 Other (expense) income

Other (expense) income 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*
- *Equity (loss) income from investments in associates and joint ventures*
- *Early debt redemption costs*



2015

Other expense included losses on disposal of software, plant and equipment of $55 million, a net impairment charge of $49 million mainly related to Bell Media's music properties resulting from revenue and profitability declines from lower viewership and higher TV content costs, and losses totalling $49 million from our equity investments which included a loss on investments of $54 million representing our share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures. These factors were partly offset by a gain on investments of $72 million mainly due to a $94 million gain on the sale of our 50% ownership interest in Glentel to Rogers, and net mark-to-market gains of $54 million on derivatives used as economic hedges of share-based compensation and U.S. dollar purchases.

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.

4.10 Income taxes

BCE
INCOME TAXES
(IN $ MILLIONS)

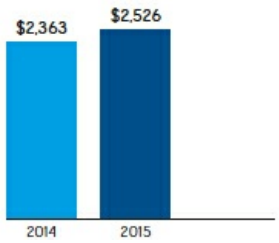


The following table provides information and reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 26.9% and 26.6% for 2015 and 2014, respectively.

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Net earnings	**2,730**	2,718
Add back income taxes	**924**	929
Earnings before income taxes	**3,654**	3,647
Applicable statutory tax rate	**26.9%**	26.6%
Income taxes computed at applicable statutory rates	**(983)**	(970)
Non-taxable portion of gains on investments	**26**	4
Resolution of uncertain tax positions	**41**	1
Utilization of previously unrecognized tax credits	**5**	23
Effect of change in provincial corporate tax rate	**(6)**	–
Change in estimate relating to prior periods	**8**	11
Other	**(15)**	2
Total income taxes	**(924)**	(929)
Average effective tax rate	**25.3%**	25.5%

4.11 Net earnings and EPS

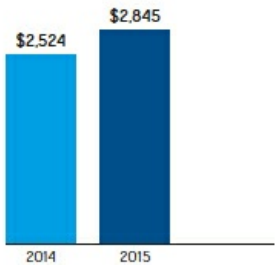
BCE
NET EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDERS
(IN $ MILLIONS)



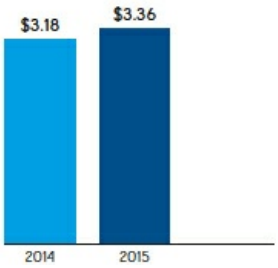
BCE
EPS
(IN $)



BCE
ADJUSTED NET EARNINGS
(IN $ MILLIONS)



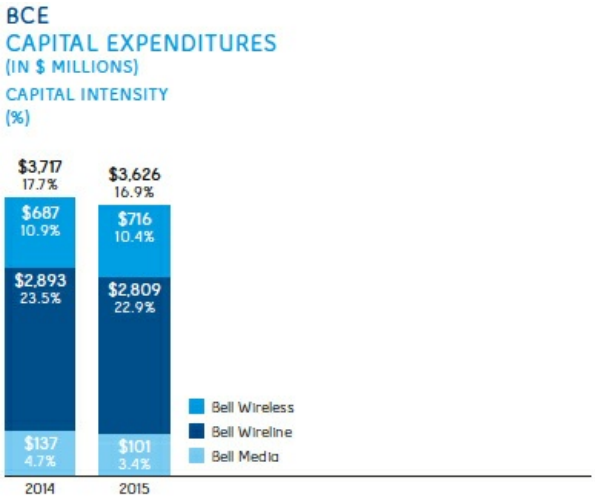
BCE
ADJUSTED EPS
(IN $)



Net earnings attributable to common shareholders in 2015 increased by $163 million, due to higher adjusted EBITDA, lower non-controlling interest due to the privatization of Bell Aliant, lower amortization expense due to an increase in the useful life of application software, and reduced interest expense on various Bell Canada debt instruments. This was partly offset by higher severance, acquisition and other costs and higher other expense.

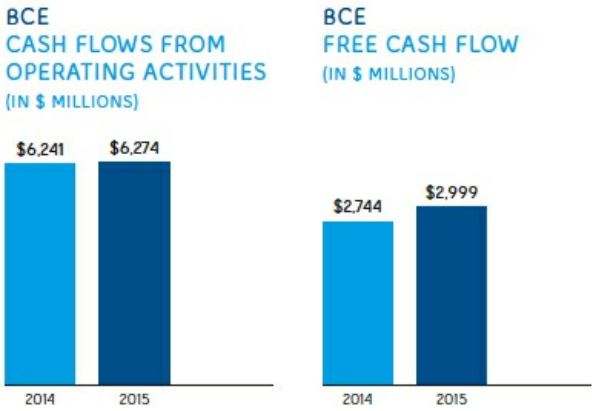
Excluding the impact of severance, acquisition and other costs, net gains (losses) on investments, and early debt redemption costs, adjusted net earnings in 2015 were $2,845 million, or $3.36 per common share, compared to $2,524 million, or $3.18 per common share in 2014. The increase in adjusted EPS was partly offset by an increase in the average number of BCE common shares outstanding as a result of the privatization of Bell Aliant, our investment in Glentel and shares issued under a public bought deal offering.

4.12 Capital expenditures



BCE capital expenditures declined by $91 million, or 2.4%, in 2015 due to lower spending in our Bell Wireline and Bell Media segments, partly offset by increased spending at Bell Wireless. As a percentage of revenue, BCE capital expenditures were 16.9% compared to 17.7% in 2014. Our capital investment supported the ongoing deployment of broadband fibre, including the build-out of Gigabit Fibe in Toronto and other urban locations, the continued rollout of our 4G LTE and LTE-A mobile services, expansion of our network capacity to support greater LTE speeds and increasing data consumption, as well as enhancements to our customer service delivery systems.

4.13 Cash flows



In 2015, BCE's cash flows from operating activities increased $33 million compared to 2014, as a result of higher adjusted EBITDA, a lower voluntary DB pension plan contribution made in 2015 and lower income taxes paid in 2015, partly offset by lower cash from working capital and higher acquisition and other costs paid, mainly due to the payment in full satisfaction of the judgment rendered in a litigation claim for Satellite TV signal piracy as well as severance and integration costs relating to the privatization of Bell Aliant.

Free cash flow available to BCE's common shareholders increased $255 million in 2015, driven by the favourable impact of the privatization of Bell Aliant, lower capital expenditures and higher cash flows from operating activities.

5 Business segment analysis

5.1 Bell Wireless

In 2015, we achieved industry-leading profitability through disciplined postpaid customer acquisition and retention and increasing ARPU by driving higher smartphone adoption and mobile data usage.

Key elements of relevant strategic imperatives

INVEST IN BROADBAND NETWORKS AND SERVICES

2015 PROGRESS

- Expanded our 4G LTE wireless network to reach 96% of the Canadian population coast to coast
- Launched Dual-band LTE-A network service, delivering mobile data speeds of up to 260 Mbps (typical speeds of 18 to 74 Mbps), to 48% of the Canadian population in parts of British Columbia, Alberta, Ontario, Atlantic Canada, Yukon and the Northwest Territories. We also began the rollout of Tri-band LTE-A, delivering speeds of up to 335 Mbps (typical speeds of 25 to 100 Mbps), in parts of Southern Ontario and select cities in Atlantic Canada.
- Acquired 13 licences for 169 million MHz-pop of AWS-3 spectrum in key urban and rural markets for $500 million following Industry Canada's wireless spectrum auction, growing Bell's capacity to meet heavy consumer and business demand for mobile data services
- Acquired an additional 243 million MHz-pop of 2500 MHz spectrum for $29 million as part of Industry Canada's spectrum auction, supplementing existing holdings in key urban and rural markets across Canada
    - Bell's 4G LTE wireless network was ranked as the fastest mobile LTE network in Canada by PCMag, Rootmetrics, and OpenSignal

2016 FOCUS

- Complete our 4G LTE wireless network build to 98% of the Canadian population and manage wireless network capacity
- Expand LTE-A coverage to reach 75% of the Canadian population



ACCELERATE WIRELESS

2015 PROGRESS

- Acquired 36% and 43% of total new postpaid gross and net activations, respectively, among the three national wireless carriers, while achieving leading service revenue, ARPU and adjusted EBITDA growth of 7.6%, 5.3% and 7.8%, respectively
- Expanded the number of smartphone users at the end of 2015 to 78% of our total postpaid subscribers, up from 76% at the end of 2014
- Expanded our smartphone lineup with over 30 new devices, including the Apple iPhone 6S and 6S Plus, Samsung Galaxy S6 and S6 Edge, Samsung Galaxy Note 5, Motorola Moto G, HTC One M9 and LG G4, adding to our extensive selection of 4G LTE-capable devices
- Completed the acquisition of Glentel
- Launched Suretap, an open wallet payment system based on NFC SIM cards and backed by Bell, TELUS and Rogers and available to other carriers. With support for 40 payment cards and more than 30 gift card brands, the Suretap app is available to more than 90% of Android and BlackBerry devices sold.

2016 FOCUS

- Profitably grow our wireless postpaid subscriber base, while maintaining market share momentum of incumbent postpaid subscriber activations
- Continue to increase ARPU
- Expand the number of postpaid smartphone subscribers using our 4G LTE and LTE-A networks
- Continue to manage the financial and churn impacts from increased market activity arising from the significantly increased number of off-contract customers as a result of the Wireless Code, which has applied to all wireless contracts since June 3, 2015
- 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 continuing to drive the commercialization of mobile payments and IoT services and applications



IMPROVE CUSTOMER SERVICE

2015 PROGRESS

- Reduced customer calls to our service centres by 6 million in 2015 through our continued investments in service and a focus on simplification
- Bell was the most improved wireless carrier among full service carriers and Virgin Mobile was #1 among national carriers in customer service and wireless purchase experience satisfaction[1]

(1) *J.D. Power and Associates 2015 Canadian Wireless Customer Care Study*

- Launched a redesigned and simplified bill for residential customers with an intuitive grid format, making it easier for customers to follow changes month over month
- Introduced personalized videos for new Bell 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

2016 FOCUS

- Continue to invest in customer service initiatives to simplify complexity for all customers including billing
- Reduce further the total volume of customer calls to our wireless service call centres



ACHIEVE A COMPETITIVE COST STRUCTURE

2015 PROGRESS

- Realized operating cost and capital expenditure synergies from the integration of Bell Aliant

2016 FOCUS

- Deliver cost savings from ongoing service improvements

Financial performance analysis

2015 PERFORMANCE HIGHLIGHTS

POSTPAID SUBSCRIBER GROWTH

+3.7%

IN 2015

POSTPAID NET ACTIVATIONS

265,369

IN 2015

POSTPAID CHURN IN 2015

1.28%

INCREASED 0.06 PTS VS. 2014

BLENDED ARPU

PER MONTH

2015: $63.09

2014: $59.92

+5.3%

SMARTPHONE PENETRATION

OF POSTPAID SUBSCRIBERS

2015: 78%

2014: 76%

+2 pts

BELL WIRELESS RESULTS

REVENUES

	2015	2014	$ CHANGE	% CHANGE
Service	**6,246**	5,806	440	7.6%
Product	**590**	483	107	22.2%
Total external revenues	**6,836**	6,289	547	8.7%
Inter-segment revenues	**40**	38	2	5.3%
Total Bell Wireless revenues	**6,876**	6,327	549	8.7%

(1) *J.D. Power and Associates 2015 Canadian Wireless Customer Care Study*

Bell Wireless operating revenues increased 8.7% in 2015 compared to last year, as a result of higher service and product revenues.

- **Service revenues** were up 7.6% in 2015 compared to the prior year, reflecting a greater number of postpaid subscribers in our customer base combined with blended ARPU growth. ARPU growth was driven by higher average monthly access rates as customers continued to shift from three-year plans to two-year plans, improved collections of termination charges and increased data usage from greater smartphone penetration and data usage stimulated by broader 4G LTE network coverage and greater speeds. Lower wireless voice revenues, resulting from greater adoption of unlimited nationwide talk plans and the ongoing substitution for data applications, moderated the year-over-year growth in service revenues.
  - **Bell Wireless data revenues** in 2015 were 23.6% higher compared to 2014
  - **Bell Wireless voice revenues** declined by 6.7% compared to last year
- **Product revenues** were up 22.2% compared to 2014, mainly due to increased handset pricing combined with a greater proportion of premium smartphone devices in our sales mix and a greater number of device upgrades. The increase in market activity was stimulated by the start of the double cohort at the beginning of June 2015.

OPERATING COSTS AND ADJUSTED EBITDA

	2015	2014	$ CHANGE	% CHANGE
Operating costs	**(4,048)**	(3,703)	(345)	(9.3%)
Adjusted EBITDA	**2,828**	2,624	204	7.8%
Total adjusted EBITDA margin	**41.1%**	41.5%		(0.4%)
Service adjusted EBITDA margin	**45.3%**	45.2%		0.1%

Bell Wireless operating costs increased 9.3% in 2015 compared to last year, as a result of:

- Higher investment in customer retention that reflected a greater number of subsidized upgrades, due primarily to the impact of the double cohort combined with a greater proportion of premium smartphone upgrades
- Increased subscriber acquisition costs attributable to higher postpaid gross activations
- Higher bad debt expense driven by increased revenues
- Higher network operating costs associated with LTE network expansion and increased usage
- Greater payments to other carriers due to higher data usage volumes

These factors were offset partly by lower advertising expense and lower wireless content expenses.

Bell Wireless adjusted EBITDA grew 7.8% in 2015 compared to last year, fuelled by higher operating revenues, as described above, which was moderated by greater customer retention spending and subscriber acquisition costs, higher bad debt expense, increased payments to other carriers and higher network operating costs. This resulted in relatively stable year-over-year adjusted EBITDA margin, based on service revenues, of 45.3% in 2015 compared to 45.2% achieved in 2014.

BELL WIRELESS OPERATING METRICS

	2015	2014	CHANGE	% CHANGE
Blended ARPU ($/month)	**63.09**	59.92	3.17	5.3%
Gross activations	**1,600,147**	1,643,451	(43,304)	(2.6%)
Postpaid	***1,338,141***	*1,291,207*	*46,934*	*3.6%*
Prepaid	***262,006***	*352,244*	*(90,238)*	*(25.6%)*
Net activations	**127,203**	193,596	(66,393)	(34.3%)
Postpaid	***265,369***	*311,954*	*(46,585)*	*(14.9%)*
Prepaid	***(138,166)***	*(118,358)*	*(19,808)*	*(16.7%)*
Blended churn % (average per month)	**1.51%**	1.52%		0.01%
Postpaid	***1.28%***	*1.22%*		*(0.06%)*
Prepaid	***3.32%***	*3.44%*		*0.12%*
Subscribers	**8,245,831**	8,118,628	127,203	1.6%
Postpaid	***7,375,416***	*7,110,047*	*265,369*	*3.7%*
Prepaid	***870,415***	*1,008,581*	*(138,166)*	*(13.7%)*
Cost of acquisition (COA) ($/subscriber)	**467**	441	(26)	(5.9%)

Blended ARPU of $63.09 reflected a year-over-year increase of 5.3% in 2015 compared to last year, due to an increased mix of customers on higher-rate two year plans, disciplined pricing, greater data usage, improved collection of termination charges and a higher percentage of postpaid customers in our total subscriber base. This was partly offset by lower voice ARPU, compared to last year, as customers continue to substitute voice with data services.

- **Data ARPU** increased 21% in 2015 compared to 2014, driven by greater penetration of smartphones and other data devices such as tablets that are driving greater data consumption from e-mail, web browsing, social networking, text messaging, mobile TV, picture and video messaging, as well as entertainment services such as video streaming, music downloads and gaming. The higher speeds enabled by the expansion of our 4G-LTE and LTE-A networks also contributed to the growth in data ARPU. The impact of a higher number of subscribers on premium rate plans with higher data usage thresholds and a greater mix of shared plans moderated the year-over-year growth in data ARPU.
- **Voice ARPU** declined 8.5% in 2015 compared to last year, primarily as a result of greater adoption of all-inclusive rate plans for both local and long distance calling, competitive pricing and lower overall voice usage due to ongoing substitution of voice services with data services

Total gross wireless activations decreased 2.6% in 2015, compared to last year, due to lower prepaid activations. Postpaid activations were higher year over year.

- **Postpaid gross activations** increased 3.6% in 2015 compared to 2014, driven by greater activity in the Canadian wireless market from the impact of the double cohort that began in June 2015
- **Prepaid gross activations** decreased 25.6% in 2015 compared to last year, due to our continued focus on postpaid customer acquisitions

Smartphone users as a percentage of postpaid subscribers increased to 78% at December 31, 2015 compared to 76% at the end of 2014.

Blended wireless churn of 1.51% in 2015 remained relatively stable compared to 1.52% in 2014, despite higher deactivations due to a greater number of total subscribers compared to last year.

- **Postpaid churn** increased 0.06% in 2015, compared to 2014, to 1.28%, due to greater market activity and a larger number of off-contract customers driven by the double cohort
- **Prepaid churn** improved 0.12% in 2015, compared to last year, to 3.32%, as a result of fewer customer deactivations compared to last year

Postpaid net activations decreased 14.9% in 2015, compared to the prior year, due to higher customer deactivations.

Prepaid net customer losses increased 16.7% in 2015, compared to last year, as a result of lower gross activations.

Wireless subscribers at December 31, 2015 totalled 8,245,831 representing an increase of 1.6% since the end of 2014. The proportion of Bell Wireless customers subscribing to postpaid service increased to 89% in 2015 from 88% last year.

COA per gross activation in 2015 increased $26 over last year to $467, due to a higher proportion of postpaid smartphone customers in our activation

mix combined with greater promotional pricing.

Retention costs as a percentage of service revenue increased to 12.6% in 2015 compared to 11.0% in 2014, as a result of more subsidized customer upgrades reflecting increased market activity as a result of the double cohort, the ongoing shift to more expensive smartphone models in our upgrade mix and greater promotional pricing.

Competitive landscape and industry trends

COMPETITIVE LANDSCAPE

The wireless market is the largest sector of the Canadian telecommunications industry, representing 48% of total revenues, and is currently growing at a mid-single digit rate annually.

There are over 29 million wireless subscribers in Canada. The three large national incumbents, Bell, 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 and improved customer service.

Canada's wireless penetration was approximately 82% at the end of 2015, compared to 110% for the U.S. and as high as 180% in certain countries in Europe. Canada's wireless sector is expected to continue growing at a steady pace for the foreseeable future, driven by the increasing usage of data services, the further expansion of 4G LTE service in the more rural and remote regions of Canada and the deployment of LTE-A network service enabled by the aggregation of multiple channels of wireless spectrum.

Competitors

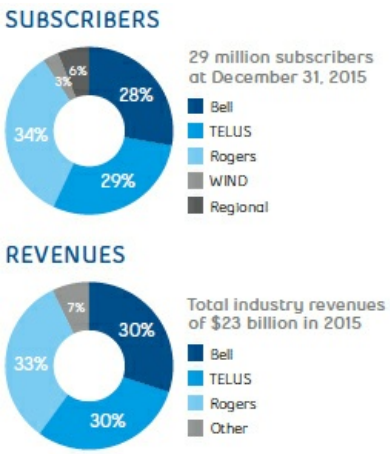
Large facilities-based national wireless service providers Rogers and TELUS.

Smaller facilities-based wireless service provider WIND Mobile[(1)], which provides service in Toronto, Calgary, Vancouver, Edmonton, Ottawa, as well as in several communities in southwestern Ontario.

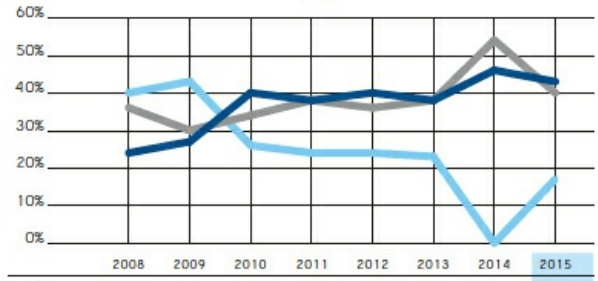
Regional facilities-based wireless service providers Vidéotron Ltée (Vidéotron), which provides service in Montréal and other parts of Québec; Saskatchewan Telecommunications Holding Corporation (SaskTel), which provides service in Saskatchewan; Manitoba Telecom Services Inc. (MTS Mobility), which provides service in Manitoba; and 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.

Canadian wireless market share



POSTPAID NET ADDITIONS (%)



	2008	2009	2010	2011	2012	2013	2014	2015
Bell[3]	24%	27%	40%	38%	40%	38%	46%	43%
TELUS[4]	36%	30%	34%	38%	36%	38%	54%	40%
Rogers	40%	43%	26%	24%	24%	23%	–	17%

REPORTED EBITDA GROWTH (%)



	2008	2009	2010	2011	2012	2013	2014	2015
Bell[3]	31%	19%	(81%)	80%	49%	47%	50%	62%
TELUS[4]	18%	(28%)	68%	124%	47%	34%	30%	40%
Rogers	51%	108%	113%	(104%)	4%	19%	20%	(2%)

SERVICE REVENUE GROWTH (%)



	2008	2009	2010	2011	2012	2013	2014	2015
Bell[3]	21%	9%	42%	39%	40%	48%	54%	49%
TELUS[4]	27%	5%	25%	51%	45%	47%	47%	33%
Rogers	52%	86%	33%	10%	15%	5%	(1%)	18%

(1) *Shaw Communications Inc. (Shaw) completed its acquisition of WIND Mobile on March 1, 2016.*
(2) *Percentages may not add to 100 due to rounding.*
(3) *Bell metrics shown include Bell Aliant as of 2015.*
(4) *TELUS metrics shown include Public Mobile Inc. as of 2015.*

INDUSTRY TRENDS

ACCELERATING DATA CONSUMPTION

Wireless data growth continues 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 and LTE-A that provide a richer user experience, a larger appetite for mobile connectivity and social networking, greater selection of smartphones and tablets, as well as increasing adoption of shared plans with multiple devices by families. Greater customer adoption of data services, including mobile TV, data roaming for travel, mobile commerce, mobile banking, and other IoT applications in the areas of retail and transportation (connected car, asset tracking, remote monitoring) should also contribute to the growth. In the consumer market, IoT 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, AWS-3, and 2500 MHz spectrum auctions that concluded in 2014 and 2015 provided wireless carriers with prime spectrum to roll out faster next-generation wireless networks and build greater capacity. Furthermore, carrier aggregation (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 further, together with a growing number of off-contract subscribers and a continued high level of competitive intensity, even greater focus will be required to improve customer service, enhance existing service offerings and spend on upgrading more customers to new devices. In particular, as a result of the Wireless Code, which has limited wireless contract terms to two years from three years previously, a higher level of transactional market activity is expected as a result of a growing number of customers who will be eligible to renew their plans or change carriers. However, as the number of customer contract migrations from three-year to two-year contracts slows down, ARPU growth is expected to moderate.

Business outlook and assumptions

2016 OUTLOOK

We expect continued revenue growth driven by a greater number of postpaid subscribers, accelerating data usage from smartphone customers and higher rate plan pricing for both two-year contracts and bring-your-own-device (BYOD) plans. We will seek to achieve higher revenues from data growth, delivered through our HSPA+, 4G LTE and LTE-A networks, higher demand for services such as web browsing, music and video streaming and community portals such as Facebook and YouTube, as well as nascent services including mobile commerce and other IoT 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, expired in 2015, leading to a higher level of transactional market activity across the Canadian wireless industry. This higher level of activity is expected to continue into 2016 and highlights the critical importance of our ongoing focus on improving customer satisfaction and maintaining discipline in subscriber acquisition and retention spending to acquire and retain high-quality postpaid subscribers. We plan to deliver adjusted EBITDA growth in 2016 from continued solid revenue growth, which should be partly offset by higher acquisition and retention investment consistent with the expected increase in market activity.

ASSUMPTIONS

- Maintain our 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
- Earlier expiries under two-year contracts compared to three-year contracts, leading to an increase in the number of subscribers who are eligible for upgrades
- Higher subscriber acquisition and retention spending, driven by higher handset costs and more customer device upgrades, reflecting a higher number of off-contract subscribers due to earlier expiries under two-year contracts
- Higher blended ARPU, driven by a higher postpaid smartphone mix, increased data consumption on 4G LTE and LTE-A networks, and higher access rates from price increases
- Completion of the LTE network buildout to 98% of the Canadian population and expansion of the LTE-A network coverage to approximately 75% of the Canadian population
- Ability to monetize increasing data usage and customer subscriptions to new data services
- Ongoing technological improvements by handset manufacturers and from faster data network speeds that allow customers to optimize the use of our services
- No material financial, operational or competitive consequences of changes in regulations affecting our wireless business

Key growth driver

- Increasing Canadian wireless industry penetration
- Continued customer adoption of two-year rate plans
- Increasing customer adoption of smartphones, tablets and other 4G LTE devices to increase mobile data usage
- Greater number of postpaid customers on our 4G LTE and LTE-A networks

- Customer usage of new data applications and services such as M-commerce and M-banking

Principal business risks

This section discusses certain principal business risks specifically related to 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

POTENTIAL IMPACT

- Pressure on our adjusted EBITDA, ARPU and cost of acquisition and retention, as well as increased churn, would likely result if competitors aggressively increase discounts for handsets and price plans 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 (e.g. more stringent regulation of wholesale roaming rates), additional mandated access to wireless networks and limitations placed on future spectrum bidding

POTENTIAL IMPACT

- Such greater regulation 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

CONTINUING IMPACT OF THE WIRELESS CODE

RISK

- A large number of subscribers who, as a result of the adoption of the Wireless Code, are off-contract could switch to other carriers due, in particular, to aggressive market pricing

POTENTIAL IMPACT

- Potentially elevated churn, relative to our historical churn rates, could result in subscriber losses as well as higher costs

5.2 Bell Wireline

Our Bell Wireline segment achieved positive adjusted EBITDA and cash flow growth in 2015 driven by growing TV and Internet scale as well as lower operating costs, which contributed to maintaining an industry-best adjusted EBITDA margin.

Key elements of relevant strategic imperatives



INVEST IN BROADBAND NETWORKS AND SERVICES

2015 PROGRESS

- Began the buildout of broadband fibre directly to 1.1 million homes and businesses across the City of Toronto as part of Bell's single largest infrastructure expansion project, with a planned capital investment of approximately $1.14 billion. The majority of the build-out is expected to be completed by the end of 2017.
- Launched Gigabit Fibe and Gigabit FibreOP Internet service to more than 2.2 million homes across Québec, Ontario and the Atlantic provinces, offering speeds of up to 940 Mbps at launch and rising to a full 1 Gbps or faster in 2016 as equipment evolves to support these speeds. Gigabit Fibe and Gigabit FibreOP are enabled by the ongoing deployment of our FTTP network, bringing high-speed fibre technology directly into homes and businesses.
- Extended our residential IPTV service coverage to reach 6.2 million households across Ontario, Québec and the Atlantic provinces, up from approximately 5.9 million at the end of 2014

2016 FOCUS

- Expand our FTTP footprint to 8.2 million locations passed
- Accelerate FTTP deployment in Toronto and other major cities and expand availability of Gigabit Fibe and Gigabit FibreOP Internet service



LEVERAGE WIRELINE MOMENTUM

2015 PROGRESS

- Became Canada's largest TV provider with 2,738,496 subscribers, up 3.6% over 2014, and increased our total number of IPTV subscribers by 26.7% to 1,182,791
- Built on our position as the leading Internet service provider in Canada with a high-speed Internet subscriber base of 3,413,147, up 3.5% over 2014
- Increased the number of multi-product households – those that buy TV, Internet and Home Phone – by 11% over 2014, fuelled by our IPTV service, which drove higher pull-through attach rates for Home Phone and Internet services, with 64% of all new IPTV customers taking three products
- Continued to lead IPTV innovation in Canada by making several enhancements to our Fibe TV and FibreOP TV services with exclusive features like Restart, Look Back, Trending, available on Fibe TV, Resume and the Fibe TV app
- Bell Fibe TV and Bell Aliant FibreOP TV were the top two TV services most recommended by customers in Canada [(1)]

2016 FOCUS

- Continue to enhance our IPTV service
  - In January 2016, we launched the Fibe TV 4K Whole Home PVR for customers in Toronto, Montréal, Ottawa and Québec City. Bell's 4K Whole Home PVR is the smallest available on the market and has the largest recording capacity. In February 2016, the availability of the 4K Whole Home PVR for purchase was expanded to all Bell Fibe TV customers and to Bell Aliant FibreOP TV customers in Atlantic Canada. The rental program as well as HDR ready capabilities will be available early in the second quarter of 2016.
- 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 multi-product household penetration
- Increase share of wallet of large enterprise customers through greater focus on business service solutions and connectivity growth
  - In February 2016, we announced a new partnership with IBM to expand the cloud computing services available through our Bell Business Cloud service, giving businesses across Canada access to the IBM Cloud service via a secure, high-speed connection from Bell, simplifying the way customers adopt and build out their hybrid clouds
- Increase the number of net new customer relationships in both large and mid-sized business and reduce small business customer losses

(1) *Nielsen Consumer Insights findings published in Customer Interaction Metric study (October 2015)*



IMPROVE CUSTOMER SERVICE

2015 PROGRESS

- Reduced customer calls to our service centres by 6 million in 2015 through our continued investments in service and a focus on simplification
- Reduced Fibe TV installation time for FTTP customers by 10% in 2015 and 30% since the beginning of 2012
- Increased availability of two-hour appointment windows for Fibe TV installations by seven times over 2014 and extended two-hour window availability to Internet and Home Phone repairs

- Achieved Same Day Next Day service completion rates of 92% for repairing service issues with Home Phone, TV and Internet and increased Same Day completion for both residential and business customers by 24% over 2014
- Improved customer satisfaction with technicians to 92% for installations and repairs
- Launched a redesigned and simplified bill for residential customers with an intuitive grid format, making it easier for customers to follow changes month over month

2016 FOCUS

- Continue to invest in customer service initiatives to simplify complexity for all customers including billing
- Reduce further the total volume of wireline customer calls to our residential service call centres
- Further improve customer satisfaction scores
- Achieve better consistency in customer experience
- Improve customer personalization

ACHIEVE A COMPETITIVE COST STRUCTURE

2015 PROGRESS

- Reduced wireline operating costs by 1.6%, contributing to Bell Wireline adjusted EBITDA margin improvement of 0.7% over 2014
- Realized operating cost and capital expenditure synergies from the integration of Bell Aliant
- Restructured our Business Markets unit to maximize service and support for our mid-sized and enterprise business customers and enhance Bell's leadership in these markets

2016 FOCUS

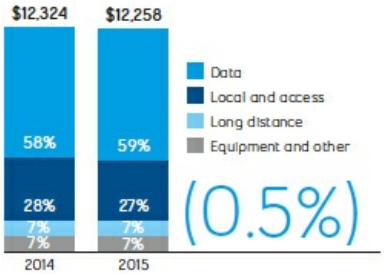
- Realize additional operating cost and capital expenditure synergies from the integration of Bell Aliant
- Execute on labour savings from workforce reductions at Bell Wireline
- Deliver cost savings from ongoing service improvements and savings related to the deployment of FTTP to support a stable consolidated adjusted EBITDA margin

---

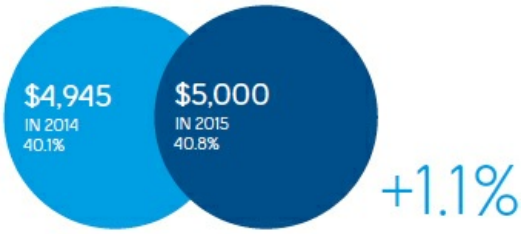
Financial performance analysis

2015 PERFORMANCE HIGHLIGHTS

BELL WIRELINE
REVENUES
(IN $ MILLIONS)



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



TV
+3.6%
SUBSCRIBER GROWTH
IN 2015

FIBE TV
253,329
TOTAL NET SUBSCRIBER ACTIVATIONS
IN 2015

FIBRE FOOTPRINT
8 million
HOMES AND BUSINESSES
AT THE END OF 2015

HIGH-SPEED INTERNET

+3.5%

SUBSCRIBER GROWTH IN 2015

HIGH-SPEED INTERNET

155,052

TOTAL NET SUBSCRIBER ACTIVATIONS IN 2015

NAS NET LINE LOSSES

5.7%

Y/Y IMPROVEMENT IN 2015

BELL WIRELINE RESULTS

REVENUES

	2015	2014	$ CHANGE	% CHANGE
Data	**7,163**	6,978	185	2.7%
Local and access	**3,271**	3,420	(149)	(4.4%)
Long distance	**831**	922	(91)	(9.9%)
Equipment and other	**778**	791	(13)	(1.6%)
Total external revenues	**12,043**	12,111	(68)	(0.6%)
Inter-segment revenues	**215**	213	2	0.9%
Total Bell Wireline revenues	**12,258**	12,324	(66)	(0.5%)

Bell Wireline operating revenues decreased by 0.5% in 2015 compared to last year, as a result of lower local and access, long distance and equipment and other revenues, as well as the negative impact of legislation enacted in December 2014 which eliminated charges for paper bills. This decline was moderated by the growth in data revenues.

Bell Wireline service revenues have remained essentially stable, year over year, due to growth at our Bell Residential Services unit driven by the continued expansion of our IPTV and Internet subscriber bases, higher household ARPU and stable voice revenue erosion. This was largely offset by the year-over-year decline at Bell Business Markets reflecting market softness and competitive pricing.

- **Data revenue** growth of 2.7% in 2015, compared to 2014, was led by our Bell Residential Services unit and attributable to increased Internet and TV services revenues from a higher number of IPTV subscribers, price increases and greater demand for higher bandwidth Internet service. Higher wholesale Internet revenues also contributed to the overall growth in data revenues. This was partly offset by a decline in our Bell Business Markets unit, due to slow economic growth that resulted in a lower volume of product sales, and repricing pressures. The continued erosion in our traditional legacy data services in both our business and wholesale markets also moderated data revenue growth.
- **Local and access revenues** declined by 4.4% in 2015, compared to last year, representing an improvement over the 5.2% year-over-year decline in 2014. The decrease in 2015 was driven by the ongoing loss of NAS lines due to technological substitution to wireless and Internet-based services, large business customer conversions to IP-based data services, as well as pricing pressures in our business market. This was moderated by rate increases on our residential services combined with fewer residential NAS line losses compared to 2014.
- **Long distance revenues** decreased by 9.9% in 2015 compared to 2014, reflecting fewer minutes of use by residential and business customers as a result of NAS line losses, technology substitution to wireless and OTT Internet-based services, as well as ongoing rate pressures in our residential market attributable to customer adoption of premium rate plans
- **Equipment and other revenues** decreased by 1.6% in 2015 compared to 2014, driven by reduced business equipment sales, partly offset by increased consumer electronic equipment sales at The Source

OPERATING COSTS AND ADJUSTED EBITDA

	2015	2014	$ CHANGE	% CHANGE
Operating costs	**(7,258)**	(7,379)	121	1.6%
Adjusted EBITDA	**5,000**	4,945	55	1.1%
Adjusted EBITDA margin	**40.8%**	40.1%		0.7%

Bell Wireline operating costs were $121 million, or 1.6%, lower in 2015 compared to last year, driven by:

- Operational cost savings generated by synergies from the privatization of Bell Aliant
- Lower labour costs attributable to headcount reductions, vendor contract savings and reduced call volumes
- Reduced general and administration costs driven by lower bad debt expense, fleet costs, operating taxes and professional fees
- Lower cost of goods sold consistent with reduced business equipment sales
- Decreased marketing and sales expense, due to lower advertising spend and higher advertising costs incurred in the first quarter of 2014 for the Sochi 2014 Winter Olympic Games
- Lower payments to other carriers driven by reduced volumes

These factors were partly offset by:

- Escalating programming costs related to our IPTV services driven by a higher number of subscribers, programming rate increases and the launch of CraveTV in December 2014

Bell Wireline adjusted EBITDA grew by 1.1% in 2015 with a corresponding increase in adjusted EBITDA margin to 40.8% from 40.1% in 2014. This was attributable to:

- Continued Internet and IPTV growth
- Synergies achieved from the privatization of Bell Aliant • Effective cost containment

This was partly offset by:

- The ongoing, but moderating, loss of higher-margin legacy voice and data service revenues
- The impact of market softness resulting in reduced customer spending and competitive pricing pressures in our Bell Business Markets unit

BELL WIRELINE OPERATING METRICS

Data

High-speed Internet

	2015	2014	CHANGE	% CHANGE
High-speed Internet net activations	**155,052**	160,390	(5,338)	(3.3%)
High-speed Internet subscribers[1][2]	**3,413,147**	3,297,026	116,121	3.5%

(1) *Our Q1 2015 subscriber base included a beginning of period adjustment to reduce the number of subscribers by 7,505 for deactivations as a result of the CRTC's decision to eliminate the 30-day notice period required to cancel services.*
(2) *Subsequent to a review of our subscriber metrics, our Q1 2015 beginning of period subscriber base was reduced by 31,426 subscribers. This adjustment primarily consisted of older balances.*

High-speed Internet subscriber net activations in 2015 declined 3.3%, or 5,338, to 155,052 compared to 2014, due to lower net activations in our small and large business markets. Residential net activations remained relatively stable, year over year, despite more aggressive bundle offers from cable competitors as we continued to benefit from the favourable pull-through impact of IPTV subscriber activations.

High-speed Internet subscribers at December 31, 2015 totalled 3,413,147, up 3.5% from the end of 2014.

TV

	2015	2014	CHANGE	% CHANGE
Net subscriber activations	**107,380**	153,360	(45,980)	(30.0%)
IPTV	**253,329**	276,034	(22,705)	(8.2%)
Total subscribers[1][2]	**2,738,496**	2,642,608	95,888	3.6%
IPTV[1][2]	**1,182,791**	933,547	249,244	26.7%

(1) *Our Q1 2015 IPTV and total TV subscriber base included a beginning of period adjustment to reduce the number of subscribers by 2,236 and 7,702, respectively, for deactivations as a result of the CRTC's decision to eliminate the 30-day notice period required to cancel services.*
(2) *Subsequent to a review of our subscriber metrics, our Q1 2015 beginning of period IPTV and total TV subscriber base was reduced by 1,849 and 3,790 subscribers, respectively. These adjustments primarily consisted of older balances.*

IPTV subscriber net activations decreased by 8.2%, or 22,705 to 253,329 compared to 2014, reflecting aggressive offers for service bundles from cable competitors and a slowdown in the pace of our IPTV footprint expansion. This was partly offset by lower residential customer churn attributable to a more mature subscriber base.

Satellite TV net customer losses of 145,949 were 19.0% higher in 2015, compared to 2014, mainly as a result of a reduced number of retail activations driven by aggressive offers from cable TV competitors, particularly in our service areas where our IPTV services are not available, combined with lower wholesale net activations driven by the roll-out of IPTV services by other competing providers in Western Canada. This was moderated by lower residential customer churn resulting from a more mature subscriber base.

Total TV net subscriber activations (IPTV and Satellite TV combined) decreased 30.0%, or 45,980, to 107,380 compared to 2014, due to lower IPTV and Satellite TV net activations compared to 2014.

IPTV subscribers at December 31, 2015 totalled 1,182,791, up 26.7% from 933,547 at the end of 2014.

Satellite TV subscribers at December 31, 2015 totalled 1,555,705, down 9.0% from 1,709,061 at the end of 2014.

Total TV subscribers (IPTV and Satellite TV combined) at December 31, 2015 totalled 2,738,496, representing a 3.6% increase since the end

of 2014.

Local and access

	2015	2014	CHANGE	% CHANGE
NAS LINES				
Residential[1][2]	3,533,732	3,815,608	(281,876)	(7.4%)
Business	3,154,934	3,315,244	(160,310)	(4.8%)
Total	6,688,666	7,130,852	(442,186)	(6.2%)
NAS NET LOSSES				
Residential	(278,124)	(305,729)	27,605	9.0%
Business	(160,310)	(158,988)	(1,322)	(0.8%)
Total	(438,434)	(464,717)	26,283	5.7%

(1) *Our Q1 2015 subscriber base included a beginning of period adjustment to reduce the number of subscribers by 4,409 for deactivations as a result of the CRTC's decision to eliminate the 30-day notice period required to cancel services.*

(2) *Subsequent to a review of our subscriber metrics, our Q1 2015 beginning of period subscriber base was increased by 657 subscribers. This adjustment primarily consisted of older balances.*

NAS net losses improved 5.7%, or by 26,283 lines, in 2015 compared to 2014, reflecting fewer residential NAS losses, offset in part by higher business access line losses.

Residential NAS net losses were 9.0%, or 27,605 lines, fewer in 2015 than in 2014. The year-over-year improvement reflected the favourable pull-through impact of IPTV activations and greater NAS customer retention through the acquisition of a greater number of multi-product households. The reduction in residential NAS net losses was partly offset by more aggressive promotions and service bundle discounts offered by the cable TV operators, as well as from ongoing wireless and Internet-based technology substitution for local services.

Business NAS net losses increased 0.8%, or by 1,322 lines, in 2015 compared to 2014, as a result of higher large business market and wholesale customer deactivations and the ongoing conversion of voice lines to wireless and IP-based services. 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. This was moderated by reduced customer losses in our small and mid-business markets.

The annualized rate of NAS erosion in our customer base was essentially stable in 2015 at 6.2%, compared to rate of decline of 6.1% in 2014. At December 31, 2015, we had 6,688,666 NAS lines, compared to 7,130,852 at the end of 2014.

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 over 4.1 million telephony subscribers at the end of 2015, representing a national residential market share of 44%, unchanged from 2014.

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 29% of households in Ontario and Québec are estimated to be wireless only.

In 2015, 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 6.3 million Internet subscribers, representing 55% of the total Internet market based on publicly reported data, while incumbent local exchange carriers (ILECs) held the remaining 45% or 5.2 million subscribers. Although the residential Internet market is maturing, with approximately 87% penetration across Canada, subscriber growth is expected to continue over the next several years.

ILECs offering IPTV service grew their subscriber bases by 17% in 2015 to 2.3 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 collective TV market share in 2015 decline two percentage points to 57%.

Competitors

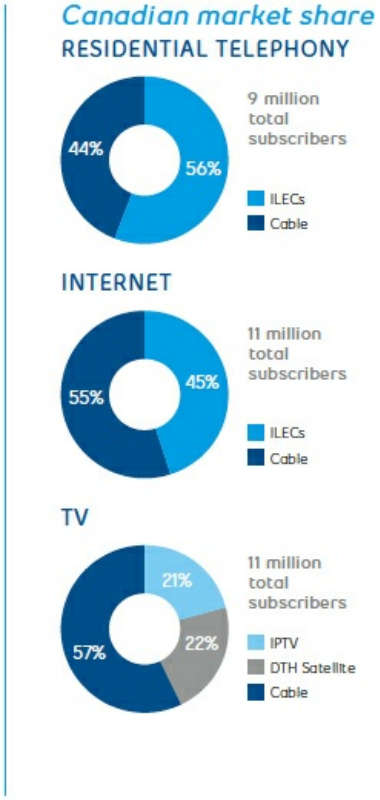
- Cable TV providers offering cable TV, Internet and cable telephony services, including:
  - Rogers in Ontario, New Brunswick, Newfoundland and Labrador
  - Vidéotron in Québec
  - Cogeco Cable Inc. (a subsidiary of Cogeco Inc.) (Cogeco) in Ontario and Québec
  - Shaw in British Columbia, Alberta, Saskatchewan, 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.
- TELUS and Allstream provide wholesale products and services across Canada.
- Various others (such as TekSavvy Solutions, Distributel, VMedia, and Vonage Canada (a division of Vonage Holdings Corp.) (Vonage)) offer resale or VoIP-based local, long distance and Internet services.
- OTT voice and video services such as Skype, Netflix and Shomi.
- Digital media streaming devices such as Apple TV, Roku and Google Chromecast.
- Business voice and data services:
- Other Canadian ILECs and cable TV operators

Substitution to wireless services, including those offered by Bell.

Business service 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.



INDUSTRY TRENDS

INVESTMENT IN BROADBAND FIBRE DEPLOYMENT

The Canadian ILECs have made substantial investments in deploying broadband fibre within their territories. These investments have enabled the delivery of IPTV and high-speed Internet 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, Restart, which enables customers to rewind and watch TV shows already in progress from the beginning, and Trending (available on Fibe TV), which highlights in real time the five most-watched shows in the country and lets you switch to watch them live or Restart from the beginning. FTTN enables speeds of up to 25 Mbps,

which can be doubled to 50 Mbps with pair bonding, while FTTP delivers broadband speeds of up to 940 Mbps (higher than any other technology), and is expected to rise to a full 1 Gbps or faster in 2016 as equipment evolves to support these speeds. 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 upgrading current FTTN networks to FTTP. Fibre architecture has significant structural and operating cost advantages over cable, enabling the ILECs, such as Bell, to achieve significantly higher speeds more quickly.

ALTERNATIVE TV AND OTT 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 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, as well as the introduction of direct-to-consumer on-demand streaming services by the incumbent wireline telecom and cable companies, will help to offset the decline in TV as OTT video increases the value of broadband Internet.

UNBUNDLING OF TV SERVICES

As a result of new TV “pick and pay” rules to be implemented in 2016, TV distributors’ revenues are expected to come under pressure as households reduce their TV spending by choosing to subscribe to fewer TV channels and/or smaller TV packages, particularly as the number and breadth of OTT services that substitute for traditional linear TV programming grows. Similarly, lower revenue growth is expected for the TV broadcasting industry as a result of TV channel unbundling, due to lower anticipated channel penetration as well as the loss of ratings and advertising dollars from fewer channels.

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 29% of households in Ontario and Québec at the end of 2015, compared to approximately 25% at the end of 2014. 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 2016.

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 our Business Markets unit, such as cloud services and data hosting, that can have a greater business impact than traditional telecommunications services.

Business outlook and assumptions

2016 OUTLOOK

We expect positive full-year adjusted EBITDA growth for our Bell Wireline segment in 2016. This is predicated on delivering positive residential net activations, as we leverage our IPTV footprint to drive greater multi-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 IPTV services.

TV subscriber growth is expected to be driven by continued strong customer adoption of IPTV as we increase penetration of existing IPTV-enabled neighbourhoods, further extend our IPTV broadband fibre footprint, and drive ongoing innovation in IPTV services. We also intend to seek greater penetration within the multiple-dwelling units (MDU) market, capitalize on our extensive retail distribution network, and leverage our market leadership position in HD and 4K programming and on-demand streaming services to drive incremental subscriber growth and higher revenue per household.

Internet subscriber acquisition is expected to improve in 2016 through increased FTTP 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 2016 are also anticipated to benefit from price increases, which followed similar pricing actions by our cable competitors, a higher penetration of multi-product households, and the positive impact of product enhancements to our IPTV service. Additionally, in late 2015, the sales and marketing functions for small business services were transferred from our Business Markets unit to our Residential Services group. Given the many similarities in product and service offerings for small business and residential customers, this organizational restructuring enables us to better leverage our residential wireline scale in sales and marketing, pricing and product development.

In our Bell Business Markets unit, the ongoing economy-related and competitive market challenges, together with continued customer migration to IP-based systems, will likely continue to negatively impact overall business markets results in 2016. We intend on seeking to minimize the overall revenue decline from legacy services by leveraging our market position to develop unique services and value enhancements. We intend to use 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 mid-sized business segment 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 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 for our Bell Wireline segment, helping to offset costs related to growth in IPTV subscribers, Internet subscribers, IP broadband services and hosted IP voice 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, 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 will assist us in covering the capital costs of upgrading our networks, providing new services and expanding capacity to meet growing data consumption.

ASSUMPTIONS

- Positive full-year adjusted EBITDA growth
- Positive full-year residential net customer additions within our wireline footprint, driven by continued IPTV growth and an expanded FTTP network that support the pull-through of fibre-based Internet service and residential NAS, resulting in higher penetration of multi-product households
- Increasing wireless and Internet-based technological substitution
- Residential services household ARPU growth from increased penetration of multi-product households, promotion expiries and price increases

- Aggressive residential service bundle offers from cable TV competitors in our local wireline areas
- Continued large business customer migration to IP-based systems
- Ongoing competitive repricing pressures in our business and wholesale markets
- Continued competitive intensity in our small and mid-sized business units as cable operators and other telecom competitors continue to intensify their focus on business customers
- Growing consumption of OTT TV services and on-demand streaming video, projected growth in TV Everywhere services, as well as the proliferation of devices, such as tablets, that consume vast quantities of bandwidth, will require considerable ongoing capital investment
- Limited downsizing of current TV packages by customers as a result of the implementation of TV unbundling
- Realization of cost savings related to management workforce attrition and retirements, lower contracted rates from our suppliers and reduction of traffic that is not on our network
- No material financial, operational or competitive consequences of changes in regulations affecting our wireline business

Key growth driver

- Increasing IPTV penetration of households
- Higher market share of industry TV and Internet subscribers
- Greater penetration of multi-product households
- Increased business customer spending on connectivity services and managed and professional services solutions, as well as greater new business formation as the economy strengthens and employment rates improve
- Expansion of our business 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 specifically related to 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

POTENTIAL IMPACT

- 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

- The Governor in Council does not vary the CRTC's decision mandating that a new disaggregated wholesale high-speed access service must also be made available on FTTP facilities
- Market response to the introduction of the mandated "à la carte" TV subscription model

POTENTIAL IMPACT

- The maintenance of the CRTC's decision mandating that a new disaggregated wholesale high-speed access service must also be made available on FTTP facilities could improve the business position of our competitors and change our investment strategy, especially in relation to investment in next-generation wireline networks in smaller communities and rural areas
- À la carte services may change customer buying practices leading to reduced subscribers, lower revenues and higher fixed costs adversely impacting our business and financial results

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 a developing trend of disconnecting TV services or reducing TV spending

POTENTIAL IMPACT

- Our market penetration and number of TV subscribers could decline as a result of BDUs offerings and an increasing number of domestic and global unregulated OTT providers
- BDUs may offer smaller and/or less expensive package 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 higher revenue in 2015, driven by strong TV ratings and the launch of CraveTV, while adjusted EBITDA declined, as expected, due to the increased cost of sports broadcast rights and content investments in TV and on-demand programming to drive future growth.

Key elements of relevant strategic imperatives



EXPAND MEDIA LEADERSHIP

2015 PROGRESS

- Concluded a comprehensive, long-term agreement with HBO giving Bell Media the ability to deliver all current-season, past-season and library HBO programming in Canada exclusively on our linear, on-demand and OTT platforms. Bell Media and HBO will also partner to co-produce original Canadian programming for their platforms and for distribution worldwide.
- Announced the expansion of TMN into a national pay TV service in 2016 as Bell Media becomes the sole operator of HBO Canada after Corus winds down operations of its Movie Central and Encore Avenue pay TV services in Western and Northern Canada
- Concluded a long-term content licensing and trademark agreement to bring the SHOWTIME brand to Canada for the first time with past, present and future SHOWTIME-owned programming being made available across all platforms in English and French, including CraveTV and TMN
- Extended our broadcast agreement with the CFL by three years through to the end of the 2021 season. TSN and RDS hold exclusive television rights for CFL football, including pre-season, regular season, playoff and Grey Cup games. In addition to broadcast and digital rights, the deal features exclusive Grey Cup radio rights for Bell Media stations.
- Extended a long-term media rights agreement for French Open tennis through to 2024, ensuring TSN and RDS will continue to deliver exclusive coverage of all four Grand Slam tennis events

2016 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
  - In January 2016, we announced an exclusive partnership with iHeartRadio to bring its digital and streaming music services to Canada in 2016
  - Also in January 2016, TSN became the first broadcaster to produce a live 4K Ultra HD broadcast in North America with the Toronto Raptors vs. Boston Celtics basketball game on January 20, 2016
- Grow viewership and scale of CraveTV on-demand TV streaming service
  - In January 2016, we launched CraveTV direct to consumers as a standalone product available to all Canadians with an Internet subscription
- Expand TMN into a national pay TV service
- Expand live and on-demand content through our TV Everywhere services



ACHIEVE A COMPETITIVE COST STRUCTURE

2015 PROGRESS

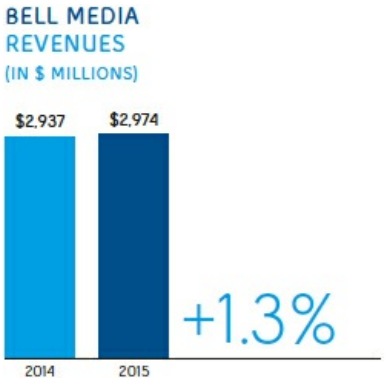
- Restructured Bell Media's organization to grow the team's competitiveness in the fast-changing media landscape

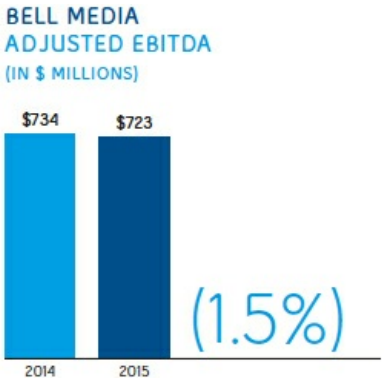
2016 FOCUS

- Execute on labour savings from workforce reductions at Bell Media

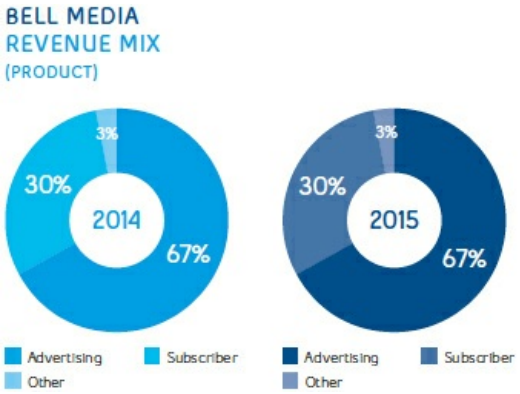
Financial performance analysis

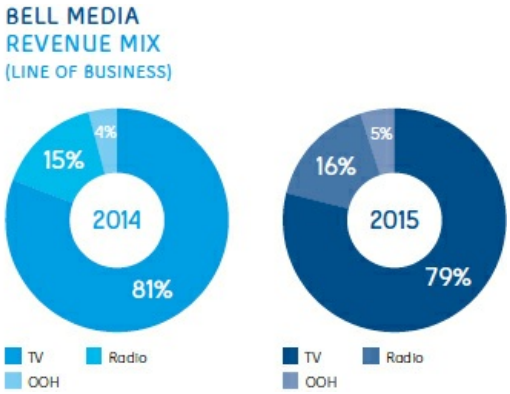
2015 PERFORMANCE HIGHLIGHTS











BELL MEDIA RESULTS

REVENUES

	2015	2014	$ CHANGE	% CHANGE
Total external revenues	**2,635**	2,642	(7)	(0.3%)
Inter-segment revenues	**339**	295	44	14.9%
Total Bell Media revenues	**2,974**	2,937	37	1.3%

Bell Media revenues grew 1.3% in 2015 compared to last year, due to higher advertising and subscriber revenues.

Advertising revenues increased in 2015, reflecting:

- Growth in conventional TV advertising revenues, which benefitted from the strong performance of Bell Media's primetime line-up, the federal election, and the live broadcast of certain programs, notably the Academy Awards, the Super Bowl and the Emmy Awards. Additionally, Bell Media recaptured advertising dollars following the shift last year to the principal broadcaster of the Sochi 2014 Winter Olympic Games.
- Higher OOH revenues attributable to new contract wins in 2015 along with strategic acquisitions in 2014

This was partly offset by:

- Decreased specialty TV advertising revenues, due mainly to the loss of the broadcast of NHL playoff hockey, which was moderated by continued growth in audience levels from our English non-sports specialty services at Space and Discovery TV
- Lower radio advertising revenues, reflecting general market softness

Subscriber revenues increased in 2015 compared to 2014, primarily due to growth from CraveTV, our streaming service launched in December 2014, and from our TV Everywhere services. This was partly offset by the discontinuance of Viewers Choice, which ceased operations in the third quarter of 2014, as well as a reduction in pay TV service subscribers.

OPERATING COSTS AND ADJUSTED EBITDA

	2015	2014	$ CHANGE	% CHANGE
Operating costs	**(2,251)**	(2,203)	(48)	(2.2%)
Adjusted EBITDA	**723**	734	(11)	(1.5%)

Adjusted EBITDA margin	**24.3%**	25.0%	(0.7%)

Bell Media operating costs increased by 2.2%, or $48 million, in 2015, due to escalating programming and content costs related to CraveTV and sports broadcasting rights, and greater spending on Canadian programming. The expiry of certain CRTC benefits, including the completion of the LPIF, also contributed to the year-over-year increase in operating costs. This was moderated by lower costs due to the loss of broadcast rights for the NHL playoffs, lower amortization of the fair value of certain programming rights, reduced costs from the discontinuance of Viewer's Choice and disciplined management of other operating costs.

Bell Media adjusted EBITDA declined by 1.5% in 2015, compared to last year, driven by increasing content and programming costs, moderated by higher year-over-year operating revenues and lower amortization of the fair value of certain programming rights.

BELL MEDIA OPERATING METRICS

- Maintained CTV's #1 ranking as the most-watched network in Canada for the 14th year in a row, and continued to lead with a majority of the Top 20 programs nationally in all key demographics
- Bell Media's specialty and pay TV properties reached 83% of all Canadian English specialty and pay TV viewers on an average weekly basis in 2015. Discovery channel reclaimed the top entertainment specialty position in full day audience levels, among the key viewers aged 25 to 54.
- In Québec, Bell Media maintained its leadership position in the French Specialty market, reaching 82% of French TV viewers in the average week. Four of the top five specialty channels among the key viewers aged 25 to 54 were Bell Media properties (Canal D, RDS, Super Écran and Canal Vie).
- Bell Media continued to rank first in digital media among Canadian broadcast and video network competitors, and seventh among online properties in the country, with 17 million unique visitors per month, reaching 57% of the digital audience
- Bell Media remained Canada's top radio broadcaster, reaching 16.9 million listeners who spent 81 million hours tuned in each week during 2015
- Astral OOH maintained its leadership in Québec and Ontario and pursued its growth across Canada with the latest contract wins of the Vancouver International Airport, the Halifax Stanfield International Airport, the Ottawa Macdonald-Cartier International Airport as well as the Réseau de transport de la Capitale for the transit shelters and bus advertising space in Québec city

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

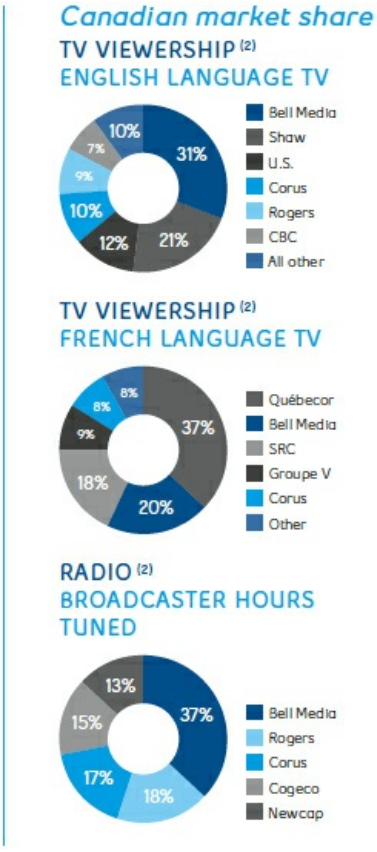
- Conventional Canadian TV stations (local and distant signals) and specialty and pay channels, such as those owned by Shaw [(1)], Corus, Rogers, Québecor Media Inc. (Québecor), Canadian Broadcasting Corporation (CBC)/Société Radio-Canada (SRC) and Groupe V
- U.S. conventional TV stations and specialty channels
- OTT streaming providers such as Netflix
- Video-sharing websites such as YouTube

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
- Music streaming services such as Spotify and Apple Music
- Music downloading services such as Apple's iTunes Store
- Other media such as newspapers, local weeklies, TV, magazines, outdoor advertising and the Internet

OOH ADVERTISING

- Large outdoor advertisers, such as Jim Pattison Broadcast Group (Pattison), Outfront Media, Cieslok Media (Cieslok), Québecor, Dynamic and Clear Channel Outdoor
- 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 primetime programming in the past, many consumers now 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 viewing online alternatives to traditional TV. This is evident in the growing number and 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, RDS GO, Discovery 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. Growing interest in 4K content could also drive additional programming acquisition and production costs. 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) *On January 13, 2016, Corus announced its proposed acquisition of Shaw Media Inc.*
(2) *Broadcast year-end at August 31, 2015, 2+ age category, Fall 2015 for radio*

Business outlook and assumptions

2016 OUTLOOK

Bell Media's financial results in 2016 are expected to be positively impacted by growth of CraveTV, the national expansion of our English-language pay TV service (TMN), and labour savings from workforce reductions undertaken in 2015. These factors are anticipated to more than offset higher content costs to secure TV programming, continued CraveTV investment and the financial impact of TV unbundling. CraveTV growth is projected to accelerate with the direct-to-consumer launch in January 2016 and increased customer penetration from partnering with licensed BDUs. We will also continue to carefully manage costs by leveraging assets, achieving productivity gains and pursuing operational efficiencies across all of our media properties, while continuing to invest in premium content for all four screens.

While the advertising market is expected to remain relatively stable in 2016, we anticipate that the strength of our programming, which includes the 2016 UEFA European Championship, and the benefit from numerous contract wins in 2015 and our recent Métromédia acquisition in our Astral OOH business, will offset some advertising pressure from an expected shift in spending to the main broadcaster of the Rio 2016 Summer Olympic Games. Subscriber fee revenues are projected to increase, driven by CraveTV subscriber growth and the national expansion of TMN, which should help offset potential declines in specialty TV as the industry transitions to new rules governing the packaging of channels to consumers.

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

Our sports specialty TV offerings are expected to continue to deliver premium content and exceptional viewing experiences to our viewers. Investment in 4K content, combined with the integration of our digital platforms, are integral parts of our strategy to enhance viewership and engagement. Contractual price increases for strategic sports properties, along with planned new investments in other sports and events, are the principal factors driving continued increases in sports rights costs. We will also continue to focus on creating innovative high-quality productions in the areas of sports news and editorial coverage.

In non-sports specialty TV, audiences and advertising revenues are expected to be driven by investment in quality programming and production. As part of our objective to drive revenue growth, we intend to capitalize on our leading position in key specialty services to improve both channel strength and channel selection.

In pay TV, we will continue to leverage our investments in premium content (including HBO and SHOWTIME) in order to attract subscribers. In addition, we will focus on driving growth and increased scale with our planned national expansion of TMN.

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.

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. We also plan to focus on launching our iHeartRadio digital service in Canada that will showcase content from our 106 licensed radio stations in 54 markets across the country. Additionally, in conjunction with our local TV properties, we will continue to pursue opportunities that leverage our promotional capabilities, provide an expanded platform for content sharing, and offer synergistic co-location and efficiencies.

In our OOH operations, we plan to leverage the strength of our products and recent contract wins to provide advertisers with premium opportunities in key Canadian markets. We will also continue to seek new opportunities in digital markets, including integrating and leveraging our recent Métromédia acquisition.

ASSUMPTIONS

- Positive full-year adjusted EBITDA growth and margin improvement, driven by CraveTV growth, national expansion of our TMN pay TV service, and labour savings from workforce reductions in 2015, more than offsetting higher TV programming and sports rights costs, continued CraveTV investment and the financial impact of TV unbundling
- Continued scaling of CraveTV, including a successful direct-to-consumer launch
- Ability to successfully acquire highly rated programming and differentiated content
- Building and maintaining strategic supply arrangements for content on all four screens
- 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 driver

- 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 specifically related to 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 AND REGULATORY CHANGES

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, in combination with regulations that require all BDUs to make TV services available à la carte

POTENTIAL IMPACT

- Adverse impact on the level of audience acceptance for Bell Media's TV services and on Bell Media's revenue streams

ADVERTISING REVENUE UNCERTAINTY

RISK

- Advertising is heavily dependent on economic conditions and viewership as well as our ability to grow alternative advertising media such as digital and OOH platforms in the context of an increased fragmentation of the advertising market

POTENTIAL IMPACT

- Economic uncertainty reduces advertisers' spending
- Loss of advertising revenue as a result of the failure to capture our share of the increasingly fragmented advertising market

RISING CONTENT COSTS AND ABILITY TO SECURE KEY CONTENT

RISK

- Rising content costs, as an increasing number of domestic and global competitors compete for the same content, and the ability to secure key content to drive revenues and subscriber growth

POTENTIAL IMPACT

- Rising programming costs 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

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, 2015	DECEMBER 31, 2014	$ CHANGE	% CHANGE
Debt due within one year	**4,895**	3,743	1,152	30.8%
Long-term debt	**15,390**	16,355	(965)	(5.9%)
Preferred shares(2)	**2,002**	2,002	–	–
Cash and cash equivalents	**(613)**	(566)	(47)	(8.3%)
Net debt	**21,674**	21,534	140	0.7%

(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) *50% of outstanding preferred shares of $4,004 million in both 2015 and 2014 are classified as debt as it is consistent with the treatment by some credit rating agencies.*

The increase of $187 million in debt due within one year and long-term debt was due to:

- The issuances of MTN debentures at Bell Canada with a total principal amount of $1.5 billion
- A net increase of $111 million in our finance lease obligations and other debt
- An increase in our notes payable (net of repayments) of $76 million

Partly offset by:

- The repayment of MTN debentures at Bell Canada with a total principal amount of $1 billion
- The partial repayment of approximately $500 million of the borrowings under our unsecured committed term credit facility that was used to partially fund the acquisition of Astral

The increase in cash and cash equivalents of $47 million was due to:

- $2,999 million of free cash flow
- $952 million issuances of common shares primarily from 15.1 million shares issued under a public bought deal offering
- The disposition of 50% of our ownership interest in Glentel to Rogers for a total cash consideration of approximately $473 million ($407 million, net of divested cash and transaction costs)

Partly offset by:

- $2,319 million of dividends paid on common and preferred shares
- $535 million for the acquisition of wireless spectrum licences
- $510 million of debt repayments (net of issuances)
- $296 million ($284 million, net of cash on hand) cash consideration paid for the acquisition of Glentel
- $292 million of acquisition and other costs paid mainly as a result of the payment in full satisfaction of the judgment rendered in a litigation claim for Satellite TV signal piracy and severance and integration costs relating to the privatization of Bell Aliant
- $250 million voluntary DB pension plan contribution
- $138 million for the purchase on the open market of shares for the settlement of share-based payments

6.2 Outstanding share data

COMMON SHARES OUTSTANDING	NUMBER OF SHARES
Outstanding, January 1, 2015	**840,330,353**
Shares issued under bought deal offering	**15,111,000**
Shares issued for the acquisition of Glentel	**5,548,908**
Shares issued under employee stock option plan	**2,289,677**
Shares issued under ESP	**2,334,250**
Outstanding, December 31, 2015	**865,614,188**

STOCK OPTIONS OUTSTANDING	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1, 2015	**9,278,190**	**$43**

Granted	**2,835,667**	**$56**
Exercised[1]	**(2,289,677)**	**$39**
Forfeited	**(157,276)**	**$49**
Outstanding, December 31, 2015	**9,666,904**	**$48**
Exercisable, December 31, 2015	**1,174,191**	**$38**

(1) *The weighted average share price for options exercised in 2015 was $56.*

At March 3, 2016, 868,085,742 common shares and 11,204,584 stock options were outstanding.

6.3 Cash flows

	2015	2014	$ CHANGE	% CHANGE
Cash flows from operating activities	**6,274**	6,241	33	0.5%
Bell Aliant dividends paid to BCE	**–**	95	(95)	(100.0%)
Capital expenditures	**(3,626)**	(3,717)	91	2.4%
Cash dividends paid on preferred shares	**(150)**	(134)	(16)	(11.9%)
Cash dividends paid by subsidiaries to non-controlling interest	**(41)**	(145)	104	71.7%
Acquisition and other costs paid	**292**	131	161	n.m.
Voluntary defined benefit pension plan contribution	**250**	350	(100)	(28.6%)
Bell Aliant free cash flow	**–**	(77)	77	100.0%
Free cash flow	**2,999**	2,744	255	9.3%
Bell Aliant free cash flow, excluding dividends paid	**–**	(18)	18	100.0%
Business acquisitions	**(311)**	(18)	(293)	n.m.
Acquisition and other costs paid	**(292)**	(131)	(161)	n.m.
Voluntary defined benefit pension plan contribution	**(250)**	(350)	100	28.6%
Business dispositions	**409**	720	(311)	(43.2%)
Acquisition of spectrum licences	**(535)**	(566)	31	5.5%
Other investing activities	**(51)**	11	(62)	n.m.
Net (repayment) issuance of debt instruments	**(510)**	784	(1,294)	n.m.
Privatization of Bell Aliant	**–**	(989)	989	100.0%
Issue of common shares	**952**	49	903	n.m.
Common shares issuance cost	**(35)**	–	(35)	n.m.
Repurchase of shares for settlement of share-based payments	**(138)**	(83)	(55)	(66.3%)
Cash dividends paid on common shares	**(2,169)**	(1,893)	(276)	(14.6%)
Other financing activities	**(22)**	(29)	7	24.1%
Net increase in cash and cash equivalents	**47**	231	(184)	(79.7%)
Free cash flow per share[1]	**$3.54**	$3.46	$0.08	2.3%

(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 2015, BCE's cash flows from operating activities increased $33 million compared to 2014, as a result of higher adjusted EBITDA, lower voluntary DB pension plan contribution made in 2015 and lower income taxes paid in 2015, partly offset by lower cash from working capital, higher acquisition and other costs paid mainly due to the payment in full satisfaction of the judgment rendered in a litigation claim for Satellite TV signal piracy and severance and integration costs relating to the privatization of Bell Aliant.

Free cash flow available to BCE's common shareholders increased $255 million in 2015, driven by the favourable impact of the privatization of Bell Aliant, lower capital expenditures and higher cash flows from operating activities.

Free cash flow per share in 2015 was $3.54 per common share, compared to $3.46 per common share in 2014.

Capital expenditures

	2015	2014	$ CHANGE	% CHANGE
Bell Wireless	**716**	687	(29)	(4.2%)
Capital intensity ratio	**10.4%**	10.9%		0.5%
Bell Wireline	**2,809**	2,893	84	2.9%
Capital intensity ratio	**22.9%**	23.5%		0.6%
Bell Media	**101**	137	36	26.3%
Capital intensity ratio	**3.4%**	4.7%		1.3%
BCE	**3,626**	3,717	91	2.4%
Capital intensity ratio	**16.9%**	17.7%		0.8%

BCE capital expenditures declined by $91 million, or 2.4%, compared to 2014, due to reduced spending in our Bell Wireline and Bell Media segments, offset in part by higher capital spending in our Bell Wireless segment. Capital expenditures as a percentage of revenue (capital intensity ratio) was 16.9% in 2015, compared to 17.7% in 2014. This reflected:

- Higher wireless capital spending of $29 million in 2015, primarily attributable to the continued expansion of our 4G LTE mobile network, which reached approximately 96% of the Canadian population at December 31, 2015, the rollout of our LTE-A network, and ongoing investments to increase network capacity in order to support greater data consumption and higher LTE speeds
- Lower wireline capital expenditures of $84 million in 2015, compared to the previous year, mainly driven by the substantial completion of our FibreOP deployment in Atlantic Canada and less new IPTV service footprint expansion in Québec and Ontario.
  Our 2015 capital investments were focused on the continued rollout of broadband fibre and the further expansion of our FTTP footprint including the Gigabit Fibe infrastructure build-out in the city of Toronto that was announced on June 25, 2015, and with increased spending to support customer service improvement initiatives and execution of business customer contracts.
- Lower capital expenditures at Bell Media of $36 million in 2015, as a result of greater capital spending in 2014 for increased broadcasting capacity and new TV production equipment related to the expansion of TSN from two to five national feeds

Voluntary DB pension plan contribution

In 2015, we made a voluntary contribution of $250 million, compared to a voluntary contribution of $350 million in 2014, to fund our post-employment benefit obligation. The voluntary contributions were funded from cash on hand at the end of 2015 and 2014 and will reduce the amount of BCE's future pension funding obligations.

Business acquisitions

On May 20, 2015, BCE completed the acquisition of all of Glentel's issued and outstanding common shares for a total consideration of $592 million, of which $296 million ($284 million net of cash on hand) was paid in cash and the balance through the issuance of 5,548,908 BCE common shares.

Additionally, Bell Media paid a deposit of $21 million to Corus in 2015 in connection with the national expansion of HBO Canada and TMN. Subsequent to year end, Bell Media completed the final payment of $190 million which will be recorded in our consolidated statements of cash flows in the first quarter of 2016. TMN was successfully launched nationally on March 1, 2016 and Movie Central and Encore Avenue's operations ceased on the same day at which point the transaction was recorded in our consolidated statements of financial position.

Business dispositions

Business dispositions of $409 million in 2015 reflect BCE's divestiture of 50% of its ownership interest in Glentel to Rogers for a total cash consideration of approximately $473 million ($407 million net of divested cash and transaction costs).

In 2014, we completed the sale of certain radio stations and TV services for total proceeds of $720 million.

Acquisition of spectrum licences

On April 21, 2015, Bell Mobility acquired AWS-3 wireless spectrum in key urban and rural markets as part of Industry Canada's AWS-3 spectrum auction. Bell Mobility acquired 13 licences for 169 million MHz-pop of AWS-3 spectrum for $500 million.

On May 12, 2015, Bell Mobility acquired an additional 243 million MHz-pop of 2500 MHz wireless spectrum for $29 million. This acquisition increased Bell Mobility's 2500 MHz spectrum holdings in a number of urban and rural markets.

On April 2, 2014, Bell Mobility 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 notes payable under commercial paper programs, loans securitized by trade receivables and bank facilities. We usually pay fixed rates of interest on our long-term debt and floating rates on our short-term debt. As at December 31, 2015, 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.

2015

We repaid $510 million of debt, net of issuances. This included the repayment of approximately $500 million of our unsecured committed term credit facility, redemption of Series M-21 MTN debentures at Bell Canada with a principal amount of $1 billion, a $474 million repayment

of finance leases and other debt, and a $112 million repayment of Glentel's outstanding debt. These repayments were partly offset by the issuance of Series M-39 and M-40 MTN debentures at Bell Canada with principal amounts of $500 million and $1 billion, respectively, and the issuance, net of repayments, of $76 million of notes payable.

2014

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, partly offset by repayments of finance leases and other debt of $435 million, $350 million of early debt redemption of MTNs at Bell Aliant and $300 million of CTV Specialty Television Inc. notes on February 18, 2014.

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 6.5, *Privatization of Bell Aliant*, for details on the privatization.

Issue of common shares

In 2015, we issued 15,111,000 BCE common shares for $863 million under a public bought deal offering.

Cash dividends paid on common shares

In 2015, cash dividends paid on common shares increased by $276 million, compared to 2014, due to a higher number of outstanding common shares as a result of the issuance of shares in connection with the privatization of Bell Aliant and the purchase of our investment in Glentel, and a higher dividend paid in 2015 of $2.5675 per common share compared to $2.435 per common share in 2014.

6.4 Post-employment benefit plans

For the year ended December 31, 2015, we recorded a decrease in our post-employment benefit obligations and a gain, before taxes and non-controlling interest (NCI), in OCI of $590 million. This was due to a higher actual discount rate of 4.2% at December 31, 2015, compared to 4.0% at December 31, 2014, and a higher-than-expected return on plan assets.

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.

6.5 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 provided 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 has simplified BCE's corporate structure and increased overall operating and capital investment efficiencies, while supporting BCE's broadband investment strategy and dividend growth objective.

The privatization of Bell Aliant in 2014 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.

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, equity price risk and longevity risk. These risks are further described in Note 2, *Significant accounting policies*, Note 8, *Other (expense) income*, Note 21, *Post-employment benefit plans* and Note 23, *Financial and capital management* in BCE's 2015 consolidated financial statements.

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 in 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.	• Large and diverse customer base • Deal with institutions with investment-grade credit ratings • Regularly monitor our credit risk and exposure • Our trade receivables and allowance for doubtful accounts balances at December 31, 2015 were $2,969 million and $64 million, respectively
Liquidity risk	We are exposed to liquidity risk for financial liabilities.	• Sufficient cash from operating activities, possible capital markets financing and committed bank facilities to fund our operations and fulfill our obligations as they become due • Refer to section 6.8, *Liquidity – Contractual obligations*, for a maturity analysis of our recognized financial liabilities

Foreign currency risk	We are exposed to foreign 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 2016 to 2018 of $1.8 billion U.S. ($2.3 billion Canadian) at December 31, 2015, 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 (expense) income*. 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 (expense) income*
		• Cross currency basis swaps on one of our credit facilities maturing in 2016 of $380 million U.S. ($508 million Canadian) at December 31, 2015, 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 (expense) income* in the income statements and offset, unless a portion of the hedging relationship is ineffective

FINANCIAL RISK	DESCRIPTION OF RISK	MANAGEMENT OF RISK AND FINANCIAL STATEMENT CLASSIFICATION

Interest rate risk	We are exposed to risk on the interest rates of our debt, our post-employment benefit plans and on dividend rate resets on our preferred shares.
	
	Refer to the following *Fair value* section for details on our derivative financial instruments.
		• Interest rate swaps maturing in 2017 with a notional amount of $700 million at December 31, 2015, 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 (expense) income* in the income statements and offset, unless a portion of the hedging relationship is ineffective
		• Interest rate locks maturing in 2025 with a notional amount of $500 million at December 31, 2015, 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 (expense) income*. 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
		• Interest rate locks maturing in 2020 with a notional amount of $350 million at December 31, 2015, to hedge the interest rate risk on future preferred share rate resets
		  ◦ Changes in fair value are recognized immediately in earnings in *Other (expense) income*
		• For our post-employment benefit plans, the interest rate risk is managed using a liability matching approach which reduces the exposure of the DB pension plans 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 $86 million at December 31, 2015, 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 the income statement in Operating costs for derivatives used to hedge a cash-settled share based payment plan and *Other (expense) income* for derivatives used to hedge equity settled share-based payment plans
Longevity risk	We are exposed to life expectancy risk on our post-employment benefit plans.	• The Bell Canada pension plan entered into an investment arrangement to hedge part of its exposure to potential increases in longevity which covers approximately $5 billion of post-employment benefit obligations

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, trade payables and accruals, compensation payable, severance and

other costs payable, interest payable, dividends payable, notes payable 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, 2015		DECEMBER 31, 2014	
	CLASSIFICATION	FAIR VALUE METHODOLOGY	**CARRYING VALUE**	**FAIR VALUE**	CARRYING VALUE	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	**227**	**234**	285	289
CRTC deferral account obligation	Other current and non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**154**	**163**	174	191
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	**17,688**	**19,764**	17,723	20,059

The following table provides the fair value details of financial instruments measured at fair value in the statements of financial position.

			FAIR VALUE AT DECEMBER 31		
	CLASSIFICATION	CARRYING VALUE OF ASSET (LIABILITY) 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]
2015					
Available-for-sale (AFS) publicly-traded and privately-held investments[3]	Other non-current assets	**128**	**16**	**–**	**112**
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities	**256**	**–**	**256**	**–**
MLSE financial liability[4]	Other non-current liabilities	**(135)**	**–**	**–**	**(135)**
Other	Other non-current assets and liabilities	**30**	**–**	**56**	**(26)**
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)

(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 and earnings multiples. 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 (expense) income *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, which are considered investment grade, as at March 3, 2016 from DBRS and Moody's and S&P.

Key credit ratings

	BELL CANADA[1]		
MARCH 3, 2016	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)	Baa 1	BBB+
Subordinated long-term debt	BBB	Baa 2	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 2015 was $613 million. We expect that this balance, our 2016 estimated cash flows from operations, and possible capital markets financing, including commercial paper, will permit us to meet our cash requirements in 2016 for capital expenditures, post-employment benefit plans funding, dividend payments, the payment of contractual obligations, maturing debt, ongoing operations, and other cash requirements.

Should our 2016 cash requirements exceed our cash and cash equivalents balance, cash generated from our operations, and capital markets financing, we would expect to 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 financing and credit facilities should give us flexibility in carrying out our plans for future growth, including business acquisitions and contingencies.

DECEMBER 31, 2015	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving facility[1][2]	**3,000**	**–**	**–**	**1,659**	**1,341**
Unsecured committed term credit facility (Astral)[3]	**526**	**526**	**–**	**–**	**–**
Other	**121**	**–**	**119**	**–**	**2**

Total committed credit facilities	**3,647**	**526**	**119**	**1,659**	**1,343**
Total non-committed credit facilities	**1,372**	**–**	**676**	**–**	**696**
Total committed and non-committed credit facilities	**5,019**	**526**	**795**	**1,659**	**2,039**

(1) *Bell Canada's $2.5 billion revolving facility expires in November 2020 and its $500 million expansion facility expires in November 2018.*
(2) *As of December 31, 2015, Bell Canada's outstanding commercial paper included $856 million in U.S. dollars ($1,185 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*
(3) *The outstanding balance at December 31, 2015 was $380 million in U.S. dollars ($526 million in Canadian dollars), which is included in debt due within one year and has been hedged using cross currency basis swaps.*

Bell Canada may issue notes in an aggregate amount of up to $2 billion 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 under such agreements.

Subsequent to year end, on January 11, 2016, Bell Canada redeemed, prior to maturity, its 4.64% Series M-19 MTN debentures, having an outstanding principal amount of $200 million which were due on February 22, 2016, as well as its 3.65% Series M-23 MTN debentures, having an outstanding principal amount of $500 million which were due on May 19, 2016.

In addition, on February 29, 2016, Bell Canada issued 3.55% Series M-41 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million, which mature on March 2, 2026.

Cash requirements

CAPITAL EXPENDITURES

In 2016, our planned capital spending will be focused 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 2016 is detailed in the following table and is subject to actuarial valuations that will be completed in mid-2016. An actuarial valuation was last performed for our significant post-employment benefit plans as at December 31, 2014.

2016 EXPECTED FUNDING	TOTAL
DB pension plans – service cost	216
DB pension plans – deficit	19
DB pension plans	235
OPEBs	85
DC pension plans	105
Total net post-employment benefit plans	425

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 10-year period, of OPEBs for most employees, which will result in OPEBs funding being phased out gradually after 2016.

DIVIDEND PAYMENTS

In 2016, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2015 as BCE's annual common share dividend increased by 5.0% to $2.73 per common share from $2.60 per common share effective with the dividend payable on April 15, 2016. 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, 2015 that are due in each of the next five years and thereafter.

	2016	2017	2018	2019	2020	THERE-AFTER	TOTAL
Recognized financial liabilities							
Long-term debt	1,899	1,107	1,731	1,309	1,401	7,995	15,442

	1,666	–	–	–	–	–	1,666
Notes payable							
Minimum future lease payments under finance leases	544	484	337	261	240	1,199	3,065
Loans secured by trade receivables	931	–	–	–	–	–	931
Interest payable on long-term debt, notes payable and loan secured by trade receivables	728	639	575	506	457	5,077	7,982
MLSE financial liability	–	135	–	–	–	–	135
Net interest receipts on derivatives	(25)	(12)	–	–	–	–	(37)
Commitments (off-balance sheet)							
Operating leases	287	257	206	178	154	814	1,896
Commitments for property, plant and equipment and intangible assets	946	650	570	497	448	1,373	4,484
Purchase obligations	1,140	578	541	525	452	1,645	4,881
National expansion of TMN[1]	190	–	–	–	–	–	190
Total	**8,306**	**3,838**	**3,960**	**3,276**	**3,152**	**18,103**	**40,635**

(1) *This commitment was settled in the first quarter of 2016.*

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 $805 million.

BCE's significant operating leases are for office premises, cellular tower sites and retail outlets with lease terms ranging from 1 to 42 years. These leases are non-cancellable and are renewable at the end of the lease period. Rental expense relating to operating leases was $340 million in 2015 and $335 million in 2014.

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.

Purchase obligations consist of contractual obligations under service and product contracts for operating expenditures.

INDEMNIFICATIONS AND GUARANTEES (OFF-BALANCE SHEET)

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. While some of the agreements specify a maximum potential exposure, many do not specify a maximum amount or termination date.

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 3, 2016, 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 3, 2016 in the BCE 2015 AIF.

7 Selected annual and quarterly information

7.1 Annual financial information

The following table shows selected consolidated financial data of BCE for 2015, 2014 and 2013, 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.

	2015	2014[1]	2013[2]
CONSOLIDATED INCOME STATEMENTS			
Operating revenues	**21,514**	21,042	20,400
Operating costs	**(12,963)**	(12,739)	(12,311)
Adjusted EBITDA	**8,551**	8,303	8,089
Severance, acquisition and other costs	**(446)**	(216)	(406)
Depreciation	**(2,890)**	(2,880)	(2,734)
Amortization	**(530)**	(572)	(646)
Finance costs			

Interest expense	**(909)**	(929)	(931)
Interest on post-employment benefit obligations	**(110)**	(101)	(150)
Other (expense) income	**(12)**	42	(6)
Income taxes	**(924)**	(929)	(828)
Net earnings	**2,730**	2,718	2,388
Net earnings attributable to:			
Common shareholders	**2,526**	2,363	1,975
Preferred shareholders	**152**	137	131
Non-controlling interest	**52**	218	282
Net earnings	**2,730**	2,718	2,388
Net earnings per common share			
Basic	**2.98**	2.98	2.55
Diluted	**2.98**	2.97	2.54
Included in net earnings:			
Severance, acquisition and other costs	**(327)**	(148)	(299)
Net gains (losses) on investments	**21**	8	(7)
Early debt redemption costs	**(13)**	(21)	(36)
Adjusted net earnings	**2,845**	2,524	2,317
Adjusted EPS	**3.36**	3.18	2.99
RATIOS			
Adjusted EBITDA margin (%)	**39.7%**	39.5%	39.7%
Return on equity (%)[3]	**21.1%**	21.0%	17.9%

(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 6.5, Privatization of Bell Aliant for further details on 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 and other costs relating to Astral, including the tangible benefits obligation, amounted to $266 million in 2013.*

(3) *Net earnings attributable to common shareholders divided by total average equity attributable to BCE shareholders excluding preferred shares.*

	2015	2014	2013
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Total assets	**47,993**	46,297	45,384
Cash and cash equivalents	**613**	566	335
Debt due within one year (including bank advances, notes payable and loan secured by trade receivables)	**4,895**	3,743	2,571
Long-term debt	**15,390**	16,355	16,341
Total non-current liabilities	**20,672**	21,969	21,244
Equity attributable to BCE shareholders	**17,023**	14,946	15,011
Total equity	**17,329**	15,239	16,250
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	**6,274**	6,241	6,476
Cash flows used in investing activities	**(4,114)**	(3,570)	(6,401)
Capital expenditures	**(3,626)**	(3,717)	(3,571)
Business acquisitions	**(311)**	(18)	(2,850)
Business dispositions	**409**	720	1
Acquisition of spectrum licences	**(535)**	(566)	–
Cash flows (used in) from financing activities	**(2,113)**	(2,440)	131
Issue of common shares	**952**	49	13
Net (repayment) issuance of debt instruments	**(510)**	784	2,215
Common shares issuance cost	**(35)**	–	–
Cash dividends paid on common shares	**(2,169)**	(1,893)	(1,795)
Privatization of Bell Aliant	**–**	(989)	–
Cash dividends paid on preferred shares	**(150)**	(134)	(127)
Cash dividends paid by subsidiaries to non-controlling interest	**(41)**	(145)	(283)
Free cash flow	**2,999**	2,744	2,571
SHARE INFORMATION			
Average number of common shares (millions)	**847.1**	793.7	775.8
Common shares outstanding at end of year (millions)	**865.6**	840.3	775.9
Market capitalization[1]	**46,275**	44,771	35,691
Dividends declared per common share (dollars)	**2.60**	2.47	2.33
Dividends declared on common shares	**(2,213)**	(1,960)	(1,807)
Dividends declared on preferred shares	**(152)**	(138)	(131)
Closing market price per common share (dollars)	**53.46**	53.28	46.00
Total shareholder return[2]	**5.3%**	21.7%	13.6%

RATIOS			
Capital intensity (%)	**16.9%**	17.7%	17.5%
Price to earnings ratio (times) [3]	**17.94**	17.88	18.04
Price to cash flow ratio (times) [4]	**17.08**	16.75	12.30
OTHER DATA			
Number of employees (thousands)	**50**	57	56

(1) *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.*
(2) *The change in BCE's common share price for a specified period plus BCE common share dividends reinvested, divided by BCE's common share price at the beginning of the year.*
(3) *BCE's common share price at the end of the year divided by earnings per share.*
(4) *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.*

7.2 Quarterly financial information

The following table shows selected BCE consolidated financial data by quarter for 2015 and 2014. 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.

	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues	**5,603**	5,345	5,326	5,240	5,528	5,195	5,220	5,099
Adjusted EBITDA	**2,073**	2,187	2,197	2,094	2,022	2,115	2,144	2,022
Severance, acquisition and other costs	**(152)**	(46)	(24)	(224)	(58)	(66)	(54)	(38)
Depreciation	**(731)**	(727)	(720)	(712)	(734)	(739)	(708)	(699)
Amortization	**(136)**	(133)	(134)	(127)	(118)	(116)	(171)	(167)
Net earnings	**542**	791	814	583	594	703	707	714
Net earnings attributable to common shareholders	**496**	739	759	532	542	600	606	615
Net earnings per common share								
Basic	**0.58**	0.87	0.90	0.63	0.64	0.77	0.78	0.79
Diluted	**0.58**	0.87	0.90	0.63	0.63	0.77	0.78	0.79
Included in net earnings:								
Severance, acquisition and other costs	**(112)**	(35)	(16)	(164)	(42)	(45)	(38)	(23)
Net (losses) gains on investments	**(1)**	(16)	40	(2)	(8)	–	4	12
Early debt redemption costs	**(6)**	–	–	(7)	(18)	(3)	–	–
Adjusted net earnings	**615**	790	735	705	610	648	640	626
Adjusted EPS	**0.72**	0.93	0.87	0.84	0.72	0.83	0.82	0.81
Average number of common shares outstanding – basic (millions)	**853.5**	848.9	844.9	841.0	837.7	782.1	777.7	776.5
OTHER INFORMATION								
Cash flows from operating activities	**1,510**	1,878	1,841	1,045	1,527	1,882	1,850	982
Free cash flow	**916**	921	931	231	833	834	815	262
Capital expenditures	**958**	927	914	827	1,076	975	937	729

Fourth quarter highlights

OPERATING REVENUES	**Q4 2015**	Q4 2014	$ CHANGE	% CHANGE
Bell Wireless	**1,770**	1,671	99	5.9%
Bell Wireline	**3,161**	3,210	(49)	(1.5%)
Bell Media	**816**	789	27	3.4%
Inter-segment eliminations	**(144)**	(142)	(2)	(1.4%)
Total BCE operating revenues	**5,603**	5,528	75	1.4%

ADJUSTED EBITDA	**Q4 2015**	Q4 2014	$ CHANGE	% CHANGE

	641	600	41	6.8%
Bell Wireless				
Bell Wireline	**1,248**	1,230	18	1.5%
Bell Media	**184**	192	(8)	(4.2%)
Total BCE adjusted EBITDA	**2,073**	2,022	51	2.5%

BCE operating revenues were 1.4% higher in Q4 2015, compared to Q4 2014, driven by solid performance in both our Bell Wireless and Bell Media segments, partly offset by a 1.5% decline in our Bell Wireline segment, due to the impact of continued slow economic growth and competitive pricing pressures on service and product revenue in our Business Markets unit.

BCE adjusted EBITDA grew by 2.5% in Q4 2015, compared to Q4 2014, reflecting year-over-year increases at Bell Wireless of 6.8% and at Bell Wireline of 1.5%. This was moderated by a 4.2% decline at Bell Media. BCE adjusted EBITDA margin expanded to 37.0% compared to 36.6% in Q4 2014.

Bell Wireless operating revenues were 5.9% higher in Q4 2015 compared to last year, reflecting service revenue growth of 6.3% driven by a larger postpaid subscriber base and blended ARPU growth of 4.4%, driven by higher average monthly rates due to the ongoing migration by customers from three-year to two-year rate plans, as well as increased data usage. Bell Wireless operating revenues also reflected higher product sales in Q4 2015 with growth of 2.4%, as a result of a higher number of customer upgrades and postpaid gross additions compared to Q4 2014. Bell Wireless adjusted EBITDA was up 6.8%, year over year, yielding a 0.2 percentage point expansion in adjusted EBITDA service margin to 40.4%, despite higher customer retention spending and subscriber acquisition costs, attributable to more subsidized customer upgrades and postpaid gross activations, mainly as a result of the double cohort.

Bell Wireline operating revenues in Q4 2015 decreased by 1.5%, year over year, due to pressures in our Business Markets unit from a soft economy that contributed to reduced customer spending on connectivity services, business service solutions and data and voice equipment, as well as competitive pricing pressures. Additionally, continued voice erosion in our residential market, the sale of a call centre subsidiary on September 1, 2015 and lower international long distance minute sales further reduced operating revenues. The decline was moderated by Internet and IPTV subscriber growth and price increases across our residential services. Bell Wireline adjusted EBITDA in Q4 2015 was up 1.5%, year over year, with a corresponding adjusted EBITDA margin improvement to 39.5% from 38.3% in Q4 2014, reflecting effective management of our operating costs, including Bell Aliant integration synergies and workforce reductions.

Bell Media operating revenues in Q4 2015 increased by 3.4%, compared to Q4 2014, reflecting higher conventional TV advertising revenues, driven by the federal election and Bell Media's strong fall season primetime line-up, and an increase in OOH advertising revenues due to new contract wins. This was partly offset by modest declines in specialty TV and radio advertising revenues. Subscriber revenues were up year over year, due to continued growth from CraveTV and TV Everywhere services, as well as favourable rate adjustments with certain BDUs. Bell Media adjusted EBITDA decreased by 4.2% in Q4 2015, as a result of higher content and programming costs related to CraveTV combined with escalating costs for sports broadcast rights and a return to normalized spending for Canadian programming expenditures following a one-time benefit in the fourth quarter of 2014.

BCE capital expenditures totalled $958 million in Q4 2015, which was $118 million lower than Q4 2014, corresponding to a 2.4 percentage-point decline in capital intensity to 17.1%. The decrease in capital expenditures reflected lower spending across all our segments, due to timing of spend and the substantial completion of our FibreOP deployment in Atlantic Canada as well as less new IPTV service footprint expansion in Québec and Ontario. Our capital investment supported the continued rollout of broadband fibre, including the build-out of Gigabit Fibe infrastructure in Toronto and other urban locations, the deployment of our 4G LTE and LTE-A wireless networks as well as increases in wireless and Internet network capacity to support greater speeds and growing data usage.

BCE severance, acquisition and other costs of $152 million in Q4 2015 increased by $94 million mainly due to costs related to workforce reduction initiatives at our Bell Media and Bell Wireline segments to address increasing competition, media industry regulation, a soft business market and declines in home phone subscribers.

BCE depreciation of $731 million in Q4 2015 decreased by $3 million, year over year, due to a reduction in the estimates of useful lives of certain network assets starting July 2014, which increased depreciation expense in 2014, as described in section 10.1, *Our accounting policies – Critical accounting estimates and key judgments*, partly offset by a higher depreciable asset base as we continued to invest in our broadband wireline and wireless networks, as well as our IPTV service.

BCE amortization was $136 million in Q4 2015, up from $118 million in Q4 2014, as a result of a higher net asset base, partly offset by 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 judgments*.

BCE net earnings attributable to common shareholders of $496 million in Q4 2015, or $0.58 per share, were lower than the $542 million, or $0.64 per share, reported in Q4 2014. The year-over-year decrease was due to higher severance, acquisition and other costs, related mainly to workforce reduction initiatives, and lower mark-to-market gains on equity derivative contracts entered into to economically hedge future payments under our share-based compensation plans. This was partly offset by higher adjusted EBITDA, lower asset impairment charges at Bell Media, and lower income taxes. Adjusted net earnings increased by 0.8% to $615 million, and adjusted EPS remained flat at $0.72.

BCE cash flow from operating activities was $1,510 million in Q4 2015 compared to $1,527 million in Q4 2014. The decrease is mainly attributable to higher acquisition and other costs paid in 2015, due largely to the payment in full satisfaction of the judgment rendered in a litigation claim for Satellite TV signal piracy, and lower cash from working capital, partly offset by lower voluntary contribution made to post-employment benefit plans, compared to Q4 2014, and higher adjusted EBITDA.

BCE free cash flow generated in Q4 2015 was $916 million, or 10.0%, higher than in Q4 2014. This was driven by higher adjusted EBITDA, lower capital expenditures and the favourable impact of the privatization of Bell Aliant, partly offset by lower cash from working capital.

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, subscriber activations are typically lowest in the first quarter, while adjusted EBITDA tends to be lower in the third and fourth quarters, due to higher subscriber acquisition and retention costs associated with a higher number of new subscriber activations and upgrades during the back-to-school, Black Friday and Christmas holiday periods.

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 Christmas holiday period. However, this may vary from year to year depending on the strength of the economy and the presence of targeted sales initiatives, which can influence customer spending. 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, 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 ExpressVu), 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 entities are regulated in various ways by federal government departments, in particular Innovation, Science and Economic Development Canada (ISED, previously called 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 (except our domestic wholesale wireless roaming service) and Internet services (except in certain parts of Northwestel's territory, where the CRTC re-regulated Internet services in 2013). Our TV distribution business is subject to the *Broadcasting Act* and is, for the most part, not subject to retail price regulation. However, the CRTC has recently mandated that all TV providers offer a "small entry-level" package consisting of only Canadian conventional TV services, certain public-interest services and, if the TV provider chooses to include them, one set of American over-the-air (OTA) stations. The price of this package cannot exceed $25 per month.

Although most of our retail services are not price-regulated, government agencies and departments such as the CRTC, ISED, Canadian Heritage and the Competition Bureau continue to play a significant role in regulatory matters such as mandatory access to networks, net neutrality, spectrum auctions, approval of acquisitions, broadcast licensing and foreign ownership requirements. 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, 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. In addition, 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.

Review of basic telecommunications services

On April 9, 2015, the CRTC launched Telecom Notice of Consultation CRTC 2015-134, *Review of basic telecommunications services*. In this proceeding, the CRTC requests parties to comment on which telecommunications services Canadians require to participate in the digital economy and what the CRTC's role should be in ensuring access to these services for all Canadians. As a result of this proceeding, the CRTC may make modifications to its basic service objective and obligation to serve policies, which currently describe the level of voice service that ILECs must provide to customers in regulated areas that they serve. Potential modifications could involve the introduction of new regulation to support the delivery of broadband services, including the implementation of a new contribution mechanism or "tax" regime on all large telecommunications service providers to fund access to broadband services. Such modifications could have a significant impact on our business and investment decisions. A decision is not expected before late 2016.

Complaint regarding pricing of broadcasting content accessed via mobile devices

On January 29, 2015, the CRTC issued a decision (Mobile TV decision) concerning a complaint against Bell Mobility about the pricing of our Bell Mobile TV service compared with the rates applicable when consumers access programming content received via mobile devices over the Internet. The CRTC found that we were conferring an "undue preference" on our Mobile TV service by not subjecting it to the standard data charges. In accordance with the CRTC's Mobile TV decision, we have ceased exempting our Mobile TV service from data charges as of 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, which was granted on April 2, 2015. Bell Canada alleges that the CRTC made certain errors in law in conjunction with the Mobile TV decision. The appeal was heard on January 19, 2016 and a decision is expected later this year.

Proceedings regarding wholesale domestic wireless services

On May 5, 2015, the CRTC released Telecom Regulatory Policy CRTC 2015-177 (TRP 2015-177), which concluded its investigation into the competitiveness of wholesale wireless markets in Canada. TRP 2015-177 requires Bell Mobility, Rogers Communications Partnership (now Rogers Communications Canada Inc.) (Rogers Canada) and Telus Communications Company to issue tariffs for domestic wholesale roaming services based on the GSM standard, which are provided to all other Canadian wireless carriers but not to each other. As a condition of offering GSM-based wholesale roaming services, Bell Mobility, Rogers Canada and Telus Communications Company must provide domestic roaming service to all subscribers served by their wholesale roaming customers, including the subscribers of any MVNOs operating on their roaming customers' networks. The CRTC is expected to grant final approval of Bell Mobility's, Rogers Canada's and Telus Communications Company's proposed wholesale roaming rates later in 2016.

On August 3, 2015, the Canadian Network Operators Consortium (CNOC) applied to the CRTC to review and vary TRP 2015-177. CNOC's application sought: (i) a CRTC order mandating full MVNO services on the networks of Bell Mobility, Rogers Canada and Telus Communications Company at regulated rates; and (ii) a follow-up regulatory proceeding to determine whether wholesale tower and site sharing services should also be mandated, and if so, on what terms and conditions. On February 18, 2016, the CRTC denied both of CNOC's requests, leaving the determinations in TRP 2015-177 unaltered.

Wholesale wireline services framework review

On July 22, 2015, the CRTC issued Telecom Decision 2015-326, which concluded a review of its wholesale wireline telecommunications policies. The CRTC mandated the introduction of a new disaggregated wholesale high-speed access service, including over FTTP facilities, which had so far been exempt from mandated wholesale high-speed access. While this new service is mandated for all major incumbent telephone companies and cable carriers, the first stage of its implementation is to take place only in Ontario and Québec, our two largest markets. No wholesale service previously forborne was re-regulated.

On October 20, 2015, we requested that the Governor in Council vary the CRTC's decision so that it does not implement legacy wholesale regulation for FTTP or next-generation DOCSIS 3.1 cable networks.

The CRTC's decision would continue to apply to legacy broadband technology, such as DSL, FTTN, and cable broadband based on DOCSIS 3.0 providing speeds up to 100 Mbps, where it exists today. Also on October 20, 2015, we filed an application with the CRTC requesting the addition of conditions regarding competitor eligibility for the new disaggregated wholesale high-speed access service.

The introduction of mandated wholesale services over FTTP by the CRTC will undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline networks, particularly in smaller communities and rural areas.

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 (i.e. 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, limiting the amount of early cancellation fees, price changes for different categories of services, 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 terms greater than two years.

The Wireless Code has applied to all wireless contracts since June 3, 2015.

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.

8.3 Broadcasting Act

The *Broadcasting Act* outlines 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 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 position or the cost of providing services.

Changes to simultaneous substitution

On January 29, 2015, the CRTC announced in Broadcasting Regulatory Policy 2015-25 that it would eliminate simultaneous substitution for specialty channels starting December 1, 2015 and for the Super Bowl starting in 2017, and that it would enact new penalties for broadcasters and require BDUs to pay consumer rebates for simultaneous substitution errors. This decision, as far as it relates to the elimination of simultaneous substitution for the Super Bowl, could have an adverse impact on Bell Media's conventional TV businesses and financial results, the full extent of which is unclear at this time.

On March 2, 2015, Bell Canada and Bell Media 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 and Bell Media are challenging the legal validity of these rules on the basis of the following arguments: (i) unlawful interference with Bell Media'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 Media'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 that empower it to penalize broadcasters or impose rebates on BDUs for errors in carrying out simultaneous substitution. The Federal Court of Appeal granted our application for leave to appeal on May 5, 2015. On November 19, 2015, the CRTC released an additional decision stating, for the first time, new grounds for its decision relating to simultaneous substitution. On December 14, 2015, Bell Canada and Bell Media filed an application with the Federal Court of Appeal for leave to appeal this decision as well. The hearing of these appeals is now expected to take place later this year.

Unbundling of TV services

On March 19, 2015, the CRTC released Broadcasting Regulatory Policy 2015-96, which deals primarily with issues related to the distribution of TV services. In it, the CRTC mandates that all TV providers offer a "small entry-level" package consisting of only Canadian conventional TV services, certain public-interest services and, if the TV provider chooses to include them, one set of American OTA stations. The price of this package cannot exceed $25 per month exclusive of equipment. The small entry-level offer had to be introduced by March 1, 2016. The decision also requires all TV providers to offer every channel not included in a small entry-level package on both a standalone (à la carte) basis and in either build-your-own packages (e.g. "pick 10") or small theme packs of no more than 10 channels. The CRTC did not regulate the price at which such packages can be sold. Either a standalone, build-your-own package, or small theme pack option must be offered by March 1, 2016 and both standalone and one of build-your-own package or small theme pack options must be offered by December 1, 2016. TV providers can continue to offer TV services in other packages, including their existing package options, as long as they also offer the mandated alternatives. The CRTC also decided that, with the exception of mainstream national news services, TV channels that previously had "access rights", in that TV providers were required to carry them, will lose those rights when they renew their licences beginning in September 2017. A TV provider will, therefore, be able to cease to offer any of these services that it does not wish to carry. While the impact of the decision on Bell Media is potentially negative, the extent of the impact on Bell Media's business and financial results is unclear at this time.

Wholesale code

On September 24, 2015, the CRTC released Broadcasting Regulatory Policy 2015-438, announcing a new Wholesale Code. The Wholesale Code governs the commercial arrangements between BDUs, programming services and digital media services, including imposing additional restrictions on the sale of TV channels at wholesale and the carriage of TV channels by BDUs. On October 23, 2015, Bell Canada and Bell Media filed with the Federal Court of Appeal an application for leave to appeal the CRTC's decision to implement the Wholesale Code, which application was granted on December 22, 2015. We allege that the CRTC's implementation of the Wholesale Code conflicts with the *Copyright Act* and is outside the CRTC's jurisdiction under the *Broadcasting Act*. A decision on the appeal is not expected until later in the year.

8.4 Radiocommunication Act

ISED regulates the use of radio spectrum under the *Radiocommunication Act*. Under the *Radiocommunication Act*, ISED 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. ISED 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 ISED will agree. Should there be a disagreement, this could have a negative effect on our business and financial performance.

600 MHz spectrum consultation

Industry Canada (now ISED) held a consultation in December 2014 seeking comments on various questions related to repurposing the 600 MHz broadcasting band for mobile use. This spectrum is currently used primarily by OTA TV broadcasters for local TV transmissions. This was the first step of a multistep process on the matter. The two key questions related to whether Industry Canada should repurpose the band to include commercial mobile broadband and whether to participate in a joint spectrum repacking process with the United States. In addition, Industry Canada also sought comments regarding the anticipated future spectrum requirements for OTA TV broadcasting, taking into consideration the overall changes in the broadcasting industry.

On August 14, 2015, Industry Canada announced its decision on the results of the consultation. Industry Canada determined it would proceed with the repacking initiative for the 600 MHz band to include commercial mobile use and that it would jointly establish a new digital TV (DTV) allotment plan in collaboration with the U.S. ISED has indicated that it is waiting for the results of the U.S. auction, which is expected to take place in March or April 2016, before proceeding with further consultation concerning the final 600 MHz band plan to be adopted and its auction process, as ISED's auction parameters will be coordinated with the band plan that results from the auction in the U.S. The repurposing of 600 MHz spectrum will have an impact on existing Bell Media TV broadcasting stations, which will need to transition to alternative spectrum. The extent of such impact is not yet known.

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

Personal Information Protection and Electronic Documents Act

The *Digital Privacy Act* amending the *Personal Information Protection and Electronic Documents Act* (PIPEDA) received Royal Assent on June 18, 2015. The amendments introduce mandatory notification requirements that must be followed in relation to the loss or unauthorized disclosure of personal information held by an organization resulting from a breach of the organization's security safeguards. Failure to comply with these notification requirements, or to log security breaches, may result in a fine of up to $100,000 per occurrence. These provisions dealing with notification requirements will come into force when related regulations are brought into force.

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 contact 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 these 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)
Security management	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 could also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation are discussed below.

Customer experience

Driving a positive customer experience in all aspects of our engagement with customers by embracing new approaches and challenging operational limitations is important to avoid adverse impacts on our business and financial performance

As the bar continues to be raised based on customers' evolving expectations of service and value, failure to get ahead of such expectations and build a more robust service experience could hinder products and services differentiation and customer loyalty. With the proliferation of connectivity services, apps and devices, customers are accustomed to doing things when, how and where they want through websites, self-serve options, web chat, call centres, facebook, twitter and other social media forums. Failure to embrace these new media in a positive way, incorporate them into multiple

elements of our service delivery and ensure that we understand their potential impact on customer perceptions could adversely affect our reputation and brand value. As the foundation of effective customer service stems from our ability to deliver simple solutions to customers in an expeditious manner, on mutually agreeable terms, complexity in our operations resulting from multiple technology platforms, billing systems, marketing databases and a myriad of rate plans, promotions and product offerings may limit our 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.

Technology/infrastructure transformation

The failure to optimize network and IT deployment and upgrading timelines, accurately assess the potential of new technologies, and invest and evolve in the appropriate direction, could have an adverse impact on our business and financial results

Globalization, increased competition and ongoing technological advances are driving customer expectations of faster market responses, enhanced user experiences and cost-effective delivery. Meeting these expectations requires the deployment of new service and product technologies that are network-neutral and based on a more collaborative and integrated development environment. Change can be difficult and may present unforeseen obstacles which might impact successful execution, and this transition is made more challenging by the complexity of our multi-product environment, combined with the complexity of our network and IT structures. In addition, new technologies may quickly become obsolete or their launch may be delayed. The failure to optimize network and IT deployment and upgrading timelines, considering customer demand and competitor activities, to accurately assess the potential of new technologies and to invest and evolve in the appropriate direction in an environment of changing business models could have an adverse impact on our business and financial results.

In particular, our network and IT evolution activities seek to install FTTP and enable an integrated IP-based competitive network offering that facilitates rapid development of new product and service offerings.

If this cannot be achieved in accordance with our deployment schedules while maintaining network availability and performance through the migration process, we may lose customers as a result of poor service performance, which could adversely affect our ability to achieve our operational and financial objectives. Failure to leverage IP across all facets of our network and product and service portfolio could inhibit a fully customer-centric approach, limiting or preventing comprehensive self-serve convenience, real-time provisioning, cost savings and flexibility in delivery and consumption, leading to negative business and financial outcomes.

Parallel to our focus on next-generation investment, adverse regulatory decisions may impact the specific nature, magnitude, location and timing of investment decisions. In particular, the introduction by the CRTC of mandated wholesale services over FTTP or wireless networks will undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline and wireless networks, particularly in smaller communities and rural areas. Failure to continue investment in a disciplined and strategic manner in next-generation capabilities, including real-time information-based customer service strategies, could limit our ability to compete effectively and achieve desired business and financial results.

Other examples of risks to achieving our desired technology/ infrastructure transformation include:

- Network construction and deployment on municipal or private property requires the issuance of municipal and property owner consents, respectively, for the installation of network equipment, which could cause delays to FTTP rollout
- New products, services or apps could reduce demand for our existing more profitable service 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
- As consumption habits evolve and TV viewing alternatives expand, our ability to develop alternative delivery vehicles, which may require significant IT investment, in order to compete in new markets is essential to maintaining customer engagement and revenue streams
- Our ability to leverage new opportunities, such as those introduced by “Big Data”, which is subject to many challenges, including evolving customer perceptions as well as legal and regulatory developments. If we cannot build market-leading competencies in this field across sales, service and operational platforms that respect societal values and legal and regulatory requirements, we may miss important opportunities to grow our business through enhanced market intelligence and a more proactive customer service model.

Operational performance

Our networks, IT systems and data centre assets are the foundation of high-quality consistent services which are critical to meeting service expectations

Our ability to provide consistent wireless, wireline, media broadcasting, satellite and data centre services to customers in a complex and constantly changing operating environment is crucial for sustained success. In particular, network capacity demands for TV and other bandwidth-intensive applications on our Internet and wireless networks have been growing at unprecedented rates. Unexpected capacity pressures on our networks may negatively affect our network performance and our ability to provide services. Issues relating to network availability, speed, consistency and traffic management on our more current as well as aging networks could have an adverse impact on our business and financial performance.

In addition, we currently use a very large number of interconnected operational and business support systems including for provisioning, networking, distribution, broadcast management, billing and accounting. If we fail to implement or maintain highly effective customer-facing IT systems supported by an effective governance and operating framework, this may lead to inconsistent performance and dissatisfied customers, which over time could result in higher churn.

Further examples of risks to operational performance that could impact our reputation, business operations and financial performance include the following:

- We may need to incur significant capital expenditures beyond those already anticipated by our capital intensity target in order to provide additional capacity and reduce network congestion on our wireline and wireless networks, and we may not be able to generate sufficient cash flows or raise the capital we need to fund such capital expenditures, which may result in service degradation
- Corporate restructurings, system replacements and upgrades, process redesigns and the integration of business acquisitions may not deliver the benefits contemplated and could adversely impact our ongoing operations
- If we fail to streamline our significant IT legacy system portfolio and proactively improve operating performance, this could adversely affect our business and financial outcomes
- A shortage of technicians or contact centre staff could result in the failure to achieve a desired level of customer service satisfaction
- There may be a lack of competent and cost-effective resources to perform the life-cycle management and upgrades necessary to maintain operational status of legacy networks

Our operations and business continuity depend on how well we protect, test, maintain and replace our networks, IT systems, equipment and other facilities

Our operations depend on how well we and our contracted service providers protect our networks and IT systems, as well as other infrastructure and facilities, against damage from fire, natural disaster (including, without limitation, seismic and severe weather-related events such as ice, snow and wind storms, flooding, hurricanes, tornados 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 oversight

We depend on third-party suppliers and outsourcers, some of which are critical, to provide an uninterrupted supply of the products and services we need to operate our business

We depend on key third-party suppliers and outsourcers, over which we have no operational or financial control, for products and services, some of which are critical to our operations. If there are gaps in our supplier governance and oversight models established to ensure full risk transparency at point of purchase and throughout the relationship, including any contract renegotiations, there is the potential for a breakdown in supply, which could impact our ability to make sales, service customers and achieve our business and financial objectives. The outsourcing of services generally involves transfer of risk, and we must take appropriate steps to ensure that the outsourcers' approach to risk management is aligned with our own standards in order to maintain continuity of supply and brand strength. Further, as cloud-based supplier models continue to evolve, our procurement and vendor management practices must also continue to evolve to fully address associated risk exposures.

Other examples of risks associated with vendor oversight include the following:

- Demand for products and services available from only a limited number of suppliers, some of which dominate their global market, may lead to decreased availability, increased costs or delays in the delivery of such products and services since suppliers may choose to favour global competitors that are larger than we are and, accordingly, purchase a larger volume of products and services. In addition, production issues affecting any such suppliers, or other suppliers, could result in decreased quantities, or a total lack of supply of products or services. Any of these events could potentially adversely impact our ability to meet customer commitments and demand.
- Cloud-based solutions may increase the risk of security and data leakage exposure if security control protocols affecting our suppliers are bypassed
- Failure to maintain strong discipline around vendor administration (especially around initial account setup) may mask potential financial or operational risks and complicate future problem resolution
- If products and services important to our operations have manufacturing defects or do not comply with applicable government regulations and standards (including product safety practices), our ability to sell products and provide services on a timely basis may be negatively impacted. We work with our suppliers to identify serious product defects (including safety incidents) and develop appropriate remedial strategies. Remedial strategies may include a recall of products. To the extent that a supplier does not actively participate in, and/or bear primary financial

responsibility for, a recall of its products, our ability to perform such recall program at a reasonable cost and/or in a timely fashion may be negatively impacted. Any of the events referred to above could have an adverse effect on our operations and financial results.

- Temporary or permanent operational failures or service interruptions of the networks of other telecommunications carriers and suppliers on which we rely to deliver services could adversely affect our ability to provide services using such carriers' and suppliers' networks and could, consequently, have an adverse effect on our business and financial performance

People

Our employees and contractors are key resources and there is a broad and complex range of risks which must be managed effectively to drive a winning corporate culture and outstanding performance

Our business depends on the efforts, engagement and expertise of our management and non-management employees and contractors, who must be able to operate safely and securely based on the tasks they are completing and the environment in which they are functioning. If we fail to achieve this basic expectation, this could adversely affect our organizational culture, reputation and financial results as well as our ability to attract high-performing team members. Competition for highly skilled team members is intense, which makes the development of approaches to identify and secure high-performing candidates for a broad range of job functions, roles and responsibilities essential. 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. The positive engagement of members of our team represented by unions is contingent on negotiating collective agreements which deliver competitive labour conditions and uninterrupted service, both of which are critical to achieving our business objectives. In addition, if the skill sets, diversity and size of the workforce do not match the operational requirements of the business and foster a winning culture, we will likely not be able to sustain our performance.

Other examples of people-related risks include the following:

- The increasing technical and operational complexity of our businesses creates a challenging environment for hiring, retaining and developing skilled technical resources
- Failure to establish a complete and effective succession plan, including preparation of internal talent and identification of potential external candidates where relevant for key roles, could impair our business until qualified replacements are found
- Approximately 45% 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, which could adversely affect service to our customers and, in turn, our customer relationships and financial performance.
- Ensuring the safety and security of our workforce operating in different environments, including, manholes, telephone poles, cell towers, vehicles, foreign news bureaus and war zones, requires focus, effective processes and flexibility to avoid injury, service interruption, fines and reputational impact
- Deterioration in employee morale and engagement resulting from staff reductions, ongoing cost reductions or reorganizations could adversely affect our business and financial results

Financial management

If we are unable to raise the capital we need or 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 various risks, including those described in this MD&A.

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, 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 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.

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.

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 and 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.

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. The declaration of dividends by the BCE Board is ultimately dependent on BCE's operations and financial results which are, in turn, subject to various assumptions and risks, including those set out in this MD&A.

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 23 to BCE's 2015 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, inability to complete planned capital expenditures, reputational damage, stock and debenture devaluations and challenges in raising capital on market-competitive terms.

The economic environment, pension rules or ineffective governance could have an adverse effect on our pension obligations, liquidity and financial performance, and we may be required to increase contributions to our post-employment benefit plans in the future

With a large pension plan membership and DB pension plans that are subject to the pressures of the global economic environment and changing regulatory and reporting requirements, our pension obligations are exposed to potential volatility. Failure to recognize and manage economic exposure and pension rule changes or to ensure that effective governance is in place for management and funding of pension plan assets and obligations could have an adverse impact on our liquidity and financial performance.

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 could therefore also significantly affect our cash funding requirements.

Our expected funding for 2016 is in accordance with the latest post-employment benefit plan valuations as of December 31, 2014, filed in June 2015, and takes into account a voluntary contribution of $250 million in 2015.

Income and commodity tax amounts may materially differ from the expected amounts

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 judgment in 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.

The failure to reduce costs as well as unexpected increases in costs could adversely affect our ability to achieve our strategic imperatives and our financial results

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 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.

Examples of risks to our ability to reduce costs or of potential cost increases include:

- Achieving timely cost reductions while moving to an IP-based network is dependent on disciplined network decommissioning, which can be delayed by customer contractual commitments, regulatory considerations and other unforeseen obstacles
- Fluctuations in energy prices are partly influenced by government policies to address climate change which, combined with growing data demand that increases our energy requirements, could increase our energy costs beyond our current expectations
- Failure to successfully deliver on our contractual commitments, whether due to security events, operational challenges or other reasons, may result in financial penalties and loss of revenues

The failure to evolve practices to effectively monitor and control fraudulent activities could result in financial loss and brand degradation

As a public company with a range of desirable and valuable products and services and approximately 50,000 employees, fraud requires a disciplined program covering governance, exposure identification and assessment, prevention, detection and reporting that considers corruption, misappropriation of assets and intentional manipulation of financial statements by employees and/or external parties. Fraud events can result in financial loss and brand degradation.

Specific examples relevant to us include:

- Subscription fraud on accounts established with a false identity or paid with a stolen credit card
- Network usage fraud such as call/sell operations using our wireline or wireless networks
- Copyright theft and other forms of unauthorized use that undermine the exclusivity of Bell Media's content offerings and could potentially divert users to unlicensed or otherwise illegitimate platforms, thus impacting our ability to derive distribution and advertising revenues
- TV distributors including Bell TV are subject to ongoing efforts to steal their services through compromise or circumvention of signal security systems, causing revenue loss

Litigation and legal obligations

Legal proceedings, changes in applicable laws and the failure to proactively address our legal and regulatory obligations 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, and Canadian provincial securities laws 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. Changes in laws or regulations, or in how they are interpreted, and the adoption of new laws or regulations, as well as 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.

Examples of legal and regulatory obligations that we must comply with include those resulting from:

- As discussed in more detail in section 8, *Regulatory environment*, decisions, policies and other initiatives of the CRTC, ISED, the Competition Bureau and other governmental agencies, as well as laws of a regulatory nature
- Consumer protection laws
- Tax legislation
- Corporate and securities legislation
- IFRS requirements
- Environmental protection laws
- Payment card industry standards for the protection against customer credit card infractions

For a description of the principal legal proceedings involving us, please see the section entitled *Legal Proceedings* contained in the BCE 2015 AIF.

Health and environmental concerns

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 or are ongoing to assess whether wireless phones, networks and towers pose a potential health risk. While some studies suggest links to certain conditions, others conclude there is no established causation between mobile phone usage and adverse health effects. ISED is responsible for approving radiofrequency equipment and performing compliance assessments and has chosen Health Canada's Safety Code 6, which sets the limits for safe exposure to radiofrequency emissions at home or at work, as its exposure standard. This code 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. ISED has made compliance to Safety Code 6 mandatory for all proponents and operators of radio installations.

Our business is heavily dependent on radiofrequency technologies, which could present significant challenges to our business and financial performance, such as the following:

- We face current and potential lawsuits relating to alleged adverse health effects on customers, as well as to our marketing and disclosure practices in connection therewith, and the likely outcome of such lawsuits is unpredictable and may change over time
- Changes in scientific evidence and/or public perceptions could lead to additional government regulations and costs for retrofitting infrastructure and handsets to achieve compliance
- Public concerns could result in a slower deployment of, or in our inability to deploy, infrastructure necessary to maintain and/or expand our wireless network as required by market evolution

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 *Operational performance – Our operations and business continuity depend on how well we protect, test, maintain and replace our networks, IT systems, equipment and other facilities* in this section 9. Several areas of our operations further raise environmental considerations, such as fuel storage, greenhouse gas emissions, 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.

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 2015 consolidated financial statements for more information about the accounting principles we use to prepare our consolidated financial statements.

Critical accounting estimates and key judgments

When preparing financial statements, management makes estimates and judgments 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 judgments are subject to measurement uncertainty and actual results could differ.

We consider the estimates and judgments 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 judgment were made, and changes to these estimates and judgments 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 judgments 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 judgments 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 estimate

In 2014, 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.

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 2015 – INCREASE (DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2015 – INCREASE (DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	(148)	112	(2,783)	3,178
Mortality rate	25%	(66)	70	(1,386)	1,477

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 at each reporting period, 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.

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 (expense) income*.

In 2015, we recorded an impairment charge of $49 million, of which $38 million was allocated to indefinite-life intangible assets, $9 million to finite-life intangible assets and $2 million to property, plant and equipment. The impairment charge related mainly to our music cash generating unit (CGU) within our Bell Media segment and resulted from revenue and profitability declines from lower viewership 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. We estimated the fair value of the CGU using both discounted cash flows and market-based valuation models which include five-year cash flow projections from business plans reviewed by senior management for the period of January 1, 2016 to December 31, 2020, using a discount rate of 9.0% and a perpetuity growth rate of nil, as well as market multiple data from public companies and market transactions. The carrying value of our music CGU was $171 million at December 31, 2015.

In 2014, we recorded an impairment charge of $105 million, of which $67 million was allocated to property, plant and equipment and $38 million to indefinite-life intangible assets. The impairment charge related mainly to our Conventional TV CGU within our Bell Media segment and 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 five-year expected future discounted cash flows from business plans reviewed by senior management for the period of January 1, 2015 to December 31, 2019 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.

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 4 to BCE's 2015 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 2015 or 2014.

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 accounted for as AFS, 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 judgment against us or requires us to pay a large settlement, it could have a material adverse effect on our consolidated financial statements in the period in which the judgment or settlement occurs. Any accrual would be charged to earnings and included in *Trade payables and other liabilities* or *Other non-current liabilities*. Any payment as a result of a judgment or 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.

JUDGMENTS

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 fixed income investments at the beginning of each fiscal year. Significant judgement is required when setting the criteria for fixed income investments to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of investments 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 judgment 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 judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgment 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 judgment 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 judgment.

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 judgment.

Future changes to accounting standards

The following new or amended standards issued by the IASB have an effective date after December 31, 2015 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
Amendments to International Accounting Standard (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.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
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.

Amendments to IAS 7 – Statement of Cash Flows	Requires enhanced disclosures about changes in liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair values.	We are currently evaluating the impact of the amendments to IAS 7 on our financial statements.	Annual periods beginning on or after January 1, 2017, 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 principally affect the timing of revenue recognition and how we classify revenues as between product and service, how we account for costs to obtain a contract and contract fulfilment costs. Under multiple element arrangements, although the total revenue recognized during the term of a contract will be largely unaffected, the revenue allocated to a delivered item will no longer be limited to the non-contingent amount, which may accelerate the recognition of revenue ahead of the associated cash inflows. This would result in a change in the upfront classification of revenues to an asset on the balance sheet which would be realized over the term of the contract. Although we have made progress in our implementation of IFRS 15, it is not yet possible to make a reliable estimate of the impact of the new standard on our financial statements as we are required to implement significant changes to our systems and processes across the organization in order to collect the new data requirements, as well as compile historical comparatives. It is expected that the changes will be most pronounced in our Bell Wireless segment.	Annual periods beginning on or after January 1, 2018, using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.
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.

IFRS 16 – Leases	Eliminates the distinction between operating and finance leases for lessees, requiring instead that leases be capitalized by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, an entity recognizes a financial liability representing its obligation to make future lease payments. A depreciation charge for the lease asset is recorded within operating costs and an interest expense on the lease liability is recorded within finance costs. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases and leases of low-value assets, nor does it substantially change lease accounting for lessors.	We are currently evaluating the impact of IFRS 16 on our financial statements.	Annual periods beginning on or after January 1, 2019, using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach, with early adoption permitted if an entity has adopted IFRS 15.

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

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 4 to BCE's 2015 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.

	2015	2014
Net earnings	**2,730**	2,718
Severance, acquisition and other costs	**446**	216
Depreciation	**2,890**	2,880
Amortization	**530**	572
Finance costs		
Interest expense	**909**	929
Interest on post-employment benefit obligations	**110**	101
Other expense (income)	**12**	(42)
Income taxes	**924**	929
Adjusted EBITDA	**8,551**	8,303
BCE Operating revenues	***21,514***	*21,042*
Adjusted EBITDA margin	**39.7%**	39.5%

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.

	2015		2014	
	TOTAL	**PER SHARE**	TOTAL	PER SHARE
Net earnings attributable to common shareholders	**2,526**	**2.98**	2,363	2.98
Severance, acquisition and other costs	**327**	**0.38**	148	0.18
Net (gains) losses on investments	**(21)**	**(0.02)**	(8)	(0.01)
Early debt redemption costs	**13**	**0.02**	21	0.03
Adjusted net earnings	**2,845**	**3.36**	2,524	3.18

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 and other costs paid (which include significant litigation costs) 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 and other costs paid (which include significant litigation costs) 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.

	2015	2014
Cash flows from operating activities	**6,274**	6,241
Bell Aliant dividends to BCE	**–**	95
Capital expenditures	**(3,626)**	(3,717)
Cash dividends paid on preferred shares	**(150)**	(134)
Cash dividends paid by subsidiaries to non-controlling interest	**(41)**	(145)
Acquisition and other costs paid	**292**	131
Voluntary defined benefit pension plan contribution	**250**	350
Bell Aliant free cash flow	**–**	(77)
Free cash flow	**2,999**	2,744
Average number of common shares outstanding (millions)	***847.1***	*793.7*
Free cash flow per share	**3.54**	3.46

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.

	2015	2014
Debt due within one year	**4,895**	3,743
Long-term debt	**15,390**	16,355
50% of outstanding preferred shares	**2,002**	2,002
Cash and cash equivalents	**(613)**	(566)
Net debt	**21,674**	21,534

Net debt leverage ratio

The net debt leverage ratio does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the net debt leverage ratio as a measure of financial leverage.

The net debt leverage ratio represents net debt divided by adjusted EBITDA.

Adjusted EBITDA to net interest expense ratio

The ratio of adjusted EBITDA to net interest expense does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the adjusted EBITDA to net interest expense ratio as a measure of financial health of the company.

The adjusted EBITDA to net interest expense ratio represents adjusted EBITDA divided by net interest expense. Net interest expense represents net interest expense as shown in our statements of cash flows, plus 50% of declared preferred share dividends as shown in our income statements.

KPIs

In addition to the non-GAAP financial measures previously described, 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 represents the measurement of 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.

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 and 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, 2015, 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, 2015.

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, 2015, based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2015.

There have been no changes during the year ended December 31, 2015 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 Public Accounting Firm, have audited the financial statements.

Management has prepared the financial statements according to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. 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 158 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) Glen LeBlanc
Executive Vice-President and Chief Financial Officer

(signed) Thierry Chaumont
Senior Vice-President and Controller

March 3, 2016

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 its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, 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 judgment, 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 its subsidiaries as at December 31, 2015 and December 31, 2014, 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, 2015, 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 3, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte LLP[1]

Montréal, Canada
March 3, 2016

(1) *CPA auditor, CA, public accountancy permit No. A104630*

Consolidated income statements

FOR THE YEAR ENDED DECEMBER 31

(IN MILLIONS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)	NOTE	2015	2014
Operating revenues	4	**21,514**	21,042
Operating costs	4, 5	**(12,963)**	(12,739)
Severance, acquisition and other costs	4, 6	**(446)**	(216)
Depreciation	4, 13	**(2,890)**	(2,880)
Amortization	4, 14	**(530)**	(572)
Finance costs			
Interest expense	7	**(909)**	(929)
Interest on post-employment benefit obligations	21	**(110)**	(101)
Other (expense) income	8	**(12)**	42
Income taxes	9	**(924)**	(929)
Net earnings		**2,730**	2,718
Net earnings attributable to:			
Common shareholders		**2,526**	2,363
Preferred shareholders		**152**	137
Non-controlling interest	29	**52**	218
Net earnings		**2,730**	2,718
Net earnings per common share			
Basic	10	**2.98**	2.98
Diluted	10	**2.98**	2.97
Average number of common shares outstanding – basic (millions)		**847.1**	793.7

Consolidated statements of comprehensive income

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2015	2014
Net earnings		**2,730**	2,718
Other comprehensive income (loss), net of income taxes			
Items that will be subsequently reclassified to net earnings			
Net change in value of available-for-sale (AFS) financial assets, net of income taxes of nil for 2015 and 2014		**23**	58
Net change in value of derivatives designated as cash flow hedges, net of income taxes of ($2) million and ($13) million for 2015 and 2014, respectively		**1**	34
Items that will not be reclassified to net earnings			
Actuarial gains (losses) on post-employment benefit plans, net of income taxes of ($161) million and $253 million for 2015 and 2014, respectively	21	**429**	(685)
Other comprehensive income (loss)		**453**	(593)
Total comprehensive income		**3,183**	2,125
Total comprehensive income attributable to:			
Common shareholders		**2,977**	1,862
Preferred shareholders		**152**	137
Non-controlling interest	29	**54**	126
Total comprehensive income		**3,183**	2,125

Consolidated statements of financial position

(IN MILLIONS OF CANADIAN DOLLARS)	NOTE	DECEMBER 31, 2015	DECEMBER 31, 2014
ASSETS			
Current assets			
Cash		**100**	142
Cash equivalents		**513**	424
Trade and other receivables	11	**3,009**	3,069
Inventory	12	**416**	333
Prepaid expenses		**393**	379
Other current assets		**377**	201
Total current assets		**4,808**	4,548
Non-current assets			
Property, plant and equipment	13	**21,630**	21,327
Intangible assets	14	**11,176**	10,224
Deferred tax assets	9	**89**	162
Investments in associates and joint ventures	3, 15	**1,119**	776

Other non-current assets	16	**794**	875
Goodwill	17	**8,377**	8,385
Total non-current assets		**43,185**	41,749
Total assets		**47,993**	46,297
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	18	**4,287**	4,398
Interest payable		**148**	145
Dividends payable		**576**	534
Current tax liabilities		**86**	269
Debt due within one year	19	**4,895**	3,743
Total current liabilities		**9,992**	9,089
Non-current liabilities			
Long-term debt	20	**15,390**	16,355
Deferred tax liabilities	9	**1,824**	1,321
Post-employment benefit obligations	21	**2,038**	2,772
Other non-current liabilities	22	**1,420**	1,521
Total non-current liabilities		**20,672**	21,969
Total liabilities		**30,664**	31,058
Commitments and contingencies	27		
EQUITY			
Equity attributable to BCE shareholders			
Preferred shares	24, 25	**4,004**	4,004
Common shares	24, 25	**18,100**	16,717
Contributed surplus	24, 25	**1,150**	1,141
Accumulated other comprehensive income		**119**	97
Deficit	24	**(6,350)**	(7,013)
Total equity attributable to BCE shareholders		**17,023**	14,946
Non-controlling interest	24, 29	**306**	293
Total equity		**17,329**	15,239
Total liabilities and equity		**47,993**	46,297

Consolidated statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2015 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS							
		PREFERRED SHARES	COMMON SHARES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at January 1, 2015		**4,004**	**16,717**	**1,141**	**97**	**(7,013)**	**14,946**	**293**	**15,239**
Net earnings		**–**	**–**	**–**	**–**	**2,678**	**2,678**	**52**	**2,730**
Other comprehensive income		**–**	**–**	**–**	**22**	**429**	**451**	**2**	**453**
Total comprehensive income		**–**	**–**	**–**	**22**	**3,107**	**3,129**	**54**	**3,183**
Common shares issued under employee stock option plan	25	**–**	**96**	**(7)**	**–**	**–**	**89**	**–**	**89**
Common shares issued under employee savings plan	25	**–**	**128**	**–**	**–**	**–**	**128**	**–**	**128**
Other share-based compensation		**–**	**–**	**16**	**–**	**(53)**	**(37)**	**–**	**(37)**
Dividends declared on BCE common and preferred shares		**–**	**–**	**–**	**–**	**(2,365)**	**(2,365)**	**–**	**(2,365)**
Dividends declared by subsidiaries to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**(41)**	**(41)**
Common shares issued under bought deal offering	25	**–**	**863**	**–**	**–**	**(26)**	**837**	**–**	**837**

Common shares issued for the acquisition of Glentel Inc.	3, 25	–	296	–	–	–	296	–	296
Balance at December 31, 2015		**4,004**	**18,100**	**1,150**	**119**	**(6,350)**	**17,023**	**306**	**17,329**

		ATTRIBUTABLE TO BCE SHAREHOLDERS							
FOR THE YEAR ENDED DECEMBER 31, 2014 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	PREFERRED SHARES	COMMON SHARES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFICIT	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
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 employee 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	24, 25	609	2,928	(1,499)	(7)	(2,143)	(112)	(877)	(989)
Privatization transaction costs	24	–	–	–	–	(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

Consolidated statements of cash flows

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2015	2014
Cash flows from operating activities			
Net earnings		**2,730**	2,718
Adjustments to reconcile net earnings to cash flows from operating activities			
Severance, acquisition and other costs	6	**446**	216
Depreciation and amortization	13, 14	**3,420**	3,452
Post-employment benefit plans cost	21	**391**	377
Net interest expense		**900**	921
Gains on investments	8	**(72)**	(10)
Income taxes	9	**924**	929
Contributions to post-employment benefit plans	21	**(566)**	(683)
Payments under other post-employment benefit plans	21	**(75)**	(73)
Severance and other costs paid		**(190)**	(190)
Interest paid		**(911)**	(907)
Income taxes paid (net of refunds)		**(672)**	(743)
Acquisition and other costs paid		**(292)**	(131)
Net change in operating assets and liabilities		**241**	365
Cash flows from operating activities		**6,274**	6,241
Cash flows used in investing activities			
Capital expenditures	4	**(3,626)**	(3,717)
Business acquisitions	3	**(311)**	(18)
Business dispositions	3	**409**	720
Acquisition of spectrum licences	14	**(535)**	(566)

Other investing activities		**(51)**	11
Cash flows used in investing activities		**(4,114)**	(3,570)
Cash flows used in financing activities			
Increase in notes payable		**76**	469
Issue of long-term debt	20	**1,498**	1,428
Repayment of long-term debt	20	**(2,084)**	(1,113)
Privatization of Bell Aliant	24	**–**	(989)
Issue of common shares	25	**952**	49
Common shares issuance cost	25	**(35)**	–
Repurchase of shares for settlement of share-based payments	26	**(138)**	(83)
Cash dividends paid on common shares		**(2,169)**	(1,893)
Cash dividends paid on preferred shares		**(150)**	(134)
Cash dividends paid by subsidiaries to non-controlling interest		**(41)**	(145)
Other financing activities		**(22)**	(29)
Cash flows used in financing activities		**(2,113)**	(2,440)
Net decrease in cash		**(42)**	(78)
Cash at beginning of year		**142**	220
Cash at end of year		**100**	142
Net increase in cash equivalents		**89**	309
Cash equivalents at beginning of year		**424**	115
Cash equivalents at end of year		**513**	424

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 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 and up to, and including, June 30, 2015, either Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc., 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 3, 2016.

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 of 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 during the year are consolidated from the date of acquisition and the results of subsidiaries sold during the year are deconsolidated from the date of disposal. Where necessary, adjustments are made to the financial statements of acquired subsidiaries to conform their accounting policies to 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.

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 advertisements 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 share-based payment arrangements include stock options, restricted share units and performance share units (RSUs/PSUs), deferred share units (DSUs), an employee savings plan (ESP) and a deferred share plan (DSP).

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 in operating costs on the consolidated income statements (income statements) equal to the market value of a BCE common share at the date of grant and 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.

ESP

We recognize our contributions to our ESP as compensation expense in operating costs on the income statements. 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 shares under the ESP, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

DSP

For each deferred share granted under the DSP, we recognize compensation expense in operating costs on the income statements equal to the market value of a BCE common share and based on the number of deferred shares expected to vest, recognized over the term of the vesting period. Additional deferred shares are issued to reflect dividends declared on the common shares.

Compensation expense is adjusted for subsequent changes in the market value of BCE common shares and any change in management's estimate of the number of deferred shares that are expected to vest. The cumulative effect of any change in value is recognized in the period of the change. 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.

e) Income and other taxes

Current and deferred income tax expense is recognized in the 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* in the statements of financial position.

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 potentially 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 at a rate that is based on our weighted average interest rate on our outstanding long-term debt. Gains or losses on the sale or retirement of property, plant and equipment are recorded in *Other (expense) income* 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.

ASSET RETIREMENT OBLIGATIONS

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.

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 for rights acquired and liabilities for 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 (expense) income* 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 at each reporting period 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 and recorded in *Severance, acquisition and other costs* in the income statements.

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 recorded as *Goodwill* in the statements of financial position. 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 at each reporting period, 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 group of CGUs 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 4, *Segmented information*.

o) Financial instruments

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.

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 (expense) income* in the income statements when realized or when an impairment is determined.

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 (expense) income* 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* 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 (expense) income* in the income statements and offset, unless a portion of the hedging relationship is ineffective.

DERIVATIVES USED AS ECONOMIC HEDGES

We use derivatives to manage cash flow exposures related to equity-settled share-based payment plans and capital expenditures, equity price risk related to a cash-settled share-based payment plan, and interest rate risk related to preferred share dividend rate resets. As these derivatives do not qualify for hedge accounting, the changes in their fair value are recorded in the income statements in *Operating costs* for derivatives used to hedge cash-settled share-based payments and in *Other (expense) income* for other derivatives.

---

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. Certain 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, future service and life expectancy.

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 fixed income investments 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, 2014.

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 judgments

When preparing financial statements, management makes estimates and judgments 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 judgments are subject to measurement uncertainty and actual results could differ. Our more significant estimates and judgments 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.

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.

JUDGMENTS

POST-EMPLOYMENT BENEFIT PLANS

The determination of the discount rate used to value our post-employment benefit obligations requires judgment. The rate is set by reference to market yields of high-quality corporate fixed income investments at the beginning of each fiscal year. Significant judgment is required when setting the criteria for fixed income investments to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of investments 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 judgment 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 judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgment 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 judgment 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 judgment.

CONTINGENCIES

The determination of whether a loss is probable from litigation and whether an outflow of resources is likely requires judgment.

t) Change in accounting estimate

In 2014, 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 five to seven 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) Future changes to accounting standards

The following new or amended standards issued by the IASB have an effective date after December 31, 2015 and have not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE

Amendments to International Accounting Standard (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.
Amendments to IAS 7 –Statement of Cash Flows	Requires enhanced disclosures about changes in liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair values.	We are currently evaluating the impact of the amendments to IAS 7 on our financial statements.	Annual periods beginning on or after January 1, 2017, applied prospectively.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE

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 principally affect the timing of revenue recognition and how we classify revenues between product and service, how we account for costs to obtain a contract and contract fulfilment costs. Under multiple element arrangements, although the total revenue recognized during the term of a contract will be largely unaffected, the revenue allocated to a delivered item will no longer be limited to the non-contingent amount, which may accelerate the recognition of revenue ahead of the associated cash inflows. This would result in a change in the upfront classification of revenues to an asset on the balance sheet, which would be realized over the term of the contract. Although we have made progress in our implementation of IFRS 15, it is not yet possible to make a reliable estimate of the impact of the new standard on our financial statements, as we are required to implement significant changes to our systems and processes across the organization in order to collect the new data requirements, as well as compile historical comparatives. It is expected that the changes will be most pronounced in our Bell Wireless segment.	Annual periods beginning on or after January 1, 2018, using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.
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.

IFRS 16 – Leases	Eliminates the distinction between operating and finance leases for lessees, requiring instead that leases be capitalized by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, an entity recognizes a financial liability representing its obligation to make future lease payments. A depreciation charge for the lease asset is recorded within operating costs and an interest expense on the lease liability is recorded within finance costs. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases and leases of low-value assets, nor does it substantially change lease accounting for lessors.	We are currently evaluating the impact of IFRS 16 on our financial statements.	Annual periods beginning on or after January 1, 2019, using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach, with early adoption permitted if an entity has adopted IFRS 15.

Note 3 Business acquisitions and dispositions

Glentel

On May 20, 2015, BCE completed the acquisition of all of Glentel Inc.'s (Glentel) issued and outstanding common shares for a total consideration of $592 million, of which $296 million ($284 million, net of cash on hand) was paid in cash and the balance through the issuance of 5,548,908 BCE common shares. Immediately following the closing of the acquisition, BCE repaid Glentel's outstanding debt in the amount of approximately $112 million and contributed $53 million in exchange for additional Glentel common shares.

Subsequently, also on May 20, 2015 and further to an agreement dated December 24, 2014, BCE divested 50% of its ownership interest in Glentel to Rogers Communications Inc. for a total cash consideration of approximately $473 million ($407 million, net of divested cash and transaction costs). The resulting gain of $94 million is recorded in *Other (expense) income*. Our remaining investment in Glentel is $379 million and is recorded in *Investments in associates and joint ventures*.

Glentel is a Canadian-based dual-carrier, multi-brand mobile products distributor. The transaction is part of our strategy to accelerate wireless and improve customer service. BCE accounts for its investment in Glentel as a joint venture using the equity method.

National expansion of HBO and The Movie Network (TMN)

On November 19, 2015, BCE announced a transaction with Corus Entertainment Inc. (Corus) whereby Bell Media would pay Corus a total consideration of $211 million for Corus to waive its HBO content rights in Canada and wind down operations of its Movie Central and Encore Avenue pay TV services in Western and Northern Canada, thereby allowing Bell Media to become the sole operator of HBO Canada nationally across all platforms and to expand TMN into a national pay TV service. Bell Media paid a deposit of $21 million to Corus in 2015.

Subsequent to year end, Bell Media completed the final payment of $190 million, which will be recorded in our consolidated statements of cash flows in the first quarter of 2016. TMN was successfully launched nationally on March 1, 2016 and Movie Central and Encore Avenue's operations ceased on the same day at which point the transaction was recorded in our consolidated statements of financial position. The transaction is part of our strategy to create, negotiate and deliver premium TV programming to Canadian consumers across more platforms on a national basis.

Sale of Astral radio stations and TV services

As a result of BCE's acquisition of Astral Media Inc. (Astral) on July 5, 2013 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.

In 2014, we completed the sale of the radio stations and TV services for total proceeds of $720 million.

Note 4 Segmented information

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Significant accounting policies*. Beginning January 1, 2015, our results are reported in three segments: *Bell Wireless*, *Bell Wireline* and *Bell Media*. Due to the privatization of Bell Aliant in 2014

as outlined in Note 24, *Privatization of Bell Aliant*, the results of our former Bell Aliant segment are included within our Bell Wireless and Bell Wireline segments, with prior periods reclassified for comparative purposes. Goodwill and indefinite life intangible assets of our former Bell Aliant segment are now primarily included in the Bell Wireline segment. 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 (expense) income 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, 2015:

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

Our Bell Wireline segment provides data, including Internet access and IPTV, local telephone, long distance, as well as other communications services and products to our residential, small and medium-sized business and large enterprise customers primarily in Ontario, Québec and the Atlantic provinces, while Satellite TV service and connectivity to business customers are available nationally across Canada. 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.

Segmented information

FOR THE YEAR ENDED DECEMBER 31, 2015	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues						
External customers		**6,836**	**12,043**	**2,635**	**–**	**21,514**
Inter-segment		**40**	**215**	**339**	**(594)**	**–**
Total operating revenues		**6,876**	**12,258**	**2,974**	**(594)**	**21,514**
Operating costs	5	**(4,048)**	**(7,258)**	**(2,251)**	**594**	**(12,963)**
Segment profit[1]		**2,828**	**5,000**	**723**	**–**	**8,551**
Severance, acquisition and other costs	6	**(16)**	**(363)**	**(67)**	**–**	**(446)**
Depreciation and amortization	13, 14	**(503)**	**(2,785)**	**(132)**	**–**	**(3,420)**
Finance costs						
Interest expense	7					**(909)**
Interest on post-employment benefit obligations	21					**(110)**
Other expense	8					**(12)**
Income taxes	9					**(924)**
Net earnings						**2,730**
Goodwill	17	**2,303**	**3,491**	**2,583**	**–**	**8,377**
Indefinite-life intangible assets	14	**3,597**	**1,685**	**2,652**	**–**	**7,934**
Capital expenditures		**716**	**2,809**	**101**	**–**	**3,626**

(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, 2014	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues						
External customers		6,289	12,111	2,642	–	21,042
Inter-segment		38	213	295	(546)	–
Total operating revenues		6,327	12,324	2,937	(546)	21,042
Operating costs	5	(3,703)	(7,379)	(2,203)	546	(12,739)
Segment profit[1]		2,624	4,945	734	–	8,303
Severance, acquisition and other costs	6	(5)	(165)	(46)	–	(216)
Depreciation and amortization	13, 14	(545)	(2,781)	(126)	–	(3,452)
Finance costs						
Interest expense	7					(929)
Interest on post-employment benefit obligations	21					(101)
Other income	8					42
Income taxes	9					(929)
Net earnings						2,718
Goodwill	17	2,302	3,491	2,592	–	8,385
Indefinite-life intangible assets	14	3,033	1,685	2,680	–	7,398
Capital expenditures		687	2,893	137	–	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.*

Revenues by product

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Wireless	**6,246**	5,806
Data	**7,163**	6,978
Local and access	**3,271**	3,420
Long distance	**831**	922
Media	**2,635**	2,642
Equipment and other[1]	**1,368**	1,274
Total operating revenues[2]	**21,514**	21,042

(1) *Includes wireless product revenues of $590 million and $483 million in 2015 and 2014, respectively.*
(2) *Due to the privatization of Bell Aliant, as outlined in Note 24,* Privatization of Bell Aliant*, we have reclassified amounts for the prior year to make them consistent with the presentation for the current year.*

Note 5 Operating costs

FOR THE YEAR ENDED DECEMBER 31	NOTE	2015	2014
Labour costs			
Wages, salaries and related taxes and benefits		**(4,224)**	(4,351)
Post-employment benefit plans service cost (net of capitalized amounts)	21	**(281)**	(276)
Other labour costs[1]		**(949)**	(957)
Less:			
Capitalized labour		**954**	1,002
Total labour costs		**(4,500)**	(4,582)
Cost of revenues[2]		**(6,598)**	(6,265)
Other operating costs[3]		**(1,865)**	(1,892)
Total operating costs		**(12,963)**	(12,739)

(1) *Other labour costs include contractor and outsourcing costs.*
(2) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*
(3) *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 $134 million and $167 million are included in operating costs for 2015 and 2014, respectively.

Note 6 Severance, acquisition and other costs

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Severance	**(197)**	(82)
Acquisition and other	**(249)**	(134)
Total severance, acquisition and other costs	**(446)**	(216)

Severance costs

Severance costs consist of charges related to involuntary and voluntary employee terminations. Severance in 2015 includes costs related to workforce reduction initiatives incurred in our Bell Media and Bell Wireline segments to confront changing consumer preferences, new TV unbundling rules, a soft business market as a result of the economy and declines in home phone subscribers.

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, the costs to integrate acquired companies into our operations and litigation costs, when they are significant. Acquisition costs also include severance and integration costs relating to the privatization of Bell Aliant. Refer to Note 24, *Privatization of Bell Aliant*.

SIGNAL PIRACY LITIGATION

On August 31, 2005, a motion to institute legal proceedings was filed in the Québec Superior Court against Bell ExpressVu Limited Partnership (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 satellite 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. A charge of $137 million was recorded in Q1 2015 and was included in acquisition and other costs.

On October 15, 2015, the Supreme Court of Canada dismissed Bell ExpressVu's application for leave to appeal the Québec Court of Appeal's judgment. Accordingly, the aggregate amount of $141.6 million, including interest and costs, was paid by Bell ExpressVu on October 19, 2015 in full satisfaction of the judgment as rendered by the Québec Court of Appeal and was recorded in *Acquisition and other costs paid* in the statements of cash flows.

Note 7 Interest expense

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Interest expense on long-term debt	**(875)**	(865)
Interest expense on other debt	**(84)**	(97)
Capitalized interest	**50**	33
Total interest expense	**(909)**	(929)

Interest expense on long-term debt includes interest on finance leases of $161 million and $166 million for 2015 and 2014, respectively.

Capitalized interest was calculated using an average rate of 4.08% and 4.49% for 2015 and 2014, respectively, which represents the weighted average interest rate on our outstanding long-term debt.

Note 8 Other (expense) income

FOR THE YEAR ENDED DECEMBER 31	NOTE	2015	2014
Losses on disposal/retirement of software, plant and equipment		**(55)**	(51)
Impairment of assets	13, 14	**(49)**	(105)
Equity (losses) income from investments in associates and joint ventures	15		
Loss on investment		**(54)**	–
Operations		**5**	(12)
Early debt redemption costs	20	**(18)**	(29)
Gains on investments	3	**72**	10
Net mark-to-market gains on derivatives used as economic hedges		**54**	134
Dividend income from assets held for sale	3	**–**	42
Other		**33**	53
Total other (expense) income		**(12)**	42

Impairment of assets

In 2015, we recorded an impairment charge of $49 million, of which $38 million was allocated to indefinite-life intangible assets, $9 million to finite-life intangible assets and $2 million to property, plant and equipment. The impairment charge related mainly to our music CGU within our Bell Media segment and resulted from revenue and profitability declines from lower viewership 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. We estimated the fair value of the CGU using both discounted cash flows and market-based valuation models which include five-year cash flow projections from business plans reviewed by senior management for the period of January 1, 2016 to December 31, 2020, using a discount rate of 9.0% and a perpetuity growth rate of nil, as well as market multiple data from public companies and market transactions. The carrying value of our music CGU was $171 million at December 31, 2015.

In 2014, we recorded an impairment charge of $105 million, of which $67 million was allocated to property, plant and equipment and $38 million to indefinite-life intangible assets. The impairment charge related mainly to our conventional TV CGU within our Bell Media segment and 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 five-year expected future discounted cash flows from business plans reviewed by senior management for the period of January 1, 2015 to December 31, 2019 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 (losses) income from investments in associates and joint ventures

In 2015, we recorded a loss on investment of $54 million, representing equity losses on our share of an obligation to repurchase at fair value the minority interest in one of BCE's joint ventures. The obligation is marked to market each reporting period and the gain or loss on investment is recorded as equity gains or losses from investments in associates and joint ventures.

Gains on investments

In 2015, BCE recognized a gain of $94 million as a result of its divestiture of its 50% ownership in Glentel to Rogers Communications Inc. Refer to Note 3, *Business acquisitions and dispositions*. Additionally, BCE recognized a $22 million loss on investments, which includes a loss on the sale of a call centre subsidiary, as well as a write down of the fair value of a financial asset related to one of our equity investments.

Note 9 Income taxes

The following table shows the significant components of income taxes deducted from net earnings.

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Current taxes		
Current taxes	**(687)**	(789)
Resolution of uncertain tax positions	**27**	1
Change in estimate relating to prior periods	**114**	93
Utilization of previously unrecognized tax credits	**5**	23
Deferred taxes		
Deferred taxes relating to the origination and reversal of temporary differences	**(271)**	(165)
Change in estimate relating to prior periods	**(106)**	(82)
Recognition and utilization of loss carryforwards	**(14)**	(10)
Effect of change in provincial corporate tax rate	**(6)**	–
Resolution of uncertain tax positions	**14**	–
Total income taxes	**(924)**	(929)

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 26.9% and 26.6% for 2015 and 2014, respectively.

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Net earnings	**2,730**	2,718
Add back income taxes	**924**	929
Earnings before income taxes	**3,654**	3,647
Applicable statutory tax rate	**26.9%**	26.6%
Income taxes computed at applicable statutory rates	**(983)**	(970)
Non-taxable portion of gains on investments	**26**	4
Resolution of uncertain tax positions	**41**	1
Utilization of previously unrecognized tax credits	**5**	23
Effect of change in provincial corporate tax rate	**(6)**	–
Change in estimate relating to prior periods	**8**	11
Other	**(15)**	2
Total income taxes	**(924)**	(929)
Average effective tax rate	**25.3%**	25.5%

The following table shows aggregate current and deferred taxes relating to items recognized outside the income statements.

FOR THE YEAR ENDED DECEMBER 31	2015	2014

	OTHER COMPREHENSIVE INCOME	DEFICIT	OTHER COMPREHENSIVE INCOME	DEFICIT
Current taxes	**29**	**19**	12	8
Deferred taxes	**(192)**	**(3)**	228	11
Total income tax (expense) recovery	**(163)**	**16**	240	19

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-FORWARD	POST-EMPLOY-MENT BENEFIT PLANS	INDEFINITE-LIFE INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS	INVESTMENT TAX CREDITS	CRTC TANGIBLE BENEFITS	OTHER	TOTAL
January 1, 2014	36	547	(1,521)	(601)	(21)	93	314	(1,153)
Income statement	(10)	(75)	(33)	(98)	14	(18)	(37)	(257)
Other comprehensive loss	–	242	–	–	–	–	(14)	228
Deficit	–	–	–	–	–	–	11	11
Other	–	–	–	–	–	–	12	12
December 31, 2014	26	714	(1,554)	(699)	(7)	75	286	(1,159)
Income statement	**(14)**	**(4)**	**(64)**	**(268)**	**1**	**(14)**	**(20)**	**(383)**
Business acquisition	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Business disposition	**–**	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
Other comprehensive income	**–**	**(190)**	**–**	**–**	**–**	**–**	**(2)**	**(192)**
Deficit	**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Other	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**4**
December 31, 2015	**12**	**520**	**(1,619)**	**(968)**	**(6)**	**61**	**265**	**(1,735)**

At December 31, 2015, BCE had $197 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $12 million, of which $4 million related to Bell Media, for $44 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2030 to 2035.
- did not recognize a deferred tax asset for $153 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2034.

At December 31, 2015, BCE had $783 million of unrecognized capital loss carryforwards, which can be carried forward indefinitely.

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.

Note 10 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	2015	2014
Net earnings attributable to common shareholders – basic	**2,526**	2,363
Dividends declared per common share (in dollars)	**2.60**	2.47
Weighted average number of common shares outstanding (in millions)		
Weighted average number of common shares outstanding – basic	**847.1**	793.7
Assumed exercise of stock options[1]	**1.2**	0.9
Weighted average number of common shares outstanding – diluted (in millions)	**848.3**	794.6

(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 2,779,299 in 2015 and 2,871,730 in 2014.*

Note 11 Trade and other receivables

FOR THE YEAR ENDED DECEMBER 31	NOTE	2015	2014
Trade receivables[1]		**2,969**	3,068
Allowance for doubtful accounts	23	**(64)**	(69)
Allowance for revenue adjustments		**(75)**	(86)
Current tax receivable		**90**	87
Other accounts receivable		**89**	69
Total trade and other receivables		**3,009**	3,069

(1) *The details of securitized trade receivables are set out in Note 19,* Debt due within one year.

Note 12 Inventory

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Work in progress	**66**	57
Finished goods	**368**	297
Provision	**(18)**	(21)
Total inventory	**416**	333

The total amount of inventory subsequently recognized as an expense in cost of revenues was $2,689 million and $2,421 million for 2015 and 2014, respectively.

Note 13 Property, plant and equipment

FOR THE YEAR ENDED DECEMBER 31, 2015	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	ASSETS UNDER CONSTRUCTION	TOTAL[1]
COST					
January 1, 2015		**54,968**	**5,100**	**1,427**	**61,495**
Additions		**2,145**	**68**	**1,525**	**3,738**
Acquisition through business combinations		**1**	**–**	**–**	**1**
Transfers		**1,112**	**44**	**(1,661)**	**(505)**
Retirements and disposals		**(991)**	**(38)**	**(4)**	**(1,033)**
Impairment losses recognized in earnings	8	**(2)**	**–**	**–**	**(2)**
December 31, 2015		**57,233**	**5,174**	**1,287**	**63,694**
ACCUMULATED DEPRECIATION					
January 1, 2015		**37,461**	**2,707**	**–**	**40,168**
Depreciation		**2,698**	**192**	**–**	**2,890**
Retirements and disposals		**(937)**	**(24)**	**–**	**(961)**
Other		**(39)**	**6**	**–**	**(33)**
December 31, 2015		**39,183**	**2,881**	**–**	**42,064**
NET CARRYING AMOUNT					
January 1, 2015		**17,507**	**2,393**	**1,427**	**21,327**
December 31, 2015		**18,050**	**2,293**	**1,287**	**21,630**

(1) *Includes assets under finance leases.*

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	8	(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.*

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 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	**2015**	2014	**2015**	2014
Network infrastructure and equipment	**418**	317	**1,677**	1,605
Land and buildings	**8**	12	**484**	519
Total	**426**	329	**2,161**	2,124

The following table provides a reconciliation of our minimum future lease payments to the present value of our finance lease obligations.

AT DECEMBER 31, 2015	NOTE	2016	2017	2018	2019	2020	THERE-AFTER	TOTAL
Minimum future lease payments	23	544	484	337	261	240	1,199	3,065
Less:								
Future finance costs		(139)	(125)	(111)	(98)	(86)	(246)	(805)
Present value of future lease obligations		**405**	**359**	**226**	**163**	**154**	**953**	**2,260**

Note 14 Intangible assets

		FINITE-LIFE					INDEFINITE-LIFE				
FOR THE YEAR ENDED DECEMBER 31, 2015	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, 2015		**6,298**	**865**	**524**	**287**	**7,974**	**2,333**	**2,693**	**2,372**	**7,398**	**15,372**
Additions[1]		**345**	**–**	**917**	**52**	**1,314**	**–**	**566**	**–**	**566**	**1,880**
Acquired through business combination		**–**	**–**	**–**	**–**	**–**	**–**	**10**	**–**	**10**	**10**
Transfers		**519**	**–**	**–**	**–**	**519**	**–**	**–**	**–**	**–**	**519**
Retirements and disposals		**(256)**	**1**	**–**	**(5)**	**(260)**	**–**	**(2)**	**–**	**(2)**	**(262)**
Impairment losses recognized in earnings	8	**–**	**–**	**–**	**(9)**	**(9)**	**–**	**–**	**(38)**	**(38)**	**(47)**
Amortization included in operating costs		**–**	**–**	**(864)**	**–**	**(864)**	**–**	**–**	**–**	**–**	**(864)**
December 31, 2015		**6,906**	**866**	**577**	**325**	**8,674**	**2,333**	**3,267**	**2,334**	**7,934**	**16,608**
ACCUMULATED AMORTIZATION											
January 1, 2015		**4,606**	**419**	**–**	**123**	**5,148**	**–**	**–**	**–**	**–**	**5,148**

Amortization	460	46	–	24	530	–	–	–	–	530
Retirements and disposals	(245)	1	–	(5)	(249)	–	–	–	–	(249)
Other	3	–	–	–	3	–	–	–	–	3
December 31, 2015	4,824	466	–	142	5,432	–	–	–	–	5,432
NET CARRYING AMOUNT										
January 1, 2015	1,692	446	524	164	2,826	2,333	2,693	2,372	7,398	10,224
December 31, 2015	2,082	400	577	183	3,242	2,333	3,267	2,334	7,934	11,176

(1) *On April 21, 2015, Bell Mobility Inc. (Bell Mobility) acquired advanced wireless services –3 (AWS-3) wireless spectrum in key urban and rural markets comprised of 13 licences for 169 million Megahertz per Population (MHz-POP) of AWS-3 spectrum for $500 million. On May 12, 2015, Bell Mobility acquired an additional 243 million MHz-POP of 2500 Megahertz (MHz) wireless spectrum for $29 million.*

		FINITE-LIFE					INDEFINITE-LIFE				
FOR THE 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	8	–	–	–	–	–	(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 Mobility acquired 700 MHz spectrum licences in every province and territorial market, comprised of 31 licences for $566 million.*

Note 15 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	NOTE	2015	2014
Assets		**5,067**	3,910
Liabilities		**(2,699)**	(2,202)
Total net assets		**2,368**	1,708
BCE's share of net assets		**1,119**	776
Revenues		**2,125**	871
Expenses		**(2,261)**	(918)

Total net losses		**(136)**	(47)
BCE's share of net losses	8	**(49)**	(12)

Note 16 Other non-current assets

FOR THE YEAR ENDED DECEMBER 31	NOTE	2015	2014
Net assets of post-employment benefit plans	21	**158**	151
AFS publicly-traded and privately-held investments	23	**128**	107
Long-term notes and other receivables		**55**	47
Derivative assets		**131**	269
Other		**322**	301
Total other non-current assets		**794**	875

Note 17 Goodwill

The following table provides details about the changes in the carrying amounts of goodwill for the years ended December 31, 2015 and 2014. BCE's groups of CGUs correspond to our reporting segments.

	BELL WIRELESS	BELL WIRELINE[1]	BELL MEDIA	BCE
Balance at January 1, 2014	2,302	3,491	2,588	8,381
Acquisitions and other	–	–	4	4
Balance at December 31, 2014	2,302	3,491	2,592	8,385
Acquisitions and other	**1**	**–**	**(9)**	**(8)**
Balance at December 31, 2015	**2,303**	**3,491**	**2,583**	**8,377**

(1) *Goodwill of our former Bell Aliant segment is now included in the Bell Wireline segment. Refer to Note 24,* Privatization of Bell Aliant.

Impairment testing

As described in Note 2, *Significant accounting policies*, goodwill is tested annually for impairment by comparing the carrying value of a CGU or 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 a CGU or group 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 CGU or 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%	8.7%

We believe that any reasonable possible change in the key assumptions on which the estimate of recoverable amounts of the Bell Wireless or Bell Wireline 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 18 Trade payables and other liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2015	2014
Trade payables and accruals		**2,303**	2,415
Deferred revenues		**812**	764
Compensation payable		**512**	631
Taxes payable		**124**	115
Severance and other costs payable		**107**	69
CRTC tangible benefits obligation	23	**61**	63
CRTC deferral account obligation	23	**16**	24
Other current liabilities		**352**	317
Total trade payables and other liabilities		**4,287**	4,398

Note 19 Debt due within one year

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE	2015	2014
Notes payable[1]	23	0.66%	**1,666**	1,454
Loans secured by trade receivables	23	1.49%	**931**	921
Long-term debt due within one year[2]		4.38%	**1,778**	1,376
Unsecured committed term credit facility (Astral)		1.29%	**526**	–
Net unamortized discount			**–**	(1)
Unamortized debt issuance costs			**(6)**	(7)
Total long-term debt due within one year	20		**2,298**	1,368
Total debt due within one year			**4,895**	3,743

(1) *Includes commercial paper of $856 million in U.S. dollars ($1,185 million in Canadian dollars) and $431 million in U.S. dollars ($501 million in Canadian dollars) as at December 31, 2015 and 2014, respectively, which were drawn under our U.S. commercial paper program and have been hedged for foreign currency fluctuations through forward currency contracts. Refer to Note 23,* Financial and capital management.

(2) *Included in long-term debt due within one year is the current portion of finance leases of $405 million at December 31, 2015 and $345 million at December 31, 2014.*

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	2015	2014
Average interest rate throughout the year	**1.59%**	1.89%
Secured trade receivables	**2,056**	2,091

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 the amounts owed.

Credit facilities

Bell Canada may issue notes in an aggregate amount of up to $2 billion 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, 2015.

	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving facility[1][2]	**3,000**	**–**	**–**	**1,659**	**1,341**
Unsecured committed term credit facility (Astral)[3]	**526**	**526**	**–**	**–**	**–**
Other	**121**	**–**	**119**	**–**	**2**
Total committed credit facilities	**3,647**	**526**	**119**	**1,659**	**1,343**
Total non-committed credit facilities	**1,372**	**–**	**676**	**–**	**696**
Total committed and non-committed credit facilities	**5,019**	**526**	**795**	**1,659**	**2,039**

(1) *Bell Canada's $2.5 billion revolving facility expires in November 2020 and its $500 million expansion facility expires in November 2018.*
(2) *As of December 31, 2015, Bell Canada's outstanding commercial paper included $856 million in U.S. dollars ($1,185 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*
(3) *The outstanding balance at December 31, 2015 was $380 million in U.S. dollars ($526 million in Canadian dollars), which is included in debt due within one year and has been hedged using cross currency basis swaps. Refer to Note 23,* 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 20 Long-term debt

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE	MATURITY	2015	2014
Debentures					
1997 trust indenture		4.34%	2016–2045	**13,400**	12,900
1976 trust indenture		9.54%	2021–2054	**1,100**	1,100
Subordinated debentures		8.21%	2026–2031	**275**	275
Finance leases		6.77%	2016–2047	**2,260**	2,221
Unsecured committed term credit facility (Astral) [1]		1.29%	2016	**526**	1,018
Other				**141**	219
Total debt				**17,702**	17,733
Net unamortized premium				**24**	30
Unamortized debt issuance costs				**(38)**	(40)
Less:					
Amount due within one year	19			**(2,298)**	(1,368)
Total long-term debt				**15,390**	16,355

(1) *Represents $526 million in Canadian dollars ($380 million in U.S. dollars), which was drawn under Bell Canada's unsecured committed credit facility and has been hedged using cross currency basis swaps ($1,018 million in Canadian dollars or $877 million in U.S. dollars in 2014). Refer to Note 23,* Financial and capital management.

Bell Canada's debentures and subordinated debentures have been issued in Canadian dollars and the majority 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 23, *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.

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.

2015

In 2015, Bell Canada repaid approximately $500 million ($395 million U.S. dollars) of the borrowings under its unsecured committed term credit facility that was used to partially fund the acquisition of Astral.

On November 2, 2015, Bell Canada redeemed early its 3.60% Series M-21 medium term notes (MTN) debentures, issued under its 1997 trust indenture, having an outstanding principal amount of $1 billion which were due on December 2, 2015.

On October 1, 2015, Bell Canada issued 3.00% Series M-40 MTN debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on October 3, 2022.

On March 30, 2015, Bell Canada issued 4.35% Series M-39 MTN debentures under its 1997 trust indenture, with a principal amount of $500 million, which mature on December 18, 2045.

Subsequent to year end, on January 11, 2016, Bell Canada redeemed, prior to maturity, its 4.64% Series M-19 MTN debentures, having an outstanding principal amount of $200 million which were due on February 22, 2016, as well as its 3.65% Series M-23 MTN debentures, having an outstanding principal amount of $500 million which were due on May 19, 2016.

In addition, on February 29, 2016, Bell Canada issued 3.55% Series M-41 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million, which mature on March 2, 2026.

2014

On November 20, 2014, all Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) MTNs 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 LP debt were expensed and recorded as early debt redemption costs in *Other (expense) income* in the income statement. Refer to Note 8, *Other (expense) income*.

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 October 30, 2014, Bell Aliant LP 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 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 April 22, 2014, Bell Aliant LP 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 February 18, 2014, all of the outstanding CTV Specialty Television Inc. (CTV Specialty) notes of $300 million were repaid upon maturity.

Note 21 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 plans to a mismatch between investment growth and obligation growth.

The longevity risk is managed using a longevity swap, which reduces the exposure of the DB plan to an increase in life expectancy.

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS SERVICE COST

FOR THE YEAR ENDED DECEMBER 31	2015	2014
DB pension	**(232)**	(214)
DC pension	**(96)**	(94)
OPEBs	**(8)**	(9)
Less:		
Capitalized benefit plans cost	**55**	41
Total post-employment benefit plans service cost included in operating costs	**(281)**	(276)
Other costs recognized in severance, acquisition and other costs	**(44)**	(29)
Total post-employment benefit plans service cost	**(325)**	(305)

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS FINANCING COST

FOR THE YEAR ENDED DECEMBER 31	2015	2014
DB pension	**(53)**	(35)
OPEBs	**(57)**	(66)
Total interest on post-employment benefit obligations	**(110)**	(101)

The statements of comprehensive income include the following amounts before income taxes.

	2015	2014
Cumulative losses recognized directly in equity, January 1	**(2,974)**	(2,036)
Actuarial gains (losses) in other comprehensive income [1]	**594**	(933)
Increase in the effect of the asset limit [2]	**(4)**	(5)
Cumulative losses recognized directly in equity, December 31	**(2,384)**	(2,974)

(1) *The cumulative actuarial losses recognized in the statements of comprehensive income are $2,640 million in 2015.*
(2) *The cumulative decrease in the effect of the asset limit recognized in the statements of comprehensive income is $256 million in 2015.*

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	
	2015	2014	2015	2014	2015	2014
Post-employment benefit obligations, January 1	**(20,988)**	(18,672)	**(1,707)**	(1,641)	**(22,695)**	(20,313)
Current service cost	**(232)**	(214)	**(8)**	(9)	**(240)**	(223)
Interest on obligations	**(825)**	(901)	**(67)**	(78)	**(892)**	(979)
Actuarial gains (losses) [1]	**291**	(2,240)	**5**	(56)	**296**	(2,296)
Net curtailment losses	**(39)**	(29)	**(5)**	–	**(44)**	(29)
Benefit payments	**1,122**	1,076	**77**	77	**1,199**	1,153
Employee contributions	**(5)**	(5)	**–**	–	**(5)**	(5)
Other	**1**	(3)	**–**	–	**1**	(3)
Post-employment benefit obligations, December 31	**(20,675)**	(20,988)	**(1,705)**	(1,707)	**(22,380)**	(22,695)
Fair value of plan assets, January 1	**19,819**	18,082	**261**	241	**20,080**	18,323
Expected return on plan assets [2]	**772**	866	**10**	12	**782**	878
Actuarial gains (losses)	**301**	1,351	**(3)**	12	**298**	1,363
Benefit payments	**(1,122)**	(1,076)	**(77)**	(77)	**(1,199)**	(1,153)
Employer contributions	**469**	591	**75**	73	**544**	664
Employee contributions	**5**	5	**–**	–	**5**	5
Fair value of plan assets, December 31	**20,244**	19,819	**266**	261	**20,510**	20,080
Plan deficit	**(431)**	(1,169)	**(1,439)**	(1,446)	**(1,870)**	(2,615)
Effect of asset limit	**(10)**	(6)	**–**	–	**(10)**	(6)
Post-employment benefit liability, December 31	**(441)**	(1,175)	**(1,439)**	(1,446)	**(1,880)**	(2,621)
Post-employment benefit assets included in other non-current assets	**158**	151	**–**	–	**158**	151

Post-employment benefit obligations	**(599)**	(1,326)	**(1,439)**	(1,446)	**(2,038)**	(2,772)

(1) *Actuarial gains include experience gains of $123 million in 2015 and $1,534 million in 2014.*
(2) *The actual return on plan assets was $1,080 million or 5.25% in 2015 and $2,241 million or 12.6% in 2014.*

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	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Present value of post-employment benefit obligations	**(20,064)**	(20,375)	**(2,061)**	(1,906)	**(255)**	(414)	**(22,380)**	(22,695)
Fair value of plan assets	**20,204**	19,783	**306**	297	**–**	–	**20,510**	20,080
Plan deficit	**140**	(592)	**(1,755)**	(1,609)	**(255)**	(414)	**(1,870)**	(2,615)

(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	
	2015	2014
At December 31		
Post-employment benefit obligations		
Discount rate	**4.2%**	4.0%
Rate of compensation increase	**2.5%**	2.5%
Cost of living indexation rate (1)	**1.6%**	1.6%
Life expectancy at age 65 (years)	**23.0**	23.0
For the year ended December 31		
Net post-employment benefit plans cost		
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

(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 in the cost of medication of 8.0% for 2015 decreasing to 4.5% over 20 years
- an annual increase in the cost of covered dental benefits of 4.0%
- an annual increase in the cost of covered hospital benefits of 3.2%
- an annual increase in the cost of other covered healthcare benefits of 3.0%

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	6	(5)
Post-employment benefit obligations	142	(112)

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 2015 – INCREASE (DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2015 – INCREASE (DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	(148)	112	(2,783)	3,178
Mortality rate	25%	(66)	70	(1,386)	1,477

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 2015 and the allocation of our post-employment benefit plan assets at December 31, 2015 and 2014.

ASSET CATEGORY	WEIGHTED AVERAGE TARGET ALLOCATION 2015	TOTAL PLAN ASSETS FAIR VALUE AT DECEMBER 31 (%) 2015	2014
Equity securities	**20%–35%**	**26%**	30%
Debt securities	**55%–80%**	**65%**	62%
Alternative investments	**0%–25%**	**9%**	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	2015	2014
Observable market data		
Equity securities		
Canadian	**910**	1,195
Foreign	**4,263**	4,657
Debt securities		
Canadian	**12,038**	10,986
Foreign	**718**	921
Money market	**431**	463
Non-observable market inputs		
Alternative investments		
Private equities	**1,124**	947
Hedge funds	**687**	651
Other	**73**	(1)
Total	**20,244**	19,819

Equity securities included approximately $12 million of BCE common shares, or 0.06% of total plan assets, at December 31, 2015 and approximately $1 million of BCE common shares, or 0.01% of total plan assets, at December 31, 2014.

Debt securities included approximately $32 million of Bell Canada debentures, or 0.16% of total plan assets at December 31, 2015 and approximately $2 million of Bell Canada debentures, or 0.01% of total plan assets, at December 31, 2014.

Alternative investments included the pension plan's investment in MLSE of $135 million, or 0.67% of total plan assets, at December 31, 2015 and $135 million, or 0.68% of total plan assets at December 31, 2014.

On February 23, 2015, the Bell Canada pension plan entered into an investment arrangement to hedge part of its exposure to potential increases in longevity, which covers approximately $5 billion of post-employment benefit obligations. The fair value of the arrangement is included within other alternative investments. As a hedging arrangement of the pension plan, the transaction requires no 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.

	DB PLANS [1]		DC PLANS		OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	**2015**	2014	**2015**	2014	**2015**	2014
Contributions	**(469)**	(591)	**(97)**	(92)	**(75)**	(73)

(1) *Includes voluntary contributions of $250 million in 2015 and $350 million in 2014.*

We expect to contribute approximately $235 million to our DB pension plans in 2016, subject to actuarial valuations being completed. We expect to pay approximately $85 million to beneficiaries under OPEB plans and to contribute approximately $105 million to the DC pension plans in 2016.

Note 22 Other non-current liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	**2015**	2014
Long-term disability benefits obligation		**294**	261
CRTC tangible benefits obligation	23	**166**	222
CRTC deferral account obligation	23	**138**	150
Maple Leaf Sports and Entertainment Ltd. (MLSE) financial liability [1]	23	**135**	135
Deferred revenue on long-term contracts		**85**	96
Future tax liabilities		**54**	81
Other		**548**	576
Total other non-current liabilities		**1,420**	1,521

(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 (expense) income.

Note 23 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 2015 and/or 2014:

- foreign currency forward contracts and options that manage the foreign currency risk of certain purchase commitments
- cross currency basis swaps that hedge foreign currency risk on a portion of our long-term debt due within one year
- interest rate swaps that hedge interest rate risk on a portion of our long-term debt
- interest rate locks on future debt issuances and dividend rate resets on preferred shares
- forward contracts on BCE common shares that mitigate the cash flow exposure related to share-based payment plans

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, trade payables and accruals, compensation payable, severance and other costs payable, interest payable, dividends payable, notes payable 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.

	FAIR VALUE METHODOLOGY	NOTE	DECEMBER 31, 2015 CARRYING VALUE	DECEMBER 31, 2015 FAIR VALUE	DECEMBER 31, 2014 CARRYING VALUE	DECEMBER 31, 2014 FAIR VALUE
CRTC tangible benefits obligation	Present value of estimated future cash flows discounted using observable market interest rates	18, 22	**227**	**234**	285	289
CRTC deferral account obligation	Present value of estimated future cash flows discounted using observable market interest rates	18, 22	**154**	**163**	174	191
Debentures, finance leases and other debt	Quoted market price of debt or present value of future cash flows discounted using observable market interest rates	19, 20	**17,688**	**19,764**	17,723	20,059

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)	FAIR VALUE AT DECEMBER 31: OBSERVABLE MARKET DATA (LEVEL 2)[1]	FAIR VALUE AT DECEMBER 31: NON-OBSERVABLE MARKET INPUTS (LEVEL 3)[2]
2015					
AFS publicly-traded and privately-held investments	16	**128**	**16**	**–**	**112**
Derivative financial instruments		**256**	**–**	**256**	**–**
MLSE financial liability	22	**(135)**	**–**	**–**	**(135)**
Other		**30**	**–**	**56**	**(26)**
2014					
AFS publicly-traded and privately-held investments	16	107	17	–	90
Derivative financial instruments		276	–	276	–
MLSE financial liability	22	(135)	–	–	(135)
Other		12	–	22	(10)

(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 and earnings multiples. 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 in 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, 2015 and 2014. 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.

	2015	2014
Balance, January 1	**(69)**	(79)
Additions	**(86)**	(49)
Use	**91**	59
Balance, December 31	**(64)**	(69)

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.

The following table provides further details on trade receivables not impaired.

AT DECEMBER 31	2015	2014

Trade receivables not past due	**2,205**	2,267
Trade receivables past due and not impaired		
Under 60 days	**289**	317
60 to 120 days	**339**	352
Over 120 days	**72**	63
Trade receivables, net of allowance for doubtful accounts	**2,905**	2,999

LIQUIDITY RISK

Our cash and cash equivalents, cash flows from operations and possible capital markets financing, are expected to be sufficient to fund our operations and fulfill our obligations as they become due. Should our cash requirements exceed the above sources of cash, we would expect to cover such a shortfall by drawing on existing committed bank facilities and new ones, to the extent available.

The following table is a maturity analysis for recognized financial liabilities at December 31, 2015 for each of the next five years and thereafter.

AT DECEMBER 31, 2015	NOTE	2016	2017	2018	2019	2020	THERE-AFTER	TOTAL
Long-term debt	20	1,899	1,107	1,731	1,309	1,401	7,995	**15,442**
Notes payable	19	1,666	–	–	–	–	–	**1,666**
Minimum future lease payments under finance leases	13	544	484	337	261	240	1,199	**3,065**
Loan secured by trade receivables	19	931	–	–	–	–	–	**931**
Interest payable on long-term debt, notes payable and loan secured by trade receivables		728	639	575	506	457	5,077	**7,982**
MLSE financial liability	22	–	135	–	–	–	–	**135**
Net interest receipts on derivatives		(25)	(12)	–	–	–	–	**(37)**
Total		**5,743**	**2,353**	**2,643**	**2,076**	**2,098**	**14,271**	**29,184**

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 $29 million (loss of $33 million) recognized in net earnings at December 31, 2015 and a gain (loss) of $40 million recognized in other comprehensive income at December 31, 2015, 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, 2015.

TYPE OF HEDGE	BUY CURRENCY	AMOUNT TO RECEIVE IN USD	SELL CURRENCY	AMOUNT TO PAY IN CAD	MATURITY	HEDGED ITEM
Cash flow	**USD**	**347**	**CAD**	**391**	**2016**	**Purchase commitments**
Cash flow	**USD**	**857**	**CAD**	**1,145**	**2016**	**Commercial paper**
Cash flow	**USD**	**46**	**CAD**	**56**	**2017–2018**	**Purchase commitments**
Cash flow	**USD**	**380**	**CAD**	**508**	**2016**	**Credit facility**
Economic	**USD**	**216**	**CAD**	**276**	**2016**	**Purchase commitments**
Economic – call options	**USD**	**120**	**CAD**	**154**	**2016**	**Purchase commitments**
Economic – put options	**USD**	**240**	**CAD**	**309**	**2016**	**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 and to economically hedge dividend rate resets on preferred shares.

The following table shows the interest rate locks outstanding at December 31, 2015.

TYPE OF HEDGE	NOTIONAL AMOUNT	MATURITY(1)	RATE	SETTLEMENT DATE	HEDGED ITEM
Cash flow	500	2025	1.92%	2016	Long-term debt

Economic	350	2020	1.04%	2016	Preferred shares

(1) *Represents maturity of the underlying Government of Canada bond.*

The following table shows the interest rate swap outstanding at December 31, 2015.

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 2015, we recognized a loss of $18 million (2014–$15 million) on an interest rate swap used as a fair value hedge of long-term debt and an offsetting gain of $18 million (2014–$15 million) on the corresponding long-term debt.

A 1% increase (decrease) in interest rates would result in a decrease of $14 million (increase of $12 million) in net earnings at December 31, 2015 and a gain of $31 million (loss of $35 million) recognized in other comprehensive income as at December 31, 2015.

EQUITY PRICE EXPOSURES

We use equity forward contracts on BCE's common shares to economically hedge the cash flow exposure related to the settlement of 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, 2015 was $86 million (2014–$157 million).

A 10% increase (decrease) in the market price of BCE's common shares at December 31, 2015 would result in a gain (loss) of $69 million recognized in net earnings for 2015, 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.

The key ratios that we use to monitor and manage our capital structure are a net debt leverage ratio (1) and an adjusted EBITDA to net interest expense ratio(2). Our net debt leverage ratio target range is 1.75 to 2.25 times adjusted EBITDA and our adjusted EBITDA to net interest expense ratio target is greater than 7.5 times. We monitor our capital structure and make adjustments, including to our dividend policy, as required. At December 31, 2015, we had exceeded the limit of our internal net debt leverage ratio target range by 0.28. This excess over the limit of our internal ratio target range does not create risk to our investment-grade credit rating.

These ratios do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, our net debt leverage ratio and adjusted EBITDA to net interest expense ratio as a measure of financial leverage and health of the company.

The following table provides a summary of our key ratios.

AT DECEMBER 31	**2015**	2014
Net debt leverage ratio	**2.53**	2.59
Adjusted EBITDA to net interest expense ratio	**8.76**	8.38

On February 3, 2016, the board of directors of BCE approved an increase of 5.0% in the annual dividend on BCE's common shares, from $2.60 to $2.73 per common share. In addition, the board of directors of BCE declared a quarterly dividend of $0.6825 per common share, payable on April 15, 2016 to shareholders of record at March 15, 2016.

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.

(1) *Our net debt leverage ratio represents net debt divided by adjusted EBITDA. 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 our statements of financial position. Adjusted EBITDA is defined as operating revenues less operating costs as shown in our income statements.*

(2) *Our adjusted EBITDA to net interest expense ratio represents adjusted EBITDA divided by net interest expense. Adjusted EBITDA is defined as operating revenues less operating costs as shown in our income statements. Net interest expense is net interest expense as shown in our statements of cash flows and 50% of declared preferred share dividends as shown in our income statements.*

Note 24 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 provided 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 has simplified BCE's corporate structure and increased 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 in our 2014 consolidated statements 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		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 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, 2015. BCE's articles of amalgamation, as amended, describe the terms and conditions of these shares in detail.

SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE	REDEMP-TION PRICE	NUMBER OF SHARES AUTHORIZED	NUMBER OF SHARES ISSUED AND OUTSTANDING	STATED CAPITAL DEC. 31, 2015	STATED CAPITAL DEC. 31, 2014
Q[1]	floating	Series R	December 1, 2025			8,000,000	–	**–**	–
R[2]	4.13%	Series Q	December 1, 2020	December 1, 2020	$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[2]	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[2]	3.152%	Series Y	December 1, 2017	December 1, 2017	$25.00	10,000,000	1,227,532	**31**	31
AA[2]	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[2]	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, 2020	At any time	$25.50	24,000,000	9,292,133	**232**	36
AF[2]	3.11%	Series AE	February 1, 2020	February 1, 2020	$25.00	24,000,000	6,707,867	**168**	364
AG[2]	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[2]	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[2]	4.15%	Series AL	December 31, 2016	December 31, 2016	$25.00	25,000,000	25,000,000	**625**	625
AL[3]	floating	Series AK	December 31, 2021			25,000,000	–	**–**	–
AM[2]	4.85%	Series AN	March 31, 2016	March 31, 2016	$25.00	30,000,000	11,500,000	**263**	263
AN[3]	floating	Series AM	March 31, 2021			30,000,000	–	**–**	–
AO[2]	4.55%	Series AP	March 31, 2017	March 31, 2017	$25.00	30,000,000	4,600,000	**118**	118
AP[3]	floating	Series AO	March 31, 2022			30,000,000	–	**–**	–
AQ[2]	4.25%	Series AR	September 30, 2018	September 30, 2018	$25.00	30,000,000	9,200,000	**228**	228
AR[3]	floating	Series AQ	September 30, 2023			30,000,000	–	**–**	–
								4,004	4,004

(1) *If series Q first preferred shares are issued on December 1, 2020, BCE may redeem such shares at $25.50 per share on any date after December 1, 2020.*

(2) *BCE may redeem each of these series of First Preferred Shares on the applicable redemption date and every five years after that date.*

(3) *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, 2015 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, 2015 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.

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.

ISSUE OF BCE FIRST PREFERRED SHARES IN EXCHANGE FOR PREFCO PREFERRED SHARES

In 2014, BCE issued Series AM, AO and AQ First Preferred Shares in exchange for the issued and outstanding preferred shares of Prefco, as described in Note 24, *Privatization of Bell Aliant*.

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, 2015 and 2014.

The following table provides details about the outstanding common shares of BCE.

		2015		2014	
	NOTE	NUMBER OF SHARES	STATED CAPITAL	NUMBER OF SHARES	STATED CAPITAL
Outstanding, January 1		**840,330,353**	**16,717**	775,892,556	13,629
Shares issued under bought deal offering		**15,111,000**	**863**	–	–
Shares issued for the privatization of Bell Aliant	24	**–**	**–**	60,879,365	2,928
Shares issued for the acquisition of Glentel	3	**5,548,908**	**296**	–	–
Shares issued under employee stock option plan	26	**2,289,677**	**96**	1,372,006	53
Shares issued under ESP		**2,334,250**	**128**	2,186,426	107
Outstanding, December 31		**865,614,188**	**18,100**	840,330,353	16,717

On December 11, 2015, BCE issued 15,111,000 common shares to a syndicate of underwriters at a price of $57.10 per common share, representing a discount of $0.90 or 1.6% to the November 23, 2015 announcement date closing price. We incurred $35 million ($26 million net of tax) of issuance costs which were charged to the deficit.

CONTRIBUTED SURPLUS

Contributed surplus in 2015 and 2014 include premiums in excess of par value upon the issuance of BCE common shares.

As a result of the privatization of Bell Aliant, contributed surplus decreased in 2014 by $1,499 million, 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 return of capital when Bell Aliant converted from a corporate structure to an income fund in 2006. Refer to Note 24, *Privatization of Bell Aliant*.

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	2015	2014
ESP	**(28)**	(30)
RSUs/PSUs	**(51)**	(49)
Other[1]	**(15)**	(20)
Total share-based payments	**(94)**	(99)

(1) *Includes DSP, DSUs and stock options.*

Description of the plans

ESP

The ESP is 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, 2015, 7,829,983 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, 2015 and 2014.

NUMBER OF ESP SHARES	2015	2014
Unvested contributions, January 1	**1,153,653**	1,230,265
Contributions[1]	**645,633**	631,038
Dividends credited	**53,283**	60,621
Vested	**(600,815)**	(645,141)
Forfeited	**(105,708)**	(123,130)
Unvested contributions, December 31	**1,146,046**	1,153,653

(1) *The weighted average fair value of the shares contributed was $55 and $49 in 2015 and 2014, 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, 2015 and 2014.

NUMBER OF RSUs/PSUs	2015	2014
Outstanding, January 1	**3,616,967**	3,733,830
Granted[1]	**1,005,062**	1,058,031
Dividends credited	**157,485**	184,590
Settled	**(1,342,514)**	(1,259,067)
Forfeited	**(103,417)**	(100,417)
Outstanding, December 31	**3,333,583**	3,616,967
Vested, December 31[2]	**1,138,861**	1,307,824

(1) *The weighted average fair value of the RSUs/PSUs granted was $55 and $48 in 2015 and 2014, respectively.*
(2) *The RSUs/PSUs vested on December 31, 2015 were fully settled in February 2016 with BCE common shares and/or DSUs.*

DSP

The value of a deferred share is equal to the value of one BCE common share. Dividends in the form of additional deferred shares 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. Deferred shares vest fully after three years of continuous employment from the date of grant. The liability recorded in the statements of financial position and related to the deferred share plan was $38 million and $52 million at December 31, 2015 and December 31, 2014, respectively.

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, 2015, 20,202,782 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, 2015 and 2014.

		2015		2014	
	NOTE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1		**9,278,190**	**$43**	7,870,231	$40
Granted		**2,835,667**	**$56**	2,915,361	$48
Exercised[1]	25	**(2,289,677)**	**$39**	(1,372,006)	$36

Forfeited	**(157,276)**	**$49**	(135,396)	$44
Outstanding, December 31	**9,666,904**	**$48**	9,278,190	$43
Exercisable, December 31	**1,174,191**	**$38**	865,600	$36

(1) *The weighted average share price for options exercised was $56 and $49 in 2015 and 2014, respectively.*

The following table provides additional information about BCE's stock option plans at December 31, 2015.

RANGE OF EXERCISE PRICES	STOCK OPTIONS OUTSTANDING		
	NUMBER	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE ($)
$30–$39	**426,880**	**2.14**	**$36**
$40–$49	**6,460,725**	**4.47**	**$45**
$50 or more	**2,779,299**	**6.15**	**$56**
	9,666,904	**4.85**	**$48**

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.

	2015
Weighted average fair value per option granted	**$2.25**
Weighted average share price	**$55**
Weighted average exercise price	**$56**
Dividend yield	**4.6%**
Expected volatility	**15%**
Risk-free interest rate	**0.7%**
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, 2015 and 2014.

NUMBER OF DSUs	2015	2014
Outstanding, January 1	**4,116,527**	3,625,053
Issued(1)	**174,672**	142,231
Settlement of RSUs/PSUs	**216,500**	415,091
Dividends credited	**201,721**	202,885
Settled	**(913,369)**	(268,733)
Outstanding, December 31	**3,796,051**	4,116,527

(1) *The weighted average fair value of the DSUs issued was $55 and $48 in 2015 and 2014, respectively.*

Note 27 Commitments and contingencies

Commitments

The following table is a summary of our contractual obligations at December 31, 2015 that are due in each of the next five years and thereafter.

	NOTE	2016	2017	2018	2019	2020	THERE-AFTER	TOTAL
Operating leases		287	257	206	178	154	814	**1,896**
Commitments for property, plant and equipment and intangible assets		946	650	570	497	448	1,373	**4,484**

Purchase obligations		1,140	578	541	525	452	1,645	**4,881**
National expansion of TMN[1]	3	190	–	–	–	–	–	**190**
Total		**2,563**	**1,485**	**1,317**	**1,200**	**1,054**	**3,832**	**11,451**

(1) *This commitment was settled in the first quarter of 2016.*

BCE's significant operating leases are for office premises, cellular tower sites and retail outlets with lease terms ranging from one to 42 years. These leases are non-cancellable and are renewable at the end of the lease period. Rental expense relating to operating leases was $340 million in 2015 and $335 million in 2014.

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.

Purchase obligations consist of contractual obligations under service and product contracts for operating expenditures.

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, 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.

Note 28 Related party transactions

Subsidiaries

The following table shows BCE's significant subsidiaries at December 31, 2015. 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	**2015**	2014
Bell Canada	**100%**	100%
Bell Mobility	**100%**	100%
Bell Aliant[1]	**N/A**	100%
Bell Media	**100%**	100%

(1) *On July 1, 2015, Bell Aliant was wound up into Bell Canada.*

Transactions with joint arrangements and associates

During 2015 and 2014, 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, Glentel, Inukshuk, Enstream Inc., Cirque du Soleil Media Limited Partnership, Dome Productions Partnership and Argonauts Holdings Limited Partnership. Our associates are comprised of Summerhill Ventures LLP, Q9 Networks Inc., The NHL Network Inc. and Suretap Wallet Inc. From time to time, BCE may be required to make capital contributions in its investments.

BCE recognized revenues and incurred expenses with our associates and joint arrangements of $8 million (2014–$6 million) and $104 million (2014–$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 $13 million from the Master Trust for 2015 and $12 million for 2014. The details of BCE's post-employment benefit plans are set out in Note 21, *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, 2015 and 2014 included in our income statements. Key management personnel include the company's Chief Executive Officer (CEO), Group President and the executives who report directly to them.

FOR THE YEAR ENDED DECEMBER 31	2015	2014
Wages, salaries, fees and related taxes and benefits	**(32)**	(24)
Post-employment benefit plans and OPEBs cost	**(3)**	(4)
Share-based compensation	**(27)**	(26)
Key management personnel and board of directors compensation expense	**(62)**	(54)

Note 29 Significant partly-owned subsidiaries

The following tables show summarized financial information for our subsidiaries with significant NCI.

Summarized statements of financial position

	CTV SPECIALTY[1]	
FOR THE YEAR ENDED DECEMBER 31	2015	2014
Current assets	**272**	255
Non-current assets	**1,030**	999
Total assets	**1,302**	1,254
Current liabilities	**142**	152
Non-current liabilities	**200**	185
Total liabilities	**342**	337
Total equity attributable to BCE shareholders	**673**	643
NCI	**287**	274

(1) *At December 31, 2015 and 2014, the ownership interest held by NCI in CTV Specialty was 29.9%. CTV Specialty was incorporated and operated in Canada as at such dates.*

Selected income and cash flow information

	CTV SPECIALTY[1]		BELL ALIANT[2][3]
FOR THE YEAR ENDED DECEMBER 31	2015	2014	2014
Operating revenues	**805**	807	2,757
Net earnings	**166**	174	328
Net earnings attributable to NCI	**52**	53	165
Total comprehensive income	**174**	175	171
Total comprehensive income attributable to NCI	**54**	54	72
Cash dividends paid to NCI	**41**	2	143

(1) *CTV Specialty net earnings and total comprehensive income includes $3 million and $2 million, respectively, directly attributable to NCI for 2015 and 2014.*
(2) *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 24,* Privatization of Bell Aliant.
(3) *Bell Aliant net earnings and total comprehensive income include $22 million of dividends declared on preferred shares for 2014.*

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) as issued by the International Accounting Standards Board (IASB).

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, the effectiveness of our internal control over financial reporting as at December 31, 2015, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on that evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that our internal control over financial reporting was effective as at December 31, 2015. There were no material weaknesses that have been identified by BCE's management in internal control over financial reporting as at December 31, 2015.

Our internal control over financial reporting as at December 31, 2015 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited our consolidated financial statements for the year ended December 31, 2015. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting as at December 31, 2015.

(signed) George A. Cope
President and Chief Executive Officer

(signed) Glen LeBlanc
Executive Vice-President and Chief Financial Officer

(signed) Thierry Chaumont
Senior Vice-President and Controller

March 3, 2016

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, 2015, 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, 2015, 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, 2015 of the Company and our report dated March 3, 2016 expressed an unmodified/unqualified opinion on those financial statements.

/s/ Deloitte LLP[1]

Montréal, Canada
March 3, 2016

(1) *CPA auditor, CA, public accountancy permit No. A104630*

Exhibit 99.4

Code of Business Conduct

What we do is who we are



Our Moral Compass

Policy Contact: corporate.secretariat@bell.ca

© Bell Canada 2015. All Rights Reserved.

Code of Business Conduct

What's Inside

1 INTRODUCTION 1
- 1.1 Scope: Who Does the Code Apply To? 1
- 1.2 Objectives 1
- 1.3 Reporting a Misconduct or Violation of the Code – The Business Conduct Help Line 1
- 1.4 Responsibilities of Managers & Executives 2
- 1.5 Penalties for Violations 2

1.6 Annual Review and Sign Off 2
2 OUR PRINCIPLES OF ETHICAL CONDUCT 3
2.1 Personal Integrity 3
2.2 Conflicts of Interest 3
2.3 Loans, Gifts and Entertainment 7
2.4 Political Activities 8
2.5 Improper Influence on the Conduct of Audits 8
2.6 Trading in Securities 8
2.7 Public Disclosure of Material Information 10
2.8 Confidentiality of Customer and Employee Information 10
2.9 Information Classification and Records Management 12
2.10 Dealing with Customers and Suppliers 13
2.11 Dealing with Competitors 14
2.12 Safeguarding Bell Assets 16
2.13 Social Media 19
2.14 Work Environment 20
2.15 Journalistic Independence 24
2.16 Protecting the Environment 26
3 ROLES AND RESPONSIBILITIES 27
3.1 Business Unit Responsibility 27
3.2 Board of Directors, Corporate Governance Committee and Audit Committee 27
3.3 Corporate Secretary's Office 27
APPENDICES 28
Supporting Procedures 28
Attachments 28
POLICY OR PRACTICE DETAILS 33

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).

© Bell Canada 2015. All Rights Reserved.

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 135 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

© Bell Canada 2015. All Rights Reserved.

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

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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**.

© Bell Canada 2015. All Rights Reserved.

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."

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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?

© Bell Canada 2015. All Rights Reserved.

Code of Business Conduct

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 material information are financial results,

© Bell Canada 2015. All Rights Reserved.

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 Bell 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.

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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

© Bell Canada 2015. All Rights Reserved.

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**:

© Bell Canada 2015. All Rights Reserved.

- 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,

© Bell Canada 2015. All Rights Reserved.

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.**

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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 leader 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.

© Bell Canada 2015. All Rights Reserved.

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, in the case of purchase agreements, the Procurement Policy is followed. All contracts must be reviewed by appropriate departments such as, Legal, Regulatory, Procurement, 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 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. Each employee assigns to Bell the ownership of all intellectual property created

© Bell Canada 2015. All Rights Reserved.

in the course of their employment, and also waives in favour of Bell any moral rights they may have in 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 networking 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 protecting and enhancing the reputation of Bell and our team. We expect our team members to respect the principles and values

© Bell Canada 2015. All Rights Reserved.

outlined in the Code while navigating the social media world.

As a general rule, always remember that you are responsible for what you say or post online. Never assume that anything you say or post is private on social media and other public websites. Any statement you make online may be perceived as representative of Bell company policy and may create unnecessary liability for you and the company.

No Bell team member is authorized to speak on behalf of Bell and its related subsidiaries without prior approval. If you believe it is necessary for you to engage in social media on behalf of Bell, please contact the Social Media team (social.info@bell.ca), which will coordinate all requests for approval with Bell's executive leadership team. For individuals authorized to participate in social media on behalf of Bell, any business records created by this activity will be managed in accordance with the Information Classification and Records Management Policy.

- **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 have an obligation to continue to protect Bell's Confidential and Internal Use information as defined in the Information Classification and Records Management Policy. You have an obligation to protect confidential and personal information and may not post any comment that would include confidential information concerning our company, customers, suppliers or team members.
- **Do not post online reviews of Bell products and services**: "Astroturfing" is the term for online reviews of products and services that give the impression they have been made by independent consumers when in fact the person making them has a business interest in the product or service being reviewed. Employee discussion of our products or services online could be perceived as providing a biased or unrealistic opinion. This conduct may also raise legal issues and can have serious repercussions for you and for Bell. For all these reasons, Bell's policy is that team members cannot rate or review any product or service owned by or associated with Bell or its affiliates on any public online service or site, including all social media platforms. That means, for example, that we cannot rate or review Bell products, services or apps on online review sites or Apple, Android, BlackBerry, or other app stores. It also means that we cannot comment on Bell products or services on social media sites such as Facebook, Twitter, LinkedIn or Instagram.
- **Respect for our company and reputation** : upholding Bell's reputation is in the best interests of our entire team. Misleading, disparaging or untruthful comments about our company, products, services or team members can seriously undermine our brand and ability to support customers. We must also have respect for our competitors and must not portray a competitor to the public or to a customer in an inaccurate, misleading, disparaging or unfair manner. Don't post comments or participate in online campaigns that could potentially jeopardize our reputation, including posting comments, reviews or ratings online about competitors' products and services.

As with any company policy, violations may be serious and require a disciplinary action, 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

© Bell Canada 2015. All Rights Reserved.

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.

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

© Bell Canada 2015. All Rights Reserved.

Code of Business Conduct

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 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 Canada 2015. All Rights Reserved.

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 contractors, customers, and the general public,**

is an absolute priority. We also believe that a safe and healthy workplace is essential to achieving organization success, in all areas of our business. To support our commitment to team members, Bell will:

- ensure due diligence in its approach to meet or exceed all applicable workplace health & safety laws and regulations
- identify, analyze and address health & safety hazards
- establish processes and practices to support a safe workplace and prevent injuries
- investigate health & safety incidents;
- provide employee training to ensure adequate health & safety knowledge and competency
- work in consultation with joint health & safety committees to uphold and evolve safe work practices and resolve any issues
- set objectives to continuously improve our safety performance
- regularly evaluate, monitor and report health & safety performance.

In support of our commitment to external partners and stakeholders, Bell will:

- require that all contractors, sub- contractors and third parties that access Bell sites have received health and safety training related to their jobs, use proper equipment and follow Bell's procedures
- require all third parties to abide by legal and contractual guidelines as outlined in their contracts and monitor them accordingly
- cooperate with government and other stakeholders on health & safety matters.

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.

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.

© Bell Canada 2015. All Rights Reserved.

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.

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 Journalistic Independence

Bell is committed to upholding principles of journalistic independence. The Journalistic Independence Policy governs CTV News editorial decision making. CTV News refers

© Bell Canada 2015. All Rights Reserved.

to all applicable news divisions owned by Bell, including radio. CTV News is solely responsible for all news reporting decisions and for ensuring the integrity of its news operations. **Compliance with the Journalistic Independence Policy is mandatory for all Bell employees. Failure to comply with the policy will be considered a breach of the Code of Conduct and may result in disciplinary action up to and including termination of employment.**

An appropriate framework of independence between CTV News and Bell is a fundamental safeguard to ensure that news is covered in a fair, accurate, balanced and unbiased manner. Any interference, whether direct or indirect, actual or perceived, undermines the principles of news independence and can erode the credibility of CTV News which is critical to maintaining the trust of viewers.

Bell fully endorses the independence of CTV News and requires that all employees execute their day-to-day job responsibilities in a manner that respects this core value.

From time to time, news stories directly or indirectly concerning Bell, or of commercial interest to Bell, will be reported by CTV News. The appropriate CTV News editorial team is solely responsible for determining how to cover any such story, with full discretion and control, and without interference. No Bell employee will take any action that will impact the standards of fairness, accuracy, balance and independence that must be applied to any such news story.

In the normal course of business, representatives of Bell may offer ideas for news coverage to the CTV News team, as they would with any other news organization. In any such instances, Bell representatives must recognize that the material offered must be considered newsworthy and relevant to the viewing audience by the applicable CTV News division's editorial team before receiving coverage. The news team will decide whether to proceed with a story, how it will be covered, and the extent of any coverage, with full and absolute discretion and control, and without direct or indirect interference in the decision making process.

You are a member of the CTV News team and you receive a request from the Bell Residential Services team to profile an item they believe is newsworthy on CP24. What should you do?

- Remember that it is acceptable for Bell employees to suggest story ideas, with respect for the CTV News team's full authority to decide on news coverage
- If you decide the item is not newsworthy, but they persist or escalate the matter, you should discuss it with your supervisor to confirm your position and obtain support
- Ultimately, you can engage the President of CTV News, who is the final arbiter in matters relating to independent news reporting and has the authority to take steps to ensure the situation is resolved in an appropriate manner in accordance with the Policy on Journalistic Independence
- Should you consider that the matter is not handled in accordance with the policy, you can report your concerns through the Business Conduct Help Line

All news editorial decision making resides with the CTV News team with absolute and final privilege belonging to the President, CTV News. The CTV News teams will be responsible for the development of applicable editorial and reporting policies, including news policies on attribution, sources, and disclosure of conflicts.

If at any time the President, CTV News has any concerns about journalistic independence or compliance with the Policy that cannot be resolved through normal functional reporting channels in line with the principles of the Policy, the President, CTV News can address said matters with BCE's Chief Executive Officer and/or the Chair of the BCE Audit Committee.

If you have any concerns regarding compliance with the Journalistic Independence Policy, such concerns shall be communicated to your immediate manager and/or the President, CTV News. However, if such reporting is either inappropriate, does not provide the necessary level of confidentiality, or as you otherwise prefer,

© Bell Canada 2015. All Rights Reserved.

the reportable activity should be reported to the Business Conduct Help Line or to the BCE Chief Legal Officer or equivalent position.

To view the full Journalistic Independence Policy, consult the Corporate Ethics and Policy intranet site at the following link: Corporate Policies and Ethics.

The Business Conduct Help Line may be reached 24/7 by calling 1 866 298 2942 or by visiting clearviewconnects.com .

Members of the public should call Bell Canada's Complaint and Concerns Line at 1-866-317-3382 with any concerns about Bell activities.

2.16 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.

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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.

© Bell Canada 2015. All Rights Reserved.

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:	

© Bell Canada 2015. All Rights Reserved.

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 cninic@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

© Bell Canada 2015. All Rights Reserved.

Code of Business Conduct

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

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
June 2015	Mirko Bibic	Mirko Bibic	Update
August 2015	Michel Lalande	Michel Lalande	Annual update

#9580744

© Bell Canada 2015. All Rights Reserved.

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 3, 2016, relating to the consolidated financial statements of BCE Inc. and subsidiaries (the "Company") and the effectiveness of the Company'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, 2015.

/s/ Deloitte LLP[1]

March 9, 2016

Montréal, Canada

_____

1 CPA auditor, CA, public accountancy permit No. A104630

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
Autorite des marches 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 9, 2016

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, 2015 and 2014
(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, 2015.

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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Operating revenues	**–**	–	**21,516**	21,044	**–**	–	**(2)**	(2)	**21,514**	21,042
Net earnings from continuing operations attributable to owners	**2,678**	2,500	**2,683**	2,020	**–**	–	**(2,683)**	(2,020)	**2,678**	2,500
Net earnings attributable to owners	**2,678**	2,500	**2,683**	2,020	**–**	–	**(2,683)**	(2,020)	**2,678**	2,500

As at December 31, 2015 and 2014, 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, 2015	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014	**Dec. 31, 2015**	Dec. 31, 2014
Total Current Assets	**597**	1,850	**4,954**	5,370	**53**	53	**(796)**	(2,725)	**4,808**	4,548
Total Non-current Assets	**17,578**	15,018	**36,043**	35,236	**21**	21	**(10,457)**	(8,526)	**43,185**	41,749
Total Current Liabilities	**867**	1,640	**9,920**	10,172	**–**	–	**(795)**	(2,723)	**9,992**	9,089
Total Non-current Liabilities	**285**	281	**19,743**	21,043	**–**	–	**644**	645	**20,672**	21,969

(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 99.7

BCE Inc.

EXHIBIT TO 2015 ANNUAL FINANCIAL STATEMENTS

EARNINGS COVERAGE

The following consolidated financial ratios are calculated for the twelve months ended December 31, 2015 and give effect to the issuance and redemption of all long-term debt since January 1, 2015 as if these transactions occurred on January 1, 2015 and are based on unaudited financial information of BCE Inc.

	December 31, 2015
Earnings coverage of interest on debt requirements based on net earnings attributable to owners of BCE Inc. before interest expense and income tax:	4.7 times
Earnings coverage of interest on debt requirements based on net earnings attributable to owners of BCE Inc. before interest expense, income tax and non-controlling interest:	4.8 times

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 9, 2016

(signed) George A. Cope

George A. Cope
President and Chief Executive Officer
BCE Inc.

CERTIFICATIONS

I, Glen LeBlanc, 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 9, 2016

(signed) Glen LeBlanc

Glen LeBlanc
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, 2015 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 9, 2016

(signed) George A. Cope

George A. Cope
President and Chief Executive Officer
BCE Inc.

Date: March 9, 2016

(signed) Glen LeBlanc

GlenLeBlanc
Executive Vice-President and Chief Financial Officer
BCE Inc.